Emirates Reit

The UAE's first Shari'a compliant REIT established in the DIFC and regulated by the DFSA.

Fully compliant with Shari'a principles

Minimum 80% of audited net income distributed as dividends

Experienced REIT Manager

Track-record in enhancing income profile of properties

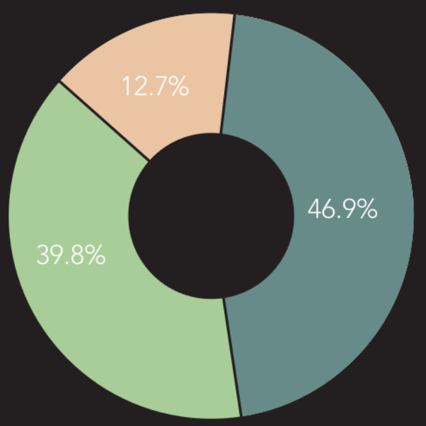
Emirates REIT at a glance

Number of Properties	10
Market Value of Properties	US$ 323mn
Net Leasable Area	c.1.2mn sq.ft.
Portfolio Occupancy	86.3%
Unexpired Lease Term	9.8 years

All information as at 31st December 2013 or year ended 31st December 2013.

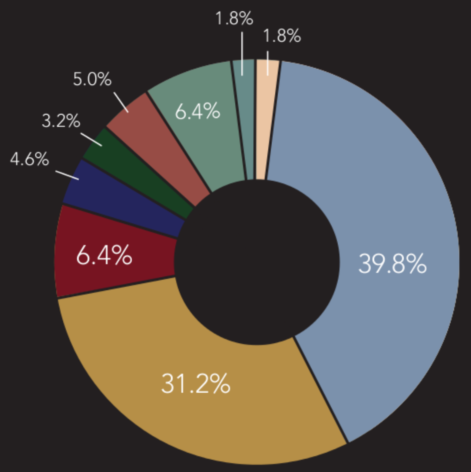
Emirates Reit

Emirates REIT (CEIC) Limited



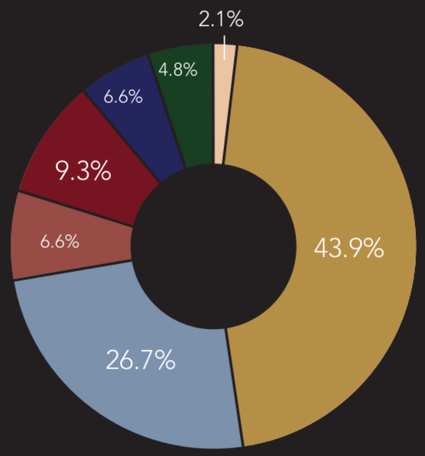
AREA BY SECTOR

- Commercial
- Education
- Retail



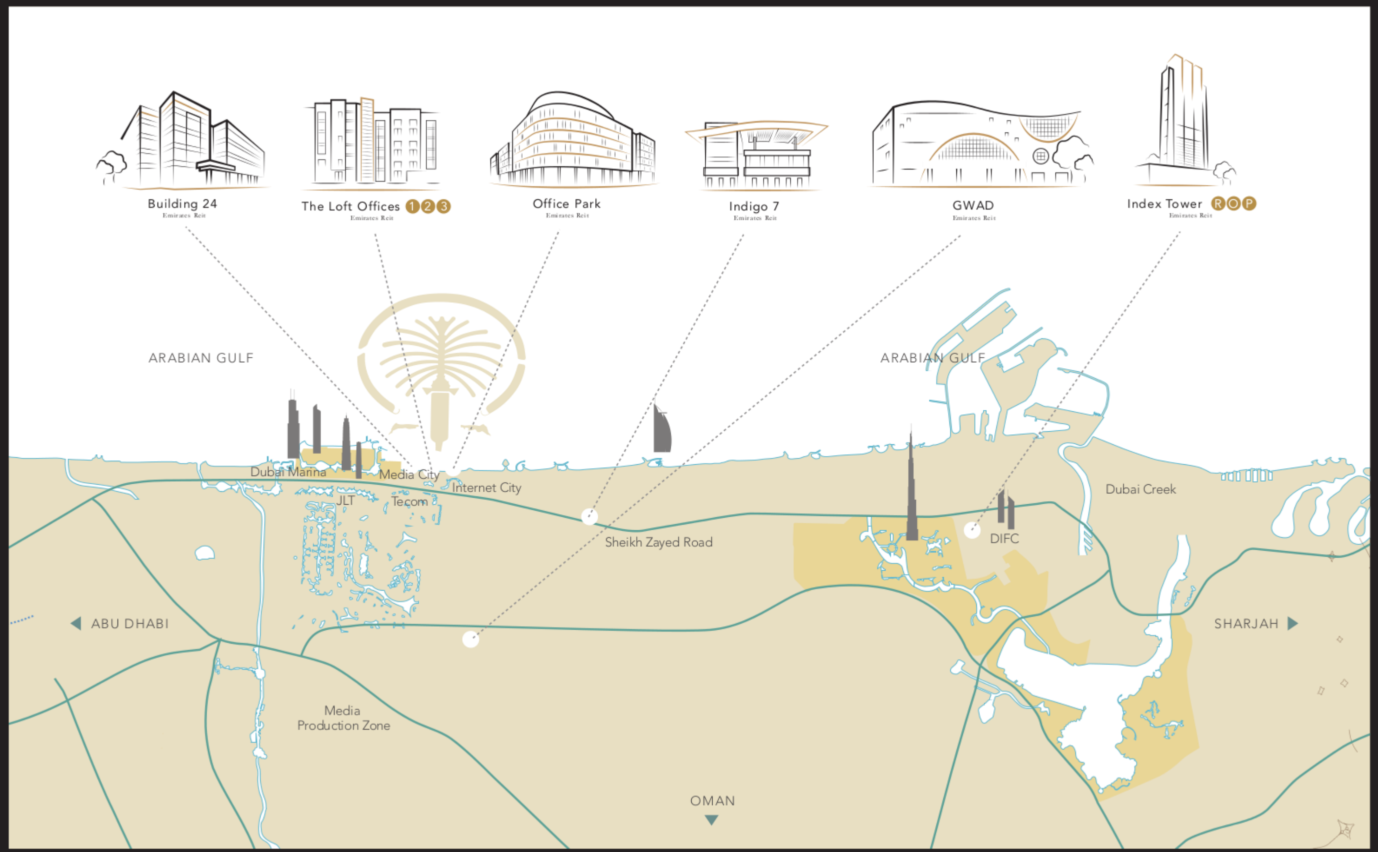
AREA BY PROPERTY

- Office Park
- Loft Office 1
- Loft Office 2
- Loft Office 3
- Building 24
- Index Tower R Retail
- Index Tower O Office
- Indigo 7
- GEMS World Academy



INCOME BY PROPERTY

- Office Park
- Loft Office 1
- Loft Office 2
- Loft Office 3
- Building 24
- Indigo 7
- GEMS World Academy



This overview section is qualified in its entirety by, and should be read in conjunction with, the full text of this Prospectus. Words and expressions not defined herein have the same meaning as those in the main body of this Prospectus unless the context otherwise requires. Meanings of capitalised terms may be found in the "Definitions" section of this Prospectus.

Emirates REIT (CEIC) Limited www.reit.ae

Building 24
Dubai Media City

Purchased Date June 2011
Acquisition Price AED 50.1 million
NLA 57,335 sq.ft.

As at:	Market Value	Occ. Rate	Passing Income	WALE (Years)	Gross Yield
31st Dec 13	AED 56.7m	89.5%	AED 7.2m	1.8	12.7%

Office Park
Dubai Internet City

Purchased Date June 2012
Acquisition Price AED 333.0 million
NLA 359,804 sq.ft.

As at:	Market Value	Occ. Rate	Passing Income	WALE (Years)	Gross Yield
31st Dec 13	AED 404.7m	89.8%	AED 47.6m	3.1	11.8%

The Loft Offices 1
Dubai Media City

Purchased Date December 2011
Acquisition Price AED 37.5 million*
NLA 36,668 sq.ft.

As at:	Market Value	Occ. Rate	Passing Income	WALE (Years)	Gross Yield
31st Dec 13	AED 44.6m	97.6%	AED 5.2m	1.1	11.6%

*This represents the share of the total acquisition value of AED 170 million for the Loft Offices based on NLA for each individual office building.

The Loft Offices 2
Dubai Media City

Purchased Date December 2011
Acquisition Price AED 77.1 million*
NLA 73,783 sq.ft.

As at:	Market Value	Occ. Rate	Passing Income	WALE (Years)	Gross Yield
31st Dec 13	AED 93.2m	91.1%	AED 10.0m	1.3	10.8%

*This represents the share of the total acquisition value of AED 170 million for the Loft Offices based on NLA for each individual office building.

The Loft Offices 3
Dubai Media City

Purchased Date December 2011
Acquisition Price AED 54.9 million*
NLA 52,615 sq.ft.

As at:	Market Value	Occ. Rate	Passing Income	WALE (Years)	Gross Yield
31st Dec 13	AED 63.3m	92.7%	AED 7.2m	1.5	11.3%

*This represents the share of the total acquisition value of AED 170 million for the Loft Offices based on NLA for each individual office building.

Index Tower-Retail
DIFC

Purchased Date May 2013*
Acquisition Price AED 123.0 million
NLA 73,650 sq.ft.

As at:	Market Value	Occ. Rate	Passing Income	WALE (Years)	Gross Yield
31st Dec 13	AED 123.0m	-	n/a	n/a	n/a

*One unit pending completion of sale and purchase of freehold interest.

Index Tower-Office
DIFC

Purchased Date December 2013
Acquisition Price AED 32.2 million
NLA 20,752 sq.ft.

As at:	Market Value	Occ. Rate	Passing Income	WALE (Years)	Gross Yield
31st Dec 13	AED 34.3m	-	n/a	n/a	n/a

Index Tower-Car Park
DIFC

Contract Date December 2013*
Acquisition Price AED 29.0 million
NLA n/a - 491 spaces

As at:	Market Value	Occ. Rate	Passing Income	WALE (Years)	Gross Yield
31st Dec 13	AED 32.0m	-	n/a	n/a	n/a

*Pending completion of sale and purchase of freehold interest.

GEMS World Academy
Al Barsha South

Purchased Date October 2013
Acquisition Price AED 275.5 million
NLA 459,614 sq.ft.

As at:	Market Value	Occ. Rate	Passing Income	WALE (Years)	Gross Yield
31st Dec 13	AED 311.2m	100%	AED 29.0m	c 30	9.3%

Indigo 7
Sheikh Zayed Road (Al Manara)

Purchased Date September 2011
Acquisition Price AED 26.2 million
NLA 20,447 sq.ft.

As at:	Market Value	Occ. Rate	Passing Income	WALE (Years)	Gross Yield
31st Dec 13	AED 23.9m	55%	AED 2.3m	4.1	9.5%

Emirates Reit

Emirates REIT (CEIC) Limited (the "**Fund**") is registered as a public fund with the Dubai Financial Services Authority ("**DFSA**"). The Fund is regulated by the DFSA and is governed by, amongst others, the Collective Investment Law 2010 ("**CIL**"), Collective Investment Rules ("**CIR**" or "**CIR Rules**") and the Dubai International Financial Centre ("**DIFC**") Companies Law 2009. The Fund is categorised under the CIR as a Domestic Fund, an Islamic Fund, a Property Fund and a Real Estate Investment Trust (REIT).

Emirates REIT (CEIC) Limited

(incorporated in the Dubai International Financial Centre as a closed-ended investment company with limited liability and registered in the Dubai International Financial Centre under registered number 0997)

Offer of 128,676,471 Shares and Admission to the Official List of Securities of the Dubai Financial Services Authority and Admission to trading on NASDAQ Dubai

(subject to an over-allotment arrangements in respect of up to 19,301,470 additional Shares)

Offer Price: US$1.36 per Share

This prospectus relates to the offer of 128,676,471 shares in the Fund (by the Fund Manager for and on behalf of the Fund), with a nominal value of US$1 each in the capital of Emirates REIT (CEIC) Limited (the "**Shares**"). The Shares are being offered in or from the DIFC pursuant to the Market Rules of the DFSA and Part 7 of the CIR.

Prior to the Offer there has been no public market for the Shares. Application has been made to the DFSA for the Shares to be admitted to the Official List of Securities and application has been made to NASDAQ Dubai for the Shares to be admitted to trading on NASDAQ Dubai under the symbol "**REIT**". It is expected that Admission will become effective and that trading in the Shares will commence on or about 8 April 2014 (the "**Admission Date**"). Payment for and delivery of the Shares is expected to be made through the book entry facilities of the Central Securities Depositary operated by NASDAQ Dubai on or about 8 April 2014 (the "**Closing Date**"). There will be no conditional dealings in the Shares prior to Admission.

The Fund has granted to SHUAA Capital psc a right exercisable within 30 days from the Admission Date to subscribe for up to an additional 19,301,470 Shares at the Offer Price, solely to cover over-allotments or short positions resulting from the stabilisation transactions, if any, in the Offer (the "**Over-allotment Arrangements**"). If the Over-allotment Arrangements are exercised in full, the Offer will amount to 147,977,941 Shares. Please refer to the "*Underwriting*" section of this Prospectus.

The DFSA does not accept any responsibility for the content of the information included in this Prospectus, including the accuracy or completeness of such information. The liability for the content of this Prospectus lies with the issuer of the Prospectus and other persons, such as experts, whose opinions are included in the Prospectus with their consent. The DFSA has also not assessed the suitability of the securities to which the Prospectus relates to any particular investor or type of investor. If you do not understand the contents of this Prospectus, or are unsure whether the securities to which the Prospectus relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial advisor.

NASDAQ Dubai accepts no responsibility for the contents of this Prospectus, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Prospectus.

Investing in the Shares involves significant risks. Please refer to the "Risk Factors" section beginning on page 19 of this Prospectus.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this Prospectus is not for distribution in or into the United States, Canada, Australia, Qatar, Kuwait, the Republic of South Africa or Japan or to any US persons ("**US Persons**") as defined in Regulation S ("**Regulation S**") under the US Securities Act of 1933, as amended (the "**US Securities Act**"). The Shares have not been and will not be registered under the US Securities Act, or under the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States, or to, or for the account or benefit of, US Persons. The Shares are being offered and sold only to non-US Persons outside the United States in reliance on Regulation S under the US Securities Act. The Shares have not been and will not be registered under the securities laws of Canada, Australia, Qatar, Kuwait, the Republic of South Africa, or Japan. Accordingly, the Shares may not, subject to certain exceptions, be offered or sold, directly or indirectly in or into Canada, Australia, Qatar, Kuwait, the Republic of South Africa or Japan or to any national, citizen or resident of Canada, Australia, Qatar, Kuwait, the Republic of South Africa or Japan.

For a description of these and certain further restrictions on offers, sales and transfers of the Shares and the distribution of this Prospectus, please refer to the "*Important Information about this Prospectus*" and "*Selling and Transfer Restrictions*" sections in this Prospectus.

This Prospectus has been approved by the Fund's Shari'a Supervisory Board.

Sponsor

SHUAA Capital psc

Joint Bookrunners

SHUAA Capital psc | **Emirates NBD Capital Limited**

Co-Lead Managers

Abu Dhabi Commercial Bank PJSC | **Dubai Islamic Bank PJSC** | **EFG Hermes UAE Limited**

Financial Advisor to the Fund

H.K. Advisory Services Limited

Shari'a Advisor to the Fund

Dar Al Shariah Legal & Financial Consultancy LLC

This Prospectus is dated 3 April 2014

IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

This Prospectus, including the financial information and the appendices included herein, comprises a prospectus relating to the Fund prepared by Emirates REIT Management (Private) Limited ("**Fund Manager**") in accordance with the DIFC Collective Investment Law 2010, DFSA Collective Investment Rules and the DFSA Markets Rules for the purpose of giving information with regard to the Fund in connection with the offering of the Shares and application for admission of the Shares to the Official List of Securities of the DFSA and the application to NASDAQ Dubai for the admission of the Shares to trading on NASDAQ Dubai. Accordingly, this Prospectus has been approved by the DFSA (as the competent authority in the DIFC) as an Approved Prospectus pursuant to Article 14 of the DIFC Markets Law and has been filed with the DFSA. **This Prospectus is not a prospectus for purposes of the EU Prospectus Directive (Directive 2003/71/EC).**

To the best of the knowledge and belief of the Fund and the Fund Manager (together, the "**Responsible Persons**") this Prospectus complies with the Collective Investment Law 2010 of the DIFC, the DFSA Collective Investment Rules and the DFSA Market Rules and the Fund and the Fund Manager accept responsibility for the information contained in this Prospectus and, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of the knowledge of the Fund and the Fund Manager (who have taken all reasonable care to ensure that such is the case), in accordance with the facts and contains no omissions likely to affect its import.

Prospective investors should rely exclusively on the information contained in this Prospectus. No person is authorised to give information or to make any representation in connection with the Offer other than as contained in this Prospectus. If any such information is given or made, it must not be relied upon as having been authorised by any of the Fund, the Fund Manager, SHUAA Capital psc (the "**Sponsor**" or "**SHUAA**"), Emirates NBD Capital Limited ("**EMCAP**" and, together with SHUAA, the "**Joint Bookrunners**"), Abu Dhabi Commercial Bank PJSC, Dubai Islamic Bank PJSC or EFG Hermes UAE Limited (the latter collectively, the "**Co-Lead Managers**" and, together with the Joint Bookrunners, the "**Banks**") or any of their affiliates or advisers. The information contained in this Prospectus is accurate only as at the date of this Prospectus, regardless of the time of delivery of this Prospectus or of any sale of or subscription for Shares. Neither the delivery of this Prospectus nor any offer made hereunder shall under any circumstances imply that there has been no change in the Fund's affairs or that the information set forth in this Prospectus is correct as of any date subsequent to its date.

In making an investment decision, prospective investors must rely upon their own examination of the Fund and the Fund Manager and the terms of the Offer set out in this Prospectus, including the merits and risks involved. Prospective investors should exclusively rely on the information contained in this Prospectus. None of the Fund, the Fund Manager, the Sponsor or the Banks has authorised anyone to provide prospective investors with information different from that contained in this Prospectus.

Persons receiving this Prospectus should note that the Banks are acting for the Fund and the Fund Manager (for and on behalf of the Fund) in relation to the Offer and for no one else and will not be responsible to anyone other than the Fund and the Fund Manager for providing the protections afforded to their respective clients or for providing advice in relation to the Offer or the contents of this Prospectus or any transaction, arrangement or matter referred to herein. The Banks make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Prospectus, including the suitability of the Shares for any particular investor, and nothing contained in this Prospectus is, or should be relied upon as, a promise or representation by the Banks or their respective affiliates or advisors.

The distribution of this Prospectus and the Offer is restricted by law in certain jurisdictions and this Prospectus does not constitute, and may not be used in connection with, any offer or solicitation in any such jurisdiction or to any person to whom it is unlawful to make such offer or solicitation. Persons into whose possession this Prospectus comes to must inform themselves about and observe any such restrictions. No action has been, or will be taken in any jurisdiction by the Fund, the Fund Manager, the Sponsor or the Banks that would permit a public offering of the Shares, or possession or distribution of a prospectus in any jurisdiction where action for that purpose would be required. Persons into whose possession this Prospectus may come are required by the Fund, the Fund Manager, the Sponsor and the Banks to inform themselves about and to observe any such restrictions. Neither the Fund, the Fund Manager, the Sponsor nor the Banks accept any responsibility for any violation by any person, whether or not it is a prospective investor or purchaser of the Shares, of any such restrictions.

Prospective investors should read the whole of the text of this Prospectus and should be aware that an investment in the Fund is speculative and involves a high degree of risk. The attention of investors is particularly drawn to the "*Risk Factors*" section of this Prospectus. Prospective investors should be aware of the risks in investing in companies under an initial public offering and should make the decision to invest only after careful consideration. In making an investment decision, prospective investors must rely upon their own examination of the Fund and the terms of the Offer set out in this Prospectus, including the merits and risks involved. Each investor should consult with its own advisors as to the legal, tax, business, financial and other relevant implications of the subscription for or purchase of Shares.

This Prospectus has been prepared by the Fund and the Fund Manager in connection with the Offer solely for the purpose of enabling a prospective investor to consider the purchase of or subscription for the Shares. This Prospectus may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever, and in particular, may not be forwarded to any US Person or to any US address. Any forwarding, distribution or reproduction of this Prospectus in whole or in part is unauthorised as is use of the information contained herein for any purpose other than considering an investment in the Shares. Failure to comply with this directive may result in a violation of applicable securities laws.

The Offer may be withdrawn at any time, and the Banks reserve the right to reject any offer to purchase the Shares, in whole or in part, and to sell to any prospective investor less than the full amount of the Shares sought by such investor.

Neither the Responsible Persons nor any of the Banks nor any of their respective representatives, make any representation to any offeree or purchaser of the Shares offered hereby regarding the legality of an investment by such offeree or purchaser under appropriate legal investment or similar laws. The contents of this Prospectus should not be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal, financial or tax adviser for legal, financial or tax advice.

NOTICE TO PERSONS IN THE UNITED STATES AND TO US PERSONS

The Shares have not been and will not be registered under the US Securities Act, or under the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States, or to, or for the account or benefit of, US Persons. The Shares are being offered and sold only to non-US Persons outside the United States in reliance on Regulation S under the US Securities Act.

NOTICE TO INVESTORS IN THE DIFC

The Shares may not be, have not been and are not being sold, subscribed for, transferred or delivered in the DIFC other than in compliance with the laws of the DIFC governing the sale, subscription for, transfer and delivery of securities. The Offer constitutes only an offer of securities to the public in and from the DIFC in accordance with the DIFC Markets Law. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Shares in any jurisdiction in which such offer or sale would be unlawful. No one has taken any action that would permit a public offering to occur in any jurisdiction other than the DIFC.

NOTICE TO INVESTORS IN THE UAE

This Prospectus is strictly private and confidential and is being distributed by way of a private offer to a limited number of investors in the UAE. It must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. No marketing of any financial products or services has been or will be made from within the UAE other than in compliance with the laws of the UAE. The Shares may not be offered or sold directly or indirectly to the public in the UAE. This Prospectus does not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise.

The Securities and Commodities Authority ("**SCA**") approval for the promotion of the Fund in the UAE does not constitute a recommendation to invest in the Fund. In addition, SCA is not responsible for the failure by any party or parties associated with the Fund in the performance of their duties and functions nor is SCA responsible for the accuracy and integrity of the information and the details contained in this Prospectus. Responsibility for the accuracy of information contained in this Prospectus and the performance of duties and functions set out in this Prospectus lies with the Fund Manager.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN UNION ("EU")

The Fund Manager and the Fund are required to comply with certain transparency and disclosure requirements set forth in the EU's Directive on Alternative Investment Fund Managers (the "**AIFMD**"), in particular, article 23 thereof, which governs required disclosure to fund investors prior to investment. This is because the Fund Manager intends to market the Shares to investors in the EU. Notwithstanding this requirement, since neither the Fund nor the Fund Manager, as applicable, is authorised or registered in an EU member state, or has a registered office or head office in the EU, the Fund and the Fund Manager, as applicable, are not required to comply with the following requirements set forth in article 23 of the AIFMD: (a) the Fund is not required to have a depositary, the disclosure of which would otherwise be required to be provided to investors prior to investment pursuant to article 23(1)(d) of the AIFMD; (b) the Fund Manager is not required to comply with article 9(7) of the AIFMD, which generally requires certain specific actions be taken to cover potential professional liability risks; and (c) the Fund Manager is not required to comply with article 19 of the AIFMD, which requires the disclosure of the Fund's valuation procedure and pricing methodologies for valuing assets, including hard-to-value assets. Notwithstanding that the Fund and the Fund Manager, as the case may be, are not required to comply with the aforementioned articles, this Prospectus may nevertheless include many of the disclosures required therein.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

This Prospectus is not available for general distribution from or into the United Kingdom ("**UK**"). Neither the Fund nor the Fund Manager is authorised or regulated by the UK's Financial Conduct Authority ("**FCA**").

No offering, whether direct or indirect, or sale of Shares in the Fund will be made in the UK at the initiative of or on behalf of the Fund or the Fund Manager unless the Fund Manager has first notified the FCA of its intention to do so (the "**Notification**"), pursuant to provisions in the UK's Alternative Investment Fund Managers Regulations 2013, as amended ("**AIFMR**") implementing Article 42 of the AIFMD.

Subject to the statement above, the Shares are offered, whether directly or indirectly, and are available solely to, investors meeting the following criteria: (i) on and after the notification has been made, professional investors (as defined in regulation 2(1) of the AIFMR); (ii) investment professionals (as defined in article 14 of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001, as amended (the "**Exemptions Order**") or article 19 of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (the "**FPO**"), as appropriate) who have professional experience of participating in unregulated schemes; (iii) (a) a body corporate which has, or which is a member of the same group as an undertaking which has, a called-up share capital or net assets of not less than £500,000 (provided that it has, or that it is a subsidiary undertaking of any undertaking which has, more than 20 members); (b) a body corporate which has, or which is a member of the same group as an undertaking which has, a called-up share capital or net assets of not less than £5 million; (c) an unincorporated association or partnership which has net assets of not less than £5 million; or (d) any other person falling within article 22 of the Exemptions Order or article 49 of the FPO, as appropriate, including certain high value trusts; (iv) sophisticated investors (as defined in article 23 of the Exemptions Order or article 50 of the FPO, as appropriate); (v) high net worth individuals (as defined in article 48 of the FPO); and (vi) persons specified in rules made by the FCA under section 238(5) of the UK's Financial Services and Markets Act 2000, as amended ("**FSMA**") receiving this Prospectus from a person who is authorised by the FCA (an "**Authorised Person**") in accordance with those rules. The Fund has in place systems and procedures to prevent recipients of this Prospectus, other than those falling within paragraphs (i) to (vi) above, from acquiring shares in the Fund from a person who distributes this Prospectus (including all supplements) in the UK or from any close relative of or fund in the same group as such person.

The Fund is not a recognised scheme as defined in FSMA. No Authorised Person may communicate an invitation or inducement to participate in the Fund except in accordance with rules and orders made under sections 238(5) and 238(6) of FSMA, including in particular the Exemptions Order or the FPO. The content of this Prospectus has not been approved by an Authorised Person for the purposes of section 21 of FSMA and, accordingly, no person other than an Authorised Person may, in the course of business, communicate an invitation or inducement to participate in the Fund except in accordance with orders made under section 21(5) of FSMA.

Any person who wishes to receive and rely on this Prospectus (including all supplements) as a sophisticated investor or high net worth individual must have a current certificate in writing signed by an Authorised Person to the effect that he is sufficiently knowledgeable to understand the risks associated with participating in unregulated schemes. Such persons should note that this Prospectus (including all supplements) is exempt from the scheme promotion restriction in section 238 of FSMA and from the general restriction in section 21 of FSMA on the ground that it is directed at certified sophisticated investors and certified high net worth individuals, that buying, or relying on this Prospectus (including all supplements) for the purpose of buying, Shares may expose the individual to a significant risk of losing all of the property invested and that, if they are in any doubt about investing in Shares, they should consult an Authorised Person specialising in advising on investments of this kind. Such persons will be required to produce a written statement complying with article 23 of the Exemptions Order, article 48 of the FPO or article 50 of the FPO, as appropriate, prior to making any investment in the Fund.

Potential investors in the UK are advised that all or most of the protections provided by the UK's regulatory system do not apply and such an investor will not benefit from the Financial Services Compensation Scheme.

NOTICE TO INVESTORS IN THE KINGDOM OF SAUDI ARABIA

This Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the "**Capital Market Authority**").

The Capital Market Authority does not make any representations as to the accuracy or completeness of this Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Prospective investors should conduct their own due diligence on the accuracy of the information relating to the Shares. If a prospective investor does not understand the contents of this Prospectus he should consult an authorised financial adviser.

NOTICE TO PERSONS IN KUWAIT

This Prospectus is not for general circulation to the public in Kuwait. The Shares have not been licensed for offering in Kuwait by the Kuwait Capital Markets Authority, the Ministry of Commerce and Industry or the Central Bank of Kuwait or any other relevant Kuwait government agency. The Offer in Kuwait, on the basis of a public offering is, therefore restricted in accordance with Decree Law No. 31 of 1990 and the implementing regulations thereto (as amended), Ministerial Order No. 113 of 1992 and Law No. 7 of 2010 and the bylaws thereto (as amended). No private or public offering of the Shares is being made in Kuwait, and no agreement relating to the sale of the Shares will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Shares in Kuwait.

NOTICE TO PERSONS IN QATAR

This Prospectus may not be distributed in Qatar and does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Shares in Qatar. In particular, the Shares offered under this Prospectus have not been and will not be registered under the applicable securities laws of Qatar and, subject to certain exceptions, may not be offered or sold directly, or indirectly, in or into Qatar or to any person or legal entity resident in Qatar.

NOTICE TO PERSONS IN AUSTRALIA

This Prospectus may not be distributed in Australia and does not constitute a disclosure document under Part 6D.2 of the Corporations Act 2001 of the Commonwealth of Australia (the Corporations Act) and will not be lodged with the Australian Securities and Investment Commission. The Shares will be offered to persons in Australia only to the extent that such offers of Shares for issue or sale do not need disclosure to investors under Part 6D.2 of the Corporations Act. Any offer of Shares received in Australia is void to the extent that it needs disclosure to investors under the Corporations Act. In particular, offers for the issue or sale of Shares will only be made in Australia in reliance on various exemptions from such disclosure to investors provided by section 708 of the Corporations Act. Any person to whom Shares are issued or sold pursuant to an exemption provided by section 708 of the Corporations Act must not within 12 months after the issue, offer those Shares for sale in Australia unless that offer is itself made in reliance on an exemption from disclosure provided by that section.

NOTICE TO PERSONS IN CANADA

This Prospectus may not be distributed in Canada and does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Shares in Canada. In particular, the Shares offered under this Prospectus have not been and will not be registered under the applicable securities laws of Canada and, subject to certain exceptions, may not be offered or sold directly, or indirectly, in or into Canada or to any person or legal entity resident in Canada.

NOTICE TO PERSONS IN THE REPUBLIC OF SOUTH AFRICA

This Prospectus may not be distributed in the Republic of South Africa and does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Shares in the Republic of South Africa. In particular, the Shares offered under this Prospectus have not been and will not be registered under the applicable securities laws of the Republic of South Africa and, subject to certain exceptions, may not be offered or sold directly, or indirectly, in or into the Republic of South Africa, or to any person or legal entity resident in the Republic of South Africa.

NOTICES TO PERSONS IN JAPAN

This Prospectus may not be distributed in Japan. The Shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan and may not be offered or sold, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan (which term used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to, or for the account or benefit of, any persons for reoffering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, or otherwise in compliance with, the Financial Instruments and Exchange Law and other relevant laws and regulations of Japan.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The Fund has prepared its financial statements in US$ in accordance with International Financial Reporting Standards ("**IFRS**"). This Prospectus contains, in Appendix 1, the audited financial statements of the Fund as at and for the 13 month period ended 31 December 2011 (the "**2011 Financial Statements**"), as at and for the year ended 31 December 2012 (the "**2012 Financial Statements**") and as at and for the year ended 31 December 2013 (the "**2013 Financial Statements**" and, together with the 2011 Financial Statements and the 2012 Financial Statements, the "**Financial Statements**").

The Prospectus includes a *"Selected Financial Information"* section which sets out selected financial information of the Fund as at and for the 13 month period ended 31 December 2011, the 12 month period ended 31 December 2012 and the 12 month period ended 31 December 2013. This information has been extracted without material adjustment from the Financial Statements included in Appendix 1 of this Prospectus.

All financial information, unless otherwise noted, has been prepared in accordance with IFRS as issued by the International Accounting Standards Board. Unless otherwise indicated, all financial information in this Prospectus is derived from the Financial Statements and the notes thereto included in Appendix 1 of this Prospectus.

Certain financial and statistical amounts included in this Prospectus are approximations or have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be exact arithmetic aggregations of the figures that precede them.

In making an investment decision, investors must rely upon examination of the Fund and the Fund Manager and the financial and other information included elsewhere in this Prospectus, including the Financial Statements and the accompanying notes, prepared in accordance with IFRS, and should consult their own professional advisors for an understanding of the impact that future additions to, or amendments of, IFRS principles may have on the Fund's results of operations and/or financial condition and on the comparability of prior periods.

Ernst & Young Middle East (Dubai Branch) has been the auditor of the Fund since its incorporation.

CERTAIN DEFINED TERMS

References in this prospectus to "Dubai" are to the Emirate of Dubai, United Arab Emirates; references to the "DIFC" are to the Dubai International Financial Centre, an economic "free zone" established in Dubai, United Arab Emirates; references to the "UAE" are to the United Arab Emirates.

CURRENCIES AND EXCHANGE RATES

In this Prospectus, references to "US dollars" or "US$" or "$" are to the lawful currency of the United States. References to "AED" or "UAE dirhams" are to the lawful currency of the United Arab Emirates. References to "£" are to the lawful currency of the United Kingdom.

Unless otherwise specified, the US$ to AED exchange rate used throughout this Prospectus is US$1.00 = AED 3.673.

The financial information included throughout this Prospectus is presented in US dollars. The Fund has converted certain US dollar amounts to UAE dirham amounts using the rate presented above. Prospective investors should not view such translation as a representation that such UAE dirham amounts or US dollar amounts could be or could have been converted into UAE dirhams or US dollars at the rates indicated or at any other rates.

LIMITATION ON ENFORCEMENT OF CIVIL LIABILITIES

The Fund and the Fund Manager are companies incorporated in, and under the laws issued by, the DIFC and are based in the DIFC. All of the members of the board of directors and senior management of the Fund Manager named in this Prospectus (except for Mark Inch) reside in the UAE. All or a substantial portion of their assets may be located in the UAE. As a result, it may not be possible to: (i) effect service of process upon any of the directors and executive officers named in this Prospectus; and (ii) enforce, in court judgments obtained in courts of a country other than the UAE, as the case may be, against the Fund or the Fund Manager or any of the Fund Manager Directors and executive officers named in this Prospectus in any action, including actions under the civil liability provisions of the securities laws of such countries.

In addition, it may be difficult to enforce, in original actions brought in courts in the UAE, liabilities predicated upon the securities laws of a country other than the UAE.

In the absence of any treaty for the reciprocity of enforcement of foreign judgments, UAE law sets out a procedure whereby the judiciary of the UAE is able to ratify judgments, orders or awards of other jurisdictions. Such judgments, orders or awards which are ratified by the UAE court may be enforced within the UAE in the manner prescribed by its Civil Procedure Code.

Under DIFC Law, parties to a contract may select the law which will govern their contractual relations and the DIFC courts will give effect to such choice of law to the extent they have jurisdiction.

Foreign entities are able to bring civil proceedings in the DIFC courts against a legal entity or person subject to the laws of DIFC in relation to: (i) matters subject to the jurisdiction of DIFC Law; or (ii) where the choice of law selected by the parties is in the DIFC. The DIFC courts may not (depending on the subject matter of the application being made) allow an action to be brought in the DIFC on the basis of any alleged breach of a statute of any jurisdiction other than the DIFC, including without limitation, any action alleging violation of the securities laws of other jurisdictions.

A judgment of the DIFC court would be enforceable in the DIFC and the UAE subject to certain statutory limitations. However, investors may have difficulties in enforcing judgments of the DIFC courts against the Fund, the Fund Manager, the Fund Manager Directors or the respective officers or senior management of the Fund or the Fund Manager. Investors may also have difficulties in enforcing judgments of the DIFC courts and arbitration awards ratified by the DIFC courts against the Fund, the Fund Manager, the Fund Manager Directors or their officers or senior management in jurisdictions outside the DIFC.

FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus are not historical facts and are forward-looking statements. Forward looking statements appear in various locations, including, without limitation, under the headings "*Summary*", "*Risk Factors*", "*The Fund, Strategy and Investment Objectives*", "*The Fund's Property Portfolio*" and "*Operating and Financial Review*". The statements contained in this Prospectus that are not historical facts are "forward-looking" statements. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Fund or the Fund Manager's control and all of which are based on the Fund or the Fund Manager's current beliefs and expectations in relation to future events. Forward-looking statements are typically identified by the use of forward-looking terminology, such as "believes", "expects", "may", "will", "could", "would", "should", "intends", "targets", "aims", "projects", "estimates", "plans", "assumes" or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. In addition, from time to time, representatives of the Fund and the Fund Manager have made or may make forward-looking statements orally or in writing. Furthermore, such forward-looking statements may be included in, but are not limited to, press releases or oral statements made by, or with the approval of, an authorised executive officer of the Fund and the Fund Manager. Forward-looking statements include statements concerning the Fund or the Fund Manager's plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, business strategy and the trends we anticipate in the industries and the political and legal environment in which the Fund and the Fund Manager operate and other information that is not historical information.

These forward-looking statements and other statements contained in this Prospectus regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Fund and/or the Fund Manager. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. Please refer to the "*Risk Factors*" section of this Prospectus. Prospective investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, among other factors referenced in this Prospectus:

- the Fund and the Fund Manager's ability to pursue growth through acquisitions whilst ensuring compliance with all applicable laws, rules and regulations;
- fluctuations in the real estate markets in which the Fund operates and the resulting impact on the value of the Fund's Portfolio of assets and the rental income its Properties produce;
- the Fund's ability to manage its exposure to fluctuating and unpredictable costs, service charges and expenses;
- the impact of increased competition and other factors on the Fund's ability to source and make investments and on the demand for leases for units within the Fund's Portfolio;
- the nature and scope of the Fund's real estate investments and its ability to realise one or more of the Properties in its Portfolio for a particular price at any particular time;
- the Fund and the Fund Manager's ability to obtain external financing or maintain sufficient capital to fund the maintenance and/or the refurbishment of the Properties and future acquisitions;
- the Fund's relationship with, and dependence on, the Fund Manager and the ability of the Fund and the Shareholders to remove the Fund Manager in its capacity as both sole Director and fund manager;
- the nature and scope of the Fund and Fund Manager's relationship, both with each other and with other related parties;
- the Fund's relationship with governmental or regulatory authorities and its ability to obtain the requisite approvals and consents from such authorities; and
- the political, religious, regulatory, legal, social and economic environments in which the Fund operates and its ability to adapt to changes in such environments.

The list of important factors set out in this section and the "*Risk Factors*" section of this Prospectus is not exhaustive. When relying on forward-looking statements, prospective investors should carefully consider the foregoing factors and other uncertainties and events. Such forward-looking statements speak only as of the date on which they are made. Accordingly, neither the Fund nor the Fund Manager undertakes any obligation to update or revise any of them, whether as a result of new information, future events or otherwise other than as required by applicable laws or the Collective Investment Law, the Market Rules or the CIR. Neither the Fund nor the Fund Manager makes any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

STABILISATION

In connection with the Offer, the Stabilisation Manager, on behalf of the Fund, or any person acting on its behalf, may over-allot Shares or effect transactions of the Shares at a level higher than that which might otherwise prevail in accordance with the Price Stabilisation Module of the DFSA Rulebook (the "**Price Stabilisation Module**"). However, there is no assurance that the Stabilisation Manager or any person acting on its behalf will undertake stabilisation action. Any such stabilisation may be conducted on NASDAQ Dubai in the open market or off central order book transactions in accordance with the relevant rules. Such stabilisation activities may be undertaken at any time during the period commencing on the date of Admission and ending on the date 30 days from the date of Admission. Such stabilisation, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Shares above the Offer Price. Except as required by law, the Price Stabilisation Module or any other applicable regulation, neither the Stabilisation Manager nor any of its agents intend to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offer. Any stabilisation action will be undertaken in accordance with applicable laws and regulations.

MARKET AND INDUSTRY INFORMATION

This Prospectus contains historical market data and industry forecasts, which have been obtained from industry publications, market research and other publicly available information, including CBRE DIFC Limited's market report summary in the "*UAE Property Market Overview*" section of this Prospectus and its full market report which is set out in Appendix 3. This information has not been independently verified. The Responsible Persons do not represent that this information is accurate.

The information provided from the sources referred to above has been accurately reproduced and, as far as the Fund or the Fund Manager is aware and have been able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Prospectus, the source of such information has been identified.

This Prospectus also contains a certain amount of information on the Fund's prospects and trends, based on market analyses and evaluations made by the Fund Manager, among other things. There can be no assurance that these prospects will be realised or confirmed, as there could be unforeseeable events and other risk factors, or changes in market conditions in the real estate market.

WEBSITE

None of the Prospectuses or other information on the Fund Manager's website (*www.reit.ae*) or any sub-domain website are incorporated by reference into this Prospectus.

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SUMMARY

This summary and the "*Summary of the Offer*" section of this Prospectus must be read as an introduction to this Prospectus. Any decision to invest in the Shares should be based on a consideration of the Prospectus as a whole. You should read the entire Prospectus, including the Financial Statements and related notes, before making any decision to invest in the Shares and you should consider the information set forth under the heading "*Risk Factors*" in this Prospectus.

Overview

The Fund is a closed-ended investment company that invests in a diversified portfolio of Shari'a compliant real estate properties and related assets. It has an unlimited duration and was established in the DIFC by the Fund Manager on 28 November 2010 under the Companies Law with the name "Emirates REIT (CEIC) Limited" and with registration number 0997. The Fund is categorised under the CIR as a Domestic Fund, an Islamic Fund, a Property Fund and a Real Estate Investment Trust (REIT).

The Fund is managed by the Fund Manager. The Fund Manager is also the sole director of the Fund. The Fund Manager is a joint venture between DIB, based in Dubai, and Eiffel Management Limited, based in the British Virgin Islands. DIB owns 25%, and Eiffel Management Limited owns 75%, of the Fund Manager's total issued share capital. Eiffel Management Limited is wholly-owned by a foundation based in Liechtenstein, Galaxis 239 Stiftung, of which Sylvain Vieujot (the executive deputy chairman of the Fund Manager) is the primary beneficiary and Magali Mouquet (an executive director of the Fund Manager) is an additional beneficiary. DIB is a publicly listed company of which the Investment Corporation of Dubai is the largest shareholder. DIB's managing director, Abdulla Al Hamli, is also the chairman of the Fund Manager. The Fund Manager is entitled to certain fees under the Fund Management Agreement for acting in its capacity as fund manager.

As at the date of this Prospectus, there are 11 Shareholders of the Fund: DIB (30.9% of the total issued Shares), Vintage Bullion (23.1% of the total issued Shares), Dubai Properties Group (19.6% of the total issued Shares), TECOM Investments (7.5% of the total issued Shares), Emirates NBD Bank (on behalf of its customers) (4.5% of the total issued Shares), EFG Hermes Holding SAE (4.2% of the total issued Shares), Deyaar (3.4% of the total issued Shares), Alsayed Abdulla Alsayed Mohamed Al Hashemi (3.0% of the total issued Shares), Singapore Enterprises Private Limited (2.6% of the total issued Shares) and two other Shareholders each holding less than 1% of the total issued Shares and, together, holding 1.1% of the total issued Shares.

The Fund's Portfolio

The Fund's current Portfolio consists of the following ten Properties:

- Building 24;
- Indigo 7;
- the Lofts Offices, Loft 1;
- the Lofts Offices, Loft 2;
- the Lofts Offices, Loft 3;
- Office Park;
- GWAD;
- Index Tower-Retail;
- Index Tower-Office; and
- Index Tower-Car Park.

The Fund's Property Portfolio consists of ten Properties. The Fund has acquired the freehold interest in respect of seven of the properties, being Office Park, Building 24, Loft Office 1, Loft Office 2, Loft Office 3, Index Tower-Retail (save for one of the nineteen units forming the property which is pending completion) and Index Tower-Office. One property is held on the basis of a long-term leasehold interest (GWAD), another is held through a contractual interest (Indigo 7). The final property is a freehold interest which is subject to the completion of conditions precedent by the seller (Index Tower-Car Park). The Fund has only made partial payment of the consideration for Index Tower-Car Park and the final Index Tower-

Retail unit, with the full consideration being payable only upon satisfaction of conditions precedent by the seller. For further information, please refer to the risk factor entitled "*The Fund's acquisitions of Index Tower-Car Park and one unit in Index Tower-Retail are subject to the satisfaction of conditions precedent, therefore the Fund has not legally completed the acquisition of these properties*" in the "*Risk Factors*" section of this Prospectus. The Fund holds a long-term leasehold interest in GWAD until 14 November 2056 and a contractual interest similar to tenancy rights in Indigo 7 until 8 September 2039.

Investment Objective

The Fund intends 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. The principal objective of the Fund 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 (in accordance with the CIR Rules, which is subject to the Fund having sufficient cash available to make such a distribution and the distribution being in compliance with all local laws including but not limited to Article 49(2) of the Companies Law); and (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.

Key Strengths

The Fund Manager believes that the Fund has the following key business strengths:

Increasingly diversified portfolio of properties with attractive investment fundamentals. Since its establishment in November 2010, the Fund has continuously expanded its Portfolio.

The Portfolio currently includes a total of 10 properties that are diversified in terms of their type of use and location within Dubai. The Properties and/or their Net Leasable Area are categorized by the Fund based on tenant end use as follows: commercial, retail, educational and car park. As at 31 December 2013, the Portfolio comprised 1.2 million square feet of Net Leasable Area broken down as follows: (i) commercial use (46.9%); (ii) retail use (12.7%); and (iii) educational use (39.8%) (the balance relates to storage space within the Fund's Properties). The Fund's car park assets represent 491 car parking spaces in Index Tower that will be operated as a commercial car park (referred to as Index Tower-Car Park).

The Fund Manager believes the diversified uses of these Properties offer increased resilience against potential risks of local real estate market fluctuations. The Fund Manager believes individual properties and the Portfolio as a whole possess strong income profiles owing to high levels of occupancy (with the exception of the Index Tower assets which are currently unoccupied) and a relatively high degree of tenant commitments with a weighted average lease expiry of 9.8 years for the Portfolio (including GWAD) and 2.5 years (excluding GWAD) as at 31 December 2013. As at 31 December 2013, the Fund's blended portfolio occupancy was 86.3% while its future minimum rentals receivable under existing leases amounted to US$356.0 million, of which US$28.9 million was due within one year of 31 December 2013, which the Fund Manager believes offers visibility on the stability of earnings of the Fund. The Fund Manager anticipates that as the Fund continues to expand, the Fund will benefit from further diversification and reduced concentration of the Portfolio resulting in increased resistance to market fluctuations and improved income visibility.

Significant value-add through the professional management of the Property Portfolio. The Fund Manager adopts a proactive approach towards the management of the Properties within the Portfolio which the Fund Manager believes results in a significant value-add to the Fund. This includes the selective appointment of property managers, a thorough review of existing leases and improving the terms of new and renewal leases, a focus on the improvement of tenant relations and overall leasing management, a conscious approach to cost management, and other asset value enhancement programs such as small-scale refurbishments and renovations. As an example, following the Fund Manager's initial assessment of the Office Park property, the Fund Manager appointed a new property manager, undertook minor refurbishments and increased the leasable area resulting in an improvement in occupancy rates from 62.1% as at 30 June 2012 to 89.8% as at 31 December 2013. By way of further example, following the Fund Manager's appointment of a full time property manager and the re-tendering of the facility manager's contract at the Loft Offices property, the occupancy increased from 80.5% as at 31 December 2011 to 93.1% as at 31 December 2013.

Consistent dividend distributions and steady increase in NAV per Share. Since its incorporation in November 2010, the Fund has delivered on its primary objectives of providing its Shareholders with stable and recurring cash flow pay-outs as well as long-term capital preservation and appreciation through the steady increase in NAV per Share. The Fund's NAV per Share has increased from the opening value of US$100 per Share to US$137.80 as at 31 December 2013 (as provided by the Administrator) while the dividends per Share distributed by the Fund increased by 96% from US$2.55 per Share for the 13 month period ended 31 December 2011 to US$5.00 per Share for the 12 month period ended 31 December 2012. Note that the aforementioned NAV per Share and dividend per Share figures do 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 by a factor of 100 on 26 January 2014. For further information, please refer to the '*Net Asset Value per Share*' and '*General Information*' sections of this Prospectus. The Fund Manager will continue to seek to ensure the stability of cash distributions and the sustainable growth in NAV per Share by adhering to its disciplined investment and management strategy with the aim of preserving the existing yields on the Portfolio and enhancing the value of the Properties.

Experienced Fund Manager with expertise in the UAE property market. The Fund Manager consists of an experienced team of professionals with decades of cumulative experience in real estate portfolio management and property investment and a strong collective track record in acquiring, owning, managing, leasing and repositioning real estate assets. The Fund Manager has significant expertise in the UAE real estate market with extensive knowledge of local market dynamics including supply and demand-side characteristics, bidding and acquisition processes, and tenant requirements, as well as regulatory considerations through its past transactional experience and expanding market coverage. To date, the Fund Manager is at various stages of assessing a significant number of diverse properties in the UAE for potential acquisitions, which the Fund Manager believes will provide the Fund with an active pipeline of potential acquisition opportunities going forward.

Strong balance sheet. The Fund Manager believes that the Fund's risk profile is enhanced by its strong financial position characterised by a strong balance sheet and capital position. As at 31 December 2013, the Fund's total leverage represented 31.7% of gross assets and 51.5% of total equity which the Fund Manager believes is in line with REITs in developed markets and the Fund Manager expects to maintain a conservative loan to value ratio going forward as part of its financing strategy. The Fund currently utilises Shari'a compliant sources of financing with long-term repayment schedules of 10 years which the Fund Manager believes offers stability and predictability towards future cash flow management. The Fund 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.

Regulated Fund and Fund Manager with established corporate governance framework. The Fund Manager believes that the Fund employs standards of corporate governance in accordance with DFSA Rules and as a drive towards the long-term sustainability of the Fund. The Fund's corporate governance framework includes multiple bodies with independent non-executive members. These independent bodies are constituted to ensure conformance with regulatory and Shari'a compliance as well as to monitor performance aspects of the Fund such as the supervisory and accountability of the Fund Manager, its strategy, investment decisions, and other oversight roles. The Fund's corporate governance framework includes the following committees and boards: (i) an Oversight Committee to oversee the activities of the Fund Manager; (ii) an Investment Committee comprising qualified experts to review and confirm it has no objection to prospective investment opportunities proposed by the Fund Manager; (iii), a Shari'a Supervisory Board whose purpose is to ensure compliance by the Fund with Shari'a principles; and (iv) an Advisory Board to provide expert advice and assistance to the Fund Manager as needed. The members of these committees and boards are appointed by the Fund or the Fund Manager. The aforementioned bodies are governed by guidelines with the aim of safeguarding Shareholder interests including fixed serving periods for their members (which can be renewed), rights and protocol for the removal of members and procedures for the management of conflicts of interest that may arise.

Potential to capitalise on investment opportunities within the UAE's real estate sector. The fundamentals of the UAE's real estate sector have improved alongside a backdrop of relative political stability and improving economic indicators. Real GDP growth in the UAE has risen to pre-crisis levels stemming from the simultaneous improvement in tourism and cargo flows, government fiscal balances as well as bank deposit indicators, which the Fund Manager believes has translated into an improvement in investor confidence and overall market liquidity. The increase in overall economic activity has resulted in an improvement in the commercial office and retail real estate cycles which have seen a stabilisation of rental prices and an improvement in overall occupancy rates. The Fund Manager expects Dubai's high quality office stock in the existing locations of the Properties to see limited increases in supply in the short to medium term. The Fund Manager believes that the UAE market offers opportunities to capitalise on a healthy state of the real estate market cycle and improving supply and demand characteristics of the commercial and retail real estate subsectors. For more information on the UAE property market, please refer to the *"UAE Property Market Overview"* section of this Prospectus.

Benefit of the Ruler's Decree. The Fund is subject to the Ruler's Decree, which was issued by His Highness Sheikh Mohammed Bin Rashed Al Maktoum, Ruler of Dubai, on 19 February 2013. The Ruler's Decree permits the Fund through the Onshore Dubai Branch to acquire and own properties in Onshore Dubai. Pursuant to Law 7 of 2006 (and subsequent regulations implementing it) non-GCC nationals and companies wholly or partly owned by non-UAE/GCC nationals (such as the Fund), are only permitted to own property in certain designated geographical areas and free zone areas in the Emirate of Dubai. Therefore, the Ruler's Decree widens the geographical area in which the Fund can acquire properties in the Emirate of Dubai. The Fund Manager believes that the Ruler's Decree offers the Fund a unique competitive advantage by significantly widening the geographic areas in which the Fund is able to invest in property in Dubai, a strength that is not otherwise enjoyed as at the date of this Prospectus by funds incorporated outside of Onshore Dubai and/or having non UAE or GCC shareholders.

Key Strategies

The Fund's strategy is to capitalise on the widespread opportunities for value creation that the Fund Manager believes currently exist in the property sectors in the UAE in general and Dubai in particular as a result of proactive management and overall operational enhancements. This is further reinforced by the Fund Manager's positive outlook for the real estate market sectors in Dubai and the wider UAE.

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

Disciplined acquisition strategy underpinned by an attractive real estate market in the UAE. The Fund Manager will continue to pursue acquisitions with the aim of enhancing the diversity of the Fund's asset base and improving the overall returns and income stability of the Fund.

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

- invest in Shari'a compliant property assets;
- focus on quality properties with attractive yields and pursue acquisitions with an aim to prevent the overall dilution of the Portfolio's existing yields; and
- look to diversify its Portfolio base both geographically and in terms of asset type.

Active Asset Management Strategy. The Fund Manager intends to actively manage the Properties in order to increase income and market valuations with the aim of further improving property yields and delivering strong returns to the Shareholders. The Fund Manager works closely with its property managers with the aim of ensuring the optimisation of its Portfolio in terms of occupancies and achievable rental income. The Fund Manager applies the following key operating and management principles:

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

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

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

- managing the risks associated with the Properties by balancing the Portfolio and focusing on acquiring a broad range of properties and seeking quality tenants with attractive lease terms and covenants;
- using Shari'a compliant debt financing in an attempt to provide additional capital and improve Shareholder returns over the long-term where such Shari'a debt financing is appropriate. However, the Fund Manager is obliged to ensure that the Fund's gearing will not exceed the limit imposed by the CIR Rules, which as at the date of this Prospectus is 70% of the net asset value;
- continually revisiting lines of credit and assessing a variety of possible financing structures;
- actively considering opportunities to raise funds by way of the issue of new Shares in the long term; and
- maintaining a strong capital structure with the aim of maintaining prudent balance sheet gearing levels to provide the Fund with the ability to finance future acquisitions.

Risk Factors

An investment in the Shares involves certain risks including, among others, risks relating to:

- the Fund and the Fund Manager's ability to pursue growth through acquisitions whilst ensuring compliance with all applicable laws, rules and regulations;
- fluctuations in the real estate markets in which the Fund operates and the resulting impact on the value of the Fund's Portfolio of assets and the rental income its Properties produce;
- the Fund's ability to manage its exposure to fluctuating and unpredictable costs, service charges and expenses;
- the impact of increased competition and other factors on the Fund's ability to source and make investments and on the demand for leases for units within the Fund's Portfolio;
- the nature and scope of the Fund's real estate investments and its ability to realise one or more of the Properties in its Portfolio for a particular price at any particular time;
- the Fund and the Fund Manager's ability to obtain external financing or maintain sufficient capital to fund the maintenance and/or the refurbishment of its Properties and future acquisitions;
- the Fund's relationship with, and dependence on, the Fund Manager and the ability of the Fund and the Shareholders to remove the Fund Manager in its capacity as both sole Director and fund manager;
- the nature and scope of the Fund and Fund Manager's relationship, both with each other and with other related parties;
- the Fund's relationship with governmental or regulatory authorities and its ability to obtain the requisite approvals and consents from such authorities; and
- the political, religious, regulatory, legal, social and economic environments in which the Fund operates and its ability to adapt to current changes in such environments.

Historical Financial Information

Statement of comprehensive income

The table below sets out the Statement of comprehensive income relating to the Fund for the 13 month period ended 31 December 2011, the 12 month period ended 31 December 2012 and the 12 month period ended 31 December 2013.

Statement of Comprehensive Income

(US$ '000)	For the 13 months ended 31 December 2011	For the twelve months ended 31 December 2012	For the twelve months ended 31 December 2013
Rental income	1,698	12,360	22,336
Service fee income	125	1,159	1,914
Other property income	0	26	171
Total income	**1,822**	**13,544**	**24,421**
Property operating expenses	(550)	(4,130)	(5,755)
Net rental income	**1,272**	**9,414**	**18,666**
Net unrealised gain on revaluation of investment properties	644	7,615	27,286
Net property income	**1,915**	**17,029**	**45,952**
Management fee	(178)	(1,765)	(3,778)
Performance fee	(119)	(781)	(1,966)
Fund administration fee	(56)	(96)	(106)
General and administrative expenses	(84)	(541)	(604)
Subscription income	—	—	66
Commission expense	(218)	—	—
Subscription fee	—	—	(116)
Auditors' fees	(25)	(28)	(61)
IPO costs	—	—	(703)
Other expenses	—	(12)	(11)
Operating profit	**1,236**	**13,807**	**38,672**
Finance income	0	16	199
Finance cost	(43)	(2,927)	(4,024)
Profit and total comprehensive income for the period	**1,193**	**10,895**	**34,846**
Basic earnings per share (US$)	**0.13**	**0.15**	**0.26**

The basic earnings per share shown above has been calculated by dividing profit and total comprehensive income for the period by the weighted average number of Shares outstanding during the period as adjusted (in accordance with IFRS), for the sub-division of the Shares on 26 January 2014 following which the nominal value of the Shares was reduced and the number of Shares were increased, by a factor of 100. For more information please refer to the "*Net Asset Value per Share*" and "*General Information*" sections of this Prospectus.

Statement of financial position

The table below sets out the balance sheet relating to the Fund as at 31 December 2011, 31 December 2012 and 31 December 2013.

Statement of Financial Position

(US$ '000)	As at 31 December 2011	2012	2013
ASSETS			
Non-current assets			
Investment properties	68,309	167,601	323,131
Current assets			
Receivables, prepayments and other assets	1,666	1,374	1,934
Bank balances and cash	547	43,594	8,145
	2,213	**44,968**	**10,079**
Total assets	**70,522**	**212,570**	**333,210**
LIABILITIES & EQUITY			
Current liabilities			
Accounts payable and other liabilities	1,723	7,120	22,589
Current portion of corporate Ijarah facilities	1,602	5,038	9,173
	3,325	**12,158**	**31,762**
Non-current liabilities			
Non-current portion of corporate Ijarah facilities	20,016	56,650	96,390
Total liabilities	**23,342**	**68,808**	**128,152**
EQUITY			
Share capital	45,132	126,293	151,643
Share premium	855	6,531	13,970
Retained earnings	1,193	10,939	39,446
Total equity	**47,180**	**143,762**	**205,058**
Total Equity & Liabilities	70,522	212,570	333,210
Net asset value per share (NAV) (US$)	**104.54**	**113.83**	**135.22**

The NAV per Share figures as at each balance sheet date as presented above do 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 by a factor of 100 on 26 January 2014. For further information, please refer to the "*Net Asset Value per Share*" and "*General Information*" sections of this Prospectus.

Statement of Cash Flows

The table below sets out the cash flow statement relating to the Fund for the 13 month period ended 31 December 2011, and the 12 month periods ended 31 December 2012 and 2013, respectively.

Statement of Cash Flows

	For the 13 months ended 31 December	For the twelve months ended 31 December	
(US$ ’000)	**2011**	**2012**	**2013**
Operating Activities			
Profit for the period	1,193	10,895	34,846
Adjustments:			
Net unrealised gain on revaluation of investment properties	(644)	(7,615)	(27,286)
Finance expense	43	2,927	4,024
Finance income	(0)	(16)	(199)
Provision for doubtful debts, net	—	12	17
	592	**6,204**	**11,403**
Working capital changes:			
Receivables, prepayments and other assets	(1,666)	280	(577)
Accounts payable and other liabilities	1,723	5,371	4,400
Net cash from operating activities	**650**	**11,855**	**15,226**
Investing activities			
Purchase of investment properties	(37,174)	(60,912)	(109,019)
Finance income received	0	16	199
Net cash used in investment activities	**(37,173)**	**(60,896)**	**(108,820)**
Financing activities			
Proceeds from issue of shares	15,495	55,339	21,852
Corporate Ijarah facility obtained, net	21,618	43,234	48,852
Corporate Ijarah facility paid	—	(3,189)	(5,038)
Finance expenses paid	(43)	(2,877)	(3,362)
Dividend paid	—	(418)	(4,159)
Net cash (used in)/from financing activities	**37,070**	**92,089**	**58,145**
(Decrease)/increase in cash and cash equivalents	**547**	**43,048**	**(35,449)**
Cash and cash equivalents at the beginning of the period	—	547	43,594
Cash and cash equivalents at the end of the period	**547**	**43,594**	**8,145**

Non-cash transactions:

In the 12 month period ended 31 December 2013, the Fund acquired investment properties for a total consideration of US$128.2 million, of which US$109.0 million was paid in cash and US$8.8 million was settled by issue of Shares and the residual consideration of US$10.5 million remained outstanding as at the reporting date.

In the 12 month period ended 31 December 2012, the Fund acquired investment properties for a total consideration of US$91.7 million, of which US$60.9 million was paid in cash and US$30.8 million was settled by issue of Shares.

In the 13 month period ended 31 December 2011, the Fund acquired investment properties for a total consideration of US$67.7 million, of which US$37.2 million was paid in cash and US$30.5 million was settled by issue of Shares.

Recent Developments

Sale and Purchase Agreements in respect of Index Tower-Office and Index Tower-Car Park

In December 2013, the Fund entered into sale and purchase agreements in respect of two parts of Index Tower namely Index Tower-Office, for AED 32.2 million (US$8.8 million) and Index Tower-Car Park, for AED 29.0 million (US$7.9 million). Index Tower is a recently constructed residential and commercial tower designed by Foster & Partners. Index Tower is located in the DIFC, a well-established commercial and residential free zone, popular with financial services institutions and international commercial firms. The Fund entered into a sale and purchase agreement in respect of Index Tower-Retail in May 2013. The Fund has only made partial payment of the consideration for Index Tower-Car Park and the final Index Tower-Retail unit, with the full consideration being payable only upon satisfaction of conditions precedent by the seller. For further information, please refer to the risk factor entitled "*The Fund's acquisitions of Index Tower-Car Park and one unit in Index Tower-Retail are subject to the satisfaction of conditions precedent, therefore the Fund has not legally completed the acquisition of these properties*" in the "*Risk Factors*" section of this Prospectus.

Change in Nominal Value of Shares and NAV per Share

On 26 January 2014, the nominal value of the Shares was sub-divided and, as a result, the Fund's issued share capital changed from 1,516,426 Shares and one Manager Share with a nominal value of US$100 per Share to 151,642,600 Shares with a nominal value of US$1 per Share and one Manager Share which retained a nominal value of US$100. The impact of the Share sub-division on the previously reported NAV per Share is to divide by a factor of 100.

New Significant Leases of Office Space

Significant leases have been entered into at Office Park during early 2014: (i) an advertising and communication group of companies entered into a number of new 3 year leases in February 2014 for a total of 10,440 sq. ft. of office space; and (ii) a chemical and pharmaceutical company surrendered its existing lease of 6,771 sq. ft. of office space to expand and sign a new lease of 10,755 sq. ft. which commenced in February 2014 with a term of 5 years.

SUMMARY OF THE OFFER

The following is a brief summary of certain terms of the Offer. It may not contain all of the information that is important to a prospective investor and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. For additional information regarding the Shares and the Offer, please refer to, respectively, the "General Information" and "Underwriting" sections of this Prospectus.

Issuer	Emirates REIT (CEIC) Limited, a closed-ended investment company with unlimited duration established in the DIFC on 28 November 2010 under the Companies Law and registered as a Public Fund with, and regulated by, the DFSA. The Fund is categorised under the CIR as a Domestic Fund, an Islamic Fund, a Property Fund and a Real Estate Investment Trust (REIT).
Investment Objective	The Fund intends 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. The principal objective of the Fund 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 (in accordance with the CIR Rules, which is subject to the Fund having sufficient cash available to make such a distribution and the distribution being in compliance with all local laws including but not limited to Article 49(2) of the Companies Law); and (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.
Fund Manager	Emirates REIT Management (Private) Limited, a joint venture between Dubai Islamic Bank PJSC (25%) and Eiffel Management Limited (75%), is a private company limited by shares incorporated in the DIFC on 27 October 2010 and licensed and regulated by the DFSA. The Fund Manager is the sole director of the Fund. There is no minimum number of Shares that may be the subject of any one transaction of issue, sale or redemption by the Fund Manager.
Fund Management Fees	*Management Fee* The Fund Manager is entitled to receive from the Fund a Fund Management Fee of an amount equal to 1.5% per annum of the Gross Asset Value of the Fund as consideration for the services it provides as Fund Manager. The Fund Management Fees are payable on a quarterly basis by the Fund.

	Performance Fee The Fund Manager is also entitled to receive from the Fund a one-off Performance Fee immediately following Admission and, subsequently, an annual Performance Fee. The annual Performance Fee is equal to 3.0% of the increase in the Net Asset Value per Share (adjusted for historical dividend payments) previously used in calculating the Performance Fee and will be calculated by taking the Net Asset Value per Share at the end of the Financial Year, subtracting from that value per Share the highest Net Asset Value per Share previously used in calculating the Performance Fee and then multiplying that resulting figure by the number of Shares in issue at the end of the Financial Year in question. The base Net Asset Value per Share of the Fund will be the highest Net Asset Value per Share determined on any previous date on which the Performance Fee was calculated. The one-off Performance Fee payable immediately following Admission will be equal to 5.0% of the increase in Net Asset Value per Share (excluding adjustments for dividends payments) at the time of Admission over the nominal value of the Shares of US$1, multiplied by the number of Shares in issue immediately prior to Admission (but excluding, for the avoidance of doubt, any Shares issued in connection with any offer of Shares made as part of the Admission). The Fund has made a provision for the one-off Performance Fee in the financial statements for the financial periods ended 31 December 2011, 2012 and 2013.
Fund Real Estate Portfolio	Ten properties situated in Dubai in the commercial, retail, education and car parking sectors being: (i) Building 24; (ii) Office Park; (iii) The Loft Offices (Loft 1); (iv) The Loft Offices (Loft 2); (v) The Loft Offices (Loft 3); (vi) Index Tower-Retail; (vii) Indigo 7; (viii) GWAD; (ix) Index Tower-Office; and (x) Index Tower-Car Park.
Governance	The Fund Manager has created a number of committees and boards in compliance with the CIR Rules: the Oversight Committee (to supervise the activities of the Fund Manager for the Fund in accordance with the CIL Law and the CIR Rules); the Investment Committee (to consider and, where appropriate, confirm it has no objection to each investment); the Shari'a Supervisory Board (to provide on-going and continuous supervision of and adjudication in all Shari'a matters for the Fund); and the Advisory Board (to provide expert advice and assistance to the Fund Manager as needed).
Share Capital	As at the date of this Prospectus, the Fund has an issued share capital of US$151,642,700 comprising 151,642,600 Shares of a nominal value of US$1 each and one Manager Share of a nominal value of US$100. Following completion of the Offer and assuming full subscription of all the Shares offered pursuant to the Offer (but assuming no implementation of the Over-allotment Arrangements) the issued share capital of the Fund will be US$280,319,171 comprising 280,319,071 Shares of a nominal value of US$1 each and one Manager Share of a nominal value of US$100. In the event that the Over-allotment Arrangements are implemented in full the issued share capital of the Fund will be US$299,620,641 comprising 299,620,541 Shares of a nominal value of US$1 and one Manager Share of a nominal value of US$100.

Shareholders	As at the date of this Prospectus, there are 11 Shareholders of the Fund: DIB (30.9% of the total issued Shares), Vintage Bullion (23.1% of the total issued Shares), Dubai Properties Group (19.6% of the total issued Shares), TECOM Investments (7.5% of the total issued Shares), Emirates NBD Bank (on behalf of its customers) (4.5% of the total issued Shares), EFG Hermes Holding SAE (4.2% of the total issued Shares), Deyaar (3.4% of the total issued Shares), Alsayed Abdulla Alsayed Mohamed Al Hashemi (3.0% of the total issued Shares), Singapore Enterprises Private Limited (2.6% of the total issued Shares) and two other Shareholders each holding less than 1% of the total issued Shares and, together, holding 1.1% of the total issued Shares.
The Offer	128,676,471 Shares are being offered in the Fund by the Fund Manager, for and on behalf of the Fund, in the Offer (before the implementation, if any, of the Over-allotment Arrangements) in or from the DIFC pursuant to the Market Rules. If the Over-allotment Arrangements are implemented in full, the Offer will amount to 147,977,941 Shares. On Admission, a minimum of 25% of the Shares will be in public hands.
Shares	Conditional upon and effective from the Admission, and assuming full exercise of the Over-allotment Arrangements, the Fund's share capital will consist of 299,620,541 Shares each with a nominal value of US$1, which are fully paid, issued and outstanding and one Manager Share having a nominal value of US$100, which is fully paid, issued and outstanding and is held by the Fund Manager. The Shares and Manager Share are the only classes of shares that the Fund has in issue. The Shares rank pari passu with each other Share and entitle holders to vote at general meetings and to receive dividends and distributions. Subject to the terms of the CIL, the Articles and the Fund Management Agreement, the holder of the Manager Share has the sole right to act as Fund Manager but does not have any voting rights or the right to receive dividends or distributions or to vote at general meetings. For further information, please refer to the "*General Information*" section of this Prospectus.
Base Currency	Shares in the Fund will be issued in US$. However, the Fund does and will continue to invest in investments that are denominated in currencies other than US$. Accordingly, the value of an investment may be affected favourably or unfavourably by fluctuations in exchange rates.
Offer Price	The Offer Price for the Shares is US$1.36 per Share.
NAV per Share	US$137.80 as at 31 December 2013 (as provided by the Administrator).
Sub-division of Shares	The NAV per Share figure presented as at 31 December 2013 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 by a factor of 100 on 26 January 2014. For further information please refer to the "*Net Asset Value per Share*" and "*General Information*" sections of this Prospectus.
Minimum Subscription Amount	The minimum subscription amount in the Offer and minimum initial investment in the Fund for each investor is US$136,500.

Minimum Holding Amount	The minimum number of Shares that a Shareholder may hold in the Fund is one Share.
Over-allotment Undertaking	The Fund has pursuant to the Underwriting Agreement provided an Over-allotment Undertaking in favour of SHUAA Capital International Ltd. (being the Stabilisation Manager), permitting the Stabilisation Manager to exercise its right and subscribe for, within 30 days from the Admission Date, up to an additional 19,301,470 Shares at the Offer Price, representing up to 15% of the total number of Shares in the Offer, solely to cover over-allotments or short positions resulting from stabilisation transactions, if any, in the Offer. For further information, please refer to the "*Underwriting*" section of this Prospectus.
Joint Bookrunners	SHUAA and EMCAP.
Underwriters	SHUAA and Emirates NBD Bank (EMCAP is an affiliate of Emirates NBD Bank).
Co-Lead Managers	Abu Dhabi Commercial Bank PJSC, Dubai Islamic Bank PJSC and EFG Hermes UAE Limited.
Dividends and Distribution Policy	The Fund is obliged under the CIR Rules to, *inter alia*, distribute to Shareholders 80% of its audited annual net income (which is subject to the Fund having sufficient cash available to make such a distribution and the distribution being in compliance with all local laws including but not limited to Article 49(2) of the Companies Law) and is under an obligation to pay an annual or final dividend. Dividends in respect of a completed financial period have historically been paid as an interim dividend in the January following the end of the period and as a final dividend in the following June. The Fund Manager, as the Director, is not obliged to recommend that an interim dividend is paid but it has done so in the past and may do so in the future. Since incorporation, the Fund has distributed an aggregate of US$7,489,000 to Shareholders. Subject to obtaining the required approval, the Fund will make a distribution in respect of the net income for the 12 month period ended 31 December 2013 in the form of a final dividend payment by the end of June 2014. Although there can be no guarantee that the Fund will declare any dividends in the future, if it does, the Shares offered hereby (including the Over-allotment Shares, if any) will be entitled to any dividends declared and paid if the relevant record date is on or after the Closing Date (or the closing date of the Over-allotment Arrangements, as applicable). The Fund is not entitled to distribute any surplus on revaluations or gains on disposals of Property unless the distribution has been approved by the Oversight Committee. Please refer to the "*Dividends and Dividend Policy*" and "*General Information*" sections of this Prospectus.
Leverage	The Fund is currently permitted to procure Financing up to 70% of net asset value. As at 31 December 2011, 31 December 2012 and 31 December 2013, the Fund's financing as a percentage of net asset value was 45.8%, 42.9% and 51.5%, respectively. Please refer to the "*Operating and Financial Review*" and "*General Information*" sections of this Prospectus.

Use of Proceeds	The gross proceeds to the Fund of the Offer are expected to be approximately US$175.0 million (US$201.3 million (assuming implementation in full of the Over-allotment Arrangements), before the deduction of commissions and other fees and expenses payable by or on behalf of the Fund in connection with the Offer. Please refer to the "*Underwriting*" section of this Prospectus. The Fund Manager intends to use the balance of the net proceeds of the Offer (US$167.9 million), to finance future growth opportunities, including to fund new real estate acquisitions and make further investment in existing assets. Please refer to the "*Use of Proceeds*" section of this Prospectus.
Lock-in	All Shares held by existing Shareholders are subject to a lock-in of at least six months' duration following the date of Admission. Shares issued: (i) in 2013 are subject to a lock-in arrangement for a period of six months from the date of Admission, with such number of Shares amounting to 9.0% of the issued share capital of the Fund at Admission; and (ii) prior to 31 December 2012 are subject to a further lock-in arrangement of six months (a total of 12 months from the date of Admission) with such number of Shares amounting to 45.1% of the issued share capital of the Fund at Admission. Pursuant to such lock-in arrangements, each applicable Shareholder has agreed with the Fund and the Joint Bookrunners, for the duration of the restrictions, not to: (i) offer, sell, lend, pledge, contract to sell, charge, grant any option over or otherwise dispose of, directly or indirectly, any: a. Shares; b. options, warrants or other rights to subscribe for or purchase Shares; and c. securities which carry rights of conversion into, rights of exchange or subscription for or rights to purchase or acquire Shares, which are owned or held by the Shareholder, or in which it is otherwise interested, at the date of entering into the lock-in arrangements or which are acquired by the Shareholder, or in which it otherwise becomes interested, after the date of entering into such arrangements (each a "**Relevant Security**"), without in all such cases the prior written consent of SHUAA and EMCAP; (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of any Relevant Security nor to mandate a third party to do so, or announcing the intention to do so without in all such cases the prior written consent of SHUAA and EMCAP; or (iii) make an announcement relating to any of the foregoing.

Restrictions on Purchases and Transfers of Shares	The Shares are subject to certain restrictions on their purchase, resale and transfer under the applicable securities laws of certain jurisdictions. Please refer to the "*Selling and Transfer Restrictions*" section of this Prospectus. The Fund is required by its Articles of Association to ensure that no less than 51% of the issued share capital of the Fund is owned at all times by UAE nationals and/or GCC nationals. Arrangements have been put in place with NASDAQ Dubai to ensure that, so far as is practicable, these ownership requirements are always met. The Articles of Association contain provisions that limit the ownership rights of non-UAE and/or non-GCC persons. Where Share transfers result or are liable to result in the Fund's ownership requirements being breached, the Articles of Association contain provisions which may result in Shares that are the subject matter of such Share transfers being compulsorily transferred to third parties at the discretion of the Fund Manager in order to comply with the ownership requirements. Under the Articles of Association, the Shares may not be transferred, directly or indirectly, to any person in circumstances which, in the opinion of the Directors, might result in the Fund incurring any liability to taxation or suffering any other disadvantage which the Fund might not otherwise incur or suffer, or would result in the Fund or the Shares being required to be registered under any applicable United States securities laws. The Directors may also not consent to a transfer of Shares and the Shares may not be transferred, directly or indirectly, to any US person. The Shares are not redeemable save that the Fund may exercise the right of mandatory redemption of any Shares sold, transferred or acquired in respect of which the Directors refuse registration of transfer pursuant to the provisions of the Articles mentioned above or where such sale, transfer or acquisition is otherwise in contravention of any provisions of the Companies Law, CIL, CIR Rules or Articles.
Taxation	For a discussion of certain tax considerations relevant to an investment in the Shares, please refer to the "*Taxation*" section of this Prospectus.
Risk Factors	An investment in the Shares involves certain risks, including, among others, risks relating to: (i) the Fund's business and industry, and that the Fund's current income is entirely dependent on assets located in the Emirate of Dubai; (ii) the Fund Manager, and the Fund's dependence on the Fund Manager and its key personnel; (iii) the Shares, which have not been publicly traded to date; (iv) Dubai, the UAE and the MENA Region and their potentially unstable economic and political conditions; and (v) NASDAQ Dubai, which is a relatively new market which may suffer from liquidity issues. Prior to making an investment decision, investors should consider carefully such matters. For further information, please refer to the "*Risk Factors*" section of this Prospectus.

Admission	Application has been made to the DFSA for the Shares to be admitted to the Official List of Securities of the DFSA and to NASDAQ Dubai for the Shares to be traded on NASDAQ Dubai under the symbol "***REIT***". Prior to the Offer, there has not been any public market for the Shares. There will not be any conditional dealings in the Shares prior to the Admission. It is expected that the Admission will become effective on NASDAQ Dubai on the Admission Date.
Trading, Payment and Settlement	Trading of the Shares will take place through the NASDAQ Dubai Trading Platform hosted by the Dubai Financial Market ("**DFM**") X-Stream trading platform. Shares will be held under national investor numbers ("**NINs**") assigned by the DFM either to the holders directly or under custodian NINs in an omnibus-like manner and the ownership of the Shares will be evidenced by the holdings under each such NIN. Payment for Shares subscribed for in connection with this Offer will be made in US Dollars. Subscribers for Shares will be required to make full payment for the Shares on the Closing Date and no Shares will be transferred partly paid. Clearing and settlement of trades on NASDAQ Dubai by brokers or custodians may be performed only through members of NASDAQ Dubai that are authorised clearing members (the "**Clearing Members**"). Each Clearing Member must hold a securities account with the Central Securities Depositary (the "**CSD**") operated by NASDAQ Dubai and a cash account with a designated settlement bank for settlement purposes. Similarly, a custodian needs to hold a securities account with the CSD and a cash account with a settlement bank for settlement of trades. Settlement of Shares happens directly between sub-accounts under the NINs on which the Shares were traded. Settlement of Shares trading on NASDAQ Dubai is governed by the NASDAQ Dubai Business Rules. For further information, please refer to the "*Clearing and Settlement*" section of this Prospectus.
Allocation and Over Subscription	The allocation of Shares between prospective investors will be determined by the Joint Bookrunners in their absolute discretion, in consultation with the Fund and the Fund Manager. Factors that may be taken into account when determining the allocations between prospective investors in the event of over-subscription may include participation in the marketing process for the Offer, holding behaviour in previous offerings, holdings in similar companies, pre-funding of indication of interest and other factors that the Joint Bookrunners, in consultation with the Fund and the Fund Manager deem to be relevant.
Sponsor	SHUAA has been appointed by the Fund and the Fund Manager, for and on behalf of the Fund, as the Fund's listing sponsor in connection with the Admission and the Offer pursuant to the requirements of Chapter 7 of the Markets Rules.
General Information	The security identification numbers of the Shares offered hereby are as follows: Shares ISIN: AEDFXA1XE5D7. NASDAQ Dubai Share Trading Symbol: REIT.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND OFFER STATISTICS

Expected timetable of principal events

Event	Time and date
Publication of Prospectus	3 April 2014
Announcement of Offer Price and allocation	3 April 2014
Admission of Shares to the Official List	8 April 2014
Admission of Shares to trading on NASDAQ Dubai	8 April 2014
Payment for and delivery of Shares	8 April 2014

All times are UAE times. Each of the times and dates in the above timetable is subject to change without further notice.

Offer statistics

Offer Price	US$1.36
Percentage of the enlarged issued Share capital in the Offer(1)	45.9%
Number of Shares in issue following the Offer (excluding the Over-allotment Arrangements)	280,319,071
Number of Shares subject to the Over-allotment Arrangements	19,301,470
Estimated net proceeds of the Offer receivable by the Fund(2)	US$167.9 million
Market capitalisation of the Fund at the Offer Price (excluding the Over-allotment Arrangements)	US$381.2 million

(1) Assuming no exercise of the Over-allotment Arrangements.

(2) The estimated net proceeds receivable by the Fund are stated after deduction of the commissions and other fees and expenses payable by or on behalf of the Fund in connection with the Offer, which are currently expected to be approximately US$7.13 million.

RISK FACTORS

Investing in and holding the Shares involve financial risk. Investors in the Shares should carefully review all of the information contained in this Prospectus and should pay particular attention to the following risks associated with an investment in the Fund and the Shares which should be considered together with all other information contained in this Prospectus. If one or more of the following risks were to materialise, the Fund's business, financial condition, results of operations, prospects and/or the Fund's Share price could be materially and adversely affected and investors could lose all or part of their investment. The risks set out below are not exhaustive and do not comprise all of the risks associated with an investment in the Fund and the Shares. Additional risks and uncertainties not currently known to the Fund or which the Fund currently deems immaterial may also have a material adverse effect on the Fund's business, financial condition, results of operations, prospects and/or the Fund's Share price. Prospective investors should note that the risks summarised in the "Summary of the Offer" section of this Prospectus are the risks that the Fund believes are the principal risks the Fund faces. However, as the risks that the Fund faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on key risks summarised in the "Summary of the Offer" section of this Prospectus but also, among other things, the risks and uncertainties described below.

You should consult a legal adviser, an independent financial adviser or a tax adviser for legal, financial or tax advice prior to making any application to subscribe for Shares in the Offer.

Risks relating to the Fund's business and industry

The Fund's acquisitions of Index Tower-Car Park and one unit in Index Tower-Retail are subject to the satisfaction of conditions precedent, therefore the Fund has not legally completed the acquisition of these properties

On 30 May 2013, the Fund entered into Contract 3 for the purchase of a freehold interest in a 19th retail unit in Index Tower (which forms part of Index Tower-Retail) and on 18 December 2013 the Fund entered into an agreement to acquire the freehold interest in Index Tower-Car Park.

Index Tower-Retail

The actions and requirements to effect registration of the unit of Contract 3 and a condition precedent to Contract 3 have not been legally completed as at the date of this Prospectus. Accordingly, the Fund has only made partial payment of the consideration for Contract 3, the full consideration being payable upon satisfaction of the condition precedent. The outstanding condition precedent to Contract 3 is the legal transfer of certain common areas in Index Tower from the principal body corporate to the retail body corporate. As a result of the non-satisfaction of this condition precedent, Contract 3 may be terminated by the Fund or the seller of the unit that is the subject of Contract 3, Emirates NBD Properties, following the provision of 30 days' notice of breach of contract by the Fund and failure to remedy the same. The Fund Manager does not have direct control over the satisfaction of this condition precedent and therefore cannot predict whether and when it will be satisfied. The actions and requirements to effect registration of the unit that is the subject of Contract 3 cannot be executed until the condition precedent has been satisfied.

Index Tower-Car Park

The actions and requirements to effect registration of Index Tower-Car Park and a condition precedent to the acquisition of Index Tower-Car Park have not been legally completed at the date of this Prospectus. Accordingly, the Fund has only made partial payment of the consideration for Index Tower-Car Park, the full consideration being payable upon satisfaction of the condition precedent. The outstanding condition precedent to the acquisition of Index Tower-Car Park is the procurement of the issue of the non-objection letters by the DIFC Registrar of Real Property. As a result of the non-satisfaction of this condition precedent, the contract for the acquisition of Index Tower-Car Park may be terminated by the Fund or the seller of Index Tower-Car Park, Emirates NBD Properties, following the provision of 30 days' notice of breach of contract by the Fund and failure to remedy the same. The Fund Manager does not have direct control over the satisfaction of this condition precedent and therefore cannot predict whether and when it will be satisfied. The actions and requirements to effect registration of Index Tower-Car Park cannot be executed until the condition precedent has been satisfied.

Until such time as all the outstanding conditions precedent are satisfied and the full consideration amounts have been paid by the Fund to Emirates NBD Properties, Contract 3 and the contract for the acquisition of

Index Tower-Car Park remain subject to termination in the event the Fund issues notice of breach of contract and Emirates NBD Properties fails to remedy such breach. Therefore the Fund may be unable to legally complete its acquisition of the unit that is the subject of Contract 3 and Index Tower-Car Park. Additionally, until such time as the registration of the properties is finalised by the DIFC Registrar of Real Property and the Fund acquires title deeds, the Fund may not be able to prove title in relation to the Index Tower-Retail unit that is the subject matter of Contract 3 and Index Tower-Car Park, which may expose the Fund to certain risks and issues, including those relating to the non-enforceability of its rights against third parties, as well as issues that may arise due to its non-compliance with applicable law. It may also affect the Fund's ability to complete a disposal of the Index Tower-Retail unit that is the subject of Contract 3 and Index Tower-Car Park as unregistered property may be unattractive to potential future purchasers. All such factors may have a material adverse effect on the Fund's business, financial condition and results of operations.

The Fund's ability to pursue growth through acquisitions may be limited by restrictions on the areas in which the Fund can purchase property in the UAE that are outside of the Emirate of Dubai

The Fund is subject to the Ruler's Decree, which was issued by His Highness Sheikh Mohammed Bin Rashed Al Maktoum, Ruler of Dubai, on 19 February 2013. The Ruler's Decree permits the Fund (through the Onshore Dubai Branch) to acquire and own properties in Onshore Dubai and companies wholly owned by the Fund can acquire freehold and long leasehold interests in property. Pursuant to Law 7 of 2006 (and subsequent regulations implementing it) non-GCC nationals and companies wholly or partly owned by non-UAE/GCC nationals (such as the Fund), are only permitted to own property in certain designated geographical areas and free zone areas in the Emirate of Dubai. Therefore, the Ruler's Decree widens the geographical area in which the Fund can acquire properties in the Emirate of Dubai.

The Fund is also permitted to acquire certain types of real estate in the other six Emirates in the UAE although, as the Fund is not wholly-owned by UAE/GCC nationals, it must adhere to each Emirate's specific rules and regulations regulating property ownership. For example, if the Fund intended to acquire and own property in the Emirate of Abu Dhabi, it would generally only be permitted to acquire musataha and usufruct interests in Abu Dhabi's investment areas (some of these investment areas are also designated as free zones). Therefore, if acquisition opportunities arise outside of the Emirate of Dubai, the Fund's status as a non-UAE/GCC person may hinder its ability to diversify its Portfolio and acquire and own property elsewhere in the UAE. Accordingly, the Fund's intention to pursue growth through acquisitions may be limited by its ability to purchase property outside of the Emirate of Dubai which may mean the Fund continues to be exposed to the risks associated with holding assets that are concentrated in one geographical area, which in turn may have a material adverse effect on the Fund's business prospects and results of operations. For further information, please refer to the risk factor entitled "*The Fund's revenue is currently entirely dependent on assets located in the Emirate of Dubai in the UAE*".

The Fund is subject to the Ruler's Decree which can be relied upon by the Fund only to the extent that certain condition are met

The Fund is subject to the Ruler's Decree which is relevant in respect of acquisitions by the Fund of properties in Onshore Dubai. If the Fund intends to acquire and own property in Onshore Dubai, it must comply with the Ruler's Decree, which states that its Onshore Dubai Branch is only permitted to own property in Onshore Dubai if the following conditions are met:

- the acquired property must be registered in the name of the Onshore Dubai Branch;
- no less than 51% of the issued share capital of the Fund must be owned at all times by UAE and/or GCC nationals; and
- in the event that the Onshore Dubai Branch or the Fund is liquidated, no transfer of any property located in Onshore Dubai shall be made to a Shareholder who is not a UAE and/or GCC national.

The Fund's ability to acquire and own property in Onshore Dubai is dependent on the Ruler's Decree being adhered to by the Fund and not being amended or revoked in the future. If it was amended or revoked, it may mean the Fund can no longer acquire or own property in Onshore Dubai and it may be required to sell certain properties it owns within Onshore Dubai at that time. There can be no assurance that, at the time the Fund seeks to dispose of such assets, relevant market conditions will be favourable or that the Fund will be able to maximise the returns on such disposed assets. The Fund may not be able to dispose of such assets at a gain and may even have to dispose of the assets at a loss.

Furthermore, the other conditions and limitations set out in the Ruler's Decree could adversely impact the Fund's ability to attract future investors and may restrict the Fund's future acquisition structures by impairing the Fund's ability to offer Shares as consideration in relation to such acquisitions.

The Articles of Association contain provisions that limit the ownership rights of non-UAE and/or non-GCC persons which could materially impact the price of the Shares

The Articles of Association contain certain provisions that limit the ability of non-UAE and/or non-GCC persons to own Shares in the Fund. Article 22 of the Articles of Association states that in order for Shares to be transferable, at least 51% of the Fund's share capital must be owned at all times by UAE or GCC nationals or UAE or GCC entities (the "**Foreign Ownership Restriction**").

In order to ensure compliance with the Foreign Ownership Restriction following Admission, the Fund intends to utilise the Company Announcement Platform automatic system ("**CANDI**") of NASDAQ Dubai which will announce to the public (based on information the Fund has received from the Registrar) when the Fund becomes aware that the percentage of its share capital which is owned by non-UAE or non-GCC persons reaches certain thresholds. Furthermore, the Articles of Association of the Fund include certain mechanisms that may result in shareholders who are non-UAE and/or non-GCC persons being required to sell their Shares (the "**Majority Ownership Protections**"). These mechanisms provide that in the event the Fund becomes aware that non-UAE or non-GCC persons own more than 49% of its issued share capital, the Fund (or a person authorised by the Fund) will send a notification to the most recent non-UAE or non-GCC Shareholder that the Fund (or such authorised person) reasonably considers to have acquired Shares since the Fund's non-UAE or non-GCC owned share capital exceeded 49% of the Fund's total issued share capital. This notification will inform the relevant Shareholder that they must sell to a UAE person or a GCC person, within seven days, such number of Shares as will enable the Fund to regain compliance with the Foreign Ownership Restriction. In addition, if the Fund (or a person authorised by the Fund) is not satisfied that this notice has been complied with within the seven day (or, if applicable, longer) period, the Fund (or a person authorised by the Fund) may dispose, or procure the disposal, of the relevant non-UAE or GCC owned Shares to a UAE or GCC person. Moreover, the rights and privileges, including voting rights, attaching to the non-UAE or non-GCC owned Shares subject to a disposal notice will be suspended and not capable of exercise.

The Majority Ownership Protections may decrease demand for the Fund's Shares, particularly if they are ever triggered. In addition, these measures could also decrease the liquidity of the Shares and increase the volatility of the Share price, which in turn could impair the ability of a holder of Shares to sell any Shares in the amount and at the price and time such holder wishes to do so, if at all, or result in a material adverse effect on the price of the Shares.

The Majority Ownership Protections could effectively prevent a takeover by non-UAE or non-GCC persons, through which the Fund's shareholders might receive a premium for their Shares, and limit the ability of non-UAE or non-GCC persons to effect control over the Fund.

The Fund has a limited trading and operating history and its results from previous periods will not be an indication of, or directly comparable to, its results in future periods

The Fund began its operations in November 2010 and, as a result, it has a limited trading and operating history for investors to evaluate its business. It is also difficult to evaluate the Fund's prospective business, because it and/or the Fund Manager may not have sufficient experience to address the risks and issues frequently encountered by companies which are in the earlier stages of their life-cycle and which operate in a rapidly evolving real estate market. The Fund's past results and performance may not be indicative of its future results and there can be no assurance that the Fund will achieve results comparable to any past performance, including with respect to dividend distribution levels or growth in NAV per Share, achieved by it or the Fund Manager described in this Prospectus. The Fund's future performance may be volatile and investors in the Offer could lose all or part of their investment following the Offer.

Furthermore, the Fund's past results and performance may not be directly comparable to its future results. For example, GWAD, which was acquired in October 2013, represented 39.8% of the Fund's total Portfolio's NLA and 26.7% of its total passing income as at 31 December 2013. However, the income contribution of GWAD is not fully captured in the Fund's financial performance for the 12 month period ended 31 December 2013. The Fund's results from previous periods (prior to the GWAD acquisition) are, and will therefore, not be directly comparable to the Fund's results in subsequent periods. In addition, the Fund may engage in further acquisitions which may significantly change the scope and nature of, and the risks inherent in, the Fund's business, which may make it difficult for investors to evaluate a potential investment in the Fund.

The Fund's revenue is currently entirely dependent on assets located in the Emirate of Dubai in the UAE

All of the Fund's assets are currently located in the Emirate of Dubai, where the Fund generated all of its revenue for the periods ended 31 December 2011, 2012 and 2013. The Fund's results of operations are, and are expected to continue to be, significantly affected by financial, economic and political developments in or affecting Dubai and the UAE more generally and, in particular, by the level of economic activity in Dubai. There can be no assurance that economic growth or performance in Dubai can or will be sustained. Furthermore, the Dubai economy, like those of many emerging markets, has been characterised by significant Government investment or involvement and extensive regulation in areas such as foreign investment, foreign trade and financial services. If the Dubai economy suffers another decline, this could have a material adverse effect on the Fund's business, financial condition and results of operations.

The Fund is exposed to the commercial real estate market (which includes retail and office real estate assets) and the educational real estate market and if those markets enter a downturn, it could materially adversely affect the Fund's business and financial condition

As all of the Fund's Properties are commercial real estate assets (which include retail and office real estate assets) and educational real estate assets, and as the Fund is dependent on the income streams derived from them, the Fund is exposed to any downturn in such markets. The commercial real estate market is cyclical in nature and is affected by the condition of the economy as a whole. Deteriorating economic conditions adversely affect the value and liquidity of commercial real estate assets. In addition, negative economic conditions have also had, and may continue to have, a material adverse effect on the level, and effective collection, of rental revenues and the ability of tenants to make payments to the Fund.

The commercial real estate market (which includes retail and office real estate) and the educational real estate market assets have, until recently, been adversely impacted by the global economic slowdown and the after-effects of the banking crisis, with real estate values, including the value of commercial real estate, demonstrating substantial declines (albeit with significant recovery occurring recently). The value of real estate may drop further, and those reductions could be substantial.

In addition, the Fund is exposed to the educational real estate market which has seen significant growth over recent years due to a number of factors, including investment by the Government of Dubai, an improvement to the wider educational environment and the growth in the expatriate population which has led to an increased demand for school enrolment. However, if that market enters a downturn, it could have an impact on the Fund's recent investment in GWAD, together with any future acquisitions that the Fund completes in the educational real estate market, and could therefore materially adversely affect the Fund's business and financial condition,

Declines in the performance of the commercial and/or educational real estate markets could have a negative impact on rental levels and revenues and vacancy rates, and could as a result have a material adverse effect on the Fund's business and financial condition.

The Fund may not be able to lease units within its Portfolio due to a decline in overall demand for leases for units within the Fund's Portfolio which may result from increased competition from other similar properties

The Fund's ability to maintain the occupancy levels of the properties it acquires, through the execution of leases with new tenants and the renewal of leases with existing tenants, as well as its ability to maintain or increase rents over the longer term, will have an effect on its net rental income. In particular, a decline in overall demand for leases for units within the Fund's Portfolio, the non-renewal of leases or early termination by anchor tenants in the Fund's Portfolio, could materially adversely affect the Fund's net rental income.

The Properties are located in areas where other similar properties are located and where the landlords of such properties are competing to attract similar or identical tenants. In addition, new properties may be developed in the future which may compete with the Fund's Properties in terms of targeting the same pool of tenants. The net rental income from, and market value of, the Fund's Properties will be dependent on the ability of the Fund's Properties to compete successfully with other properties for tenants. If competing properties are more successful in attracting and retaining tenants, the net rental income from the Fund's Properties could be reduced due to a decrease in demand from tenants. If the Fund's net rental income declines, it would have less cash available to service and repay its indebtedness or make distributions to Shareholders and additionally the value of its Properties could further decline. In addition, significant expenditures associated with a property, such as ongoing operational expenses and maintenance costs, are generally not reduced in proportion to any decline in rental revenue from that Property. If rental revenue from a Property declines while the related costs do not decline, the Fund's income could be materially adversely affected, which together with the other related risks, may adversely affect the Fund's business, financial condition, results of operations and the Fund's ability to pay dividends to Shareholders.

An anchor tenant or other tenants of a Property could default and/or seek to renegotiate lease terms during the course of a tenancy, which could lower the value of that Property and reduce the Fund's rental income

As at 31 December 2013, the top ten tenants accounted for 57.2% of total income of the Fund. The insolvency or financial difficulty of a number of significant individual tenants, or a substantial number of smaller tenants, may materially decrease that tenant's available cash to service its rental payments to the Fund in respect of the Property that it leases. If an anchor tenant or other tenants default during the course of a tenancy, this may lower the value of that Property and reduce the Fund's rental income, which may have a material adverse effect on the Fund's business, financial condition and results of operations.

The value of any of the Properties that the Fund owns or acquires and the rental income those properties produce will be subject to fluctuations in the Dubai property market

The Fund'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 Fund acquires and the rental income those Properties produce. The value of real estate in Dubai declined sharply starting in 2008 as a result of economic recession, the credit crisis and reduced confidence in global financial markets. Although Dubai property values have recovered to a certain extent, with rental returns in the Dubai real estate market having increased during the course of the last year, there is no assurance that any recovery will continue or be sustainable. Dubai property values could decline and those declines could be substantial, particularly if the economy were to suffer another sharp downturn. Declines in the performance of the Dubai economy or the Dubai property market could have a negative impact on consumer spending, levels of employment, rental revenues and occupancy rates and, as a result, have a material adverse effect on the Fund's financial condition, business, prospects and results of operations.

In addition to the general economic climate, the Dubai property market and prevailing rental rates may also be affected by factors such as an excess supply of properties, a fall in the general demand for rental property, reductions in tenants' and potential tenants' space requirements, the availability of credit and changes in laws and governmental regulations (both domestic and international) and may cause investors to revisit the attractiveness of holding property as an asset class.

Any deterioration in the Dubai property market, for whatever reason, could result in declines in market rents received by the Fund, in the occupancy rates for the Fund's properties and in the market values of the Fund's real estate assets (and the value at which it could dispose of such assets). A decline in the market value of the Fund's real estate assets may also weaken the Fund's ability to obtain financing for new investments. Any of the above may have a material adverse effect on the Fund's financial condition, business, prospects and results of operations.

The Fund's net operating income may be subject to fluctuations in utility costs and municipality fees over which the Fund has no control and leases may not provide for adequate service fee charges to cover these costs and fees

The cost of utilities, including district cooling, water and electricity for each of the Properties, amounted to 39.5% of property operating expenses during the 12 month period ended 31 December 2013. The Fund has no control over the rates charged for such utilities primarily as there is one sole provider only for each utility and the relevant Governmental authorities in Dubai have a high degree of discretion and may act selectively and/or arbitrarily increase such costs with little or no notice. In particular, district cooling providers enjoy a monopoly in various areas of Dubai over providing district cooling services and many properties located in such areas do not have standalone air conditioning systems in place necessitating the entry into of agreements with district cooling providers. As a result, district cooling providers are able to impose onerous terms on property owners and to vary such terms arbitrarily and property owners have little scope to negotiate. The Fund is party to a 25-year agreement with a district cooling provider with onerous terms which it was unable to vary and may need to enter into similar onerous agreements as part of future acquisitions. Although the Fund has put in place measures to transfer such costs to tenants in some cases, any increase in these rates may have an impact on the Fund's ability to lease its Properties and/or result in a decrease in demand from tenants. For further information, please refer to the risk factor entitled "*Unlawful, arbitrary or unexpected Government action may have a material adverse effect on the Fund's business and may include action from one or more of the Government-linked shareholders*."

Moreover, many of the leases that the Fund inherited on the acquisition of its Properties, and some other leases the Fund has otherwise entered into, either: (i) do not provide for service fee charges to be recovered from tenants; or (ii) the level of service fee income recovered from tenants does not meet the whole of the service cost attributable to the particular property. The ability of the Fund to pass on any increased costs may therefore be limited and accordingly any significant increase in the costs of maintaining the Fund's properties could have a significant impact on the Funds financial condition, business, prospects and results of operations.

Real estate valuation is inherently subjective and uncertain

The valuation of real estate made by a Valuer is inherently subjective due to, among other factors, the individual nature of each property, its location, the expected future rental revenues from that particular property and the valuation methodology adopted.

As a result, the valuations of each Property which will continue to represent the majority of the Fund's assets, are subject to a degree of uncertainty and are made on the basis of assumptions and methodologies which may not prove to be accurate, particularly in periods of volatility, low transaction flow or restricted debt availability in the real estate market. The Fund has relied on valuations for the purposes of each of its acquisitions. If such valuations over-estimated the value of the property and/or rental yields, the Fund may suffer a revaluation deficit on future valuations.

In addition, any valuations relied on by investors will reflect the position only at that date, and market movements since the date of any such valuations and over the longer term may cause significant fluctuations in the value of the Properties. Assessing real estate valuations is inherently more uncertain in current market conditions as there is a more limited number of comparable transactions against which to assess the value of particular real estate assets.

As an asset class, real estate assets are relatively illiquid and, as such, it may be difficult or impossible for the Fund to realise one or more of the Properties in its Portfolio for a particular price at any particular time

The Fund's Portfolio consists of real estate assets. It may be difficult for the Fund to sell its real estate assets, (particularly at times of market downturn and specifically those assets that are categorised as larger real estate assets), and the price achieved on any such realisation may be at a significant discount, especially if the Fund is forced to dispose of any of its assets in a short period of time. This may reduce the value of the Shares and the performance of the Fund.

The Fund's investments in its Portfolio are and may continue to be concentrated and are subject to risk of default

The Fund's Portfolio is concentrated in terms of property type, sectors and geographical location and may continue to be so. There is no maximum percentage of the Portfolio which may be invested in: (i) property related assets which are not traded or dealt on markets as provided for in the Articles; (ii) a single property; (iii) properties which are vacant; (iv) properties which are subject to a mortgage; or (v) a particular jurisdiction. Furthermore, the Fund's Portfolio currently comprises only ten Properties, all of which are located in Dubai in the commercial, retail, education and car parking sectors. Economic downturns relating generally to such geographical location, sector or type of asset may result in defaults on a number of investments within a short time period. This may reduce the Fund's income (and therefore the ability to pay dividends to Shareholders) and the value of the Shares.

The Fund is subject to the TECOM Standard Terms and Conditions in respect of Building 24, Loft Offices and Office Park which may act to limit the Fund's ability to sell, assign or alter these Properties

The Fund is subject to TECOM Investments' standard terms and conditions for the ownership, development and use of property in the Dubai Technology and Media Free Zone (the "**TECOM Standard Terms and Conditions**"), in which Building 24, Loft Offices and Office Park are located. Under the TECOM Standard Terms and Conditions, the consent of TECOM Investments is required before the Fund is able to sell, assign or alter Building 24, Loft Offices or Office Park. As a result, the Fund may find itself restricted from freely disposing of and dealing with the foregoing Properties or altering them should TECOM

Investments' consent not be forthcoming. The Fund may also face delays in completing transactions if TECOM Investments fails to provide any prerequisite consents in a timely manner.

The Fund is subject to the TECOM PMLA in connection with Building 24 in Dubai Internet City which may restrict the Fund's ability to actively manage Building 24

The Fund is party to a property management and leasing agreement with TECOM Investments which was assigned to the Fund by DIB on 27 June 2011 as part of the acquisition of Building 24 (the "**TECOM PMLA**"). The TECOM PMLA is not a conventional property management or property leasing agreement but is a common arrangement used in free zones managed by TECOM Investments. Such agreements have the effect of requiring owners to relinquish a certain level of control in relation to the management of their properties. For example, pursuant to the TECOM PMLA, TECOM Investments has the right to sub-lease units in Building 24 to tenants at its general discretion and on an exclusive basis (the "**Sub-leasing Services**") despite the fact that there may not be a lease in place between the Fund and TECOM Investments with respect to the sub-leasing to such tenants. The Fund is precluded from appointing, or contracting with, any other party to provide Sub-leasing Services in respect of Building 24, and may not itself undertake any Sub-leasing Services. In return for providing the Sub-leasing Services, TECOM Investments is entitled to 15% of the rent paid or to be paid to the Fund under the sub-leases for units in Building 24 and 50% of the service charges payable by the tenants of units in Building 24.

Although TECOM Investments is contractually required to provide the Sub-leasing Services in a competent and professional manner and act at all times in the best interests of the Fund, TECOM Investments: (i) does not guarantee any level of rental return in connection with Building 24; and (ii) is not obliged to consult with the Fund to establish leasing parameters and guidelines that are consistent with the Investment Objective of the Fund, local market conditions and practice, prevailing rental rates, minimum and maximum lease terms, space limitations and maximum concessions and allowances. Moreover, the Fund does not have the right to terminate the TECOM PMLA due to any non-performance on the part of TECOM Investments.

This arrangement restricts the Fund and the Fund Manager's ability to actively manage Building 24 in the same way it does in relation to its other Properties. Accordingly, there is no guarantee that the Fund is, or is capable of, obtaining the optimal level of rental returns in relation to Building 24 which may have an effect on the returns for Building 24. Moreover, as the Fund has waived the right to have a direct contractual relationship with the tenants to whom TECOM Investments sub-let units under the terms of the TECOM PMLA, the Fund cannot enforce the terms of such sub-leases against the tenant directly and is reliant on TECOM Investments to enforce such terms. In addition, the TECOM PMLA is binding on all successors in title in relation to Building 24 and, accordingly, should the Fund need or wish to dispose of Building 24, it may be unattractive to certain potential future purchasers, which could result in the Fund completing the disposal at a less favourable price or on less favourable terms.

The Fund may suffer from delays or difficulties in locating and acquiring suitable real estate assets and the management time and/or costs associated with potential acquisitions that do not proceed to completion may affect the Fund's performance

The Fund's business strategy involves continuing to grow its Portfolio by acquiring additional real estate assets. Identifying suitable properties and negotiating acceptable purchase contracts, conducting due diligence and ultimately investing in a property typically requires a significant amount of management time. In addition, sourcing and analysing potential property acquisitions involves third-party costs, including costs associated with financing, valuations and professional services. The Fund Manager may face difficulties and delays in locating and acquiring suitable real estate assets and, once the properties are identified, there could also be other delays, such as those relating to obtaining the necessary internal and third party approvals. Such delays, together with other factors, may result in the Fund failing to complete an acquisition and there can be no guarantee that the Fund will be successful in its negotiations and preparations to acquire any specific real estate asset. The greater the number of deals that do not reach completion, the greater the likely impact of such time commitments and costs on the Fund's business. Furthermore, in the event the Fund invests in projects through joint ventures (which could include joint ventures with sellers of properties), it will need to negotiate suitable arrangements with each of its proposed investment partners, which can also prove to be time-consuming. Accordingly, the Fund's inability to select and invest, alone or as co-owner, in properties on a timely basis may have a material adverse effect on the potential returns to Shareholders and delay or limit dividend distributions to Shareholders by the Fund by way of dividend payments.

The Fund's ability to pursue growth through acquisitions may be limited by its ability to incur additional debt

The Fund may not be able to pursue asset growth through acquisitions solely from cash generated from its operating activities. The Fund is under an obligation to distribute at least 80% of its audited net income each year to Shareholders (which is subject to the Fund having sufficient cash available to make such a distribution and the distribution being in compliance with all local laws including but not limited to Article 49(2) of the Companies Law) in order to maintain its status as a REIT under the CIR. Such distributions may affect the Fund's cash flow and may result in it being forced to raise or procure funding of certain amounts in order to ensure it is capable of distributing dividends to Shareholders. In addition, the Fund may be required to rely on the availability of debt or equity capital to fund future property acquisitions. In turn, the repayment of such debt capital may be affected by the dividend distribution obligation described above. If capital to fund future property acquisitions is not available at any given time, or is available on terms that are not commercially viable, the Fund will not be able to pursue its intended growth strategy.

The Fund procures financing from financial institutions to fund its investments, which exposes the Fund to risks associated with financing

The Fund funds the acquisition of properties, in part, through financings. As part of the Fund's financing arrangements, security arrangements have been granted by the Fund in respect of Loft Offices, Office Park and GWAD and security arrangements are expected to be granted in respect of Building 24 and Indigo 7 in connection with a Musharaka facility with DIB. During the years following the summer of 2008, domestic and international financial markets experienced significant disruptions that were driven by failures in the banking system. These disruptions severely impacted the availability of credit and have contributed to the rising costs associated with obtaining credit. Prior to agreeing the terms of any debt financing, the Fund considers its potential debt servicing costs and all relevant financial and operating covenants and other restrictions, including restrictions that might limit the Fund's ability to make dividend distributions to Shareholders. If certain extraordinary or unforeseen events occur, including a breach of any financial covenants, the Fund's bank financings may be repayable prior to the date on which they would otherwise fall due for repayment. In circumstances where such an unforeseen or extraordinary event has occurred, in order to meet any repayment obligations, the Fund may be forced to sell certain Properties at depressed prices to repay financings and early repayment amounts may be payable to the relevant financing institution. In addition, in the event that the rental income of the Fund's Portfolio falls (for example, due to tenant defaults), the cost of financing will have a negative impact on the net income of the Fund and, accordingly, will have an adverse effect on the Fund's operations. Moreover, in circumstances where the value of the Fund's assets is declining, the use of financings by the Fund may depress its Net Asset Value. The Fund may also find it difficult or costly to refinance indebtedness as it matures, and if the financing rates and other financing costs are higher when the indebtedness is refinanced, the Fund's income could be reduced. Each of the foregoing events could have a material adverse effect on the Fund's results of operations and financial condition.

Moreover, the terms of the Fund's debt financing may impose limits on the Fund's ability to engage in certain types of transactions and, in particular, may be relevant in the context of any takeover offer or other merger or acquisition activity in which the Fund may be involved. For example, the facility documentation to be entered into should the Fund wish to draw down the Musharaka facility of US$13.62 million (AED 50 million) agreed between the Fund and DIB in November 2013 provides that any change to the corporate structure of the Fund, including any changes to the shareholdings due to a merger, consolidation, dilution or acquisition shall not be transacted without the written consent of DIB. In addition, the facility documents for the AED 100 million Ijarah facility entered into between the Fund and Ajman Bank on 10 October 2013 provide that it is an event of default if "any single person or group of persons acting in concert, acquires control of the Fund providing always that an independent public offering of any shares in the Fund shall not be considered an event of default".

The Fund may face competition in sourcing and making investments

The Fund may become subject to competition from newly established REITs and other third parties in sourcing and making investments, and it currently faces competition from private investors, high net worth individuals, wealth funds, institutional investors and other forms of property fund, company and/or investor. Some of the Fund's competitors may have greater financial, technical and marketing resources and the Fund may not be able to compete successfully for investments. In addition, potential competitors of the Fund may have higher risk tolerances, different risk assessments or access to different sources of funding, which could allow them to consider a wider variety of investments on a different cost basis and establish more relationships than the Fund. The Fund may lose investment opportunities in the future if it does not match pricing, structures and terms offered by competitors. The Fund can offer no assurance that competitive pressures will not have a material adverse effect on its ability to expand the Portfolio which may, in turn, have a material adverse effect on the Fund's financial condition and results of operation.

The Fund is dependent on the performance of third-parties

The Fund relies on third-parties to assist in relation to certain aspects of the management of its Portfolio, including property management services, lease management services, marketing services and facility management services. Accordingly, the Fund is exposed to various risks, including:

- failure by such third-party contractors to perform their contractual obligations;
- insolvency of such third-party contractors;
- the inability of the third-party contractors to retain key members of staff;
- cost overruns in relation to the services provided by the third-party contractors;
- fraud or misconduct by an officer, employee or agent of a third-party contractor, which may result in losses to the Fund and/or Fund Manager and damage to the Fund or the Fund Manager's reputation;
- disputes between the Fund and third-party entities, which may increase the Fund's expenses and distract the Fund Manager from implementing the investment strategy of the Fund; and
- liability of the Fund for the actions of the third-party contractors.

Any of the foregoing factors may materially adversely impact the Fund's business prospects and results of operations.

Investments may be made into new properties that require development or refurbishment

The Fund has previously invested in new properties, such as Index Tower-Retail in the DIFC which offer an opportunity for development and reconfiguration in order to produce the maximum possible income. Similarly, refurbishment work is undertaken with a view to being able to charge higher rents from tenants who seek rental space with a higher specification of fit out. It is likely that the Fund will continue to invest in properties requiring developmental work in the future and other properties that require a greater level of refurbishment. Such development or refurbishment work includes the cost of architects, builders and interior designers. Such costs can, and do, over-run and delays can result in increases to costs. In addition to such amounts, whilst such improvements are being implemented, the Fund may not receive any amounts from rental income as the properties might remain unoccupied. For example, Index Tower-Retail has remained unoccupied since the Fund acquired the property in May 2013.

The laws, rules and regulations that are applicable to the Properties within the Fund's Portfolio contain provisions that are generally favourable to lessees

The Fund enters into leases with tenants in respect of the Properties in the Fund's Portfolio. The tenancy laws, rules and regulations of the Emirate of Dubai (the "**Applicable Tenancy Laws**") that apply in relation to such leases are generally favourable to tenants. For example, rental increases may be subject to certain financial caps as determined from time to time by a Ruler's decree or by the Dubai Real Estate Regulatory Agency ("**RERA**"). In addition, under the Applicable Tenancy Laws, if the lessee has not issued a notice of termination to the lessor at the expiry of the relevant rental term, the lessor is not entitled to evict the lessee, except in a number of specific situations which are set out in the Applicable Tenancy Laws, including (subject to certain conditions): (i) a failure by the lessee to observe its legal or contractual obligations; or (ii) (in the absence of a breach and subject to one year's prior notification), if the lessor intends to sell, occupy or rebuild the property. Upon expiry of the initial lease term, if there is no objection from the lessor, the rental term is automatically renewed for a period of time, being the lower of: (i) the initial term of the lease; or (ii) one year. Where there are to be changes to the lease's terms and conditions for subsequent rental terms, at least 90 days' notice of such changes must be provided to the other party prior to the expiry of the relevant rental term. This applies with respect to rent increases that are subject to the rental caps determined by RERA. Accordingly, if the Fund wishes to evict tenants for any reason (including in a situation where it could rent the unit to a new tenant who is willing to pay a higher rent), the Fund would be faced with difficulties if it intended to evict such tenants without cause. Accordingly, the

Fund's inability to evict tenants on a timely basis may have a material adverse effect on the ability of the Fund to increase the level of income from its Portfolio which may in turn delay or limit distributions to Shareholders by the Fund by way of dividend payments.

The Fund may be subject to liability following the disposal of investments from its Portfolio

The Fund may be exposed to future liabilities and/or obligations with respect to the disposal of investments from its Portfolio. Such liabilities may relate to, for example, environmental liabilities. The Fund may be required to set aside provisions for warranty claims or contingent liabilities in respect of property disposals. The Fund may be required to pay damages (including but not limited to litigation costs) to a purchaser to the extent that any representations or warranties that it had given to a purchaser prove to be inaccurate or to the extent that it has breached any of its covenants or obligations contained in the disposal documentation. In certain circumstances, it is possible that any representations and warranties incorrectly given could give rise to a right by the purchaser to unwind the contract in addition to the payment of damages.

Furthermore, the Fund may become involved in disputes or litigation in connection with such disposed investments. Certain obligations and liabilities associated with the ownership of investments can also continue to exist notwithstanding any disposal, such as certain environmental liabilities. Any such claims, litigation or obligations, and any steps which the Fund is required to take to meet these costs, such as sales of assets or increased financing, may have a material adverse effect on the Fund's results of operations, financial condition and business prospects.

The Fund may suffer losses in excess of insurance proceeds, if any, or from uninsurable events and may be limited in terms of the scope of insurance available to it

The Fund's properties may suffer physical damage resulting in losses (including loss of rent), and/or tenants or other individuals may suffer injury or other losses for which the Fund may be held liable, which may not be fully compensated for by insurance, or at all. In addition, there are certain types of losses, generally of a catastrophic nature, that may be uninsurable such as damage resulting from acts of war, acts of terrorism, subsidence and outbreaks of contagious diseases or damage that is not economically insurable such as damage resulting from subsistence, certain electrical or mechanical failures or deterioration due to extreme temperature changes. Inflation, changes in (or non-compliance with) building regulations or health and safety standards or practices, environmental considerations, and other factors, might also result in insurance proceeds being insufficient to repair or replace a property or compensate a tenant or other individual. Furthermore, due to a number of factors, including the jurisdiction in which the Fund operates and the fact that the Fund is an Islamic Fund, it may be limited to a smaller number of Shari'a compliant insurance providers offering a limited number of options in terms of insurance policies, which may increase the Fund's insurance premiums and/or may mean that it is not economically viable for the Fund to implement insurance protection in relation to certain assets or other areas of its business. Should an uninsured loss or a loss in excess of insured limits occur, the Fund may lose capital invested in the affected property as well as anticipated future revenue from that property. In addition, the Fund could be liable to repair damage caused by uninsured risks or to pay damages in connection with injuries or other losses. The Fund might also remain liable for any debt or other financial obligations related to that property. In addition, the Fund's reputation could suffer if tenants or other individuals suffer injury or other losses on the Fund's properties. Any material uninsured losses may have a material adverse effect on the Fund's business prospects, results of operations and financial condition.

The Fund may acquire less than 100% control of its future investments and may be subject to the risks associated with joint venture investments, such as the joint venture partner becoming insolvent

Pursuant to the Fund's investment strategy, the Fund may enter into a variety of investment structures in which the Fund acquires less than a 100% interest (but the Fund must always have more than a 50% interest pursuant to the CIR Rules) in a particular property asset and the remaining ownership interest is held by one or more third parties. Although the Fund is obliged under the CIR Rules to hold more than 50% ownership in, and control of, such investments, these joint venture arrangements may expose the Fund to the risk that:

- third-party owners become insolvent or bankrupt, or fail to fund their share of any capital contribution which might be required;

- third-party owners may have economic or other interests that are inconsistent with the Fund's interests and are in a position to take or influence actions contrary to the Fund's interests and plans (for example, in implementing active asset management measures), which may create impasses on decisions and affect the Fund's ability to implement its strategies and/or dispose of the property or asset;
- disputes develop between the Fund and third parties who have an interest in the asset or entity in question, with any litigation or arbitration resulting from any such disputes increasing the Fund's expenses and distracting the employees of the Fund Manager from their other tasks;
- third-party owners do not have enough liquid assets to make cash advances that may be required in order to fund operations, maintenance and other expenses related to the property, which could result in the loss of current or prospective tenants and may otherwise adversely affect the operation and maintenance of the property;
- a co-owner breaches agreements related to the property, which may cause a default under such agreements and result in liability of the Fund and otherwise materially adversely affect the co-ownership arrangement;
- the Fund may, in certain circumstances, be otherwise liable for the actions of third-party owners and may suffer damage to its reputation as a result of such actions; and
- a default by any co-owner constitutes a default under the applicable mortgage loan financing documents, which could result in a foreclosure and the loss of all or a substantial portion of the investment made by the co-owner.

Any of the foregoing may subject a property to liabilities in excess of those contemplated by the Fund and reduce amounts available for distribution to the Fund's Shareholders.

Unplanned renovation work, repair and maintenance, or physical damage to the Fund's Properties, may disrupt the operations of the Fund's Properties and the collection of rental income or otherwise result in adverse impact on the financial condition of the Fund

The quality and design of the Fund's Properties directly influence the rental rates of and the demand for rental space in the Properties. The Fund's Properties may need to undergo renovation works from time to time to retain their attractiveness to tenants and may also require *ad hoc* repair and maintenance or repairs in respect of faults or problems that may develop or because of new planning laws or regulations or in connection with health and safety standards or practices. The costs of maintaining the Fund's Properties and the risk of unforeseen maintenance or repair requirements tend to increase over time as the properties age. The business and operations of the Fund's properties may suffer disruption as a result of renovation works and it may not be possible to collect the full rate of, or, as the case may be, any rental income on the space affected by such renovation works.

Physical damage to the Fund's properties resulting from fire, earthquakes or other causes may lead to a significant disruption to the business and operations of the Properties and to significant capital expenditure by the Fund. For example, a recent survey identified cladding defects in the façade of Office Park and cracking to the concrete structure of the building in certain areas that may potentially require remedial action. Furthermore, tenants generally have the right to terminate their tenancies prematurely in the event that physical damage (not caused by the tenants' negligence or default) persists for an extended period of time. The foregoing may impose unbudgeted costs on the Fund and may result in an adverse impact on the financial condition and results of operations of the Fund and its ability to pay dividends to Shareholders.

The Fund is subject to the Financial Audit Department's scope of authority to audit Government-linked entities

The Fund is partly owned by several entities linked to the Government of Dubai and the Ruler of Dubai including DIB, Deyaar, TECOM Investments and Dubai Properties Group. The Financial Audit Department has a relatively wide scope of authority to audit Dubai Government-linked entities and, accordingly, to request information and documentation from such entities, including information relating to their subsidiaries and other associated entities in which they hold an interest. The right to audit held by the Financial Audit Department includes (but is not limited to): (i) any company in which the Dubai Government holds an interest of 25% or more; (ii) any company in which the Government of Dubai holds an interest of 25% or less (and where a decision is issued by the Financial Audit Department, issued solely at its own discretion, that information or documentation should be provided); and (iii) any other entity at the request of the Ruler's Court or the president of the executive council of the Financial Audit Department.

The Fund must, and does, comply fully with requests for information and/or documentation made by the Financial Audit Department. The Fund ensures that all disclosures made are restricted to those that are absolutely necessary in order to satisfy the request. All entities that are subject to a Governmental audit must fulfil all requests of the Financial Audit Department and provide it with all information necessary to allow it to carry out its duties. Potential criminal liability attaches to: (i) any refusal to cooperate or to release any information and/or documentation requested; (ii) failing to respond to requests for a period of more than 30 days without a reasonable justification; and (iii) refusing to implement the Financial Audit Department's instructions and/or concealing any fact or detail from the Financial Audit Department. In light of the potential criminal implications that may arise if the Fund or the Fund Manager refuses to cooperate with the Financial Audit Department's requests and instructions, the Fund intends to continue to provide all such information and documentation as requested by the Financial Audit Department. As well as the disclosure itself and the potential for sensitive information to be leaked unintentionally or accidentally following disclosure, such obligations may place an administrative burden on the Fund's management team and may result in the focus of key personnel at the Fund being diverted to delivering such information, rather than on the day-to-day operation of the business which, in turn, may have a material adverse effect on the Fund's business, financial condition and results of operations.

The Fund is Shari'a compliant, therefore there are certain restrictions placed on the real estate investments that it can acquire, including restrictions relating to the identity of the lessee

The Fund is a Shari'a compliant investment fund which is required to meet the requirements of Shari'a law. Shari'a law limits, to a certain extent, the scope of investments in which the Fund can be interested and the identity of the relevant lessees. For example, the Fund cannot lease any of its real estate to non-Shari'a complaint businesses, such as those linked to selling alcoholic beverages, tobacco or pork, non-Shari'a compliant financial institutions, hotels or casinos or other gambling-related establishments. In addition, Shari'a law limits the way in which the Fund can transact and the type of financing arrangements that it can enter into.

The length of lease terms may impact the Fund's ability to increase rental income and leases may contain provisions which are favourable to tenants

As at 31 December 2013, the weighted average unexpired lease term of the Fund's leases excluding GWAD is 2.5 years and including GWAD is 9.8 years. The existence of the Fund's shorter term leases exposes the Fund to potential rental rate changes (including reductions in rent) on a more regular basis which creates a level of uncertainty. Such leases also place pressure on the Fund to fill such unit spaces as soon as possible, in order that they do not remain unoccupied for an extended period of time. Conversely, the existence of the Fund's longer term leases restricts the Fund from reacting to market demand and may result in the leased space being occupied for a significant period of time by a tenant benefitting from a rental rate that is below the market rate. The weighted average unexpired lease term of the Fund's leases may also be subject to significant volatility over time. For example, the weighted average unexpired lease term for Office Park was 1.2 years as at the date of acquisition of the property by the Fund, compared to 3.1 years as at 31 December 2013. Moreover, the Fund may acquire properties that include units which are subject to leases, or otherwise enter into leases, that produce below market rates of rent, that do not provide for security deposits, or that were not negotiated on an arm's length basis (e.g., where the previous landlord and tenant were related parties at the time the lease was entered into) or that otherwise contain provisions favourable to the tenant.

The Fund may in the future issue new Shares, which may dilute Shareholders' equity

If the Fund elects to increase its capital in the future, it may require further equity financing, which may be dilutive to the Fund's existing Shareholders as their proportionate ownership and voting interest in the Fund may be reduced and the percentage that their Shares represent of the total share capital of the Fund may also be reduced. The Articles also permit the Fund to offer Shares at an issue price that is less than the then NAV per Share and issue and allot such Shares at an issue price that is less than the then NAV per Share.

The timing of the deployment of the proceeds of the Offer may have a material adverse effect on the Fund's financial condition, business, prospects and results of operations

The Fund aims to continue to consider and analyse, through the services of the Fund Manager, a portfolio of additional freehold and long leasehold properties in Dubai and, potentially, in the UAE. If proceeds of the Offer are invested immediately, or within a short period of time, following the Offer, there is a risk that the Fund will acquire assets at a time when market prices are at a peak and that the market will be adversely disrupted thereafter and/or suffer a significant fall. Conversely, delays in the deployment of the proceeds of the Offer (including those due to delays in locating and/or acquiring suitable investments or delays caused as a result of the time required to obtain all relevant internal and other approvals or otherwise) may result in the Fund failing to invest in opportunities that would have resulted in returns greater than the returns, if any, that the Fund may experience from holding the proceeds as cash or cash equivalents for a significant period of time. Accordingly, the timing of the deployment of the proceeds of the Offer may have a material adverse effect on the Fund's returns.

Risks relating to the Fund Manager

The Fund Manager controls the Fund and is the sole Director of the Fund and there are restrictions on the ability of the Fund and the Shareholders to remove the Fund Manager in its capacity as both sole Director and fund manager

The arrangements in place between the Fund and the Fund Manager are such that the Fund Manager is able to exert control over the Fund both in its capacity as: (i) sole Director of the Fund; and (ii) fund manager to the Fund (which is granted to the Fund Manager contractually pursuant to the Fund Management Agreement and by virtue of the Articles and the CIL which require that the holder of the Manager Share has the sole right to act as the fund manager of the Fund). Furthermore, there are significant restrictions on the Fund and the Shareholders in connection with their ability to remove the Fund Manager in either of its capacities.

One of the Fund Manager's significant minority shareholders, DIB, is also a significant shareholder of the Fund. As at the date of this Prospectus, DIB owns 30.9% of the issued share capital of the Fund and owns 25% of the issued share capital of the Fund Manager. As at the date of this Prospectus, DIB also owns 41.0% of the issued share capital of Deyaar, which itself owns 3.4% of the issued share capital of the Fund.

Under the Fund Management Agreement, the arrangements between the Fund and the Fund Manager can generally be terminated by the Fund in the event of a breach of contract (or in the event of other customary termination events, such as insolvency) or on three years' prior written notice. Under the Articles, the Fund Manager cannot be replaced (in its capacity as fund manager) unless a Special Resolution is passed by the Shareholders (comprising at least 75% of the votes cast).

The Articles stipulate that the Fund must have at least one Director. The Fund Manager, in its capacity as sole Director, has the right to appoint replacement Directors provided that any Director so appointed is required to be approved by a Special Resolution at the next general meeting of the Fund. As at the date of this Prospectus, the Fund Manager is the sole Director of the Fund.

Accordingly, the Fund Manager exercises control over the Fund and there are restrictions on the ability of the Fund and the Shareholders to remove the Fund Manager.

The due diligence process that the Fund Manager undertakes in connection with the Fund's investments may not reveal all facts, including material facts, that may be relevant in connection with an investment and which may have a material adverse effect on the value of the investment

Before the Fund makes any investment into real estate assets, the Fund Manager conducts such due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. The objective of the due diligence process is to identify material issues in connection with a potential investment into real estate assets in order to determine how attractive the investment opportunity is, based on the prevailing facts and circumstances. When conducting due diligence and making an assessment regarding an investment, the Fund Manager will continue to rely on resources available to it, including information provided by the potential counterparty, the real estate valuer, financier or agent. There can be no assurance that the due diligence investigation carried out with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or desirable in evaluating that investment opportunity. In particular, certain environmental issues may be difficult to uncover and may result in potentially significant liabilities being imposed on the owners of the affected real estate asset.

Moreover, there can be no assurance that satisfactory due diligence will result in an investment being successful.

The Fund is dependent on the expertise of the Fund Manager and its key personnel

In accordance with the Fund Management Agreement, the Fund Manager is responsible for the management of the Fund's Portfolio. The Fund does not have employees and its sole Director is the Fund Manager. All of its investment and asset management decisions are made by the Fund Manager and not by the Fund and accordingly, the Fund will continue to be completely reliant upon, and its success will depend exclusively on, the Fund Manager, its personnel, services and resources. For example, the Fund Manager benefits directly and the Fund benefits indirectly from the relationship it has with the shareholders of the Fund Manager: (i) Eiffel Management Limited (which is wholly-owned by a foundation based in Liechtenstein, Galaxis 239 Stiftung, of which Sylvain Vieujot (the executive deputy chairman of the Fund Manager) is the primary beneficiary and Magali Mouquet (an executive director of the Fund Manager) is an additional beneficiary); and (ii) DIB (DIB's managing director, Abdulla Al Hamli, is also the chairman of the Fund Manager). The direct and indirect opportunities that these entities and individuals present, and the influence they can exert in terms of contacts, reputation and public relations, are important to the Fund.

Consequently, the future ability of the Fund to successfully pursue its investment policy may, among other things, depend on the ability of the Fund Manager to retain its relationship with key individuals such as Abdulla Al Hamli and Sylvain Vieujot. Whilst the Fund Manager has endeavoured to ensure that the principal members of their management teams are suitably incentivised, the retention of key members of the teams cannot be guaranteed. Furthermore, in the event of a departure of a key employee of the Fund Manager, there is no guarantee that the Fund Manager would be able to recruit a suitable replacement or that any delay in doing so would not adversely affect the performance of the Fund. Events impacting but not entirely within the Fund's or the Fund Manager's control, such as its financial performance, it being acquired or making acquisitions or changes to its internal policies and structures could in turn affect their ability to retain key personnel.

The Fund Management Agreement is not exclusive and therefore the Fund Manager is not restricted from acting as a fund manager to any other fund, establishing a new competing real estate investment fund or managing properties that are not part of the Fund's Portfolio

The Fund is managed by the Fund Manager pursuant to the Fund Management Agreement, which entitles the Fund Manager to exercise all powers, authorities and discretions with regards to the management of the Fund and the Fund's Property. The Fund Manager's appointment is on a non-exclusive basis and therefore the Fund Manager is permitted under the Fund Management Agreement to act as fund manager to any other fund, including another DIFC REIT, subject to the Fund Manager being issued with an additional DFSA licence to act in such capacity. Although the Fund Management Agreement dictates that in such situation, the Fund Manager's activities should not impair the role it has undertaken under the Fund Management Agreement, should the Fund Manager act as fund manager to another fund or third party entity, or set up a new real estate investment fund, such activities are likely to be in competition with the Fund and would raise certain conflicts of interest if, for example, the Fund Manager were to favour another entity over the Fund and allocate business opportunities to such entity and not to the Fund. Furthermore, if the Fund Manager established a new competing real estate fund, it may mean that substantial management time and resource is channelled away from the Fund to the new business, which may have a material adverse effect on the Fund's returns.

In addition, the Fund Management Agreement does not require the Fund Manager to dedicate specific personnel to the Fund or to require personnel servicing the Fund's business to focus exclusively on, or to allocate a specific amount of time to, the Fund's business. For example, the Fund Manager and DIB have entered into a property management agreement for the management of a number of properties which are owned by DIB and which are not part of the Fund's Portfolio. The Fund Manager is not restricted from entering into additional agreements that may reduce that ability of the Fund Manager to allocate time and resources to the Fund's investments. If the Fund Manager does not or is unable to allocate the appropriate time or resources to the Fund's investments, the Fund may be unable to achieve its investment objectives.

The Fund Management Agreement may be terminated

The Fund Management Agreement continues in force until it is terminated, such termination requiring three years' prior written notice (unless it is terminated by either party in accordance with the terms described in the "*General Information*" section of this Prospectus). Prior to any termination by the Fund, the sole Director of the Fund (which, as at the date of the Prospectus, is the Fund Manager) would ordinarily have to decide to terminate.

In addition, if the arrangement with the Fund Manager was terminated, there can be no guarantee that a suitable replacement may be found to manage the Fund. If the Fund Management Agreement is terminated and a suitable replacement is not secured in a timely manner or key personnel of the Fund Manager are not available to the Fund with an appropriate time commitment, the ability of the Fund to execute its investment strategy or achieve its investment objective may be adversely affected. For further information, please refer to the risk factor entitled "*The Fund Manager controls the Fund and is the sole Director of the Fund and there are restrictions on the ability of the Fund and the Shareholders to remove the Fund Manager in its capacity as both sole Director and fund manager*".

The Fund is dependent on licences to use the Fund Manager's intellectual property

The Fund Manager is the owner of the mark "Emirates REIT" and the Emirates REIT device (the "**Marks**") and Sylvain Vieujot (the executive deputy chairman of the Fund Manager) is the owner of the URL "reit.ae" (the "URL"). The Fund Manager has granted the Fund a licence to use the Marks in the business of a Shari'a compliant real estate investment trust and Sylvain Vieujot has licensed the Fund Manager to use the URL. Each licence continues until the date which is three months after the Fund Manager ceases to be the manager of the Fund or until the licence is terminated by either party if the other party commits a material breach of the licence which is irremediable or if such breach is remediable, fails to remedy that breach within 30 days of being notified in writing to do so. If either of the licences to use the Marks or the URL is terminated, the Fund will lose the ability to use the Marks and the URL (as the case may be) which could have a material adverse effect on the Fund's business, financial condition and results of operations.

To date, the Fund Manager has operated the Fund as a private company and has limited experience complying with public company obligations and fulfilling these obligations will be expensive and time-consuming and may divert attention from the day-to-day operation of the Business

The Fund Manager has operated the Fund historically as a privately-owned company and, accordingly, some members of senior management have limited experience managing a publicly-traded company and have limited experience in complying with the increasingly complex laws pertaining to public companies. In particular, the significant regulatory oversight and reporting obligations imposed on public companies and the development and implementation of appropriate corporate governance policies will require substantial attention from senior management and may divert its attention away from the day-to-day management of the Fund's Portfolio, which could have a material adverse effect on the Fund's business, financial condition and results of operations and the development and implementation of appropriate corporate governance policies.

In addition, as a public company the Fund will incur significant legal, accounting and other expenses that it did not incur (or did not incur fully) as a private company, such as costs associated with public company reporting requirements. Being a public company will make it more expensive for the Fund to hire directors and to obtain directors and officers' liability insurance. It may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage.

The Fund and the Fund Manager are regulated entities and may be exposed to regulatory compliance issues and sanctions

The Fund and the Fund Manager are subject to regulation by the DFSA under the CIL, the CIR Rules, the Islamic Finance Rules and other legislation and rules applicable to funds and fund managers in the DIFC. In the course of the Fund Manager's ongoing, ordinary course engagement with the DFSA as its primary regulator, the DFSA has from time to time identified matters requiring improvement in the Fund Manager's risk management, internal controls and other areas and has noted two instances of regulatory breaches, which at the time required remedial action, in the Fund Manager's entry in the DFSA Register.

If the DFSA were to impose sanctions on the Fund or the Fund Manager in respect of past regulatory breaches, or any regulatory breaches that may be identified from time to time in future, such sanctions may include withdrawing the registration of the Fund possibly triggering suspension of its listing, regulatory investigations, the imposition of public censure or regulatory penalties and suspension or withdrawal of the Fund Manager's regulatory permissions, all of which may have an adverse effect on the reputation of the Fund Manager and of the Fund and on the trading price of the Shares. If the Fund Manager's regulatory permissions were suspended or withdrawn, the Fund would need to seek a replacement fund manager and there is no assurance that the Fund would be able to identify a suitable replacement quickly, or that any such replacement fund manager would be prepared to accept an appointment on similar terms to those in place with the Fund Manager, or at all.

The Fund and the Fund Manager engage in transactions with certain related parties

The Fund and Fund Manager have engaged in transactions with related parties, including the Fund's Shareholders and may continue to do so in the future. Conflicts of interests may arise between the Fund and any joint venture parties and affiliates it may acquire, potentially resulting in the conclusion of transactions on terms not fully determined by market forces. The Fund and the Fund Manager have implemented arrangements to deal with potential conflicts of interest. For further information, including regarding related party relationships and transactions with DIB, TECOM Investments, Dubai Properties Group, Deyaar, Emirates NBD Bank, EFG Hermes Holding SAE and the Fund Manager, please refer to the "*Related Party Transactions and Conflicts of Interest*" section of this Prospectus.

Risks relating to Dubai, the UAE and the MENA Region

The Fund is subject to the economic and political conditions of operating in an emerging market and operates against a backdrop of continued instability and unrest in the MENA Region

The Fund operates in the Emirate of Dubai in the UAE, which is generally viewed as a jurisdiction with a developing economy. Specific country risks that may have a material adverse effect on the Fund's business, financial condition and results of operations are: potential political instability, riots or other forms of civil disturbance or violence; war, terrorism, invasion, rebellion or revolution; Government interventions, including expropriation or nationalisation of assets, increased protectionism and the introduction of tariffs or subsidies; changing fiscal and regulatory regimes; arbitrary or inconsistent Government action; inflation in local economies; cancellation, nullification or unenforceability of contractual rights; and underdeveloped industrial and economic infrastructure.

In particular, since late 2010, there have been significant civil disturbances and events resulting from political turmoil affecting several countries in the MENA Region, which to date have led to the collapse, or near collapse, of the political regimes of Syria, Tunisia, Egypt and Libya. There are on-going protests in other countries in the MENA Region, including strikes, demonstrations, marches and rallies. In addition, since late 2011 and more recently in 2013, tensions between western nations and Iran in respect of Iran's nuclear programme have escalated, with Iran threatening to block the Strait of Hormuz and western nations implementing more severe economic sanctions against Iran. Such continuing instability and unrest in the MENA Region may significantly impact the UAE economy in which the Fund operates, including both the financial markets and the economy. Such impacts could occur through a lower flow of foreign direct investment into the region, the outflow of expatriate residents or capital, or increased volatility in the global and regional financial markets. Although the UAE has not been directly impacted by the unrest in the broader region, it is unclear what impact this unrest may have on the UAE or any of the countries in which the Fund operates in the future.

Additionally, changes in investment policies or shifts in the prevailing political climate in the UAE could result in the introduction of changes to Government regulations with respect to price controls, export and import controls, income and other taxes, foreign ownership restrictions, foreign exchange and currency controls and labour and welfare benefit policies. Unexpected changes in these policies or regulations could lead to increased investment, operating or compliance expenses. Any such changes could have a material adverse effect on the Fund and the Fund Manager's business, financial condition and results of operations.

Unlawful, arbitrary or unexpected government action may have a material adverse effect on the Fund's business and may include action from one or more of the Fund's Government-linked Shareholders

Governmental authorities in Dubai, or in jurisdictions in which the Fund may operate in the future, may have a high degree of discretion and may act selectively or arbitrarily, without hearing or prior notice, and in a manner that is potentially contrary to law or influenced by political or economic considerations. Moreover, governments in certain of these countries often have the power, by regulation or government act, or by passing laws, regulations and/or bespoke decrees, to influence or prescribe the performance of, or to nullify or terminate, contracts. Unlawful, selective or arbitrary governmental actions could include the denial or withdrawal of licenses, sudden and unexpected tax audits, criminal prosecutions and civil actions. The Fund's competitors may receive preferential treatment from the respective governments in the countries in which they operate. Although the Fund has not been previously affected by such action or inaction, should the Government of Dubai or the DIFC introduce amendments or additions to the laws or regulations in the REIT market, the Fund may face increased competition in a short time frame. Similarly, if one or more of the Fund's government-linked Shareholders elected to take any action directed at the Fund, or elect to acquire all of its Shares (by way of a takeover or otherwise), there is no guarantee that the Fund would be capable of preventing or influencing such action. Such unlawful, arbitrary or unexpected Government action could have a material adverse effect on the Fund's business, financial condition and results of operations.

The UAE may introduce value added tax

Although the UAE does not currently impose value added tax ("**VAT**") on the sale of goods or services, there is a risk that this may change. In the period preceding the global economic crisis that commenced in the latter half of 2008, the Director General of Dubai Customs announced that his department had been investigating the possibility of introducing a VAT system across the UAE and that draft VAT laws had been submitted to the federal authorities. Although the Director General has stated that UAE customs duties would be cancelled upon the introduction of any new VAT system, the federal authorities have not yet provided full details of any proposed VAT system or confirmed a possible date of introduction. Any introduction of VAT could have a widespread economic impact, for example, reducing the levels of disposable income of investors and individuals who are end-users, which could negatively impact the demand for the Fund's assets. Accordingly, it is difficult to assess the effect of a new VAT system on the business, financial condition, results of operations and prospects of the Fund. However, investors should be aware that the effects could have an adverse impact on the Fund's business, financial condition, results of operations and prospects.

Changes in UAE tax laws or their application could materially adversely affect the Fund's business, financial condition and results of operations

The Fund is not currently subject to corporation tax (or any other analogous tax) on its earnings within the UAE and, accordingly, since incorporation, any gains made by the Fund were not subject to tax. There is no guarantee that this will continue to be the case. If the UAE authorities impose new tax regimes on the Fund (whether related to corporation tax, other analogous tax or otherwise), or introduce any other changes in relation to tax laws which make doing business in Dubai less attractive, this may have a material adverse effect on the Fund's net profits and therefore impact negatively on its business, results of operations, cash flows and financial condition. In addition, any imposition of a tax on earnings would reduce the amount of funds which would ordinarily be distributed to the Shareholders through dividends.

The regional economy is dependent on the price of oil, which has been volatile

The UAE economy as a whole, and the economies of other countries in the MENA Region, are exposed to oil price volatility and are affected by the level of government spending. Oil represents a sizeable segment of the economies of countries in the Middle East, including the UAE, and has contributed to the increase in economic activity in the region, including the demand for properties and property development. Oil prices are highly volatile and extremely sensitive to political and economic turmoil. In addition, the price of oil and its volatility depend on factors including global economic and weather conditions; actions by the Organization of Petroleum Exporting Countries (OPEC); government regulations, both domestic and foreign; price inflation of raw materials; the price of foreign imports of oil and gas; the cost of exploring for, producing, and delivering oil and gas; the discovery rate of new oil and gas reserves; the rate of decline of existing and new oil and gas reserves; the ability of oil and gas companies to raise capital; and the overall supply and demand for oil and gas.

Should there be a significant decrease in oil prices negatively affecting the economies of the region, this could limit the interest or ability of tenants and potential tenants who are based in the MENA Region to rent the Fund's properties. Any decrease in the rate of growth of the economies in the MENA Region could also result in a reduction in investment in infrastructure, which could affect the value of the Fund's properties. The slowing of these economies could also negatively affect investment in and demand for the Fund's properties, which could result in a material adverse effect on the Fund's business, financial condition, results of operations and prospects.

Dubai may be subject to issues relating to transparency of information in the real estate market

The Dubai real estate market in which the Fund operates may be categorised as exhibiting issues relating to transparency of information. The degree of transparency of a real estate market is determined by reference to a number of factors, including comparable transactions, the accessibility of information relating to counterparties and land title, the reliability of market data, the clarity of regulations relating to all matters of real estate conveyance and or access to government agencies able to verify information provided by counterparties in connection with real estate transactions. There can be no assurance that the factors described above will not result in the discovery of information or liabilities that could affect the value, expected purpose or returns on investment of the Fund's properties.

The Fund and the Fund Manager are incorporated in the DIFC, which is a relatively newly-established jurisdiction whose legal framework is relatively untested

The DIFC was established in 2004 and is therefore a relatively new jurisdiction. As a result, the legal and regulatory regimes applicable to the Fund, the Fund Manager and other entities domiciled in the DIFC, including the relevant rules and regulations, are still being developed and are largely untested and are therefore subject to uncertainties. These uncertainties could affect investors' abilities to enforce their rights or the Fund's ability to defend itself against claims by others, including regulators, judicial authorities and third parties who may challenge its compliance with applicable laws, rules, decrees and regulations.

Foreign exchange policy, inflation and exchange rates may adversely affect the Fund's business, financial condition, results of operations and prospects

Rental rates for the Fund's Properties are mainly quoted and paid for by tenants in AED, which is pegged to the US Dollar. The AED has been "pegged" at a fixed exchange rate to the US Dollar since 22 November 1997. If the AED/US Dollar peg were removed or altered, it may result in an increase to the costs of the Fund's business and/or an increase to any repayment obligations of any future indebtedness that may be denominated in US Dollars, which may adversely affect the Fund's business, financial condition, results of operations and prospects.

Although inflation and foreign currency exchange rates in the UAE have historically been contained and stable, in the event of excessive inflation, devaluation in the local currency, or an elimination of the AED/ US Dollar peg which allowed for greater change in UAE monetary policy, the results of operations of UAE entities, including the Fund, could be materially adversely affected.

Risks relating to the Shares

The Shares have never been publicly traded and an active and liquid trading market for the Shares may not develop

The Fund has applied for admission of the Shares to trading on NASDAQ Dubai. The Fund cannot predict or effectively influence, however, the extent to which investor interest will lead to the development of an active and liquid trading market for the Shares or, if such a market develops, whether it will be maintained.

In addition, if such a market does not develop, relatively small transactions or intended transactions in the Shares may have a significant negative impact on the price of the Shares whilst transactions or intended transactions related to a significant number of Shares may be difficult to execute at a stable price.

Limited numbers of Shares and/or holders of Shares may mean that there is limited liquidity in such Shares which may adversely affect: (i) an investor's ability to realise some or all of its investment; and/or (ii) the price at which such investor can effect such realisation; and/or (iii) the price at which such Shares trade in the secondary market. In addition, a substantial proportion of the Shares may be issued to a limited number of investors, which could adversely affect the development of an active and liquid market for the Shares.

The market price of the Shares may rise or fall rapidly

General movement in local and international stock markets and real estate markets, prevailing and anticipated economic conditions and profit rates, financing costs, investor sentiment and general economic conditions may all affect negatively the market price of the Shares. The market for the Shares may fluctuate and a lack of liquidity can have an adverse effect on the market value for the Shares. Accordingly, the purchase of such Shares is only suitable for investors who can bear the risks associated with such investments.

The Shares may trade at a discount to the Offer Price and Shareholders may be unable to realise their investments through the secondary market at the Offer Price

The Shares may trade at a discount to the Offer Price for a variety of reasons, including adverse market conditions, a deterioration in investors' perceptions of the merits of the Fund's investment strategy and investment policy, an excess of supply over demand in the Shares.

The level of dividends and other distributions to be paid by the Fund may fluctuate and there is no guarantee that any such distributions will be paid

Although the Fund is required pursuant to the CIR Rules to distribute to Shareholders at least 80% of its audited annual net income (which is subject to the Fund having sufficient cash available to make such a distribution and the distribution being in compliance with all local laws including but not limited to Article 49(2) of the Companies Law), there can be no assurance as to the level and/or payment of any future dividends or any distributions by the Fund. The Fund is not entitled to distribute any surplus on revaluations or gains on disposals of Property unless the distribution has been approved by the Oversight Committee. Furthermore, the declaration, payment and amount of any future dividends or distributions by the Fund are subject to the recommendation of the Fund Manager and will depend upon, among other things, the performance of the Fund, the Fund's financial position and cash requirements and the ability of the Fund to comply with the applicable legal requirements for paying dividends.

Substantial sales of Shares by significant Shareholders could depress the price of the Shares

Following the Lock-in Period, subsequent sales by the current Shareholders (or any other substantial shareholders) of a substantial number of Shares may significantly reduce the Fund's share price. Any sales of substantial amounts of Shares in the public market, or the perception that such sales might occur, could materially and adversely affect the market price of the Shares.

Shari'a rules are subject to different interpretations by different Shari'a boards and Shari'a scholars

The Shari'a Supervisory Board of the Fund has confirmed that the activities of the Fund and this Prospectus are, in its view, Shari'a compliant. However, there can be no assurance that the Prospectus or any issue and trading of any Shares will be deemed to be Shari'a compliant by any other Shari'a board or Shari'a scholars.

The Fund is not and does not currently intend to become registered as an investment company under the US Investment Company Act and related rules and the Shares are subject to transfer restrictions and mandatory redemption

The Fund is not, does not currently intend to and may be unable to become registered in the United States as an investment company under the US Investment Company Act of 1940, as amended (the "**US Investment Company Act**") and related rules and regulations. The US Investment Company Act provides certain protections to investors and imposes certain restrictions on companies that are registered as investment companies. As the Fund is not so registered and does not intend to so register, none of these protections or restrictions is or will be applicable to the Fund.

In addition, in order to avoid, amongst other things, being required to register as an investment company under the US Investment Company Act, the Articles of Association impose certain restrictions on transfers and also contain certain mandatory redemption provisions. Under the Articles of Association, the Shares may not be transferred, directly or indirectly, to any person in circumstances which, in the opinion of the Directors, might result in the Fund incurring any liability to taxation or suffering any other disadvantage which the Fund might not otherwise incur or suffer, or would result in the Fund being required to register the Fund or the Shares under any applicable United States securities laws. The Directors may also not consent to a transfer of Shares and the Shares may not be transferred, directly or indirectly, to any US person. The Fund also has, and may exercise, the right of mandatory transfer and/or redemption of any Shares sold or acquired in contravention of the foregoing prohibitions. Such transfer restrictions and mandatory transfer and/or redemption provisions may adversely affect the ability of certain Shareholders to transfer, acquire or continue to hold Shares.

Risks relating to NASDAQ Dubai

NASDAQ Dubai is a relatively new market and there can be no assurance to investors as to its future level of liquidity

Compared to other securities markets, NASDAQ Dubai has commenced operations relatively recently and is substantially smaller in size and trading volume than established securities markets, such as those in the United States and the United Kingdom. NASDAQ Dubai has been open for trading since 26 September 2005 (when it was called the Dubai International Financial Exchange) but it may not be successful in the future and liquidity in the market for the Fund's securities may remain low. As at 31 December 2013, there were eight equity securities, 15 Sukuk, seven bonds and two funds listed on NASDAQ Dubai and 31 members have been admitted to trading on the exchange. Generally, securities on NASDAQ Dubai have historically experienced low levels of liquidity. Low liquidity could increase the price volatility of the Shares and impair the ability of a holder of Shares to sell any Shares in the amount and at the price and time such holder wishes to do so.

Disclosure obligations, financial controls, corporate governance requirements and protections for shareholders or investors in publicly-traded companies incorporated in the DIFC may be less extensive than those of jurisdictions with major securities markets

The Fund's corporate affairs are governed by the applicable laws of the DIFC and the rights of holders of the Shares and the responsibilities of the Directors under such laws are different in certain respects from those applicable to corporations organised in other jurisdictions. In particular, because regulations concerning reporting requirements and auditing standards for DIFC companies may be less extensive than those applicable to companies incorporated in other jurisdictions, there is generally less information available about the Fund and other DIFC companies than is regularly published by or about listed companies in other jurisdictions. Similarly, legal protections against such practices as market manipulation and insider trading are less developed in the DIFC because the DIFC is a relatively newly-established jurisdiction and, consequently, securities laws and regulations in the DIFC generally are not as comprehensive, and have not received as much judicial or regulatory interpretation or review, as those in other countries with established securities markets. As a result of these factors, investors may have greater difficulties in protecting their interests as a holder of the Shares than as a shareholder of corporation in a more developed jurisdiction.

USE OF PROCEEDS

The gross proceeds to the Fund of the Offer are expected to be approximately US$175.0 million (US$201.3 million) (assuming exercise in full of the Over-allotment Arrangements), before the deduction of commissions and other fees and expenses payable by or on behalf of the Fund in connection with the Offer.

The Fund Manager intends to use the balance of the Net Proceeds (US$167.9 million), to finance future acquisition opportunities, including the funding of new real estate acquisitions and further investment in existing assets such as Index Tower-Retail.

Potential Acquisitions

At any time, the Fund is assessing a significant number of acquisition opportunities. The Fund has signed letters of intent in respect of certain potential acquisition properties and has been granted varying exclusivity periods in relation to certain of these potential acquisition properties during which the Fund has the right to exclusively evaluate, assess and consider these opportunities. These exclusivity periods are often extended beyond the initial term. No heads of terms have been agreed in respect of any of the properties for which a letter of intent has been issued. It is likely that the net proceeds to the Fund of the Offer will be used to acquire a property where a letter of intent has been issued depending on the best commercial terms that can be agreed by the Fund.

The Fund has currently identified five properties located in Dubai as potential acquisitions, but also intends to continue to pursue opportunities in geographic locations outside of Dubai:

Approximate Price Range (AED)	Numbers of Letters of Intent Issued	Total Value (AED)
Greater than 300 million	3	1,610 million*
100–300 million	2	260 million*

* The total value of potential acquisitions provided in the table refers to the total purchase prices indicated in the relevant letters of intent at the time these letters were executed. The final purchase price paid for any potential acquisition property may significantly differ from this figure as a result of market conditions, property re-valuations and other factors. In addition, any acquisition terms agreed by the Fund may significantly differ from the terms provided for under any letter of intent it has signed.

No details of acquisitions will be released to Shareholders until the relevant acquisition agreements have been signed due to the commercial sensitivity of such information and the adverse impact it may potentially have on the Fund's negotiating position.

DIVIDENDS AND DIVIDEND POLICY

The following table sets out certain information regarding final and interim dividends declared and paid by the Fund in respect of the 13 month period ended 31 December 2011 and the 12 month period ended 31 December 2012:

Type of dividend and relevant financial year	Number of shares outstanding at dividend ex-date	Dividend (US$ '000s)	Dividend/ Share (US$)	Ex-date
Final dividend for 2011	451,319	1,151	US$2.55	19 June 2012
Interim dividend for 2012	1,262,926	3,789	US$3.00	31 January 2013
Final dividend for 2012	1,275,182	2,550	US$2.00	30 June 2013

Note:
The number of Shares outstanding at each respective dividend ex-date and the dividend per Share figures presented in the table above do 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 by a factor of 100 on 26 January 2014. For further information, please refer to the "*Net Asset Value per Share*" and "*General Information*" sections of this Prospectus.

Under the Articles, the payment of dividends is subject to the recommendation of the Fund Manager (in its capacity as the sole Director of the Fund) and approval by the Shareholders.

Under the CIR Rules, the Fund is obliged to distribute 80% of its audited annual net income (which is subject to the Fund having sufficient cash available to make such a distribution and the distribution being in compliance with all local laws including but not limited to Article 49(2) of the Companies Law) and is under an obligation to pay an annual or final dividend. Dividends in respect of a completed financial period have historically been paid as an interim dividend in the January following the end of the relevant period and as a final dividend in the following June. The Fund Manager, as the Director, is not obliged to recommend that an interim dividend is paid but it has done so in the past and may do so in the future. Subject to obtaining the required approval, the Fund expects to make a distribution in respect of the net income for the 12 month period ended 31 December 2013 in the form of a final dividend payment by the end of June 2014. The Oversight Committee determines whether any: (i) revaluation surplus; or (ii) gains on the disposal of Real Property (as defined in the CIR Rules), is to form part of net income for distribution to Shareholders.

All income which, in the opinion of the Fund Manager, with the Shari'a Supervisory Board concurring, is not permissible under Shari'a, is extracted from the Fund and donated to a registered charity approved by the Shari'a Supervisory Board.

The payment of tax and/or Zakat on dividend income paid to each eligible Shareholder is the responsibility of the Shareholder.

In the event that a dividend remains unclaimed after a period of 12 years from the date of declaration, such dividend will be automatically forfeited and will be donated to a registered charity approved by the Shari'a Supervisory Board.

There can be no assurance as to the level and/or payment of any future dividends or any distributions by the Fund. The declaration, payment and amount of any future dividends or distributions by the Fund above the minimum required by the CIR Rules depends upon, among other things, the performance of the Fund, the Fund's financial position and cash requirements and the ability of the Fund to comply with the applicable legal requirements for paying dividends. If the Fund declares any dividends in the future, the Shares offered hereby (including the Over-allotment Shares, if any) will be entitled to any dividends declared and paid if the relevant record date is on or after the Closing Date (or the closing date of the Over-allotment Arrangements, as applicable).

CAPITALISATION AND INDEBTEDNESS

The following table sets out the Fund's cash and cash balances, short-term debt and total capitalisation, as at 31 December 2013, as extracted from the Financial Statements included in Appendix 1 of this Prospectus, and as adjusted to reflect the net proceeds of the Offer.

The following table should be read together with the "*Selected Financial Information*" and the "*Operating and Financial Review*" sections and the Financial Statements of the Fund and related notes included in Appendix 1 of this Prospectus.

Set out below is a statement of the Fund's capitalisation and indebtedness as at 31 December 2013.

	As at 31 December 2013	
(US$ '000s)	**Actual**	**Adjusted**
Cash and cash equivalents	8,145	176,018
Indebtedness		
Current portion of corporate Ijarah facilities	9,173	9,173
Non-current portion of corporate Ijarah facilities	96,390	96,390
Total financial indebtedness	105,563	105,563
Total shareholders' equity	205,058	372,931
Total capitalisation(1)	310,621	478,494

(1) Total capitalisation is equal to total financial indebtedness plus shareholders' equity.

NET ASSET VALUE PER SHARE

The Fund has appointed MaplesFS as an independent administrator of the Fund who, in accordance with the terms of the Administration Agreement, is responsible for determining the Net Asset Value. Historically, since November 2010, the Fund had commissioned an independent administrator of the Fund to publish the Net Asset Value per Share on a monthly basis. In the future, publication of the NAV per Share will occur at least twice a year as required by the DFSA. The publication of NAV per Share may also occur on any other occasion that the Fund Manager considers appropriate. The Articles permit a suspension in the Fund valuation in the event that the Administrator is unable to determine the NAV per Share on any relevant date.

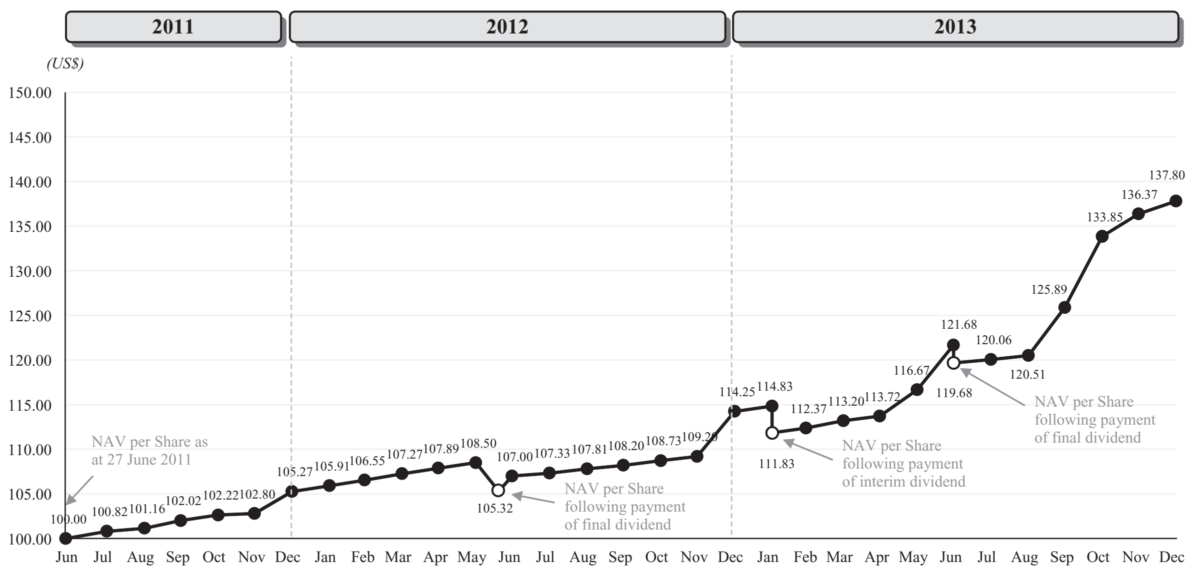
The movement in the Net Asset Value is a function of the following: (i) capital increases arising from the issue of Shares; (ii) net income generated by the Fund (which is inclusive of the unrealised gains/losses from the revaluation of investment properties); and (iii) dividend distributions.

Historically, the Fund has undertaken a valuation assessment of the Property Portfolio on a semi-annual basis and, from 1 July 2013, on a quarterly basis. As such, the Fund's net income and Net Asset Value have been impacted by the unrealised gains/losses arising from the revaluation of investment properties when the valuation assessment of the Property Portfolio is undertaken.

From the date of incorporation of the Fund (28 November 2010) to 31 December 2013, the NAV per Share has been calculated in accordance with the Fund's previous articles of association ("**Initial Articles**") (prior to the Articles of Association adopted on 26 January 2014) and the basis of calculating NAV per Share was different from the basis on which the Fund currently prepares its Financial Statements under IFRS (as well as previously under AAOIFI). Following the adoption of the Articles, the Fund will change the NAV calculation to follow IFRS accounting policies from 31 January 2014. Therefore, the NAV per Share will represent the total equity of the Fund (as per IFRS accounting) divided by the total number of Shares outstanding at that date.

The following diagram sets forth the NAV per Share for the period between 27 June 2011 and 31 December 2013 on a monthly basis.

Historical Movement in NAV per Share(1)



Source: MaplesFS

(1) The above chart represents the NAV per Share calculated in accordance with the Fund's Initial Articles and not IFRS or AAOIFI.

Note: The NAV per Share was previously calculated by Deutsche Bank from November 2010 to November 2011

Note: 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 by a factor of 100 on 26 January 2014. For further information, please also refer to the 'Net Asset Value per Share' and 'General Information' sections of this Prospectus.

The following are the principal differences in the method of calculation of NAV per Share using (i) IFRS methodology and (ii) the methodology used by the Fund in accordance with the Initial Articles until 31 December 2013 prior to applying IFRS:

- The costs associated with the acquisition of any asset were previously treated for the purposes of the NAV calculation as being amortised over a period of five years from the date of acquisition. Under IFRS, asset costs are capitalised and the carrying value of such assets is at fair value with the resultant gain or loss being taken to the comprehensive statement of income.
- Under the Initial Articles, the NAV calculation for the Fund recognised revenue from tenant leases on a cash basis. Under IFRS the rental income over the lease term is accounted for on a straight line basis after spreading the cost of lease incentives (such as rent free periods) and any fixed rental increases.
- Under the Initial Articles, the Performance Fees payable to the Fund Manager upon Admission were not reflected in the NAV per Share calculation whereas a provision for the Performance Fees is taken under IFRS. For more information regarding the Performance Fees, please refer to the section titled '*The Fund Manager*'' in this Prospectus.

Historically, the discrepancies in NAV per Share arising from the difference in the basis for calculating the NAV per Share of the Fund between the Initial Articles and IFRS has been relatively minor, as set out in the following table.

Calculated NAV per Share

(US$)	**Calculated NAV per Share as per**		**Difference**	
	Initial Articles	**IFRS**	**US$**	**%**
Balance Sheet Date				
31 December 2011	105.27	104.54	(0.73)	−0.7%
31 December 2012	114.25	113.83	(0.42)	−0.4%
31 December 2013	137.8	135.22	(2.60)	−1.9%

On 26 January 2014, the nominal value of the Shares was sub-divided and, as a result, the Fund's issued share capital changed from 1,516,426 Shares and one Manager Share with a nominal value of US$100 per Share to 151,642,600 Shares with a nominal value of US$1 per Share and one Manager Share which retained a nominal value of US$100. The impact of the Share sub-division on the NAV per Share shown above is to divide by a factor of 100.

Following Admission, the single price of Shares in the Fund will be determined by supply and demand for the Shares in public markets. The price of the Shares will be published on the website of NASDAQ Dubai (*www.nasdaqdubai.com*).

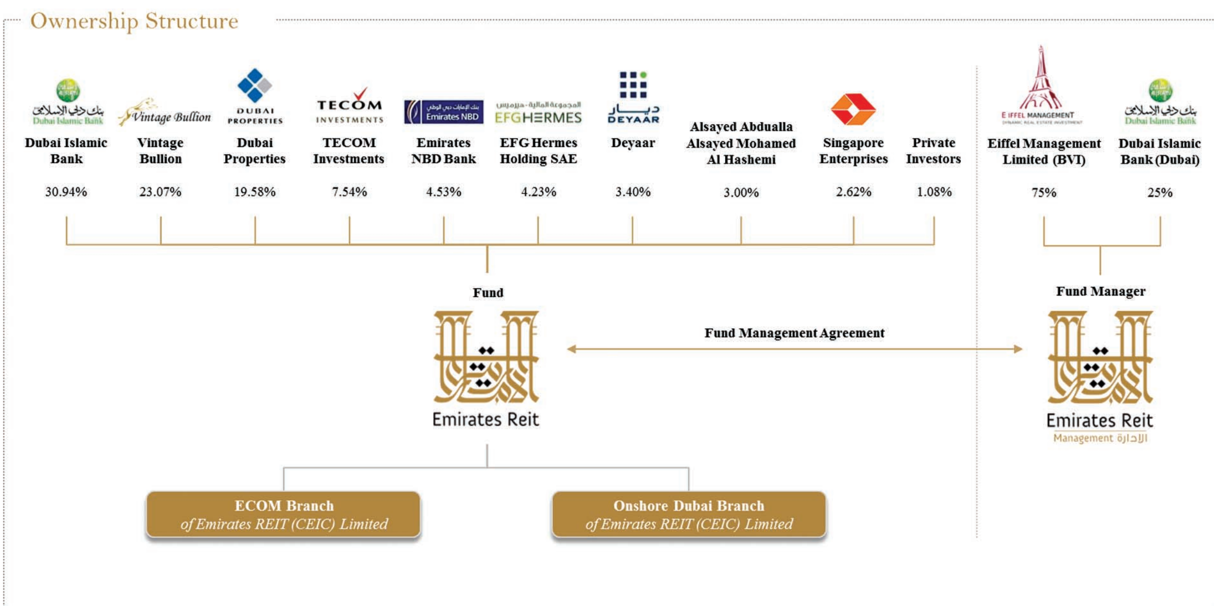
THE FUND, STRATEGY AND INVESTMENT OBJECTIVES

Structure of the Fund

The Fund is a closed-ended investment company with unlimited duration and was established in the DIFC by the Fund Manager on 28 November 2010 under the Companies Law with the name "Emirates REIT (CEIC) Limited" and with registration number 0997. The Fund is categorised under the CIR as a Domestic Fund, an Islamic Fund, a Property Fund and a Real Estate Investment Trust (REIT).

The Fund is managed by the Fund Manager. The Fund Manager is a joint venture between DIB, based in Dubai, and Eiffel Management Limited, based in the British Virgin Islands. DIB owns 25%, and Eiffel Management Limited owns 75%, of the Fund Manager's total issued share capital. Eiffel Management Limited is wholly-owned by a foundation based in Liechtenstein, Galaxis 239 Stiftung, of which Sylvain Vieujot (the executive deputy chairman of the Fund Manager) is the primary beneficiary and Magali Mouquet (an executive director of the Fund Manager) is an additional beneficiary. DIB is a publicly listed company of which the Investment Corporation of Dubai ("**ICD**") is the largest shareholder. DIB's managing director, Abdulla Al Hamli, is also the chairman of the Fund Manager.

The Fund does not hold any subsidiary interests as of the date of this Prospectus. The Fund has two branches outside of the DIFC that are registered as branches of a foreign company, being the Onshore Dubai Branch and the TECOM Branch. The Onshore Dubai Branch enables the Fund to hold properties in Onshore Dubai and the TECOM Branch enables the Fund to manage properties in TECOM. The following diagram sets out the ownership structure of the Fund and the Fund Manager:



DIB is a significant Shareholder and is partly owned by ICD. DIB is also a shareholder of the Fund Manager. Emirates NBD Bank is a Shareholder and is majority owned by ICD. ICD is a sovereign wealth fund owned by the Government. Dubai Properties Group and TECOM Investments are both majority owned by Dubai Holding. The major shareholder in Dubai Holding is His Highness Sheikh Mohammed Bin Rashid Al Maktoum, UAE Vice President, Prime Minister and Ruler of Dubai.

The Fund is the first Shari'a compliant real estate investment trust incorporated within the DIFC and regulated by the DFSA under the CIR Rules as a public domestic fund.

The Fund completed its first real estate asset investment on 27 June 2011 when it acquired Building 24 in Dubai Internet City. The Fund'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.

For further information on the Fund, the Fund Manager and its functions, please refer to the "*Corporate Structure and Governance*" and "*General Information*" sections of this Prospectus.

Principal Investment Objective

The Fund intends 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. The principal objective of the Fund 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 (in accordance with the CIR Rules, which is subject to the Fund having sufficient cash available to make such a distribution and the distribution being in compliance with all local laws including but not limited to Article 49(2) of the Companies Law); and (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.

Key Strengths

The Fund Manager believes that the Fund has the following key business strengths:

Increasingly diversified portfolio of properties with attractive investment fundamentals

Since its establishment in November 2010, the Fund has continuously expanded its Portfolio. The Portfolio currently includes a total of 10 properties that are diversified in terms of their type of use and location within Dubai.

The Properties and/or their Net Leasable Area are categorized by the Fund based on tenant end use as follows: commercial, retail, educational and car park. As at 31 December 2013, the Portfolio comprised 1.2 million square feet of Net Leasable Area broken down as follows: (i) commercial use (46.9%); (ii) retail use (12.7%); and (iii) educational use (39.8%) (the balance relates to storage space within the Fund's Properties). The Fund's car park assets represent 491 car parking spaces in Index Tower that will be operated as a commercial car park (referred to as Index Tower-Car Park).

The Fund Manager believes the diversified uses of these Properties offer increased resilience against potential risks of local real estate market fluctuations. The Fund Manager believes individual properties and the Portfolio as a whole possess strong income profiles owing to high levels of occupancy (with the exception of the Index Tower assets which are currently unoccupied) and a relatively high degree of tenant commitments with a weighted average lease expiry of 9.8 years for the Portfolio (including GWAD) and 2.5 years (excluding GWAD) as at 31 December 2013. As at 31 December 2013, the Fund's blended portfolio occupancy was 86.3% while its future minimum rentals receivable under existing leases amounted to US$356.0 million, of which US$28.9 million was due within one year of 31 December 2013, which the Fund Manager believes offers visibility on the stability of earnings of the Fund. The Fund Manager anticipates that as the Fund continues to expand, the Fund will benefit from further diversification and reduced concentration of the Portfolio resulting in increased resistance to market fluctuations and improved income visibility.

Significant value-add through the professional management of the Property Portfolio

The Fund Manager adopts a proactive approach towards the management of the Properties within the Portfolio which the Fund Manager believes results in a significant value-add to the Fund. This includes the selective appointment of property managers, a thorough review of existing leases and improving the terms of new and renewal leases, a focus on the improvement of tenant relations and overall leasing management, a conscious approach to cost management, and other asset value enhancement programs such as small-scale refurbishments and renovations. As an example, following the Fund Manager's initial assessment of the Office Park property, the Fund Manager appointed a new property manager, undertook minor refurbishments and increased the leasable area resulting in an improvement in occupancy rates from 62.1% as at 30 June 2012 to 89.8% as at 31 December 2013. By way of further example, following the Fund Manager's appointment of a full time property manager and the re-tendering of the facility manager's contract at the Loft Offices property, the occupancy increased from 80.5% as at 31 December 2011 to 93.1% as at 31 December 2013.

Consistent dividend distributions and steady increase in NAV per Share

Since its incorporation in November 2010, the Fund has delivered on its primary objectives of providing its Shareholders with stable and recurring cash flow pay-outs as well as long-term capital preservation and appreciation through the steady increase in NAV per Share. The Fund's NAV per Share has increased from the opening value of US$100 per Share to US$137.80 as at 31 December 2013 (as provided by the Administrator) while the dividends per Share distributed by the Fund increased by 96% from US$2.55 per Share for the 13 month period ended 31 December 2011 to US$5.00 per Share for the 12 month period ended 31 December 2012. Note that the aforementioned NAV per Share and dividend per Share figures do 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 by a factor of 100 on 26 January 2014. For further information, please refer to the "*Net Asset Value per Share*" and "*General Information*" sections of this Prospectus. The Fund Manager will continue to seek to ensure the stability of cash distributions and the sustainable growth in NAV per Share by adhering to its disciplined investment and management strategy with the aim of preserving the existing yields on the Portfolio and enhancing the value of the Properties.

Experienced Fund Manager with expertise in the UAE property market

The Fund Manager consists of an experienced team of professionals with decades of cumulative experience in real estate portfolio management and property investment and a strong collective track record in acquiring, owning, managing, leasing and repositioning real estate assets. The Fund Manager has significant expertise in the UAE real estate market with extensive knowledge of local market dynamics including supply and demand-side characteristics, bidding and acquisition processes, and tenant requirements, as well as regulatory considerations through its past transactional experience and expanding market coverage. To date, the Fund Manager is at various stages of assessing a significant number of diverse properties in the UAE for potential acquisitions, which the Fund Manager believes will provide the Fund with an active pipeline of potential acquisition opportunities going forward.

Strong balance sheet

The Fund Manager believes that the Fund's risk profile is enhanced by its strong financial position characterised by a strong balance sheet and capital position. As at 31 December 2013, the Fund's total leverage represented 31.7% of gross assets and 51.5% of total equity which the Fund Manager believes is in line with REITs in developed markets and the Fund Manager expects to maintain a conservative loan to value ratio going forward as part of its financing strategy. The Fund currently utilises Shari'a compliant sources of financing with long-term repayment schedules of 10 years which the Fund Manager believes offers stability and predictability towards future cash flow management. The Fund 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.

Regulated Fund and Fund Manager with established corporate governance framework

The Fund Manager believes that the Fund employs standards of corporate governance in accordance with DFSA Rules and as a drive towards the long-term sustainability of the Fund. The Fund's corporate governance framework includes multiple bodies with independent non-executive members. These independent bodies are constituted to ensure conformance with regulatory and Shari'a compliance as well as to monitor performance aspects of the Fund such as the supervisory and accountability of the Fund Manager, its strategy, investment decisions, and other oversight roles. The Fund's corporate governance framework includes the following committees and boards: (i) an Oversight Committee to oversee the activities of the Fund Manager; (ii) an Investment Committee comprising qualified experts to review and confirm it has no objection to prospective investment opportunities proposed by the Fund Manager; (iii), a Shari'a Supervisory Board whose purpose is to ensure compliance by the Fund with Shari'a principles; and (iv) an Advisory Board to provide expert advice and assistance to the Fund Manager as needed. The members of these committees and boards are appointed by the Fund or the Fund Manager. The aforementioned bodies are governed by guidelines with the aim of safeguarding Shareholder interests including fixed serving periods for their members (which can be renewed), rights and protocol for the removal of members and procedures for the management of conflicts of interest that may arise.

Potential to capitalise on investment opportunities within the UAE's real estate sector

The fundamentals of the UAE's real estate sector have improved alongside a backdrop of relative political stability and improving economic indicators. Real GDP growth in the UAE has risen to pre-crisis levels stemming from the simultaneous improvement in tourism and cargo flows, government fiscal balances as well as bank deposit indicators, which the Fund Manager believes has translated into an improvement in investor confidence and overall market liquidity. The increase in overall economic activity has resulted in an improvement in the commercial office and retail real estate cycles which have seen a stabilisation of rental prices and an improvement in overall occupancy rates. The Fund Manager expects Dubai's high quality office stock in the existing locations of the Properties to see limited increases in supply in the short to medium term. The Fund Manager believes that the UAE market offers opportunities to capitalise on a healthy state of the real estate market cycle and improving supply and demand characteristics of the commercial and retail real estate subsectors. For more information on the UAE property market, please refer to the *"UAE Property Market Overview"* section of this Prospectus.

Benefit of the Ruler's Decree

The Fund is subject to the Ruler's Decree, which was issued by His Highness Sheikh Mohammed Bin Rashed Al Maktoum, Ruler of Dubai, on 19 February 2013. The Ruler's Decree permits the Fund through the Onshore Dubai Branch to acquire and own properties in Onshore Dubai. Pursuant to Law 7 of 2006 (and subsequent regulations implementing it) non-GCC nationals and companies wholly or partly owned by non-UAE/GCC nationals (such as the Fund), are only permitted to own property in certain designated geographical areas and free zone areas in the Emirate of Dubai. Therefore, the Ruler's Decree widens the geographical area in which the Fund can acquire properties in the Emirate of Dubai. The Fund Manager believes that the Ruler's Decree offers the Fund a unique competitive advantage by significantly widening the geographic areas in which the Fund is able to invest in property in Dubai, a strength that is not otherwise enjoyed as at the date of this Prospectus by funds incorporated outside of Onshore Dubai and/or having non UAE or GCC shareholders.

Investment Policy

Investment Restrictions

The current CIR Rules set out restrictions on the permitted composition of the Fund's investment portfolio. Pursuant to the CIR Rules and the Articles of Association, the Fund may only invest in the following assets:

- real property;
- property related assets;
- shares or units in another property fund; and
- up to a maximum of 40% cash, government and public securities provided that such 40% limit may be exceeded when the Fund receives cash as a result of a disposal of assets or where the Fund receives cash as a result of a subscription for new Shares or pursuant to any financing, re-financing or other similar arrangements whatsoever where the intention is to invest/re-invest such cash within six months of receipt or such longer period as is approved by a Special Resolution (provided that any cash received in connection with an equity fundraising undertaken at the time of the admission of the Shares or any of them to trading on an exchange may be held for such period as the Fund Manager may determine without the need for the further approval of Shareholders provided that the same is in compliance with the CIR Rules).

Except as set out in this Prospectus or as provided in the CIL Law and the CIR Rules, there are no other restrictions on the investments that can be made by the Fund and, in particular, there is no maximum percentage of the Portfolio which may be invested in: (i) property related assets which are not traded or dealt on markets as provided for in the Articles; (ii) a single property; (iii) properties which are vacant; (iv) properties which are subject to a mortgage; or (v) a particular jurisdiction.

Redevelopment, Refurbishment and Reconfiguration of Assets

The Fund may undertake the re-development of additional properties in the future as and when appropriate opportunities arise. The Fund is currently considering proposals to extend and reconfigure the retail space at Index Tower-Retail to increase the rental returns. The Fund may review more substantial redevelopment opportunities as and when they arise. On any development project, steps would be taken to mitigate construction and leasing risks and any short-term dilution of yield. The Fund is only permitted, pursuant to the CIR Rules, to invest in property under development where the Fund intends to retain the developed property upon completion. The Fund is not currently permitted to acquire interests in land or property requiring development if the aggregate of such interests exceeds the limits set out in the CIR Rules (currently 30% of NAV). In any event, the Fund Manager would only pursue such projects if the Fund Manager believes they would enhance the value of the Shares in the medium to long term.

Joint Ventures

The Fund may from time to time invest in properties indirectly with other investors by way of real estate joint ventures if it concludes that it may benefit from participation in such joint venture arrangement or that the opportunity to participate in a particular investment is contingent upon the use of a joint venture structure and that the Fund may benefit from the cash flow or appreciation in the value of the property concerned and which is not available for outright purchase. Such investments might take the form of joint ventures with the vendor of a property who wishes to retain an interest in the relevant property or with co-investors and partners where the Fund is seeking to acquire a property as part of a consortium.

Currently, the CIR Rules permit the Fund to hold real property with third parties through a partnership, joint venture or other joint ownership structure provided that: (i) the Fund holds more than 50% ownership in, and control of, each property at all times and also has the freedom to dispose of its interest at any time; (ii) the Fund Manager can demonstrate that the arrangement, including the decision to own less than a 100% interest in the property concerned, is in the interests of the Shareholders; and (iii) the Fund Manager has obtained the relevant legal opinion as required under the CIR Rules in such circumstances.

In addition, pursuant to the CIR Rules, the Fund Manager must disclose to the Shareholders:

(a) the ownership structure of the property interest including the material terms thereof;

(b) the identity, background and ownership of the remaining legal and beneficial owners in the property, together with the transactional history of these owners in relation to such property;

(c) the financial, remuneration, fee-sharing or other material arrangements that either have been or will be entered into between the parties;

(d) a summary of the contents of the legal opinion referred to above; and

(e) (where appropriate) the nature of any restrictions on foreign ownership, the valuer's opinion and evaluation of any such restrictions, and any other information which may reasonably be relevant to a Shareholder.

The Fund may take advantage of such joint ownership opportunities if the above criteria are satisfied.

When investing through joint ownership arrangements, the Fund Manager is required by the CIR Rules to ensure that: (i) proper due diligence is conducted in identifying restrictions and constraints that may limit the Fund from holding a 100% direct ownership interest in the property; and (ii) the liability of, or assumed by, the Fund does not exceed the percentage of its interest in the joint ownership arrangement and there is to be no assumption of unlimited liability by the Fund.

Special Purpose Vehicles

The Fund Manager may take advantage of any opportunities to invest through a special purpose vehicle if to do so would assist in achieving its investment objective. In order for the Fund to do so it must ensure that: (i) the Fund has majority ownership and control of the relevant special purpose vehicle; (ii) neither the articles of association of any special purpose vehicle nor the organisation, transactions or activities of such vehicles under any circumstances breach the requirements of the CIR Rules; (iii) the board of directors of each special purpose vehicle is appointed by the Fund Manager in agreement with the Oversight Committee and the Investment Committee; (iv) both the Fund and the special purpose vehicle must appoint the same auditor and adopt the same accounting principles and policies; (v) the special purpose vehicle distributes to the Fund all of the income to which the Fund is entitled as permitted by the laws and regulations of the jurisdiction where the special purpose vehicle is established; and (vi) the Fund Manager, the Fund and the special purpose vehicle otherwise comply with the other requirements of the CIR Rules at all times.

Gearing

The Fund may, where appropriate, seek to use gearing in order to improve Shareholder returns over the long-term. However, the Fund will ensure that its total gearing, 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.

Investment in other funds

In the future, the Fund may invest in shares of other funds which are managed or operated by the Fund Manager and/or one of its associates and, if contemplated, the transaction will be entered into by the Fund on arm's length terms as if it were a third party investor. Any such investment will be subject to the approval of the committees of the Fund including the Oversight Committee.

Development Finance

The Fund may provide Shari'a compliant forms of financing to development projects which it intends to acquire in the future.

Use of Derivatives

The Fund does not currently nor does it intend in the future to use derivatives for speculation or hedging purposes.

Investment Strategy

Key Strategies

The Fund's strategy is to capitalise on the widespread opportunities for value creation that the Fund Manager believes currently exist in the property sectors in the UAE in general and Dubai in particular as a result of proactive management and overall operational enhancements. This is further reinforced by the Fund Manager's positive outlook for the real estate market sectors in Dubai and the wider UAE.

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

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

The Fund Manager will continue to pursue acquisitions with the aim of enhancing the diversity of the Fund's asset base and improving the overall returns and income stability of the Fund.

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

- invest in Shari'a compliant property assets;
- focus on quality properties with attractive yields and pursue acquisitions with an aim to prevent the overall dilution of the Portfolio's existing yields; and
- look to diversify its Portfolio base both geographically and in terms of asset type.

The Fund Manager believes that its local market expertise and extensive relationship network provides numerous channels for deal sourcing and a pipeline for potential future acquisitions. The Fund Manager aims to leverage its close relationships with local real estate brokers, institutional owners of real estate assets, as well as banks and other types of professional advisors, in order to remain informed on recent developments and acquisition opportunities in the local market. The Fund Manager believes it has an extensive acquisition pipeline and has reviewed a significant number of diverse prospective acquisitions across the UAE.

As part of its acquisition process, the Fund Manager relies on a disciplined investment screening process that examines numerous investment criteria on an individual basis and in the context of its overall Portfolio to assess the attractiveness of potential acquisitions. The key investment criteria used by the Fund Manager include the following, amongst others:

- *Target Sector.* The Fund considers all Shari'a compliant asset types as attractive opportunities arise. As at 31 December 2013, the Portfolio comprised 1.2 million square feet of Net Leasable Area broken down as follows: (i) commercial use (46.9%); (ii) retail use (12.7%); and (iii) educational use (39.8%) (the balance relates to storage space within the Fund's Properties). The Fund's car park assets represent 491 car parking spaces in Index Tower that will be operated as a commercial car park (referred to as Index Tower-Car Park). The Fund Manager has assessed, and continues to assess, potential property investments in a range of other sectors including industrial, retail, hotel, multi-office, storage and warehousing, residential, car parks and healthcare.

- *Geographical Location.* The Portfolio is comprised of ten properties that are located in Dubai. However, the Fund Manager envisions ultimately expanding the Portfolio to include real estate assets throughout the UAE. By doing so, the Fund Manager expects to benefit from its in-house management and local capabilities. In the long-term, the Fund may explore acquisition opportunities outside the UAE in other GCC countries and possibly further afield.
- *Large-scale Acquisitions.* The Fund Manager will typically target real estate properties with an acquisition value above the typical transaction size for the market given the advantages highlighted below:
    - Less competition and increased negotiating power due to the existence of fewer potential large scale buyers;
    - Larger property assets are often sold by institutional bodies resulting in a more organised and streamlined sale and purchase process; and
    - Larger acquisitions are more economical with respect to the Fund Manager's resources given that the acquisition process for larger assets is comparable to that for smaller assets.
- *Tenant Base and Prevailing Contracts.* In an attempt to ensure adequate levels of cash flow generation and yields, as well as to avoid the inclusion of real estate assets within the Fund's portfolio that are not aligned with the Investment Policy, the Fund Manager intends to focus on acquiring assets with attractive occupancy rates, favorable tenant dynamics, and existing long-term contractual commitments. As an example, the Fund Manager believes that the Fund's recent acquisition of GWAD strengthened the visibility of the Fund's future performance by extending the average lease term of the Portfolio from 2.1 years as at 30 September 2013 to 9.8 years as at 31 December 2013. The Fund will still consider acquisitions of assets that may suffer low occupancy rates if the Fund Manager believes the acquisition price is fair and that reasonable potential exists for value realisation through increasing occupancy levels for the property.
- *Property and Income Enhancement Potential.* As part of its investment screening process, the Fund Manager considers the potential for value enhancement that may be realised following the improved management of the real estate property or as result of investments in refurbishing, reconfiguring or renovating the property. This may include an improvement in the design of the floor space, a change in the tenant mix and other reconfigurations. This assessment is also conducted in the context of the Fund's cash flow management requirements.
- *CAPEX Requirements.* The Fund may undertake the re-development of additional properties in the future as and when appropriate opportunities arise. The Fund is currently planning to reconfigure and refurbish Index Tower-Retail and will assess other potential refurbishment and re-development opportunities. On any development project, the Fund Manager would attempt to mitigate construction and leasing risks and any short-term dilution of yield.

Approval Process for Acquisitions

The Fund and the Fund Manager follow a comprehensive procedure for the approval of acquisitions requiring an independent valuation and the endorsement of the potential investment assets by various committees which is adhered to once potential opportunities have arisen. Below is a summary of the typical review and approval procedure for a new acquisition:

Stage 1: Review of various investment properties or assets by the Fund Manager

Stage 2: Identification of potential acquisition opportunity by the Fund Manager

Stage 3: Review and approval of acquisition by the Fund Manager Directors

Stage 4: Submission of proposed investment opportunity to relevant corporate governance bodies (the Shari'a Supervisory Board and the Investment Committee). In the event that the potential transaction is with a Related Party and the total consideration or value of the investment opportunity is five per cent (5%) or more of the most recent NAV then an approval process involving, amongst other things, obtaining the approval of the terms of the transaction from the Investment Committee and the Oversight Committee is required. For further information of the approval process required to be undertaken in respect of transactions with Related Parties, please refer to the "*Related Party Transactions and Conflicts of Interest*" section of this Prospectus.

Stage 5: Resolution passed by the Fund to acquire the investment property

Stage 1 (Review of various investment properties or assets by the Fund Manager)

At the preliminary stage, the Fund Manager identifies potential acquisition targets and completes a site visit and an inspection. This process involves gathering comparable transaction data and evidence from agents, valuers and any internal database. On completion of the site visit and inspection, the Fund Manager drafts an internal valuation.

Stage 2 (Identification of potential acquisition opportunity by the Fund Manager)

Following a positive site visit, inspection and valuation, the Fund Manager:

- produces a short list of assets identified which meet the Investment Policy;
- issues non-binding letter of interest;
- is granted a period of exclusivity (which is typically 4 to 8 weeks);
- undertakes detailed due diligence;
- appoints external legal counsel;
- commissions an external valuation report;
- prepares an investment memorandum;
- drafts sale and purchase documentation; and
- negotiates financing facilities with various banks (if required).

Stage 3 (Review and approval of acquisition by the Fund Manager Directors)

At this stage, an investment memorandum and external valuation are submitted by the senior management of the Fund Manager to the Fund Manager Directors for approval.

Stage 4 (Submission of proposed investment opportunity to relevant corporate governance bodies)

Once the Fund Manager Directors have approved the acquisition target, the recommendation is submitted to the relevant corporate governance body. All potential acquisitions are submitted to the Shari's Supervisory Board and to the Investment Committee for approval. In the event that the potential transaction is with a Related Party and the total consideration or value of the investment opportunity is five per cent (5%) or more of the most recent NAV then an additional process for approval of the transaction must be undertaken. This will involve, amongst other things, the approval of the terms of the transaction from the Investment Committee and the Oversight Committee but will, typically, not involve the approval of the specific transaction from Shareholders in a general meeting. For further information of the approval process required to be undertaken in respect of transactions with Related Parties, please refer to the "*Related Party Transactions and Conflicts of Interest*" section of this Prospectus.

For further information relating to the Fund's committees, please refer to the *"Corporate Structure and Governance"* section of this Prospectus.

Stage 5 (Resolution passed by the Fund to acquire the investment property)

On completion of the relevant procedures and steps of Stages 1-4, the Fund passes a resolution to acquire the investment property.

Approval Process for Disposals

The Fund intends to hold assets on a long-term basis. Notwithstanding this, in the event that the Fund Manager considers that any asset has reached a stage such that the asset offers only limited scope for financial growth and development, or presents an opportunity to realise fair value gain on the property.

The Fund Manager may consider selling the asset and using the proceeds for alternative investments in assets that meet its investment criteria. Disposition decisions in respect of assets may be made based on a number of factors including, but not limited to, the following:

- the sale price achievable;
- income and potential for future growth for the Fund with and without the asset;
- the strategic fit of the asset or investment with the rest of the Portfolio or other assets of the Fund;
- the existence of alternative sources, uses or needs for capital; and
- recent changes in, and the current state of, the real estate market.

Active Asset Management Strategy

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

- *Maintaining the quality of the Portfolio by regularly monitoring the performance of the Properties:* The Fund Manager seeks to achieve a high level of occupancy by maintaining and enhancing the physical condition of the Properties;
- *Optimising the Net Leasable Area of the Properties through reconfigurations:* The Fund Manager, if deemed necessary, will work to reconfigure the Properties to enhance and optimise the overall net leasable area of the Portfolio with the aim of increasing occupancy and income generation;
- *Establishing close relationships with tenants to increase tenant satisfaction and retention:* The Fund Manager works closely with each of the Property Managers and seeks to establish direct relationships with tenants to better understand their needs and requirements. The Fund Manager believes that such enhanced relationships will assist in the enhancement of tenant retention and thus increase the attractiveness of the Portfolio;
- *Increasing rental rates and property yields through a considered approach to contract terms:* The Fund Manager either directly or with the Property Managers, proactively manages lease renewals and pursues new leases to reduce vacancy periods through factors such as: (i) early negotiations with tenants whose tenancies are about to expire; and (ii) increasing rents on leases which are below market rents;
- *Improving the service cost coverage ratio with respect to the different Properties:* The Fund Manager is, where possible and upon expiry of existing leases, attempting to increase the proportion of leases with embedded service charge components as a means of increasing its recovery of property operating expenses from tenants;
- *Enhancing the operating efficiency of the Portfolio:* Where possible, the Fund Manager pursues operating cost reductions through improved efficiencies and cost control measures. The agreements with the Property Managers include clauses which ensure that they provide the Fund with a good service at a competitive rate and the Fund exercises numerous cost saving measures on a case by case basis. For example, a specific energy saving scheme with Pacific Control in Dubai Internet City has reduced the energy bills for Building 24 by 10%; and
- *Raising the profile of the Portfolio:* The Fund Manager, together with the Property Managers, use appropriate marketing, advertising and promotional efforts to raise the profile of the Portfolio and increase the visibility of the Properties through active marketing.

Prudent Capital and Risk Management Strategy

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

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

- managing the risks associated with the Properties by balancing the Portfolio and focusing on acquiring a broad range of properties and seeking quality tenants with attractive lease terms and covenants;
- using Shari'a compliant debt financing in an attempt to provide additional capital and improve Shareholder returns over the long-term where such Shari'a debt financing is appropriate. However, the Fund Manager is obliged to ensure that the Fund's gearing will not exceed the limit imposed by the CIR Rules, which as at the date of this Prospectus is 70% of the net asset value;
- continually revisiting lines of credit and assessing a variety of possible financing structures;
- actively considering opportunities to raise funds by way of the issue of new Shares in the long term; and
- maintaining a strong capital structure with the aim of maintaining prudent balance sheet gearing levels to provide the Fund with the ability to finance future acquisitions.

Currently, the Fund intends to follow the Investment Policy and the strategies described in this section. However, the Fund Manager may from time to time change the Investment Policy and/or may impose investment restrictions thereon. In the unlikely event the Fund Manager chooses to make any such changes or to impose any such restrictions, it would notify the Shareholders. Pursuant to the Articles of Association, the Investment Policy cannot be changed without the prior consent of the Shareholders by Special Resolution.

THE FUND'S PROPERTY PORTFOLIO

Portfolio Overview

Unless otherwise specified all information relating to the Properties in this Prospectus is as at 31 December 2013.

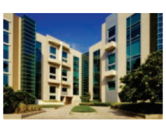
The current Portfolio consists of the following ten Properties:

- Building 24;
- Indigo 7;
- the Lofts Offices, Loft 1;
- the Lofts Offices, Loft 2;
- the Lofts Offices, Loft 3;
- Office Park;
- GWAD;
- Index Tower-Retail;
- Index Tower-Office; and
- Index Tower-Car Park.

The Fund's Property Portfolio consists of ten Properties. The Fund has acquired the freehold interest in respect of seven of the ten Properties, being Office Park, Building 24, Loft Office 1, Loft Office 2, Loft Office 3, Index Tower-Retail (save for one of the nineteen units forming the property which is pending completion) and Index Tower-Office. One property is held on the basis of a long-term leasehold interest (GWAD), another is held through a contractual interest (Indigo 7). The final property is a freehold interest which is subject to the completion of conditions precedent by the seller (Index Tower-Car Park). The Fund has only made partial payment of the consideration for Index Tower-Car Park and the final Index Tower-Retail unit, with the full consideration being payable only upon satisfaction of conditions precedent by the seller. For further information, please refer to the risk factor entitled "*The Fund's acquisitions of Index Tower-Car Park and one unit in Index Tower-Retail are subject to the satisfaction of conditions precedent, therefore the Fund has not legally completed the acquisition of these properties*" in the "*Risk Factors*" section of this Prospectus. The Fund holds a long-term leasehold interest in GWAD until 14 November 2056 and a contractual interest similar to tenancy rights in Indigo 7 until 8 September 2039.

The key features of each of the Properties as at 31 December 2013 is as follows:

Property Portfolio

Property		Acquisition Date	Title	Acquisition Price	Current Valuation[1]	NLA (sq. ft.)	Occupancy[1]
Building 24 Dubai Internet City		27 June 2011	Freehold	AED 50.1 mn	AED 56.7 mn	57,335	89.5%
Indigo 7 Sheikh Zayed Road (Al Manara)		25 September 2011	Contractual interest similar to tenancy rights	AED 26.2 mn	AED 23.9 mn	20,477	55.0%
Loft Office 1 Dubai Media City		8 December 2011	Freehold	AED 170.0 mn	AED 44.6 mn	36,668	97.6%
Loft Office 2 Dubai Media City		8 December 2011	Freehold		AED 93.2 mn	73,783	91.1%

Property		Acquisition Date	Title	Acquisition Price	Current Valuation(1)	NLA (sq. ft.)	Occupancy(1)
Loft Office 3 Dubai Media City		8 December 2011	Freehold		AED 63.3 mn	52,615	92.7%
Office Park Dubai Internet City		19 June 2012	Freehold	AED 333.0 mn	AED 404.7 mn	359,804	89.8%
Index Tower-Retail DIFC		7 May 2013 (Units RT 201 to 211) 30 May 2013(2) (Units RT 301 to 305 and C1, C2, C3)	Freehold (Contract 1 and Contract 2); Pending completion of sale and purchase agreement and registration of freehold interest (Contract 3)	AED 123.0 mn	AED 123.0 mn	73,650(3)	N/A(4)
GWAD Al Barsha South		10 October 2013	Registered Leasehold	AED 275.5 mn	AED 311.2 mn	459,614(5)	100.0%
Index Tower-Office DIFC		18 December 2013	Freehold	AED 32.2 mn	AED 34.3 mn	20,752(6)	N/A(7)
Index Tower-Car Park DIFC		18 December 2013(2)	Pending completion of sale and purchase agreement and registration of freehold interest	AED 29.0 mn	AED 32.0 mn	N/A(8)	N/A(8)

(1) As at 31 December 2013

(2) Refers to date of relevant sale and purchase agreements. Contract 3 for the acquisition of unit RT 305 pending completion.

(3) Index Tower-Retail includes 162 parking spaces

(4) Currently unoccupied; proposals are being sought to reconfigure and refurbish Index Tower—Retail

(5) Figure refers to the total plot area of GWAD, the whole of which is currently leased to the tenant

(6) Index Tower-Office includes 45 parking spaces

(7) Currently unoccupied; currently available for lease

(8) Index Tower-Car Park refers to 491 car parking spaces in Index Tower

The Portfolio is summarised as follows:

- **Retail and Commercial Properties:** Building 24, the three Lofts Offices and Office Park are situated in the TECOM free zones of Dubai Internet City and Dubai Media City, a well-established commercial and educational district of new Dubai to the north of the Sheikh Zayed Road, the main highway in Dubai. TECOM free zone is located between Dubai Marina and Palm Jumeirah. These areas are popular locations for the regional headquarters of international corporate occupiers, particularly those involved in the media and technology sectors and also attractive areas in which to invest as it is possible to own the freehold title of the property. Indigo 7 is a commercial property with a ground floor retail offer located along the northern side of Sheikh Zayed Road within the Al Manara district of Dubai, a primarily residential district of Dubai situated between Umm Al Sheif and Al Safa.

- **Retail Property:** Index Tower-Retail comprises 19 individual retail units located over the ground floor, podium and sky lobby levels. Index Tower is a recently constructed residential and commercial tower designed by Foster & Partners. Index Tower is located in the DIFC, a well-established commercial and residential free zone, popular with financial services institutions and international commercial firms.
- **Education Property:** GWAD is a school offering educational services up to grade 12 located in Al Barsha South, a developing residential district of new Dubai to the south of Al Khail Road and situated between Jumeirah Village Circle and Dubiotech and within close proximity of many of the prime residential areas of new Dubai. The school provides modern facilities and has approximately 1,800 students.
- **Commercial Property:** Index Tower-Office consists of the entire seventh floor of Index Tower, comprising 20,752 sq. ft. of commercial space. Index Tower-Office offers a regular shaped and relatively column-free floor plate offering flexibility for design and fit-out. It also offers generous floor heights and floor to ceiling solar treated glass allowing natural light throughout the office.
- **Car Parking:** Index Tower-Car Park comprises 491 car parking spaces situated at and forming part of Index Tower.

Together, the Properties comprise approximately 1.2 million sq. ft. of net leasable area (excluding Index Tower-Car Park) and were independently valued at AED 1,187 million (US$323.1 million) as at 31 December 2013. The aggregate purchase price of the Properties is AED 1,039 million (US$282.9 million).

Status of Index Tower-Retail (Contract 3) and Index Tower-Car Park

- **Index Tower-Retail (Contract 3)**

The actions and requirements to effect registration of the unit of Contract 3 have not yet been executed by the Fund and processed by the DIFC Registrar of Real Property. In accordance with the terms of Contract 3, the sum of AED 1.1 million (US$0.3 million) was paid by the Fund (representing 10% of the purchase price payable) to Emirates NBD Properties during the year ended 31 December 2013. The balance of the purchase price, being AED 9.9 million (US$2.7 million) as at 31 December 2013, is due and payable by the Fund to Emirates NBD Properties on satisfaction of certain conditions to be performed by Emirates NBD Properties under the terms of Contract 3. The conditions concern the registration of Emirates NBD Properties as the freehold owner of the unit of Contract 3 to be transferred to the Fund and the transfer of certain common areas of the principal body corporate of Index Tower into the control and ownership of the retail body corporate of Index Tower. In order to effect this transfer, there is a set process (consisting of various stages) and strict procedures (as prescribed in the relevant Body Corporate Strata Management Statements and the laws and regulations of the DIFC) that must be followed by Emirates NBD Properties and the Fund. The satisfaction of the conditions of Contract 3 has not yet occurred and the process is being furthered and managed by the Fund Manager.

- **Index Tower-Car Park**

The actions and requirements to effect registration of the car parking spaces of Index Tower- Car Park have not yet been executed by the Fund and processed by the DIFC Registrar of Real Property. In accordance with the terms of the Car Park Contract, the sum of AED 2.9 million (US$0.8 million) was paid by the Fund (representing 10% of the purchase price payable) to Emirates NBD Properties during the year ended 31 December 2013. The balance of the purchase price, being AED 26.1 million (US$7.1 million) was due at 31 December 2013 and payable by the Fund to Emirates NBD Properties on satisfaction of a condition to be performed by Emirates NBD Properties under the terms of the Car Park Contract. The condition concerns the registration of Emirates NBD Properties as the freehold owner of the car parking spaces of Index Tower-Car Park to be transferred to the Fund. The satisfaction of the condition of the Car Park Contract has not yet occurred and the process is being furthered and managed by the Fund Manager.

Valuation

The Properties were valued by CBRE and Asteco as at 31 December 2013 as follows:

Property Valuations

Property	Valuation (AED)	Valuation (US$)	Valuation as % of Portfolio	Purchase Price (AED)	Purchase Price (US$)
Building 24	56,690,000	15,434,250	4.8%	50,099,720	13,640,000
Indigo 7	23,940,000	6,517,833	2.0%	26,210,000	7,135,856
Loft Office 1	44,630,000	12,150,830	3.8%	37,947,744(1)	10,331,539
Loft Office 2	93,190,000	25,371,631	7.9%	77,093,959(1)	20,989,371
Loft Office 3	63,310,000	17,236,591	5.3%	54,958,297(1)	14,962,782
Office Park	404,660,000	110,171,522	34.1%	333,000,000	90,661,585
Index Tower-Retail	122,950,000	33,473,999	10.4%	122,996,285(2)	33,486,601(2)
GWAD	311,240,000	84,737,272	26.2%	275,475,000	75,000,000
Index Tower-Office	34,250,000	9,324,803	2.9%	32,165,000	8,757,310
Index Tower-Car Park	32,000,000	8,712,224	2.7%	29,006,352(3)	7,897,182(3)
TOTAL	**1,186,860,000**	**323,130,955**		**1,038,952,357**	**282,862,226**

(1) Total consideration for the Loft Offices was AED 170 million. This represents the allocated purchase cost based on NLA. Note: Valuations for Index Tower-Office and Index Tower-Car Park are based on valuations conducted by Asteco. The remaining properties are based on valuations conducted by CBRE.

(2) Includes AED 9.9 million of deferred consideration payable upon the satisfaction of conditions precedent by the seller under Contract 3.

(3) Includes AED 26.1 million of deferred consideration payable upon the satisfaction of conditions precedent by the seller under the Index Tower-Car Park sale and purchase agreement.

Tenant Profiles

The Properties have a diverse tenant base with occupants operating in a wide range of industries with 176 international and domestic occupants as at 31 December 2013. The ten largest tenants contributed approximately 44.2% of passing income of the Fund (57.7% of passing income of the Fund including GWAD) as at 31 December 2013. The three largest contributors to passing income as at 31 December 2013 represented 26.7%, 6.7% and 5.5% respectively.

The table below sets out details of the ten largest tenants of the Properties, in terms of passing income and NLA, as at 31 December 2013:

Portfolio Tenant Concentration

Tenant	Building	Sector	Lease Expiry	Percentage of Portfolio NLA	Percentage of Portfolio Passing Income
Tenant 1	GWAD	Education Provider	2043	39.8%	26.7%
Tenant 2	Office Park	Management Consultancy	2017(1)	2.1%	6.7%
Tenant 3	Office Park	Health Care Information Systems	2018	3.6%	5.5%
Tenant 4	Office Park	Telecommunications	2017	2.7%	4.6%
Tenant 5	Office Park	Beverage Manufacturer and Retailer	2017	3.0%	4.2%
Tenant 6	Office Park	Chemical and Pharmaceutical	2017	2.1%	3.0%
Tenant 7	Indigo 7	Restaurants	2018	0.9%	2.0%
Tenant 8	Office Park	Medical Technology	2018	1.0%	1.7%
Tenant 9	Office Park	Computer Security Software	2020	1.1%	1.7%
Tenant 10	Office Park	Advertising and Media Services	2016	1.0%	1.5%
10 Largest Tenants				**57.2%**	**57.7%**
Other tenants				29.1%	42.3%
Vacant Units				13.7%	N/A
10 Largest Tenants (excluding GWAD)				**18.4%**	**44.2%**

(1) Existing lease expires in March 2014 but a new lease has been signed upon expiry for a further three years

Occupancy

As at 31 December 2011 and 2012, the Portfolio had occupancy rates of 84.3% and 75.3%, respectively. The overall occupancy of the Portfolio declined in 2012 due to the acquisition of Office Park mid-way through the year which at the time of purchase accounted for 59.3% of the Net Leasable Area of the Portfolio but was only 61.7% occupied. There has been a significant amount of leasing activity at Office Park with the occupancy rate improving for this Property to 89.8% as at 31 December 2013 resulting in an improvement in the blended occupancy rate for the entire Portfolio to 86.3% as at 31 December 2013 (94.0% excluding Index Tower-Retail, Index Tower-Office and Index Tower-Car Park). Significant leases have been entered into at Office Park during early 2014: (i) an advertising and communication group of companies entered into a number of new 3 year leases in February 2014 for a total of 10,440 sq. ft. of office space; and (ii) a chemical and pharmaceutical company surrendered its existing lease of 6,771 sq. ft. of office space to expand and sign a new lease of 10,755 sq. ft. which commenced in February 2014 with a term of 5 years.

In respect of Indigo 7, occupancy levels have fallen from 100% as at 31 December 2012 to 55.0% as at 31 December 2013 due to the expiry of five leases for five units on the first and second floor. The tenants of two of the units did not vacate the units after the expiry of their leases on 14 December 2013. Terms have since been agreed with the two tenants in respect of these two units. For the other three units, one unit has been leased from 1 March 2014 for three years and offers have been issued to a number of parties in respect of the other two units.

The occupancy levels for the Lofts Offices have steadily increased during 2012 and 2013 as a result of pro-active management by the Fund Manager and the growing demand in the real estate market for office space ranging from 500 to 3,000 sq. ft. Occupancy rates for Loft Office 1 have improved from 88.2% as at 31 December 2011 to 97.6% as at 31 December 2013. Over the same period, occupancy rates for Loft Office 2 have improved from 83.0% to 91.1% and occupancy rates for Loft Office 3 have improved from 71.6% to 92.7%.

The occupancy levels for Building 24 remained relatively consistent in 2013 at between 89.5% and 95%.

GWAD, which was acquired on 10 October 2013, is 100% occupied by a school operator.

The table below sets out information on the occupancy rates of the Properties as at 31 December 2011, 31 December 2012 and 31 December 2013:

Property Occupancy Rates

	As at 31 December		
	2011	**2012**	**2013**
Building 24	89.5%	93.0%	89.5%
Indigo 7	100.0%	100.0%	55.0%
Loft Office 1	88.2%	86.0%	97.6%
Loft Office 2	83.0%	83.3%	91.1%
Loft Office 3	71.6%	72.6%	92.7%
Office Park	N/A	68.7%	89.8%
Index Tower-Retail	N/A	N/A	0.0%
GWAD	N/A	N/A	100.0%
Index Tower-Office	N/A	N/A	0.0%
Index Tower-Car Park	N/A	N/A	0.0%
Total Portfolio Occupancy	**84.3%**	**75.3%**	**86.3%**
Total Portfolio Occupancy (excluding Index Tower-Retail, Index Tower-Office and Index Tower-Car Park)	N/A	N/A	94.0%

Expiry and Renewals

At the date of acquisition of each of the Properties, many of the existing leases at the Properties were for a term of one year only. However, a significant number of new tenancy agreements relating to the Properties, particularly Office Park, are generally for a term of not less than three years and include a right to renew the lease for a further term. The existing weighted average unexpired lease term of the Portfolio (excluding GWAD) is 2.5 years as at 31 December 2013 (the weighted average unexpired lease term of the Portfolio including GWAD is 9.8 years as at 31 December 2013) which compares to 1.3 years as at 31 December 2012. In accordance with normal commercial property practice, renewals are generally on the same terms and conditions as the original tenancies except for the rental rate, which will be revised to reflect the prevailing market rent.

The table below sets out the future minimum rentals receivable by the Fund under non-cancellable operating leases as at 31 December 2011, 2012 and 2013, respectively:

Future Minimum Rentals Receivable

	As at 31 December			**Share of total**		
(US$ millions)	**2011**	**2012**	**2013**	**2011**	**2012**	**2013**
Within one year	7.71	21.62	28.87	25.8%	26.0%	8.1%
After one year but not more than five years	18.92	56.86	76.35	63.3%	68.3%	21.4%
More than five years	3.27	4.80	250.75	10.9%	5.8%	70.4%
Total	**29.89**	**83.28**	**355.97**	**100%**	**100%**	**100%**

Future Improvement Works

The Fund Manager is considering proposals which would result in asset improvements and could expand Index Tower-Retail, which is currently vacant and has been vacant since the Fund Manager entered into a sale and purchase agreement to acquire the property in May 2013. This includes proposals to reconfigure and improve the floor space prior to the space being marketed to potential tenants with a view to enhancing the quality of the existing space and increasing the leasable area and rental returns. The Fund Manager is currently in the process of obtaining proposals from consultants to assist with the concept design and feasibility study of this refurbishment project.

Marketing and Leasing Activities

The Properties are actively marketed by the property manager appointed for each Property to prospective tenants in desired target groups through advertisements in the media, direct calls and liaising with property consultants. The consultants and prospective tenants are also regularly updated with the list of available units for rental. Viewings of the premises are conducted regularly with prospective tenants.

Tenancy Agreements and Lease Management

The tenancy agreements entered into for the Properties contain terms and conditions, including those relating to duration of the tenancy, payment of rent, provision of security deposit (where applicable) as well as alteration and improvement works, generally found in most retail and office tenancies in Dubai. The terms are in line with market practice and procedures. In certain instances, these terms have been varied to accommodate the specific needs of major tenants such as right to space expansion, rent-free fitting out period, subletting and assignment.

When a prospective tenant has committed to a tenancy, a security deposit and service charge is usually payable. The tenant will take possession of the premises after it has made the requisite payments and has formally executed the tenancy agreement. Rent and service charge (where applicable) are payable to the Fund in advance.

As tenant retention is critical to reducing the turnover of tenancies, the relevant Property manager will maintain close communication and a good working relationship with the existing tenants. Dialogues and meetings for tenancy extension will be held in advance with tenants whose tenancies are due to expire. Procedures relating to arrears will be strictly enforced to ensure the timely payment of rent. Post-dated cheques from the tenants are held by the Fund in many instances.

For further information, please refer to the paragraph entitled *"Property and Facility Managers"* in the *"General Information"* section of this Prospectus.

Insurance

The Properties are all adequately covered by all risk property insurance policies issued by a Shari'a compliant Takaful provider with the exception of GWAD which is insured by the tenant pursuant to a full repairing and insuring lease under which the Fund is a loss payee and Index Tower-Retail, Index Tower-Office and Index Tower-Car Park which are insured by the principal body corporate and recovered through the service charges. There are no significant or unusual excess or deductible amounts required under such policies. There are, however, certain types of risks that are not covered by such insurance policies, including damage resulting from acts of war, acts of terrorism, subsidence and outbreaks of contagious diseases. For further information, please refer to the risk factor "*The Fund may suffer losses in excess of insurance proceeds, if any, or from uninsurable events and may be limited in terms of the scope of insurance available to it*" in the "*Risk Factors*" section of this Prospectus.

Description of the Properties

Descriptions and photographs of each of the Properties are set out below:

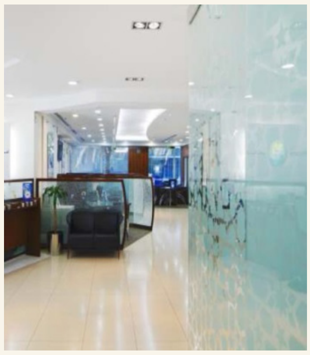
Building 24

Dubai Internet City

Office with ground-floor retail

PROPERTY DESCRIPTION

- 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.

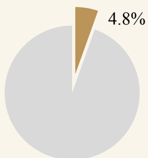


PROPERTY OVERVIEW

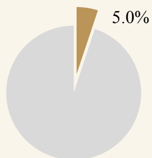
Acquisition Summary

Acquisition Date	27 June 2011
Plot No.	Plot A-009-002
Ownership Title	Freehold
Acquisition Price	AED 50.1 million
Consideration	Shares

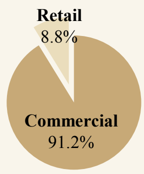
Share of Portfolio Value



Share of Portfolio NLA



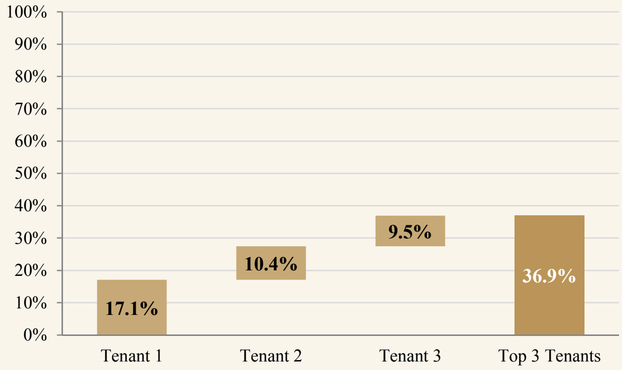
Area Breakdown



Property Highlights [(1)]

Year of Completion	2005
Current Valuation	AED 56.7 million
Plot Area	41,036 sq. ft.
Net Leasable Area	57,335 sq. ft.
No. of Tenants	23
Occupancy	89.5%
WA Lease Expiry	1.8 years
Current Passing Income	AED 7.2 million

Tenant Concentration – Share of Property Income [(1)]



[(1)] *As at 31 December 2013*

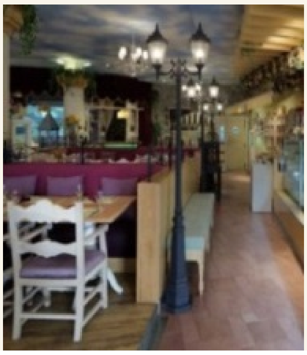
Indigo 7 Building

Sheikh Zayed Road

Commercial property with ground floor retail

PROPERTY DESCRIPTION

- 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.

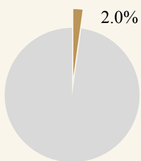


PROPERTY OVERVIEW

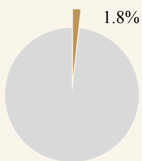
Acquisition Summary

Acquisition Date	25 September 2011
Plot No.	Plot 363-0998
Ownership Title	Contractual interest similar to tenancy rights (1)
Acquisition Price	AED 26.2 million
Consideration	Cash and Shares

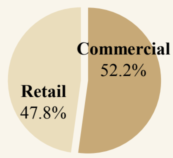
Share of Portfolio Value



Share of Portfolio NLA



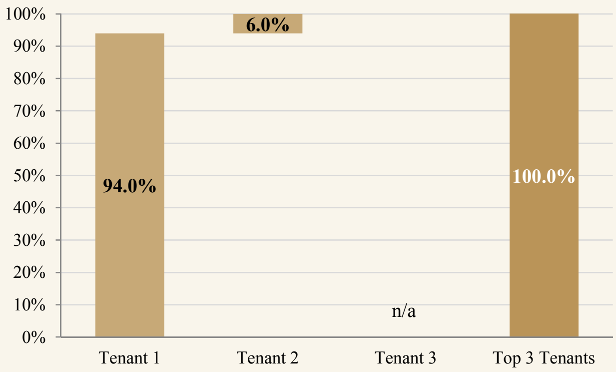
Area Breakdown



Property Highlights (2)

Year of Completion	2009
Current Valuation	AED 23.9 million
Plot Area	15,000 sq. ft.
Net Leasable Area	20,477 sq. ft.
No. of Tenants	2
Occupancy	55.0%
WA Lease Expiry	4.1 years
Current Passing Income	AED 2.3 million

Tenant Concentration – Share of Property Income (2)



(1) The Fund holds a contractual interest similar to tenancy rights expiring on 8 September 2039(approximately 26 years unexpired). The owner of the freehold title in the subject property is the Government of Dubai –Dubai Financial Support Fund.

(2) As at 31 December 2013

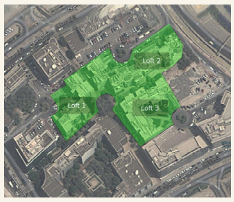
Loft Offices 1

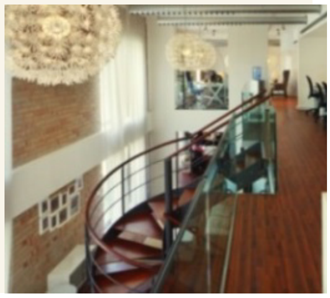
Dubai Media City

Low-rise office building

PROPERTY DESCRIPTION

- One of 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 1 cover a land plot area of 20,777 square feet.



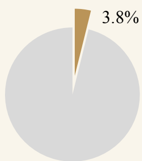


PROPERTY OVERVIEW

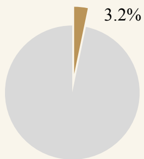
Acquisition Summary

Acquisition Date	8 December 2011
Plot No.	Plot A-002-016
Ownership Title	Freehold
Acquisition Price [(1)]	AED 37.5 million
Consideration	Cash and Shares

Share of Portfolio Value



Share of Portfolio NLA

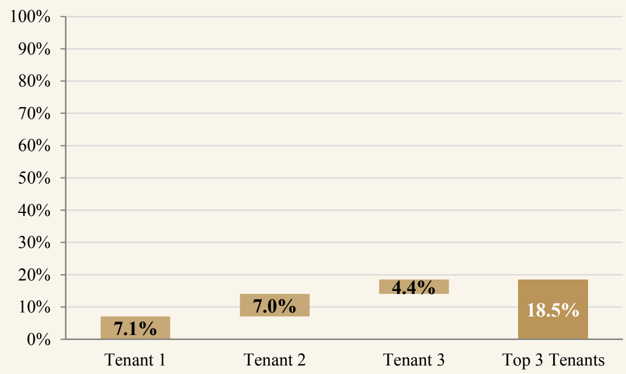


Area Breakdown

Property Highlights [(2)]

Year of Completion	2004
Current Valuation	AED 44.6 million
Plot Area	20,777 sq. ft.
Net Leasable Area	36,668 sq. ft.
No. of Tenants	27
Occupancy	97.6%
WA Lease Expiry	1.1 years
Current Passing Income	AED 5.2 million

Tenant Concentration – Share of Property Income [(2)]



[(1)] *This represents the share of the total acquisition value of AED 170 million for the Loft Offices based on NLA for each individual office building.*

[(2)] *As at 31 December 2013.*

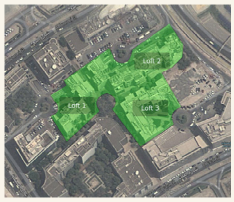
Loft Offices 2

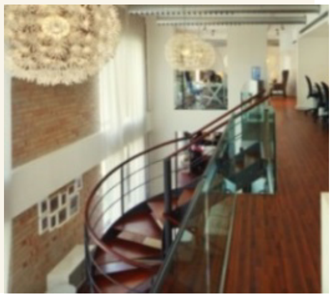
Dubai Media City

Low-rise office building with ground-floor retail

PROPERTY DESCRIPTION

- One of 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 2 cover a land plot area of 35,339 square feet.



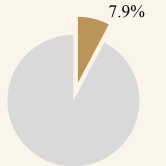


PROPERTY OVERVIEW

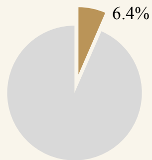
Acquisition Summary

Acquisition Date	8 December 2011
Plot No.	Plot A-002-017
Ownership Title	Freehold
Acquisition Price [1]	AED 77.1 million
Consideration	Cash and Shares

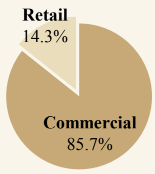
Share of Portfolio Value



Share of Portfolio NLA



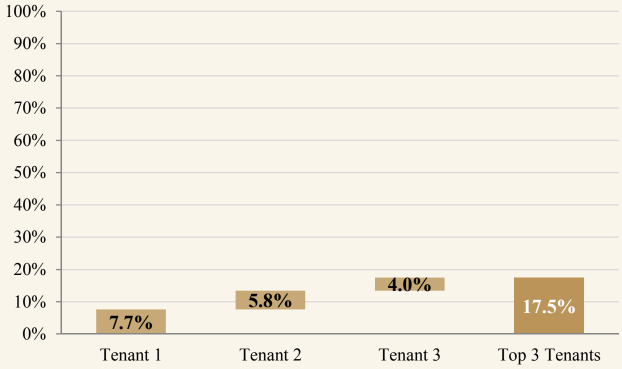
Area Breakdown



Property Highlights [2]

Year of Completion	2004
Current Valuation	AED 93.2 million
Plot Area	35,339 sq. ft.
Net Leasable Area	73,783 sq. ft.
No. of Tenants	46
Occupancy	91.1%
WA Lease Expiry	1.3 years
Current Passing Income	AED 10.0 million

Tenant Concentration – Share of Property Income [2]



[1] This represents the share of the total acquisition value of AED 170 million for the Loft Offices based on NLA for each individual office building.

[2] As at 31 December 2013

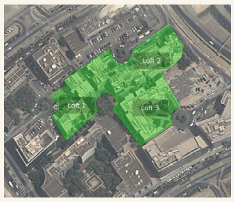
Loft Offices 3

Dubai Media City

Low-rise office building

PROPERTY DESCRIPTION

- One of 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 3 cover a land plot area of 26,679 square feet.

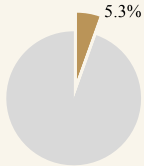


PROPERTY OVERVIEW

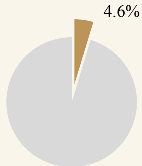
Acquisition Summary

Acquisition Date	8 December 2011
Plot No.	Plot A-002-025
Ownership Title	Freehold
Acquisition Price [(1)]	AED 54.9 million
Consideration	Cash and Shares

Share of Portfolio Value



Share of Portfolio NLA

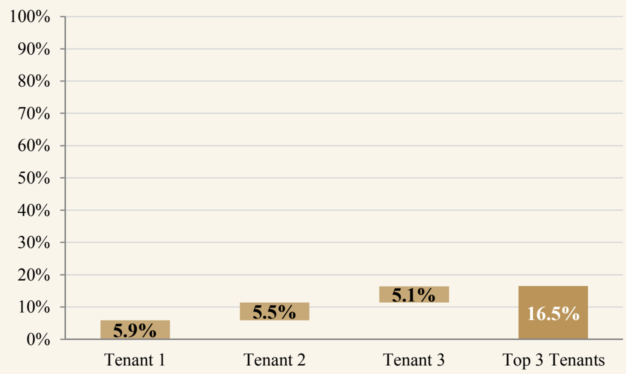


Area Breakdown

Property Highlights [(2)]

Year of Completion	2004
Current Valuation[(2)]	AED 63.3 million
Plot Area	26,679 sq. ft.
Net Leasable Area	52,615 sq. ft.
No. of Tenants	35
Occupancy	92.7%
WA Lease Expiry	1.5 years
Current Passing Income	AED 7.2 million

Tenant Concentration – Share of Property Income [(2)]



[(1)] *This represents the share of the total acquisition value of AED 170 million for the Loft Offices based on NLA for each individual office building.*

[(2)] *As at 31 December 2013*

Office Park

Dubai Internet City

Office with retail on ground and mezzanine levels

PROPERTY DESCRIPTION

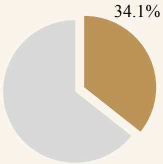
- Located within Knowledge Village, a well-established commercial and education district in new Dubai.
- Commercial building catering to office and retail tenants including a supermarket and other F&B tenants.
- Property comprises an 'L' shaped plot of land on a site area of approximately 128,412 square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

PROPERTY OVERVIEW

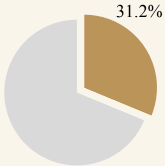
Acquisition Summary

Acquisition Date	19 June 2012
Plot No.	Plot A-007-001
Ownership Title	Freehold
Acquisition Price	AED 333 million
Consideration	Cash and Shares

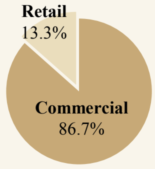
Share of Portfolio Value



Share of Portfolio NLA



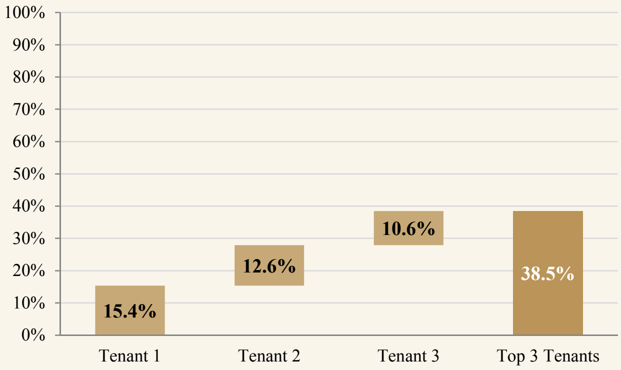
Area Breakdown



Property Highlights [(1)]

Year of Completion	2008
Current Valuation[(3)]	AED 404.7 million
Plot Area	128,412 sq. ft.
Net Leasable Area	359,804 sq. ft.
No. of Tenants	43
Occupancy	89.8%
WA Lease Expiry	3.1 years
Current Passing Income	AED 47.6 million

Tenant Concentration – Share of Property Income [(1)]



[(1)] *As at 31 December 2013*

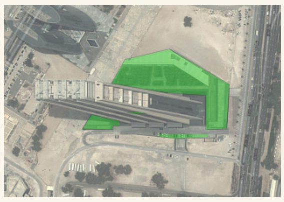
Index Tower - Retail

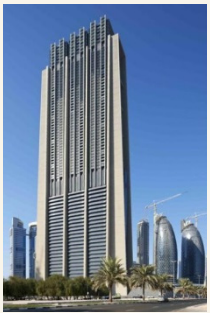
DIFC

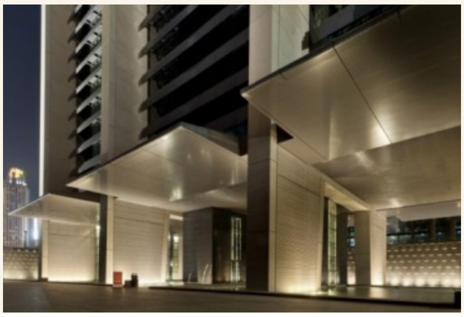
Retail units held under strata ownership

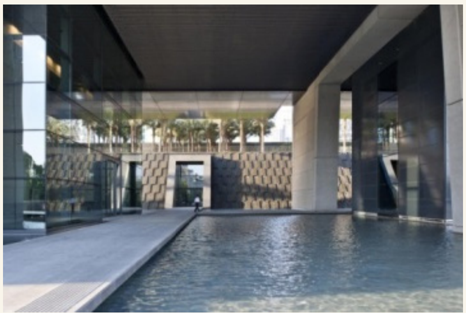
PROPERTY DESCRIPTION

- 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.
- Currently, Index Tower-Retail is vacant.









PROPERTY OVERVIEW

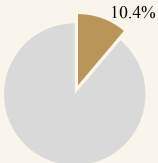
Acquisition Summary

Acquisition Date	7 May 2013 (Units RT201 to 211) 30 May 2013[(1)] (Units RT301 to 305 and C1, C2, C3)
Plot No.	Plot P.46
Ownership Title	Freehold (Contract 1 and Contract 2) Pending legal completion of sale and purchase agreement and registration of freehold interest (Contract 3)
Acquisition Price	AED 123 million
Consideration	Cash

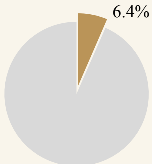
Property Statistics [(2)]

Year of Completion	2010
Current Valuation	AED 123.0 million
Plot Area	215,319 sq. ft.[(3)]
Net Leasable Area	73,650 sq. ft.
No. of Tenants	N/A
Occupancy	0%
WA Lease Expiry	N/A
Current Passing Income	N/A

Share of Portfolio Value



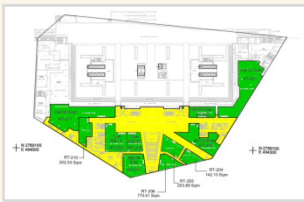
Share of Portfolio NLA



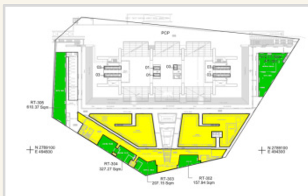
Area Breakdown

Floor Plan

Level 1



Level 2



Summary Development Plan

- The Fund is currently obtaining various proposals from architects to reconfigure and refurbish the retail space which will include:
  - The redesign of existing units to take in common area
  - Developing the outdoor retail area

(1) Refers to the date of the relevant sale and purchase agreement, which has not yet legally completed.
(2) As at 31 December 2013.
(3) Refers to plot area of Index-Tower.

GEMS World Academy (GWAD)

Al Barsha South

School and education facility

PROPERTY DESCRIPTION

- 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 459,614 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.

PROPERTY OVERVIEW

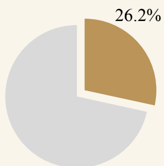
Acquisition Summary

Acquisition Date	10 October 2013
Plot No.	Plot No. 321 – Al Barsha South First
Ownership Title	Leasehold [(1)]
Acquisition Price	AED 275.5 million
Consideration	Cash

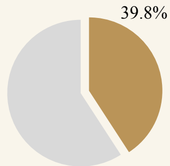
Property Statistics [(2)]

Year of Completion	2008 and 2011
Current Valuation	AED 311.2 million
Plot Area	459,614 sq. ft.
Net Leasable Area	459,614 sq. ft. [(3)]
No. of Tenants	1
Occupancy	100.0%
WA Lease Expiry	29.8 years
Current Passing Income	AED 29.0 million

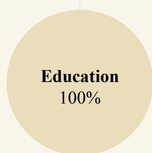
Share of Portfolio Value



Share of Portfolio NLA



Area Breakdown



Overview of Long-lease Agreement

- Long-term lease to Premier School International LLC expiring in October 2043
- The rent for the first year is AED 28.7 million which is comprised of :
  - AED 25.0 million basic rent; and
  - AED 3.7 million for land which is paid by the Fund to the ultimate owner of the land.

[(1)] *The Fund holds a long leasehold in the subject property expiring on 10 November 2056 (approximately 43 years unexpired). The owner of the freehold title in the subject property is the Knowledge Fund Establishment.*

[(2)] *As at 31 December 2013*

[(3)] *Figure refers to the total plot area at GWAD, the whole of which is currently leased to the tenant*

Note: As at the date of this Prospectus, the land rent is currently subject to an ongoing rent review process by the Knowledge Fund Establishment.

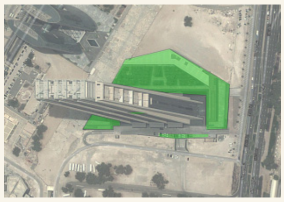
Index Tower-Office

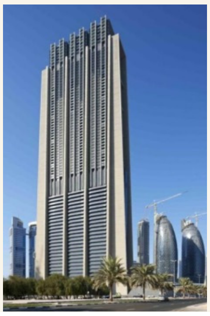
DIFC

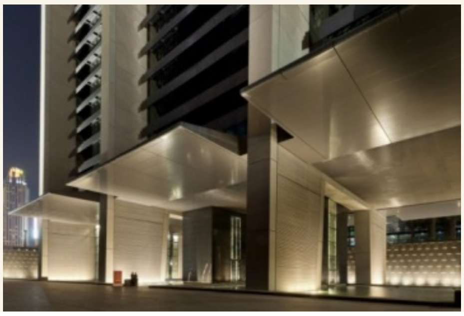
Commercial office floor

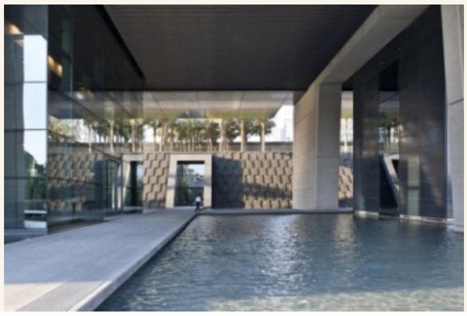
PROPERTY DESCRIPTION

- Index Tower is a mixed-use property located in the DIFC, a well-established commercial and retail district in Dubai.
- Index Tower was newly completed in 2010 and covers a land area of approximately 215,319 sq. ft.
- Index Tower-Office comprises Level 7 (Unit 701) of Index Tower which measures 20,752 sq. ft. of commercial office space.
- Currently, Index Tower-Office is vacant.







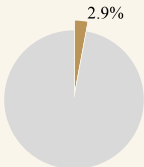


PROPERTY OVERVIEW

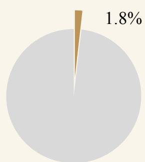
Acquisition Summary

Acquisition Date	18 December 2013
Plot No.	P.46
Ownership Title	Freehold
Acquisition Price	AED 32.2 million
Consideration	Shares

Share of Portfolio Value



Share of Portfolio NLA



Area Breakdown

Property Statistics [(1)]

Year of Completion	2010
Current Valuation	AED 34.3 million
Plot Area	215,319 sq. ft.[(2)]
Net Leasable Area	20,752 sq. ft.
No. of Tenants	N/A
Occupancy	0%
WA Lease Expiry	N/A
Current Passing Income	N/A

Overview of Index Tower-Office

- Index Tower features 25 floors of Grade A commercial office space.
- The floors typically offer full-floor options with the possibilities for half-floor subdivisions.
- Index Tower-Office offers a regular shaped and relatively column-free floor plate offering flexibility for design and fit-out.
- Index Tower-Office also offers generous floor heights and floor to ceiling solar treated glass allowing natural light throughout the office.

(1) *As at 31 December 2013.*

(2) *Refers to plot area of Index-Tower.*

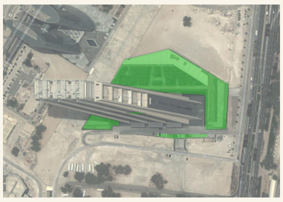
Index Tower-Car Park

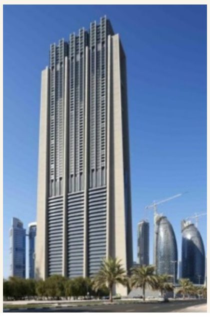
DIFC

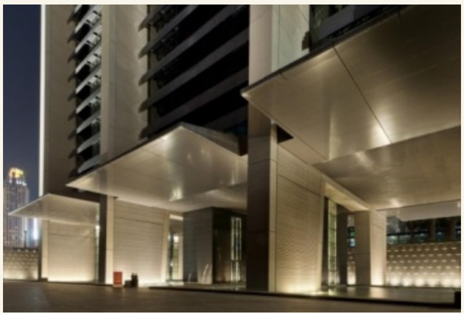
491 car parking spaces

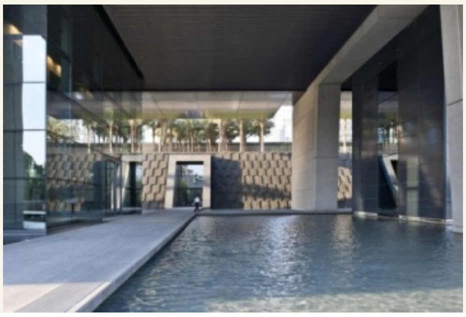
PROPERTY DESCRIPTION

- Index Tower is a mixed-use property located in the DIFC, a well-established commercial and retail district in Dubai.
- Index Tower was newly completed in 2010 and covers a land area of approximately 215,319 square feet.
- Index Tower-Car Park comprises 491 car parking spaces at Index Tower.
- Currently, Index Tower-Car Park is vacant.









PROPERTY OVERVIEW

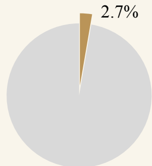
Acquisition Summary

Acquisition Date	18 December 2013[(1)]
Plot No.	P.46
Ownership Title	Pending legal completion of sale and purchase agreement and registration of freehold interest
Acquisition Price	AED 29 million
Consideration	Cash

Property Statistics [(2)]

Year of Completion	2010
Current Valuation	AED 32.0 million
Plot Area	215,319 sq. ft.[(3)]
Net Leasable Area	N/A
No. of Tenants	N/A
Occupancy	0%
WA Lease Expiry	N/A
Current Passing Income	N/A

Share of Portfolio Value



Share of Portfolio NLA

N/A

Area Breakdown

[(1)] *Refers to the date of the relevant sale and purchase agreement, which has not yet legally completed.*

[(2)] *As at 31 December 2013.*

[(3)] *Refers to plot area of Index-Tower.*

THE FUND MANAGER

Overview

The Fund is managed by Emirates REIT Management (Private) Limited. The Fund Manager has, amongst other things, responsibility for managing the Property Portfolio and is also responsible for all operations concerning the Fund. The Fund Manager is the sole Director of the Fund.

The Fund Manager is a joint venture between DIB and Eiffel Management Limited. DIB owns 25%, and Eiffel Management Limited owns 75%, of the Fund Manager's total issued share capital. DIB's managing director, Abdulla Al Hamli, is also the chairman of the Fund Manager.

As at the date of this Prospectus, DIB owned 30.9% of the total issued share capital of the Fund and immediately following Admission, assuming the issue of all Shares offered pursuant to the Offer, DIB is expected to own 15.7% of the issued share capital of the Fund (assuming full exercise of the Over-allotment Arrangements and assuming that DIB does not participate in the Offer). The issued share capital of the Fund Manager is US$1.5 million, all of which is fully paid up.

Eiffel Management Limited is a BVI business company incorporated and existing under the laws of the British Virgin Islands with registered number 1438983 and with its registered office at Woodbourne Hall, Road Town, Tortola, British Virgin Islands. Eiffel Management Limited is wholly-owned by a foundation, Galaxis 239 Stiftung, of which Sylvain Vieujot (the executive deputy chairman of the Fund Manager) is the primary beneficiary and Magali Mouquet (an executive director of the Fund Manager) is an additional beneficiary.

The Fund Manager is a private company limited by shares that was incorporated in the DIFC on 27 October 2010 and is licensed by the DFSA (with DFSA reference number F001310) to undertake the financial services activities of: (i) advising on financial products or credit; and (ii) managing a collective investment fund. This also includes the following financial services activities when such activities fall within the ordinary scope of managing a collective investment fund: (i) managing assets; (ii) providing fund administration; (iii) dealing as principal; (iv) dealing as agent; (v) arranging credit or deals in investments; and (vi) providing custody in relation to the management of the Fund. The Fund Manager's DFSA authorisation has an Islamic Financial Business Endorsement of "Islamic Financial Institution" and a Retail Endorsement of "carrying out authorised financial services with or for Retail Clients".

For the avoidance of doubt, the Fund Manager is not liable to pay any commission on any fund-raising. To the extent permitted by the CIL, the CIR Rules, the Companies Law and all other laws, rules and regulations, the Fund may charge any person subscribing for Shares a fee (in addition to the amount paid to the Fund by such person by way of subscription monies) equal to the amount being charged to the Fund by any third party by way of commission and/or brokerage in connection with the subscription of the Shares being subscribed for by that person and such amount shall be treated as a reimbursement of such commission and/or brokerage and not as an amount paid up on the relevant Shares.

Pursuant to the CIL Law and CIF Rules, the Fund Manager must, amongst other things:

- carry out such duties and functions in relation to the Fund as are necessary to ensure compliance with the CIL Law and the CIR Rules that impose obligations on a Fund Manager;
- carry out its duty to make, or ensure that, decisions as to the constituents of the Portfolio are made, in accordance with the Articles and the Investment Objective of the Fund;
- take all steps and execute all documents to ensure that transactions are properly entered into for the account of the Fund;
- establish and maintain risk management controls in relation to the Fund;
- take all reasonable steps and exercise due diligence to ensure that the Portfolio is valued in accordance with the CIL Law, the CIR Rules and the Articles of Association;
- ensure that the following activities are performed in the DIFC (unless this requirement has been waived by the DFSA):
  - asset pricing and valuation of the Fund (but not the actual valuation exercise undertaken by a Valuer in relation to Real Property in the Portfolio);
  - issuing Shares in the Fund; and

- record keeping and maintaining the Fund's register of Shareholders;

- ensure that any transaction in respect of the Portfolio undertaken with an Affected Person is on terms at least as favourable to the Fund as any comparable arrangement on normal commercial terms negotiated at arm's length with an independent third party; and
- make and retain accounting and other records that are necessary to enable it to comply with the CIR Rules and to demonstrate at any time that such compliance has been achieved.

In addition, pursuant to the CIR Rules and CIL Law, the Fund Manager is responsible: (i) to the Shareholders for the safety of the Portfolio; (ii) for managing the Fund and monitoring its performance on a daily basis; and (iii) for all operations concerning the Fund.

The Fund is permitted from time to time to delegate certain activities or outsource certain functions in accordance with the CIR Rules and IFR. However, the Fund Manager continues to retain responsibility for such delegated activities and functions.

The Fund Manager may appoint an investment manager in any jurisdiction in which any part of the Portfolio is located to assist with the management of the Portfolio.

Pursuant to the Articles, the Fund is obliged to ratify all actions taken by the Fund Manager and is also obliged to indemnify the Fund Manager and its officers and employees to the fullest extent permitted against, amongst other things, any actual liability, costs or expenses reasonably incurred or sustained by it in connection with any debt, claim, action, or obligation of any kind in which it becomes involved by virtue of it being or having been the Fund Manager, an officer or employee of the Fund except where such debt, claim, action, or obligation arises as a result of any fraud, gross negligence or wilful default on the part of the Fund Manager, its officers and employees. Furthermore, subject to any provision of the Companies Law and the CIF Rules to the contrary, the Fund Manager, its officers and employees will not be liable for any damage, loss, costs or expenses to or of the Fund unless this was caused by their fraud, gross negligence or wilful default.

The Articles of Association are not permitted to and do not exempt the Fund Manager from any liability to Shareholders under DIFC Law (including the Companies Law and the CIF Rules).

Fund Manager Directors

The directors of the Fund Manager are:

- **Abdulla Al Hamli (Chairman)**

Mr Abdulla Ali Obaid Al-Hamli serves as managing director of DIB. Mr Al-Hamli has been the managing director of DIB since July 2013. He served as the chief executive officer of DIB from 22 September 2008 and served as its executive vice president of business services. Mr Al-Hamli served as chief of operations and information technology at DIB for nine years, following 16 years in progressively senior positions at leading public and private-sector organisations in Dubai, including more than a decade and a half as the director of information systems at the Dubai Ports Authority and Jebel Ali Free Zone. Mr Al-Hamli has been the chairman of Deyaar since July 2009. He has been the chairman and director at Tamweel PJSC since November 2010. He serves as a director of DIB and Deyaar. He served as a board member of Injazat Technology Fund II, Injazat Technology Fund and Injazat Technology Fund E.C. and as a director at Gulf Finance House BSC. He has completed various international professional development programs and holds a B.Sc. with majors in economics and mathematics from Al Ain University.

- **Sylvain Vieujot (Executive Deputy Chairman)**

Mr Vieujot is the co-founder and executive deputy chairman of the Fund Manager. He is also the chairman of Eiffel Management Limited, Eiffel Holding and La Tréserorie Limited.

Mr Vieujot moved to Dubai in 2005 and founded Eiffel Management Limited. In 2007, as chief executive officer of Eiffel Holding, he transferred Eiffel Holding, the then holding company of "Société de la Tour Eiffel"—the first French newly listed REIT (SIIC)—from Luxembourg to the Dubai International Financial Centre. In 2010, Eiffel Management Limited together with DIB launched the Fund, the first Shari'a compliant real estate investment trust incorporated in the DIFC. Prior to his involvement in the Fund Manager, Mr Vieujot founded several companies, including Freelance.com and Plâtre.com. In 2005, Mr Vieujot listed Freelance.com on the French stock market (Alternext of Euronext).

Mr Vieujot has a masters in entrepreneurship from HEC, Paris, France and is an engineer in computer sciences, micro-electronics and electro technology.

For further information, please refer to the paragraph entitled "*Disqualifications*" in the "*General Information*" section of this Prospectus.

- **Magali Mouquet (Executive Director)**

Ms Mouquet joined the board of the Fund Manager in October 2013 and is an executive director and a board member of the Fund Manager and a board member of Eiffel Management Limited. She oversees the investor relations, the communication & marketing and the human resources functions of the Fund Manager. Ms Mouquet is the co-founder of Plâtre.com and Freelance.com S.A. She was a board member of Freelance.com when the company launched its IPO in 2005 on the French stock market (Alternext of Euronext). Ms Mouquet has studied business management in the European Business School of Paris. Ms Mouquet is the wife of Sylvain Vieujot.

- **Mark Inch (Director)**

Mr Inch began his career in 1973 with Jean-Claude Aaron, one of France's leading property developers in the 1970s and joined the Banque Arabe et Internationale d'Investissement (BAII) in 1979. Between 1985 and 1990, as director of the bank and president of its real estate subsidiary, he initiated numerous operations combining financial engineering and property assets, restructuring companies by developing their real estate assets (including retail groups Felix Potin and Les Trois Quartiers). Mr Inch founded the Awon Group in 1999 with Robert Waterland. Together they grew the new company into one of the leading independent French property asset management firms. In July 2003, they combined with one of George Soros' real estate investment funds to take over Société de la Tour Eiffel and Mr Inch became chairman and chief executive officer of the company. Mr Inch stepped down as chief executive officer in September 2012 and remains chairman of the board of Société de la Tour Eiffel.

Fund Manager Management Team

The key members of the management team of the Fund Manager are:

- **Hannah Jeffery—Senior Executive Officer**

Ms Jeffery is the senior executive officer (SEO) of the Fund Manager. She is a qualified surveyor with over 10 years' experience in both regional and international property markets, as well as financing, structuring and capital market transactions. Ms Jeffery was appointed SEO in 2012. In 2008, prior to joining the Fund Manager, Ms Jeffery launched the Middle East business of the global real estate consultancy Cushman & Wakefield. She had previously completed her graduate training with their office in London. Ms Jeffery has also worked as a ratings specialist for Standard and Poor's in London, as part of the CMBS Structured Finance team, analysing commercial mortgage backed securitisation transactions across a range of European jurisdictions and asset classes. Ms Jeffery holds an MSc in Economics, Finance and Management from the University of Bristol, United Kingdom. She also holds an Msc in Real Estate Investment from Cass Business School, United Kingdom and is a member of the Royal Institution of Chartered Surveyors.

- **James Anderson—Chief Financial Officer**

Mr Anderson joined the Fund Manager as chief financial officer in August 2013. Mr Anderson is a UK qualified chartered accountant and has over 19 years of experience in advising companies on IPO and capital markets transactions. Prior to joining the Fund Manager, Mr Anderson was a director at PricewaterhouseCoopers' ("PwC") Capital Markets and Accounting Advisory Services Group in the Middle East. Mr Anderson joined PwC in the Middle East in 2008 on a strategic secondment from the PwC UK Capital Markets team in London where he was a director advising on UK and international equity and debt transactions. Mr Anderson joined PwC as a Director in early 2006 from the UK Financial Services Authority where he had spent six years as part of the UK Listing Authority's management team. Mr Anderson trained as a UK chartered accountant with KPMG starting out in audit and investigation before specialising in corporate finance and transaction services. Mr Anderson holds a BSc in Biochemistry from the University of Liverpool, United Kingdom, is a member of the Institute of Chartered Accountants in England & Wales and a Fellow of the Chartered Institute for Securities & Investment.

- **Arsheen Saulat—Compliance Officer and Money Laundering Reporting Officer**

Ms Saulat is the compliance officer and money laundering reporting officer (MLRO) of the Fund Manager. Ms Saulat has over 10 years of experience in compliance, working as head of compliance for the National Commodity Exchange in Pakistan and most recently with the DFSA within the markets division. Ms Saulat started her career at UBS Investment Bank, where she joined their graduate training program after completing her BSc Honors degree in business management from Kings College, London.

The Fund Management Agreement

The following is a summary of the key provisions of the Fund Management Agreement. For a more detailed description of the terms of the Fund Management Agreement, please refer to the "*General Information*" section of this Prospectus.

Overview

The Fund Manager is engaged by the Fund to: (i) manage the Fund and the Property on a non-exclusive basis as provided in the Articles, applicable law (including the CIR Rules) and the Fund Management Agreement; (ii) act as executive Director; and (iii) exercise all powers, authorities and discretions with regards to the management of the Fund and the Property.

The Fund is entitled to terminate the appointment of the Fund Manager if, amongst other things, (i) the Fund Manager commits any material breach of its obligations under the Fund Management Agreement and (where such breach is capable of remedy) it fails within 30 days of receipt of written notice from the Fund requiring it to do so to make good such breach; and (ii) the Fund Manager fails to perform its functions under the Fund Management Agreement to a material extent for a continuous period of 30 days.

Fund Manager Fee Overview

Management Fee

The Fund Manager is entitled to receive from the Fund a Fund Management Fee of an amount equal to 1.5% per annum of the Gross Asset Value of the Fund as consideration for the services it provides as Fund Manager. The Fund Management Fees are payable on a quarterly basis by the Fund.

Performance Fee

The Fund Manager is also entitled to receive from the Fund a one-off Performance Fee immediately following Admission and, subsequently, an annual Performance Fee. The annual Performance Fee is equal to 3.0% of the increase in the Net Asset Value per Share (adjusted for historical dividend payments) previously used in calculating the Performance Fee and will be calculated by taking the Net Asset Value per Share at the end of the Financial Year, subtracting from that value per Share the highest Net Asset Value per Share previously used in calculating the Performance Fee and then multiplying that resulting figure by the number of Shares in issue at the end of the Financial Year in question. The base Net Asset Value per Share of the Fund will be the highest Net Asset Value per Share determined on any previous date on which the Performance Fee was calculated. The one-off Performance Fee payable immediately following Admission will be equal to 5.0% of the increase in Net Asset Value per Share (excluding adjustments for dividends payments) at the time of Admission over the nominal value of the Shares of US$1, multiplied by the number of Shares in issue immediately prior to Admission (but excluding, for the avoidance of doubt, any Shares issued in connection with any offer of Shares made as part of the Admission). The Fund has made a provision for the one-off Performance Fee in the financial statements for the financial periods ended 31 December 2011, 2012 and 2013. Notwithstanding that the fees described above are limited by their terms to a particular percentage of assets or income, as the case may be, there is no limit on the amount of any such fees that may, in the aggregate, be paid to the Fund Manager.

Termination

The Fund Manager may terminate the Fund Management Agreement if: (i) the Fund goes into liquidation, becomes insolvent or is wound up; (ii) the Fund commits a material breach of the Fund Management Agreement and fails to rectify such breach within 30 days of receipt of written notice requiring it to do so; (iii) the Fund is wound up on immediate notice; or (iv) the Fund Manager gives three months' notice to the Fund. The Fund is entitled to reciprocal termination rights as described in (i) and (ii) above should any of those termination events be applicable to the Fund Manager and, also, in the event that the Fund Manager ceases to be authorised to act as such. The Fund is otherwise required to provide the Fund Manager with three years' prior written notice in order to terminate the Fund Management Agreement. For further information on the Fund Management Agreement's termination provisions, please refer to the "*General Information*" section of this Prospectus.

The Joint Venture Agreement

The following is a summary of the key provisions of the Joint Venture Agreement.

Overview

The shareholders of the Fund Manager, DIB and Eiffel Management Limited, are party to the Joint Venture Agreement which governs the establishment and operation of the Fund Manager.

Pursuant to the Joint Venture Agreement, the business of the Fund Manager is 'the management of the Fund and/or other real estate assets or funds together with such other business as the parties may agree upon from time to time'.

Roles

Each of DIB and Eiffel Management Limited are required to provide contributions of a non-capital nature from time to time. DIB is required to provide predominantly regulatory assistance and/or assistance with identifying and raising local funds for the Fund and Eiffel Management Limited is required to provide predominately industry related expertise in managing the Fund, establish the Fund Manager's management team and also to identify, recommend and support asset contributions to the Fund from sources outside of DIB.

Appointment of Board Members

Pursuant to the terms of the Joint Venture Agreement Eiffel Management Limited is entitled to appoint and replace three directors to the board of the Fund Manager and DIB is entitled to appoint and replace two directors to the board of the Fund Manager. Abdulla Al-Hamli was appointed to the board of the Fund Manager by DIB. Mohamed Al-Nahdi, a former director of the Fund Manager, was also appointed by DIB. Mr Al-Nahdi ceased to be a director on 5 March 2014. DIB has indicated that it does not intend to appoint a second director to the board of the Fund Manager in the near future.

Dividends

Dividends paid to DIB and Eiffel Management Limited are determined in accordance with the proportion of share capital in the Fund Manager owned by each Shareholder.

Termination

The term of the Joint Venture Agreement continues until the Fund Manager is either voluntarily, or by means of a court order, dissolved and liquidated or until either DIB or Eiffel Management Limited cease to hold shares in the Fund Manager as a result of a transfer of shares made in accordance with the terms of the Joint Venture Agreement. Further, the occurrence of certain prescribed events (which include the revocation of the Fund Manager's regulatory licence), oblige DIB or Eiffel Management Limited to effect a voluntary dissolution/liquidation of the Fund Manager, thus terminating the Joint Venture Agreement. A material breach of the Joint Venture Agreement by any of DIB, Eiffel Management Limited, Mark Inch or Sylvain Vieujot or the insolvency of DIB or Eiffel Management Limited can also ultimately lead to the termination of the Joint Venture Agreement.

CORPORATE STRUCTURE AND GOVERNANCE

Fund Director

The Fund Manager is the sole Director of the Fund and holds the sole Manager Share. The Fund Manager (in its capacity as sole Director) is entitled to appoint replacement directors to the Fund's board of directors pursuant to the Articles of Association. Under the Articles, any replacement director appointed by the Fund Manager is required to be approved by a Special Resolution at the next general meeting of the Fund. The Manager Share is required to be held by the Fund Manager and is not transferrable to any person except, in accordance with the CIL, CIR and the Articles, a person or an entity acting as a fund manager in place of the Fund Manager. The holder of the Manager Share shall have the sole right to act as the Fund Manager. The Manager Share itself carries no voting rights at a general meeting of the Fund and does not entitle the holder to any right to receive dividends or any other rights to participate in the profits of the Fund nor any other form of distribution (on a winding up or otherwise) relating to the Fund. The holder of the Manager Share (in its capacity as a Director) shall have the right to appoint an alternate person as an alternate Director.

Committees

A number of committees have been appointed by the Fund Manager in varying capacities in accordance with the CIL Law, CIR Rules and the Articles. These are: (i) the Oversight Committee, which supervises the activities of the Fund Manager in accordance with the CIL Law and CIR Rules; (ii) the Investment Committee, which is appointed with the approval of the Shareholders and reviews and confirms it has no objection to prospective investment opportunities proposed by the Fund Manager prior to the Fund's entry into such investments; and (iii) the Shari'a Supervisory Board, which advises the Fund Manager and the Fund on matters of Shari'a and ensures the compliance of the Fund's business with the principles of Shari'a in accordance with Chapter 6 of the IFR. The members of the Shari'a Supervisory Board are Moosa Tariq Khoory, Dr Mohamed Abdul Hakim Zoeir and Mian Muhammad Nazir.

The Fund Manager has constituted an Advisory Board to provide expert advice and general views to the Fund Manager on the current state of the real estate market together with opinions on recent trends and developments and also specific ad hoc advice in relation to various projects and potential acquisition targets of the Fund from time to time.

Oversight Committee

The Fund Manager has appointed an Oversight Committee in accordance with the CIR Rules. The sole role of the Oversight Committee is to supervise the activities of the Fund Manager for the Fund in accordance with the CIL Law and the CIR Rules. Each member of the Oversight Committee is appointed by the Fund Manager for an initial period of twelve months (although this term may be extended at the discretion of the Fund Manager). The Fund Manager may remove a member of the Oversight Committee if, in the reasonable opinion of the Fund Manager: (i) such member is not acting in a diligent and proper manner as a member of the Oversight Committee; or (ii) such member, is not acting in the best interests of the Shareholders as a whole; or (iii) it has grounds to believe that such member's continued holding of office or association with the Fund or the Fund Manager could in any way have an adverse effect (whether material or not) on the reputation of the Fund or the Fund Manager or such member no longer meets the suitability criteria set out in the CIR Rules. The Fund Manager has not since the incorporation of the Fund exercised such power of removal. Each member of the Oversight Committee receives an annual pro rata fee of up to US$35,000 which is payable annually by the Fund.

The CIR prescribes suitability criteria for members of the Oversight Committee, which include that the Fund Manager undertakes appropriate due diligence on any proposed member to ensure that such members are suitably qualified, are fit and proper and meet the independence criteria set out in Article 42 of the CIL.

The Fund Manager is required to maintain adequate systems and controls (which must be approved by the members of the Oversight Committee) to ensure that the members of the Oversight Committee have adequate resources and access to accurate, timely and comprehensive information relating to the management of the Fund and can report any actual or suspected compliance breaches or inadequacies that they identify (as required) and have recourse to the Directors.

The Fund Manager must also ensure that its systems and controls make provision to enable: (i) the Compliance Officer (as defined in the DFSA Rules) to have unrestricted access to members of the

Oversight Committee and, to their reports and recommendations; (ii) the Fund Manager to promptly act upon and remedy, to the satisfaction of the members of the Oversight Committee, any matter identified and reported to it by them; and (iii) the members of the Oversight Committee to report to the DFSA any compliance breaches or inadequacies that are reported to the Fund Manager which are not remedied by the Fund Manager within the 30 day period prescribed in the CIR.

The Oversight Committee is required to, amongst other things:

(a) carry out such duties and functions in relation to the Fund as are necessary to ensure compliance with those provisions of the CIL Law and the CIR Rules that impose obligations on the Oversight Committee;

(b) abide by the four principles of: (i) observing high standards of integrity and fair dealing and disclosing relevant financial interests; (ii) acting with due skill, care and diligence; (iii) observing proper standards of conduct in financial markets; and (iv) dealing with the DFSA in an open and co-operative manner (and in so doing, disclosing appropriately any information of which the DFSA would reasonably be expected to be notified of);

(c) monitor whether the Fund Manager is:

- managing the Fund in accordance with, *inter alia,* the Articles of Association including in particular, any investment and financing limitations, and requirements relating to the valuation of the Portfolio and any other requirements or restrictions imposed on the Fund under CIL Law or the DFSA Rules; and
- complying with all the terms and conditions of the Fund Manager's DFSA licence particularly with respect to management of the Fund;

(d) assess whether the Fund Manager's systems and controls, particularly those relating to risk management and compliance, operate as intended and remain adequate;

(e) report to the Fund Manager on its findings, including any actual or potential breaches or inadequacies in relation to the matters specified in (c) and (d) above, as soon as such breaches or inadequacies are identified or suspected;

(f) report to the Fund Manager as to whether the Fund Manager's systems and controls relating to the oversight function of the Fund are operating as intended and remain adequate at least quarterly at a board of directors meeting of the Fund Manager;

(g) report to the DFSA if the Fund Manager has failed, or is reasonably likely to fail, to take appropriate action to rectify or remedy a matter reported to the Fund Manager within 30 days of that matter being so reported and the matter has had, or is likely to have, a material adverse impact on the interests of the Shareholders;

(h) determine if any revaluation surplus credited to income or gains on disposal of the Fund Property shall form part of net income for distribution to Shareholders;

(i) hold such number of meetings in the DIFC during each annual accounting period as the Oversight Committee considers appropriate for the nature and scale of the activities of the Fund (the Oversight Committee is required to meet four times a year under its current terms of reference);

(j) prepare a report for the Shareholders each year. The Oversight Committee report must contain a description of the Oversight Committee's oversight duties and in respect of the safekeeping of the Fund Property; a statement whether, in any material respect or not, the issue, sale, redemption, cancellation, calculation of the price of the Shares in the Fund and the application of the Fund's income have been carried out in accordance with CIR Rules and the Articles, and a statement whether, in any material respect, the investment and financing powers and other restrictions applicable to the Fund have been exceeded;

(k) consider and, if thought fit, approve the appointment and removal of the Administrator;

(l) approve the terms of a proposed transaction with a Related Party where the total consideration or value of the investment opportunity is five per cent (5%) or more of the latest NAV in the circumstances set out in the "*Related Party Transactions and Conflicts of Interests*" section of this Prospectus;

(m) approve Related Party transactions in the nature of services provided relating to the Real Property of the Fund in the ordinary and usual course of estate management, including renovation and maintenance work in the circumstances set out in the "*Related Party Transactions and Conflicts of Interests*" section of this Prospectus; and

(n) approve the terms of a Related Party Property Agent Engagement in the circumstances set out in the "*Related Party Transactions and Conflicts of Interests*" section of this Prospectus.

The members of the Oversight Committee are indemnified by the Fund to the fullest extent permitted against, amongst other things, any actual liability, costs or expenses reasonably incurred or sustained by them in connection with any debt, claim, action, or obligation of any kind by virtue of them being a member of the Oversight Committee except where such debt, claim, action, liability or obligation arose as a result of any breach, fraud, gross negligence or wilful default on his or her part.

The members of the Oversight Committee as at the date of this Prospectus are:

- Obaid Al Zaabi
- Suresh Kumar
- Abdul Wahab Al Halabi

Obaid Al Zaabi

Obaid Al Zaabi was appointed to the Fund's Oversight Committee on 13 December 2010. Mr Al Zaabi holds a PhD in Banking & Finance from Durham University, United Kingdom (which he obtained in 2006), an MBA from AASTM-ALO (which he obtained in 2000 with distinction) and a Bsc. in Business and Accounting from The UAE University (which he obtained in 1989). In addition, he is a member of the Australian Institute of CMA and Auditing & Accounting Organization for Islamic Financial Intuitions (CIPA) and UAE Auditor and Accountants Association. He represents the Gulf Regulatory Authorities in The International Federation of Accountants (IFAC) as member of the Consultative Advisory Groups of the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA) and is a member of board of directors of GCC Accounting and Auditing Organization. His experience in banking and finance developed from leading UAE regulatory organizations and financial institutions such as UAE Central Bank, Financial Markets Authority, DIB and Amlak Finance. He delivered a series of academic lectures and courses at both undergraduate and postgraduate level in Sharjah University and The British University in Dubai.

Suresh Kumar

Suresh Kumar was appointed to the Oversight Committee on 16 August 2012. Mr Kumar is currently the chairman of the Values Group in Dubai. Previously, Mr Kumar had served as a chief executive officer & board member of EMCAP and Emirates Financial Services PSC in Dubai; having been a member of the group executive committee for 27 years. Currently, he is also the non-executive chairman of both the Federal Bank Financial Services as well as IDBI Federal Life Insurance Company and a director of ICICI Prudential Asset Management Company (AMC)—all in India. Mr Kumar was also a non-executive board member for 8 years and stepped down as chairman of Federal Bank in November 2013. He was the first recipient of the Rotary International Scholarship and Lord Aldington Banking Fellowship in 1977 and 1978, respectively. Mr Kumar is also a Fellow of the Indian Institute of Bankers. He had earlier completed two advanced management programmes at the London School of Business and at Columbia University. Mr Kumar graduated in economics from the Sydenham College of the University of Mumbai in 1971.

Abdul Wahab Al-Halabi

Abdul Wahab Al-Halabi was appointed to the Oversight Committee on 20 June 2013. Mr Al-Halabi is currently the group chief investment officer at Meeras Holdings. His previously held positions include those with KPMG as a partner overseeing the transactions and restructurings group, Dubai Holding group companies, including chief executive officer at Dubai Properties LLC and chief operating officer of Dubailand. He was also a senior vice president at Emirates Financial Services. Previously, Mr Al-Halabi spent nine years at KPMG in the UK specialising in insolvency and restructuring.

Mr Al-Halabi holds a Bsc in Economics from the London School of Economics. He is a Member of the Institute of Chartered Accountants in England and Wales, a Member of the Securities Institute and holds an Executive MBA from Ecole Nationale des Ponts et Chaussees.

Investment Committee

The Fund Manager has appointed an Investment Committee in accordance with the CIR Rules. The Fund Manager shall convene a meeting of the Shareholders every 12 months to elect at least three experts proposed by the Fund Manager to sit on the Investment Committee of the Fund.

The Investment Committee is required to comprise of at least three experts who are persons whose profession, expertise or reputation gives authority to any statement or opinion made by that person in relation to the Fund's investments. Each member of the Investment Committee must be independent of the Fund Manager and each Shareholder. Each member of the Investment Committee is appointed for an initial period of 12 months. Mr. Hamad Buamim, one of the members of the Investment Committee, was appointed as a director of DIB on 2 March 2014, subsequent to his appointment to the Investment Committee. DIB is the owner of 25% of the issued share capital of the Fund Manager. As stated above, the CIR Rules require that the Investment Committee comprise three experts who are independent of the Fund Manager. In the light of this Mr Buamim intends to step down from his role on the Investment Committee by 1 June 2014. The Fund Manager is seeking a suitable replacement for Mr Buamim and anticipates that this will be completed by such date. The Fund Manager believes that Mr Buamim is independent in character and judgement and that it is essential for the operation of the Investment Committee that Mr Buamim remain a member of the Investment Committee until such time as a suitable replacement can be found. Mr Buamim will not be involved in the consideration of any transaction between the Fund and either of the Fund Manager or DIB.

The Fund Manager may remove a member of the Investment Committee if: (i) he or she is not acting in a diligent and proper manner as a member of the Investment Committee; (ii) he or she is not acting in the best interests of Shareholders as a whole; or (iii) the Fund Manager has grounds to believe that his or her continued holding of office or association with the Fund or the Fund Manager could in any way have an adverse effect on the reputation of the Fund or the Fund Manager. The Fund Manager has not since the incorporation of the Fund exercised such power of removal.

The Investment Committee members are not permitted to involve themselves with the day-to-day management of the Fund. The function of the Investment Committee is to review and confirm it has no objection to prospective investment opportunities proposed by the Fund Manager prior to any proposed investment being made by the Fund. It also reviews: (i) proposed transactions with a Related Party where the total consideration or value of the investment opportunity is five per cent (5%) or more of the latest NAV; and (ii) Related Party Property Agent Engagements, in the circumstances set out in the "*Related Party Transactions and Conflicts of Interests*" section of this Prospectus.

Where the Fund Manager believes that any member of the Investment Committee may be subject to a conflict of interest in relation to any proposed transaction, that member of the Investment Committee will be asked not to review the proposed transaction and only the other members of the Investment Committee will do so. Members of the Investment Committee are obliged to disclose to the Fund Manager any potential conflict of interest as soon as they become aware of it.

Each member of the Investment Committee is entitled to receive a fee of up to US$35,000 per annum from the Fund.

Each member of the Investment Committee is indemnified by the Fund on similar terms to those of the indemnity given to the members of the Oversight Committee as described above.

The members of the Investment Committee as at the date of this Prospectus are:

- Hamad Buamim
- Marwan Bin Ghulaita
- David Savy

Hamad Buamim

Hamad Buamim has been the president & chief executive officer of the Dubai Chamber of Commerce & Industry since November 2006. He also serves as the deputy chairman of the World Chambers Federation—ICC in Paris. He was educated in the USA and graduated with Honors (Magna Cum Laude) from the University of Southern California—Los Angeles in 1996 with a bachelor of science in electrical engineering. In 2002, he obtained an MBA with honors in finance from the University of Missouri—Kansas City. Mr Buamim is a member of the board of directors of the UAE Central Bank, board member of Dubai World, chairman of National General Insurance and board member of Union Properties.

Previously, he served as chairman of Emirates Financial Services, chairman of Emirates NBD Capital and board member of Emirates NBD Bank and Network International.

Mr. Buamim was appointed as a director of DIB, the owner of 25% of the issued share capital of the Fund Manager, on 2 March 2014.

Marwan Bin Ghulaita

Marwan Bin Ghulaita was appointed to the Investment Committee on 13 December 2010. Mr Bin Ghulaita graduated as a survey engineer from the University of Fresno, California and commenced his career at the Dubai Land Department. In 1998, he obtained an MBA from the Advanced Management Institute of the Arabic Academy of Sciences and Technology in Alexandria, Egypt. He progressed from a survey engineer position to vice-president of the Survey Division at the Dubai Land Department and, in 1999, became the first local Chief Surveyor of the Dubai Land Department. He also served as Director of Technical Affairs and Customer Service and, in 2007, was appointed as Chief Executive Officer of the Dubai Real Estate Regulatory Agency. In 2011, Mr Bin Ghulaita was elected as a Federal National Council Member and is ranked as one of the 500 most powerful Arabs in the world by Arabian Business.

Captain David Ralph Savy

Captain David Ralph Savy was appointed to the Investment Committee on 13 December 2010. Captain Savy served as chairman and chief executive of Air Seychelles for a period of 14 years until February 2011. He is currently the chairman of the Seychelles Civil Aviation Authority. Captain Savy launched his professional career as a pilot soon after his studies and has held both civilian and military posts. Civilian posts included airline captain, general manager flight operations, chief pilot, trainer and examiner with Air Seychelles. On the military side, Captain Savy served in several posts varying from commanding officer of the Seychelles Airwing to the Seychelles Defence Academy. He also holds the title of Lieutenant Colonel (Retired).

Captain Savy sits on a number of government boards including the Seychelles Tourism Board. He is also a board member of H. Savy & Company Ltd. (Seychelles), H.Savy Insurance (Seychelles) and Veling Hospitality (Mauritius). Captain Savy is a board member of Veling Holding (Mauritius) and treasurer of the Seychelles Children’s Home Foundation.

Shari’a Supervisory Board

The Fund Manager has appointed a Shari’a Supervisory Board in accordance with the CIR Rules and Chapter 6 of the IFR.

The members of Shari’a Supervisory Board as at the date of this Prospectus are:

- Moosa Tariq Khoory
- Dr. Mohamed Abdul Hakim Zoeir
- Mian Muhammad Nazir

Moosa Tariq Khoory

Moosa Tariq Khoory is a current member of the Fatwa and Shari’a supervisory boards of several leading Islamic financial institutions located in the UAE and abroad. The institutions specialise in Islamic banking and finance, Islamic insurance (Takaful) and Islamic funds.

Mr Khoory is an expert in Shari’a in the fields of Islamic finance and banking, as well as Islamic insurance (Takaful). He specialises in structuring Shari’a compliant products/solutions, and advising on Shari’a compliance aspects of Islamic banking transactions and various Sukuk transactions, including relevant Shari’a documentation. Moosa Tariq Khoory has conducted Shari’a audits of several Islamic financial institutions and has acquired extensive experience in Shari’a research and training. In addition, he has been a key player in the conversion of some conventional banks into Islamic banks. Mr Khoory is also an experienced speaker, undertaking a number of speaking opportunities in various conferences and panel discussions which cover different facets of Islamic finance and banking.

Moosa Tariq Khoory holds a master’s degree in Islamic jurisprudence and its foundations and a bachelor’s degree in Shari’a and Islamic studies, specialising in jurisprudence and its foundations from the University of Sharjah.

Dr Mohamed Abdul Hakim Zoeir

Dr Mohammad Abdul Hakim Zoeir was appointed to the Shari'a Supervisory Board on 10 November 2010. Dr Zoeir has a doctorate and a master's degree of Islamic Shari'a from AI-Azhar University, Egypt. He also holds a bachelor's degree in management science. He has over 30 years of Islamic banking experience and is very highly regarded in the field of modern Islamic finance. In addition to being a member of the Fatwa and Shari'a supervisory board of DIB, Dr Zoeir sits on Shari'a boards of numerous financial institutions including Tamweel and Amlak.

Mian Muhammad Nazir

Mian Muhammad Nazir was appointed to the Shari'a Supervisory Board on 6 June 2012. Mr Nazir has an LL.M commercial laws from the University of Cambridge, UK; LL.B (Hons) Shari'a and law (Distinction) and B.A Islamic jurisprudence from the International Islamic University, Islamabad, Pakistan.

Mr Nazir is a Shari'a scholar and an accomplished Shari'a practitioner in the field of Islamic banking, finance and insurance. He has extensive experience in Islamic structuring, product development and documentation of Islamic banking, finance and insurance products including retail, corporate, syndications, project finance, Sukuk, securitisation, fixed income structured notes, Islamic investment funds, Waqf (Islamic trusts), real estate funds, Islamic swaps and derivatives, hedging, insurance, microfinance products and Islamic finance regulations, including governance.

The Shari'a Supervisory Board advises the Fund Manager and the Fund pursuant to IFR Rule 6.2.1(2) on matters of Shari'a. Its role is to provide on-going and continuous supervision of and adjudication in all Shari'a matters for the Fund, including but not limited to:

(a) the provision of assistance with respect to the on-going legal and operational structure of the Fund, including its investment objective, criteria and strategy, to ensure compliance with the principles of Shari'a;

(b) reviewing and satisfying itself that the legal structure and operations of the Fund, including the Articles of Association, the Fund's investment objective, criteria and strategy, comply with the principles of the Shari'a;

(c) providing on-going support to the Fund in respect of questions or queries Shareholders may raise in respect of the on-going Shari'a compliance of the Fund;

(d) providing on-going assistance to the Fund in remaining compliant with Shari'a and active assistance in correcting and/or mitigating any errors if made; and

(e) convening annual meetings between the Fund Manager and the Shari'a Supervisory Board and an audit of the Fund to ensure its operational activities and all investment transactions, including the Investment Objective of the Fund are or were made in accordance with the principles of Shari'a.

The Shari'a Supervisory Board has final authority with regard to the Shari'a compliance of all business and investment activities of the Fund and the audit of its investment records for Shari'a compliance. The assessment of the Shari'a Supervisory Board with regard to Shari'a compliance of all business and investment activities of the Fund is binding on the Fund and the Shareholders in terms of Shari'a compliance. Each member of the Shari'a Supervisory Board is entitled to receive a fee of up to US$35,000 per annum from the Fund.

All income which in the opinion of the Fund Manager, with the Shari'a Supervisory Board concurring, is not permissible under Shari'a, shall be removed from the Fund and donated to a registered charity approved by the Shari'a Supervisory Board.

Payment of Zakat on dividend income paid to each eligible Shareholder is the responsibility of the Shareholder.

Advisory Board

In addition to its obligations under the CIR Rules, the Fund Manager has constituted an Advisory Board to provide expert advice and general views to the Fund Manager on the current state of the real estate market together with opinions on recent trends and developments and also specific ad hoc advice in relation to various projects and potential acquisition targets of the Fund from time to time. The Advisory Board has no role in any investment decisions, review of investments or the day to day activities of the

Fund and its activities do not overlap with those of the Oversight Committee, Investment Committee or Shari'a Supervisory Board.

Each appointment to the Advisory Board is for a term of one year (such term to be extended at the discretion of the Fund Manager) and is capable of termination by the Fund Manager in the event the Advisory Board member is not acting in a diligent and proper manner as a member of the Advisory Board, commits any serious or repeated breach or non-observance of his or her obligations to the Fund or the CIR Regulations or he or she has acted in any manner which, in the opinion of the Fund Manager brings or is likely to bring him, her or the Fund into disrepute or is materially adverse to the interests of the Fund. The Fund Manager has not since incorporation of the Fund exercised such power of termination. Each member of the Advisory Board is entitled to an annual fee of up to US$35,000 from the Fund.

The Advisory Board is governed by terms of reference which include provisions stating that meetings of the Advisory Board are held at least twice a year and that minutes of the meetings should be recorded. The current members of the Advisory Board are:

- Khalid Al Malik (group chief executive officer, Dubai Properties Group)
- Kunal Bansal (director and partner, Vintage Bullion)
- Todd Betts (group chief financial officer, TECOM Investments)
- Faisal Mikou (managing partner, Arabica Investments)

Khalid Al Malik

Mr Al Malik is the group chief executive officer of Dubai Properties Group, a leading real estate developer in the UAE. Dubai Properties Group has successfully delivered footprint of over 43 million square feet comprising of landmark residential communities, commercial properties and business districts in Dubai that include Business Bay, Jumeirah Beach Residence, The Executive Towers, Remraam, Al Khail Gate, Shorooq Mirdiff and JBR Walk. Mr Al Malik continues to spearhead Dubai Properties Group growth strategy and has lead restructuring of the business in delivering fully integrated real estate developments and property management solutions.

His prior responsibility was as the chief executive officer of Tatweer, a major real estate conglomerate in Dubai where he was closely involved in strategy and execution of businesses in health care, leisure & entertainment and industrial development.

He has served with the Government in senior positions and was the director of operations at Dubai Development & Investment Authority until 2005.

Mr Al Malik serves on the board of Empower and is the member of the Advisory Board. He is the executive director on the board of Dubai Properties Group and is the chairman of the board of Arady Developments. He also serves on the board of several international real estate companies in Morocco, Turkey and Oman.

Mr Al Malik has a passion for motor sports and was the general manager of Emirates Motor Sports Federation where he was tasked to broaden the appeal of motor sports in the UAE.

His academic credentials include a bachelor degree from the University of Arizona with a double major in management information systems and production & operations management; a master in business administration (MBA) from Zayed University in the UAE with specialisation in e-commerce. He is a graduate of the Dubai Government Leaders' Programme, a component of the Mohammed Bin Rashid Programme for Leadership Development.

Kunal Bansal

Kunal Bansal was appointed to the Advisory Board on 31 January 2013. Mr Bansal has been a director and partner at Vintage Bullion DMCC since its formation. Vintage Bullion holds 23.1% of the total issued share capital of the Fund as at the date of this Prospectus. Mr Bansal holds a Bsc in finance from the Rochester Institute of Technology.

Todd Betts

Todd Betts was appointed to the Advisory Board on 1 May 2013. Since April 2010, Mr Betts has held the position of group chief financial officer at TECOM Investments where he is responsible for the company's financial reporting, planning, investments and operations. TECOM Investments holds 7.5% of the total issued share capital of the Fund as at the date of this Prospectus.

Following graduation from Queens University in Kingston, Canada, Mr Betts qualified as a chartered accountant whilst at KPMG in Toronto and has since held senior finance positions at Hutchinson Whampoa Limited based in Hong Kong, Corus Entertainment and Alliance Atlantis Broadcasting. He also serves as executive director of SmartCity (Kochi) Infrastructure Private Limited, executive director of Dubai Healthcare City, executive director of Smart City (Malta) Limited, executive director of Energy Management Services Group LLC and vice chairman of the Land Committee at TECOM Investments.

Faisal Mikou

Faisal Mikou was appointed to the Advisory Board on 1 November 2013. Mr Mikou is the managing partner of Arabica Investments. His previous roles include executive vice president and head of mergers and acquisitions at Investment Corporation of Dubai, executive director and head of global finance at Lehman Brothers, director at Barclays Capital and head of GCC Debt Capital Markets at ABN AMRO Bank N.V. Mr Mikou holds a *Licence* in Economics from Universite Pantheon Sorbonne, France.

Management of potential conflicts of interest

The management of conflicts of interests is of essential importance to the Fund's corporate governance and regulatory requirements under the CIL and CIR Rules. For information relating to the Fund's conflicts of interest policy and related party transactions, please refer to the *"Related Party Transactions and Conflicts of Interest"* section of this Prospectus.

SELECTED FINANCIAL INFORMATION

The tables below set out selected financial information for the Fund as at and for the 13 month period ended 31 December 2011, as at and for the 12 month periods ended 31 December 2012 and 31 December 2013. This information has been extracted, without material adjustment from the Financial Statements included elsewhere in this Prospectus.

Over the period since incorporation to 31 December 2013, the Fund has grown significantly through the acquisition of the Fund's investment Property Portfolio as described in more detail in the "*The Fund's Property Portfolio*" section of this Prospectus. These acquisitions have had a significant effect on the Funds income, costs and cash flows in the periods under review. The selected financial information set out below should be read in conjunction with the "*Operating and Financial Review*" and the Financial Statements and the related notes thereto included elsewhere in this Prospectus. The results of operations for any period are not necessarily indicative of the results to be expected for any future period.

STATEMENT OF COMPREHENSIVE INCOME

The table below sets out the statement of comprehensive income relating to the Fund for the 13 month period ended 31 December 2011 and the 12 month periods ended 31 December 2012 and 2013.

Statement of Comprehensive Income

	For the 13 months ended 31 December	**For the twelve months ended 31 December**	
(US$ '000)	**2011**	**2012**	**2013**
Rental income	1,698	12,360	22,336
Service fee income	125	1,159	1,914
Other property income	0	26	171
Total income	**1,822**	**13,544**	**24,421**
Property operating expenses	(550)	(4,130)	(5,755)
Net rental income	**1,272**	**9,414**	**18,666**
Net unrealised gain on revaluation of investment properties	644	7,615	27,286
Net property income	**1,915**	**17,029**	**45,952**
Management fee	(178)	(1,765)	(3,778)
Performance fee	(119)	(781)	(1,966)
Fund administration fee	(56)	(96)	(106)
General and administrative expenses	(84)	(541)	(604)
Subscription income	—	—	66
Commission expense	(218)	—	—
Subscription fee	—	—	(116)
Auditors' fees	(25)	(28)	(61)
IPO costs	—	—	(703)
Other expenses	—	(12)	(11)
Operating profit	**1,236**	**13,807**	**38,672**
Finance income	0	16	199
Finance cost	(43)	(2,927)	(4,024)
Profit and total comprehensive income for the period	**1,193**	**10,895**	**34,846**
Basic earnings per share (US$)	**0.13**	**0.15**	**0.26**

The basic earnings per share shown above has been calculated by dividing profit and total comprehensive income for the period by the weighted average number of Shares outstanding during the period as adjusted (in accordance with IFRS), for the sub-division of the Shares on 26 January 2014 following which the nominal value of the Shares was reduced and the number of Shares were increased, by a factor of 100. For further information please refer to the "*Net Asset Value per Share*" and "*General Information*" sections of this Prospectus.

STATEMENT OF FINANCIAL POSITION

The table below sets out the balance sheet relating to the Fund as at 31 December 2011, 31 December 2012 and 31 December 2013.

Statement of Financial Position

	As at 31 December		
(US$ '000)	**2011**	**2012**	**2013**
ASSETS			
Non-current assets			
Investment properties	68,309	167,601	323,131
Current assets			
Receivables, prepayments and other assets	1,666	1,374	1,934
Bank balances and cash	547	43,594	8,145
	2,213	**44,968**	**10,079**
Total assets	**70,522**	**212,570**	**333,210**
LIABILITIES & EQUITY			
Current liabilities			
Accounts payable and other liabilities	1,723	7,120	22,589
Current portion of corporate Ijarah facilities	1,602	5,038	9,173
	3,325	**12,158**	**31,762**
Non-current liabilities			
Non-current portion of corporate Ijarah facilities	20,016	56,650	96,390
Total liabilities	**23,342**	**68,808**	**128,152**
EQUITY			
Share capital	45,132	126,293	151,643
Share premium	855	6,531	13,970
Retained earnings	1,193	10,939	39,446
Total equity	**47,180**	**143,762**	**205,058**
Total Equity & Liabilities	**70,522**	**212,570**	**333,210**
Net asset value per share (NAV) (US$)	**104.54**	**113.83**	**135.22**

The NAV per Share figures as at each balance sheet date as presented above have not been adjusted to reflect the sub-division of Shares following the reduction in the nominal value of the Shares and an increase in the number of Shares by a factor of 100 on 26 January 2014. For further information, please refer to the "*Net Asset Value per Share*" and "*General Information*" sections of this Prospectus.

STATEMENT OF CASH FLOWS

The table below sets out the cash flow statement relating to the Fund for the 13 month period ended 31 December 2011, and the 12 month periods ended 31 December 2012 and 2013, respectively.

Statement of Cash Flows

(US$ '000)	For the 13 months ended 31 December 2011	For the 12 months ended 31 December 2012	2013
Operating Activities			
Profit for the period	1,193	10,895	34,846
Adjustments:			
Net unrealised gain on revaluation of investment properties	(644)	(7,615)	(27,286)
Finance expense	43	2,927	4,024
Finance income	(0)	(16)	(199)
Provision for doubtful debts, net	—	12	17
	592	**6,204**	**11,403**
Working capital changes:			
Receivables, prepayments and other assets	(1,666)	280	(577)
Accounts payable and other liabilities	1,723	5,371	4,400
Net cash from operating activities	**650**	**11,855**	**15,226**
Investing activities			
Purchase of investment properties	(37,174)	(60,912)	(109,019)
Finance income received	0	16	199
Net cash used in investment activities	**(37,173)**	**(60,896)**	**(108,820)**
Financing activities			
Proceeds from issue of shares	15,495	55,339	21,852
Corporate Ijarah facility obtained, net	21,618	43,234	48,852
Corporate Ijarah facility paid	—	(3,189)	(5,038)
Finance expenses paid	(43)	(2,877)	(3,362)
Dividend paid	—	(418)	(4,159)
Net cash (used in)/from financing activities	**37,070**	**92,089**	**58,145**
(Decrease)/increase in cash and cash equivalents	**547**	**43,048**	**(35,449)**
Cash and cash equivalents at the beginning of the period	—	547	43,594
Cash and cash equivalents at the end of the period	**547**	**43,594**	**8,145**

Non-cash transactions:

In the 12 month period ended 31 December 2013, the Fund acquired investment properties for a total consideration of US$128.2 million, of which US$109.0 million was paid in cash and US$8.8 million was settled by issue of Shares and the residual consideration of US$10.5 million remained outstanding as at the reporting date.

In the 12 month period ended 31 December 2012, the Fund acquired investment properties for a total consideration of US$91.7 million, of which US$60.9 million was paid in cash and US$30.8 million was settled by issue of Shares.

In the 13 month period ended 31 December 2011, the Fund acquired investment properties for a total consideration of US$67.7 million, of which US$37.2 million was paid in cash and US$30.5 million was settled by issue of Shares.

OPERATING AND FINANCIAL REVIEW

The following is a discussion and analysis of the results of operations and financial condition of the Fund as at and for the 13 month period ended 31 December 2011, and as at and for the 12 month period ended 31 December 2012, and as at and for the 12 month period ended 31 December 2013 and presents the Fund Manager's perspective on the results of operations and financial condition of the Fund as at these dates and during these periods. Prospective investors should read this section in conjunction with the "Selected Financial Information" section and the Fund's audited Financial Statements set out in Appendix 1 of this Prospectus.

The discussion and analysis in this section is based on the audited Financial Statements of the Fund, 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 of the Prospectus has been extracted from the audited Financial Statements. Financial information marked as "unaudited" has been extracted from the underlying accounting records of the Fund. The functional currency of the Fund is UAE Dirhams, however the financial statements are presented in US$, the Funds presentational currency translated at a rate of AED 3.673 to 1 US$.

The following discussion and analysis contains certain forward-looking statements that reflect current plans, estimates and beliefs of the Fund and the Fund Manager that are based on assumptions about the future operations of the Fund and that involve risks and uncertainties. Actual results of the Fund could differ materially from those contained in any forward-looking statements as a result of the factors discussed below and elsewhere in this Prospectus, particularly in the "Risk Factors" section of this Prospectus.

Overview

The Fund is a closed-ended investment company with unlimited duration and was established in the DIFC by the Fund Manager on 28 November 2010 under the Companies Law with the name "Emirates REIT (CEIC) Limited" and with registration number 0997. The Fund is categorised under the CIR as a Domestic Fund, an Islamic Fund, a Property Fund and a Real Estate Investment Trust (REIT).

The Fund is managed by the Fund Manager, which is the sole Director of the Fund. The Fund Manager is a joint venture between DIB, and Eiffel Management Limited, a BVI company. DIB owns 25%, and Eiffel Management Limited owns 75%, of the Fund Manager's total issued share capital. Eiffel Management Limited is wholly-owned by a foundation based in Liechtenstein, Galaxis 239 Stiftung, of which Sylvain Vieujot (the executive deputy chairman of the Fund Manager) is the primary beneficiary and Magali Mouquet (an executive director of the Fund Manager) is an additional beneficiary. DIB is a publicly listed company of which the Investment Corporation of Dubai (ICD) is the largest shareholder. DIB's Managing Director, Abdulla Al Hamli, is also the chairman of the Fund Manager.

The Fund does not hold any subsidiary interests as of the date of this Prospectus. The Fund 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 Fund to hold properties in Onshore Dubai and the TECOM Branch enables the Fund to manage properties in TECOM.

The Fund had profit and total comprehensive income of US$34.8 million and US$10.9 million for the 12 month period ended 31 December 2013 and 2012, respectively, and profit and total comprehensive income of US$1.2 million for the 13 month period ended 31 December 2011. The Fund had total assets of US$333.2 million, US$212.6 million and US$70.5 million as at 31 December 2013, 2012 and 2011, respectively.

Presentation of Financial Statements

The discussion in this section of the Prospectus is based on the audited financial statements as at and for the 12 month periods ended 31 December 2013 and 2012, and the 13 month period ended 31 December 2011, which are prepared in accordance with International Financial Reporting Standards (IFRS).

Key factors affecting financial condition and results of operations

The financial condition and results of the operations of the Fund are affected by a variety of factors. Set out below is a discussion of the most significant factors that have affected the financial condition and results of operations of the Fund during the periods under review or which the Fund Manager believes may affect the financial condition and results of the Fund in the future. Although the Fund Manager believes that the factors set out below are the main factors that may affect the future performance of the Fund, there may be factors that are currently unknown or are currently less significant, other than those set out below, that could also have a significant impact on the future financial condition and the results of operations of the Fund.

Acquisitions of Properties

From the incorporation of the Fund in 2010 to 31 December 2013, the Fund's Property Portfolio has grown significantly through the acquisition of ten Properties. These investments have had a significant effect on the income and costs of the Fund in the periods under review. See "*Analysis of Results of Operations*" below.

Real Estate Market Conditions

The Fund earns rental income from leasing its Properties and, in addition, seeks to enhance the value of these Properties through increased occupancy and rental levels which it seeks to achieve through improved property management and asset enhancement. The financial condition, results of the operations and the prospects of the Fund are significantly affected by general economic conditions and by the condition of real estate markets in Dubai as well as a variety of other external factors. These factors apply for both global and the UAE markets and include economic trends, profit rate levels, capitalisation rates applicable in real estate markets, access to credit, competition for tenants and the continued creditworthiness of tenants. These influences and trends may affect, amongst other things, the ability of the Fund to source and finance future investment properties at attractive yields and the ability of the Fund to maintain or grow rental income and occupancy levels in its Properties.

Rental Income

In addition to the factors mentioned above, the ability of the Fund to grow the rental income that the Fund receives in relation to its investment properties is affected by a number of other factors including:

- the ability to increase rental rates for the properties;
- changes in the level of committed occupancy and lease renewal rates; and
- supply and demand trends affecting the real estate market in the areas where the Fund has its Properties. Where the Fund invests in properties that are not initially income generating (such as Index Tower-Retail, Index Tower-Car Park and Index Tower-Office) this will affect the overall level of financial performance of the Fund until such investment properties become income producing.

Movement in property prices

The Properties are valued by an independent property valuer at least every six months. The Property Portfolio is restated to its fair value in the balance sheet of the Fund with any movements in value reflected in the Fund's statement of comprehensive income, based on the independent property valuation.

The results of operations of the Fund can be significantly affected by changes in the fair value of the Properties which, although they do not represent actual cash movements, are recorded within the balance sheet as well as the comprehensive statement of income of the Fund. Any significant decline in the fair value of the portfolio could lead to the Fund recording an overall loss in its statement of comprehensive income which may limit the ability of the Fund to pay dividends to its Shareholders. The Fund may also be restricted in its ability to pay dividends in relation to unrealised revaluation surpluses as these do not form part of the operating cash flows of the Fund. Any dividends in relation to unrealised revaluation surpluses would therefore need to be paid from alternative sources of funding.

Property operating expenses

Operating expenses in respect of the Properties comprise property management fees, facility management fees and other property operating expenses such as utilities, maintenance and other general upkeep costs including fees for cleaning services, lift maintenance, water tanks, pumps and plumbing equipment maintenance, security camera and system maintenance, landscaping, repairs and renovation works.

The most significant cost for the Fund in operating the Properties is the cost of utilities (water, electricity and district cooling) which represented 39.5% of property operating expenses for the 12 month period ended 31 December 2013. The Fund actively manages, and seeks to improve, the operating efficiency of its Property Portfolio, however, it has no control over the price per unit that it pays for utilities. It may be difficult for the Fund to pass on any increased cost of utilities to tenants in the short term and, therefore, any increase in the cost of utilities may reduce future profitability of the Fund.

New leases, including leases that are renewed, typically provide for service fees to be recovered from the tenants to offset the costs of servicing the Properties. Many of the leases that the Fund inherited with the acquisition of its investment properties either:

- did not provide for service fee charges; or
- the level of service fee income recovered from the tenants did not meet whole of the service cost attributable to the particular property.

The ability of the Fund to pass on any increased costs (including the cost of utilities as mentioned above) may therefore be limited. Any significant increase in the costs of operating and maintaining the Fund's properties could therefore have a significant impact on the Fund's financial performance and condition.

Other significant operating expenses in respect of the Properties include property management fees paid to third party agents or service providers in relation to the management of the Properties that are based on a percentage of property rental income. With the exception of Indigo 7 (which is managed directly by the Fund due to its relatively small size), Building 24 (which is managed under the terms of the TECOM PMLA), GWAD (which is occupied by a single tenant on a 30-year lease), and the Index Tower-Retail, Index Tower-Office and Index Tower-Car Park Properties (which are all currently unoccupied), property management fees payable by the Fund are typically between 1.5% and 2.0% of rental income.

The TECOM PMLA requires the payment of 15% of the rent received by the Fund in respect of Building 24 to be paid to TECOM Investments. The Fund also pays to TECOM Investments community fees for Loft Offices and an amount equivalent to 50% of the value of the service charges charged by TECOM Investments relating to Building 24 pursuant to a circular issued by TECOM Investments to the Fund on 16 May 2011. The TECOM PMLA was entered into prior to TECOM Investments becoming a Shareholder of the Fund. Please refer to the "*General Information*" section of this Prospectus for further information on the TECOM PMLA and to the "*Risk Factors*" section of this Prospectus for further information on the risks relating to the TECOM PMLA.

Debt Financing

The Fund utilises Shari'a compliant debt facilities and is permitted by the CIR Rules to procure financing up to 70% of NAV. As at 31 December 2013 the Fund's debt facilities as a percentage of NAV were 51.5%. The restriction placed on the use of debt financing has the advantage of lowering the Fund's exposure to onerous debt covenants, refinancing requirements and repayment obligations that might otherwise occur if the Fund was heavily leveraged at a time of a market downturn. However, such limitations also may limit the ability of the Fund to fund further acquisitions by way of debt finance. All the financing facilities of the Fund are being repaid on a reducing balance basis over the tenure of the relevant finance instrument (which are currently all 10 years). Further details of the Fund's debt facilities are set out at paragraph "*Liquidity and Capital Resources*" below.

The Fund's Ijarah facilities with Emirates Islamic Bank and Ajman Bank have floating nature profit rates linked to three-month EIBOR + 3.0% subject to a minimum profit rate of 5.5%. As at 31 December 2013, three-month EIBOR stood at 0.813% and historically the profit paid by the Fund on its Ijarah facilities has been at the minimum rate. Should there be any material adverse increase in the three-month EIBOR above 2.5%, this would increase the profit paid by the Fund in relation to the facilities which would have a net income reducing effect. The Fund does not have any hedging or mitigation mechanisms in place to mitigate this profit rate risk.

Fund Management Fee and Performance Fee

Under the Fund Management Agreement, the Fund Manager is entitled to receive the Fund Management Fee and the Performance Fee, as more fully described in "*The Fund Manager*" and "*General Information*" sections of this Prospectus. The Fund Manager is entitled to receive from the Fund: (i) a Fund Management Fee of an amount equal to 1.5% per annum of the Gross Asset Value of the Fund as consideration for the services it provides as Fund Manager; and (ii) a Performance Fee equal to 3.0% of the increase in the Net Asset Value per Share (adjusted for historical dividend payments) previously used in calculating the Performance Fee and will be calculated by taking the Net Asset Value per Share at the end of the Financial Year, subtracting from that value per Share the highest Net Asset Value per Share previously used in calculating the Performance Fee and then multiplying that resulting figure by the number of Shares in issue at the end of the Financial Year in question. The base Net Asset Value per Share of the Fund will be the highest Net Asset Value per Share determined on any previous date on which the Performance Fee was calculated. The one-off Performance Fee payable immediately following Admission will be equal to 5.0% of the increase in Net Asset Value per Share (excluding adjustments for dividends payments) at the time of Admission over the nominal value of the Shares of US$1, multiplied by the number of Shares in issue immediately prior to Admission (but excluding, for the avoidance of doubt, any Shares issued in connection with any offer of Shares made as part of the Admission). The Fund has made a provision for the one-off Performance Fee in the financial statements for the financial period ended 31 December 2013.

The amount provided has been calculated taking 5.0% of the increase in NAV per Share at the relevant balance sheet date compared with the opening NAV per Share for the period multiplied by the number of Shares in issue at each balance sheet date.

The Fund Management Fee is calculated on the basis of the Gross Asset Value and not the actual income of the Fund. Similarly, any future Performance Fee will be calculated on the basis of increases in the Net Asset Value and not on the basis of the realised income of the Fund. Both these expenses, which are not calculated on the basis of the operating income of the Fund, will affect the net results from operations of the Fund.

Distributions of dividends

Under the CIR Rules, the Fund is obliged to distribute 80% of its audited annual net income (which is subject to the Fund having sufficient cash available to make such a distribution and the distribution being in compliance with all local laws including but not limited to Article 49(2) of the Companies Law) and is under an obligation to pay an annual or final dividend. Dividends in respect of a completed financial period have historically been paid as an interim dividend in the January following the end of the relevant period and as a final dividend in the following June. The Fund Manager, as the sole Director, is not obliged to recommend that an interim dividend is paid but it has done so in the past and may do so in the future. The extent to which any unrealised gains on the Portfolio are distributed is subject to the approval of the Oversight Committee. The dividend distribution relating to the 13 month period ended 31 December 2011 was US$1.15 million (or US$2.55 per Share outstanding at the balance sheet date). Dividend distributions relating to the year ended 31 December 2012 totalled US$6.34 million (or US$5.00 per Share outstanding at the balance sheet date). Note that the aforementioned dividend per Share figures do 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 by a factor of 100 on 26 January 2014. For further information, please refer to the "*Net Asset Value per Share*" and "*General Information*" sections of this Prospectus. Subject to obtaining the required approval, the Fund expects to make a distribution in respect of the earnings for the 12 month period ended 31 December 2013 in the form of a final dividend payment in June 2014.

Critical accounting policies

The preparation of the Financial Statements of the Fund requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. In making such estimates and assumptions the Fund takes into account historical experience, advice from external experts and other relevant factors, including the consequences of future events that are believed to be reasonable under the circumstances. There is uncertainty attached to factors surrounding estimates and judgments used in the preparation of the Financial Statements and, as a result of these uncertainties, actual outcomes and consequences may vary from those estimated at the time.

Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured, regardless of when the payment is being made. Income is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. Income includes rental income, service charges and other income from Properties.

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms after the spreading of tenant incentives and fixed rental increases on such lease terms and is included in income in the statement of comprehensive income due to its operating nature. Long-term leases may contain "step up" provisions whereby rental income from a tenancy agreement is increased from time to time by a fixed amount during the term of the lease agreement. The Fund may also provide incentives to tenants in the form of a rent free period at a particular Property in order to secure the tenant and, when it does so, the cost of such an incentive is recognised over the term of the relevant lease on a straight line basis as a reduction of rental income arising in respect of that lease.

Service fee income represents amounts receivable for property service charges that are payable by tenants as contribution towards the operation and maintenance expenses of the relevant property. Service fee income is recognised on a time proportion basis in accordance with the terms of the service agreements.

When other property income is earned in respect of services rendered to a tenant, the income is recognised as other income in the same accounting period in which the relevant services are rendered.

Investment Properties

The Fund classifies Property that is held for long-term rental yields or for capital appreciation or both as "investment property". Investment properties are recorded initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise. Fair values in the financial statements are determined based on an annual evaluation performed by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

The principal factors that determine the fair value of investment properties are:

- rental income from current leases;
- assumptions about rental income from future leases in light of current market conditions; and
- any cash outflows that could be expected in respect of the Property.

Other Factors that may affect value include GDP growth rates, business and consumer confidence levels, profit rates and the general availability and cost of credit. It is these independent valuations that form the basis of the carrying amounts contained in the Financial Statements.

Corporate Ijarah

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

After initial recognition, profit bearing Ijarah are subsequently measured at amortised cost using the effective profit rate method. Ijarah rent expense is recognised on a time-proportion basis over the Ijarah term.

Musharaka

A Musharaka is similar to a conventional partnership or joint venture and is used in long-term investment projects. The financier usually contributes cash and the customer contributes assets into a joint venture or enterprise. The customer is typically appointed as the manager of the Musharaka, with responsibility for investing the Musharaka funds and managing the Musharaka assets. The financier and the customer share in the profits of the enterprise in agreed proportions; losses must be shared in proportion to their initial investment.

Quantitative and qualitative disclosures about market risk

Capital Risk Management

The strategy of the Fund in respect of its capital risk management is to maintain a prudent balance of equity and debt appropriate to the profile of the Property Portfolio taking into account restrictions on gearing imposed by the CIR Rules.

Credit Risk

The credit risk faced by the Fund is the risk of a financial loss if (i) tenants fail to make rental payments or meet other obligations under their leases or (ii) a counter party to a financial instrument or other financial arrangement fails to meet its obligations under that instrument or arrangement.

Tenants: The Fund Manager maintains the Property Portfolio under continual review to minimise tenant credit risk. Tenants occupying under existing leases at the time of the acquisition of an interest in a Property are actively monitored for timely payment of rent and other obligations following the acquisition. New tenants that commence occupation subsequent to the acquisition of an interest in a Property are assessed for credit worthiness at the time of entering a lease. The Fund Manager either manages directly or engages external property management agents to manage the payment of rents by tenants. The Fund Manager remains actively involved and undertakes regular consideration of tenant profiles, existing and anticipated voids, overdue rents and outstanding rent reviews. Rent deposits are held in respect of all new leases and /or on renewal of existing leases.

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

Liquidity Risk

The liquidity risk faced by the Fund is that it may have insufficient cash or cash equivalent resources to meet its financial obligations as they fall due. The Fund actively manages liquidity risk by monitoring actual and forecast cash flows, ensuring that the maturity profiles of financial assets and liabilities are aligned and by maintaining adequate cash reserves. The Fund is required under the CIR Rules to distribute at least 80% of its audited net income to Shareholders in the form of dividends which is subject to the Fund having sufficient cash available to make such a distribution and the distribution being in compliance with all local laws including but not limited to Article 49(2) of the Companies Law.

Under the Fund's existing Ijarah financing facilities the Fund is repaying principal as well as profit in quarterly instalments. The Fund has agreed to a 12 month Musharaka facility with DIB amounting to US$13.6 million which it can call upon to refinance existing debt and provide short term liquidity in the event that operating cash flows after Ijarah principal and profit rate payments are insufficient to cover required dividend distributions. Draw down under the facility is dependent upon, *inter alia*, completion of the Musharaka documentation and registration of first degree mortgages over Building 24 and Indigo 7. As at 31 December 2013, US$11.3 million is available for draw down on the registration of the mortgage for Building 24 with the balance of US$2.31 million available when a mortgage over the Indigo 7 property is registered.

Profit Rate Risk

The Fund is exposed to the risk of changes in market profit rates in respect of (i) its corporate Ijarah facilities with floating rates and (ii) fixed Wakala deposits. As at 31 December 2013, the corporate Ijarah facilities amounted to US$105.56 million. There were no fixed Wakala deposits as at 31 December 2013. The profit rate on the Ijarah Facilities is re-priced at intervals of three months based on three-month EIBOR. As at 31 December 2013, three-month EIBOR stood at 0.813% and to date all rental expenses of the Fund have been based on the minimum profit rate under the terms of the facility agreement. Should there be any material adverse increase in the three-month EIBOR above 2.5% this would increase the profit paid by the Fund in relation to the facilities which would have a net income reducing effect. The Fund does not have any hedging or mitigation mechanism in place to mitigate this profit rate risk. The profit rate on Wakala deposits is fixed until maturity of the relevant instrument and so the Fund is not exposed to profit rate risk in respect of Wakala instruments, although the Fund may not be able to replace such instruments with similar profit rates should market profit rate change adversely to the interest of the Fund.

Analysis of Results of Operations

Net Leasable Area

Over the period since incorporation to 31 December 2013, the Fund has a acquired a total of 10 Properties resulting in a near five-fold expansion in the Funds' Portfolio net leasable area from 240,877 square feet as at 31 December 2011 to 1,154,697 square feet as at 31 December 2013.

The following table presents the Fund's net leasable area as at 31 December 2013:

Net Leasable Area (square feet)	As at 31 December 2013
	(Unaudited)
Occupied Properties:	
Building 24	57,335
Indigo 7	20,477
Loft Offices	163,065
Office Park[(1)]	359,804
GWAD	459,614[(2)]
Subtotal—Occupied Properties	**1,060,295**
Index Tower-Retail	73,650
Index Tower-Office	20,752
Index Tower-Car Park[(3)]	n/a
Subtotal—Unoccupied Properties	**94,402**
Total	**1,154,697**

(1) As at 31 December 2012, the NLA for Office Park was 347,875 sq. ft. compared to 359,804 sq. ft. as at 31 December 2013. The expansion of NLA at Office Park is the result of the effective conversion of common areas into NLA as a result of the leasing of full floors to some tenants at the Property.

(2) Figure refers to total plot area of GWAD, the whole of which is currently leased to the tenant.

(3) Index Tower-Car Park comprises 491 car parking spaces in Index Tower and does not have a quotable NLA figure.

As at 31 December 2013, Index Tower-Retail, Index Tower-Office and Index Tower-Car Park were unoccupied.

Rental Income

The following table presents the Fund's rental income for the 13 month period ended 31 December 2011, and the 12 month periods ended 31 December 2012 and 2013, respectively.

Rental Income	For the 13 months ended 31 December	For the 12 months ended 31 December	
(US$ '000)	2011	2012	2013
	(Unaudited)	(Unaudited)	(Unaudited)
Building 24	1,105	1,758	1,962
Indigo 7	200	1,036	895
Loft Offices	393	4,111	4,808
Office Park	N/A	5,454	12,688
GWAD	N/A	N/A	1,985
Total	**1,698**	**12,360**	**22,336**

Rental income increased by US$9.98 million (80.7%) to US$22.34 million for the 12 month period ended 31 December 2013 from US$12.36 million for the 12 month period ended 31 December 2012. The increase in rental income was mainly due to the full contribution from Office Park which was operational for 12 months during the 12 month period ended 31 December 2013 compared to approximately 6.4 months during the 12 month period ended 31 December 2012, as well as the recognition of approximately two and a half months of rental income from GWAD which was acquired in October 2013.

Rental income increased by US$10.66 million (628.1%) to US$12.36 million for the 12 month period ended 31 December 2012 from US$1.70 million for the 13 month period ended 31 December 2011. The principal factor affecting the rise in rental income was the increase in the number of properties in the Fund's Portfolio from five properties with a total NLA of 240,877 square feet as at 31 December 2011 to six properties with a total NLA of approximately 588,752 square feet as at 31 December 2012 following the acquisition of Office Park.

Service Fee Income

The following table presents the Fund's service fee income for the 13 month period ended 31 December 2011, and the 12 month periods ended 31 December 2012 and 2013, respectively.

Service fee income	**For the 13 months ended 31 December**	**For the 12 months ended 31 December**	
(US$ '000)	**2011**	**2012**	**2013**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Building 24	77	323	415
Indigo 7	—	—	—
Loft Offices	48	774	901
Office Park	N/A	61	436
GWAD	N/A	N/A	162
Total	**125**	**1,159**	**1,914**

Service fee income increased by US$0.76 million (65.2%) to US$1.91 million for the 12 month period ended 31 December 2013 from US$1.16 million for the 12 month period ended 31 December 2012. The increase in service fee income was mainly due to the full contribution from Office Park which was in operation for the full 12 months ended 31 December 2013 compared to approximately 6.4 months during the 12 month period ended 31 December 2012, as well as the recognition of service fee income with respect to GWAD which represents the amount payable for land rent by the Fund to Knowledge Fund Establishment.

Service fee income increased by US$1.03 million (830.3%) to US$1.16 million for the 12 month period ended 31 December 2012 from US$0.12 million for the 13 month period ended 31 December, 2011. The principal factor affecting the increase in service fee income was the full year contribution from Building 24 and the three Loft Offices which were operational for the whole of the 12 month period ended 31 December 2012 compared to approximately six months and one month, respectively, during the 13 month period ended 31 December 2011, coupled with the increase in the number of properties in the Portfolio from five properties with a total NLA of 240,877 square feet as at 31 December 2011 to six properties with a total NLA of approximately 588,752 square feet as at 31 December 2012.

Other Property Income

The following table presents the Fund's other property income for the 13 month period ended 31 December 2011, and the 12 month periods ended 31 December 2012 and 2013, respectively.

Other property income	**For the 13 months ended 31 December**	**For the 12 months ended 31 December**	
(US$ '000)	**2011**	**2012**	**2013**
Other property income	0	26	171

Other property income represents the income generated from the provision of miscellaneous services in Building 24, the Loft Offices, and Office Park. The services include the leasing of additional parking space, valet parking services, and temporary utility and gas connection fees.

Other property income amounted to US$0.17 million for the 12 month period ended 31 December 2013 compared to US$0.03 million for the 12 month period ended 31 December 2012. The principal factor affecting the increase in other property income was the full year impact of properties that generate other income during the 12 month period ended 31 December 2013, as well as the rise in the amount of services provided as the Fund has expanded its offering to cover additional services during the twelve month period ended 31 December 2013.

Other property income was negligible for the 12 month period ended 31 December 2012 and the 13 month period ended 31 December 2011.

Building 24

Building 24 is a commercial building acquired on 27 June 2011 comprising total NLA of 57,335 square feet.

The following table presents the Fund's rental income and service fee income derived from Building 24 for the 13 month period ended 31 December 2011 and the 12 month periods ended 31 December 2012 and 2013, respectively.

Building 24	**For the 13 months ended 31 December**	**For the 12 months ended 31 December**	
(US$ '000)	**2011**	**2012**	**2013**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Rental income	1,105	1,758	1,962
Service fee income	77	323	415
Total	**1,182**	**2,081**	**2,377**
KPIs			
Occupancy at end of period (%)	89.5%	93.0%	89.5%
Months in operation	6	12	12

Total income for Building 24 increased by US$0.30 million (14.2%) to US$2.38 million during the 12 month period ended 31 December 2013 from US$2.08 million during the 12 month period ended 31 December 2012. Total income for Building 24 increased by US$0.90 million (76.1%), to US$2.08 million in the 12 month period ended 31 December 2012 from US$1.18 million in the 13 month period ended 31 December 2011. The increase in total income is attributed to a rise in both rental and service fee income reflecting 12 months of income from Building 24 during the 12 month period ended 31 December 2012 compared to approximately six months of income during the 13 month period ended 31 December 2011.

Rental Income

Rental income for Building 24 increased by US$0.20 million (11.6%) to US$1.96 million during the 12 month period ended 31 December 2013 from US$1.76 million during the 12 month period ended 31 December 2012. The principal factor affecting this increase in rental income was the higher average occupancy for Building 24 during the 12 month period ended 31 December 2013 compared to the corresponding period a year earlier.

Rental income for Building 24 increased by US$0.65 million (59.2%) to US$1.76 million in the 12 month period ended 31 December 2012 from US$1.10 million in the 13 month period ended 31 December 2011. The increase in rental income for Building 24 was mainly due to the full contribution of the property which was operational for the whole of the 12 month period ended 31 December 2012 compared to approximately six months during the 13 month period ended 31 December 2011.

Service Fee Income

Service fee income for Building 24 increased by US$0.09 million (28.6%) to US$0.42 million in the 12 month period ended 31 December 2013 from US$0.32 million in the 12 month period ended 31 December 2012. The principal factor affecting the increase in service fee income was the improvement in average tenant occupancy during the 12 month period ended 31 December 2013 compared to the corresponding period a year earlier.

Service fee income for Building 24 increased by US$0.25 million (319.3%), to US$0.32 million during the 12 month period ended 31 December 2012 from US$0.08 million during the 13 month period ended 31 December 2011. The increase in service fee income for Building 24 was mainly due to the full contribution from the property which was operational for the whole of the 12 month period ended 31 December 2012 compared to approximately six months during the 13 month period ended 31 December 2011.

Indigo 7

Indigo 7 is a commercial building in which the Fund acquired a contractual interest similar to tenancy rights on 25 September 2011 comprising total NLA of 20,477 square feet.

The following table presents the rental income and service fee income derived from Indigo 7 for the 13 month period ended 31 December 2011 and the 12 month periods ended 31 December 2012 and 2013, respectively.

Indigo 7	**For the 13 months ended 31 December**	**For the 12 months ended 31 December**	
(US$ '000)	**2011**	**2012**	**2013**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Rental income	200	1,036	895
Service fee income	—	—	—
Total	**200**	**1,036**	**895**
KPIs			
Occupancy at end of period (%)	100.0%	100.0%	55.0%
Months in operation	3	12	12

Rental Income

Historically no service fee income was generated from Indigo 7 and as such rental income represents 100% of total income for the Property. Rental income for Indigo 7 decreased by US$0.14 million (13.7%) to US$0.89 million for the 12 month period ended 31 December 2013 from US$1.04 million for the 12 month period ended 31 December 2012. The decrease in rental income is attributable to a decrease in rental income due to a reduction in average occupancy during the period. The tenant occupancy rate for Indigo 7 declined to 55.0% as at 31 December 2013 from 100.0% as at 31 December 2012 as a result of the expiry of five leases for five units on the first and second floor. The tenants of two of the units did not vacate the units after the expiry of their leases on 14 December 2013. Terms have since been agreed with the two tenants in respect of these two units. For the other three units, one unit has been leased from 1 March 2014 for three years and offers have been issued to a number of parties in respect of the other two units.

Rental income for Indigo 7 increased by US$0.84 million (418.5%) to US$1.04 million for the 12 month period ended 31 December 2012 from US$0.20 million for the 13 month period ended 31 December 2011. The increases in rental income is mainly attributable to the full contribution of the property during the 12 month period ended 31 December 2012 compared to only three months contribution in the 13 month period ended 31 December 2011 given the property was purchased in September 2011.

Service Fee Income

The Fund currently does not receive any service fee income from any of the leased units in Indigo 7; however the Fund Manager plans to introduce service charges upon the renewal of existing leases in the property as well as new leases.

Office Park

Office Park is a commercial building acquired on 19 June 2012 comprising total NLA at 31 December 2013 of 359,804 square feet.

The following table presents the rental income and service fee income derived from Office Park for the 13 month period ended 31 December 2011 and the 12 month periods ended 31 December 2012 and 2013, respectively.

Office Park	**For the 13 months ended 31 December**	**For the 12 months ended 31 December**	
(US$ '000)	**2011**	**2012**	**2013**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Rental income	N/A	5,454	12,688
Service fee income	N/A	61	436
Total	**N/A**	**5,515**	**13,124**
KPIs			
Occupancy at end of period (%)	N/A	68.7%	89.8%
Months in operation	N/A	6	12

Total income for Office Park increased by US$7.61 million (137.9%) to US$13.12 million during the 12 month period ended 31 December 2013 from US$5.52 million during the 12 month period ended 31 December 2012. The increase in total income is primarily the result of an increase in rental income for the property as a result of the full 12 month income contribution of the property during the 12 month period ended 31 December 2013 compared to approximately six months during the 12 month period ended 13 December 2012.

Rental Income

Rental income for Office Park increased by US $7.23 million (132.6%) to US$12.69 million for the 12 month period ended 31 December 2013 from US$5.45 million for the 12 month period ended 31 December 2012. The increase is mainly due to the full contribution from the property which was operational for the whole of the 12 month period ended 31 December 2013 compared to approximately six months during the 12 month period ended 31 December 2012, in addition to the increase in the average tenant occupancy over the same periods. Tenant occupancy increased to 89.8% as at 31 December 2013 from 68.7% as at 31 December 2012.

Service Fee Income

Service fee income for Office Park increased by US$0.38 million (610.9%) to US$0.44 million during the 12 month period ended 31 December 2013 from US$0.06 million during the 12 month period ended 31 December 2012. The increase in service fee income relates to the introduction of service charges for new leases and renewal of existing leases by the Fund over the period as the majority of leases on the acquisition of Office Park did not contain provisions for service charges. The increase also reflects the full contribution of the property during the 12 month period ended 31 December 2013 compared to approximately six months contribution during the 12 month period ended 31 December 2012.

The Loft Offices

The Loft Offices (Loft Office 1, Loft Office 2, and Loft Office 3) are commercial buildings acquired on 8 December 2011 comprising total NLA of 163,066 square feet.

The following table presents the rental income and service fee income derived from The Loft Offices for the 13 month period ended 31 December 2011 and the 12 month periods ended 31 December 2012 and 2013, respectively.

The Loft Offices	**For the 13 months ended 31 December**	**For the 12 months ended 31 December**	
(US$ '000)	**2011**	**2012**	**2013**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Rental income	393	4,111	4,808
Service fee income	48	774	901
Total	**441**	**4,885**	**5,708**
KPIs			
Occupancy at end of period (%)	80.5%	80.5%	93.1%
Months in operation	0.7	12	12

Total income for the Loft Offices increased by US$0.82 million (16.8%) to US$5.71 million during the 12 month period ended 31 December 2013 from US$4.89 million during the 12 month period ended 12 December 2012. The Loft Offices were acquired in December 2011; as such, less than one month of income was recorded during the 13 month period ended 31 December 2011 amounting to US$0.44 million.

Rental Income

Rental income for the Loft Offices increased by US$0.70 million (16.9%) to US$4.81 million during the 12 month period ended 31 December 2013 from US$4.11 million during the 12 month period ended 31 December 2012 due to an improvement in average tenant occupancy rates during the period. Occupancy rates for the Loft Offices reached 93.1% as at 31 December 2013 compared to 80.5% as at 31 December 2012.

Rental income for the Loft Offices amounted to US$0.39 million during the 12 month period ended 31 December 2011 which represented approximately one month of contribution as the property was acquired in December 2011.

Service Fee Income

Service fee income for the Loft Offices increased by US$0.13 million (16.3%) to US$0.90 million during the 12 month period ended 31 December 2013 from US$0.77 million during the 12 month period ended 31 December 2012 primarily as a result of the increase in average occupancy rates during the 12 month period ended 31 December 2013 relative to the corresponding period a year earlier.

Service fee income for the Loft Offices amounted to US$0.05 million during the 12 month period ended 31 December 2011 reflecting approximately one month of contribution as the property was acquired in December 2011.

GWAD

GWAD is an education facility acquired on 10 October 2013 comprising a total plot area of 459,614 square feet, all of which is currently leased to the tenant.

The following table presents the rental income and service fee income derived from GWAD for the 13 month period ended 31 December 2011 and the 12 month periods ended 31 December 2012 and 2013, respectively.

GWAD	For the 13 months ended 31 December	For the 12 months ended 31 December	
(US$ '000)	2011	2012	2013
	(Unaudited)	(Unaudited)	(Unaudited)
Rental income	N/A	N/A	1,985
Service fee income	N/A	N/A	162
Total	**N/A**	**N/A**	**2,147**
KPIs			
Occupancy at end of period (%)	N/A	N/A	100%
Months in operation	N/A	N/A	2.7

GWAD was acquired in October 2013 and income recorded in the year ended 31 December 2013 represents the income for the period from acquisition (being 10 October 2013) to 31 December 2013. Total income from GWAD during the 12 month period ended 31 December 2013 amounted to US$2.15 million.

Rental Income

Rental income from GWAD during the 12 month period ended 31 December 2013 amounted to US$1.99 million representing approximately 2.7 months of income recognition during the period.

Service Fee Income

As per the leasehold agreement in place with Knowledge Fund Establishment in relation to GWAD, the Fund is required to pay an amount to Knowledge Fund Establishment as land rent. Under the terms of the lease granted to the single tenant of GWAD, the Fund receives income to cover the cost of the land rent that the Fund is required to pay under the terms of the leasehold arrangement with Knowledge Fund Establishment. Service fee income recorded in the period represents the service fee income earned from the single tenant occupying GWAD over the period from acquisition to 31 December 2013 which is subsequently used by the Fund to cover this land rent expense.

Fund Expenses

Property Operating Expenses

The following table presents the Fund's property operating expenses for the 13 month period ended 31 December 2011 and the 12 month periods ended 31 December 2012 and 2013, respectively.

Property Operating Expenses	For the 13 months ended 31 December	For the 12 months ended 31 December	
(US$ '000)	2011	2012	2013
	(Unaudited)	(Unaudited)	(Unaudited)
Property Management Fees	212	544	705
Facility Management Fees—Fixed	111	738	923
Facility Management Fees—Variable	39	115	740
Utilities	125	2,373	2,274
Community Fees	—	267	326
Insurance	12	33	28
Land Rent	—	—	162
Service Charges	—	—	401
Other	51	61	197
Total	**550**	**4,130**	**5,755**

Property operating expenses generally consist of utilities expenses, property management fees, facility management fees, and other expenses incurred by the Fund to operate the Properties. Total property operating expenses increased by US$1.62 million (39.3%) to US$5.75 million during the 12 month period ended 31 December 2013 from US$4.13 million during the 12 month period ended 31 December 2012. The principal factors affecting the increase in property operating expenses was the increase in the number of Properties in the Fund's Portfolio from six Properties with a total NLA of 588,752 square feet as at 31 December 2012 to 10 Properties with a total NLA of approximately 1.15 million square feet as at 31 December 2013. Property operating expenses as a percentage of total income declined to 23.6% during the 12 month period ended 31 December 2013 compared to 30.5% during the 12 month period ended 31 December 2012. The decline in property operating expenses as a percentage of total income is the result of the implementation of numerous operating improvements at the Properties by the Fund Manager resulting in the realization of operating cost efficiencies, as well as the impact of rental income from GWAD which, given the terms of the contract in place, results in the property operating costs with respect to that Property being borne by the tenant.

Property Management Fees

Property Management Fees represent the fees paid to third party property managers engaged by the Fund to provide property management services for each of the individual Properties. With the exception of Building 24, which is managed by TECOM under the TECOM PMLA, the Fund Manager has the freedom to select third-party property management service providers at its own discretion. As at 31 December 2013, four of the Fund's 10 Properties were managed by third-party property managers, with the exception of Indigo 7 (which is managed directly by the Fund due to its relatively small size), Building 24 (which is managed under the terms of the TECOM PMLA), GWAD (which is occupied by a single tenant on a 30-year lease), and Index Tower-Retail, Index Tower-Office and Index Tower-Car Park Properties (which are all currently unoccupied). Property management fees represented 13.2% of total property operating expenses during the 12 month period ended 31 December 2012 and 12.2% of total property operating expenses during the 12 month period ended 31 December 2013.

Total property management fees amounted to US$0.70 million during the 12 month period ended 31 December 2013, growing by 29.5% from US$0.54 million during the 12 month period ended 31 December 2012. The increase was primarily due to the increase in the size of the Fund's Property Portfolio over the period. Property management fees as a percentage of total income declined to 2.9% in the 12 month period ended 31 December 2013 from 4.0% in the 12 month period ended 31 December 2012.

Total property management fees grew by US$0.33 million (156.6%) to US$0.54 million in the 12 month period ended 31 December 2012 from US$0.21 million in the 13 month period ended 31 December 2011, representing 4.0% and 11.6%, of total income, respectively. The increase in property management fees reflects the addition of new properties and the rise in rental income over the period.

Facility Management Fees

Facility management fees represent fees paid to third party facilities managers and generally include a fixed fee and a variable fee in line with general industry practice. The variable fee is dependent on the level of repairs and maintenance work undertaken by the facility manager during the period. As at 31 December 2013, all of the Fund's Properties were serviced by third-party facilities managers. Facility management fees represented 28.9% of total property operating expenses during the 12 month period ended 31 December 2013 compared to 20.7% of total property operating expenses during the 12 month period ended 31 December 2012.

Total facility management fees amounted to US$1.66 million during the 12 month period ended 31 December 2013, growing by 95.0% from US$0.85 million during the 12 month period ended 31 December 2012. Facility management fees represented 6.8% of total income during the 12 month period ended 31 December 2013 compared to 6.3% during the 12 month period ended 31 December 2012. The increase in facility management fees as a percentage of total income includes the effects of additional costs relating to property security following the introduction of minimum wages for security staff as a result of changes in labour law. The increase also reflects additional expenditure incurred to maintain and enhance the Properties.

Total facility management fees grew by US$0.70 million to US$0.85 million in the 12 month period ended 31 December 2012 from US$0.15 million in the 13 month period ended 31 December 2011. As a percentage of total income, these represented 6.3% and 8.2%, respectively. The increase in total facility management fees was primarily due to the rise in the number of Properties in the Fund's Portfolio from five Properties with a total NLA of 240,877 square feet as at 31 December 2011 to six Properties with a total NLA of approximately 588,752 square feet during as at 31 December 2012 following the acquisition of Office Park. The reduction in facility management fees as a percentage of total income is the result of the fixed-cost nature of a large proportion of the facility management costs.

Utility Expenses

Utility expenses represent the largest portion of property operating expenses comprising 39.5% of total property operating expenses during the 12 month period ended 31 December 2013 compared to 57.5% during the 12 month period ended 31 December 2012. The decline in utility expenses as a percentage of total income is primarily the result of the inclusion of GWAD in the Fund's Property Portfolio which is occupied by a single tenant under a full repairing lease contract where facility management costs with respect to the Property are borne by the tenant.

Total utility expenses amounted to US$2.27 million during the 12 month period ended 31 December 2013, declining by US$0.10 million (4.2%) from US$2.37 million during the 12 month period ended 31 December 2012. Utility expenses declined to 9.3% of total income in the 12 month period ended 31 December 2013 from 17.5% in the 12 month period ended 31 December 2012.

Total utility expenses grew by US$2.25 million to US$2.37 million in the 12 month period ended 31 December 2012 from US$0.13 million in the 13 month period ended 31 December 2011 representing 17.5% and 6.9% of total income, respectively.

Community Fees

Community fees relate solely to the expenses incurred by the Fund in connection with the Loft Offices and the Master Community Declaration currently in place with TECOM pursuant to which the Fund is obliged to pay a fee to TECOM equivalent to AED 8 (US$2.18) per sq. ft. of occupied space. Community fees represented 5.7% of total property operating expenses during the 12 month period ended 31 December 2013 and 6.5% of total property operating expenses during the 12 month period ended 31 December 2012.

Total community fees amounted to US $0.33 million during the 12 month period ended 31 December 2013, growing by 21.9% from US$0.27 million during the 12 month period ended 31 December 2012. As a percentage of total income for the Loft Offices, community fees increased slightly to 5.7% in the 12 month period ended 31 December 2013 from 5.5% in the 12 month period ended 31 December 2012. The increase was primarily due to an increase in average occupancy levels in the Loft Offices between the two periods.

The Master Community Declaration provides that the community fees are intended to be used, *inter alia*, to finance infrastructure maintenance costs such as road repairs and cleaning, street lighting, lake preservation, landscaping and open area upkeep and infrastructure improvement works.

The Fund did not incur any community fees in the 13 month period ended 31 December 2011.

Other

Other expenses represented 3.4% of total property operating expenses during the 12 month period ended 31 December 2013 and 1.5% of total property operating expenses during the 12 month period ended 31 December 2012. Other expenses amounted to US$0.20 million during the 12 month period ended 31 December 2013 and include the valet parking costs at Office Park and also initial consultancy costs for Index Tower-Retail.

Land rent

Land rent represents the charge in respect of the Fund's land lease for GWAD. The Fund pays land rent under the terms of the long leasehold agreement with the Knowledge Fund Establishment. The amount recorded in the period represents the land rent charge for the period from acquisition between 10 October 2013 and 31 December 2013. The land rent charge is equivalent to the service fee income received by the Fund under the sub-lease it has granted.

Service Charges

Service charges represent the service charge the Fund is paying to the body corporates of Index Tower. The service charge covers costs such as utilities, facility management and security. In the 12 month period ended 31 December 2013, the Fund paid approximately seven and a half months' worth of service charges amounting to US$0.40 million which were incurred with respect to Index Tower-Retail which was acquired in May 2013.

Net Rental Income

Net rental income (being rental income, service fee income and other property income less property operating expenses) increased by US$9.25 million (98.3%) to US$18.67 million in the 12 month period ended 31 December 2013 (representing 76.4% of total income) from US$9.41 million in the 12 month period ended 31 December 2012 (representing 69.5% of total income). The increase in net rental income as a percentage of total income is due to the decline in property expenses as a percentage of total income from 30.5% in the 12 month period ended 31 December 2012 to 23.6% in the 12 month period end 31 December 2013.

Net rental income in the 13 month period ended 31 December 2011 amounted to US$1.27 million, representing 69.8% of total income.

General & Administrative Expenses

The Fund incurs general and administrative expenses as part of its ongoing operations which comprise custodian fees, committee and board fees, valuation fees, legal expenses, branding and marketing expenses, and other general overhead expenses.

The following table presents the general & administrative expenses of the Fund for the 13 month period ended 31 December 2011 and the 12 month periods ended 31 December 2012 and 2013, respectively.

General & Administrative Expenses	**For the 13 months ended 31 December**	**For the 12 months ended 31 December**	
(US$ '000)	**2011**	**2012**	**2013**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Custodian fees	6	20	24
Committee / board fees	70	150	152
Valuation fees	—	20	50
Legal expenses	—	166	127
Branding / marketing	8	153	187
Other	—	32	64
Total	**84**	**541**	**604**

Total general and administrative expenses increased by US$0.06 million (11.7%) to US$0.60 million during the 12 month period ended 31 December 2013 from US$0.54 million during the 12 month period ended 31 December 2012. The principal factor affecting the increase in general and administrative expenses was the growth in the scale of the Fund's Portfolio. General and administrative expenses as a percentage of total income declined to 2.5% during the 12 month period ended 31 December 2013 compared to 4.0% in the 12 month period ended 31 December 2012.

Total general and administrative expenses increased by US$0.46 million (544.0%) to US$0.54 million during the 12 month period ended 31 December 2012 from US$0.08 million during the 13 month period ended 31 December 2011. The increase was due primarily to increase in legal, marketing, and committee/ board expenses. General and administrative expenses as a percentage of total income declined to 4.0% during the 12 month period ended 31 December 2012 compared to 4.6% in the 13 month period ended 31 December 2011.

Custodian Fees

Custodian fees are paid to the Custodian as part of the Custody Agreement. Custodian fees represented 4.0% of total general and administrative expenses during the 12 month period ended 31 December 2013 and 3.7% of total general and administrative expenses during the 12 month period ended 31 December 2012 compared to 7.1% in the 13 month period ended 31 December 2011.

Custodian fees represented 0.1% of total income during the 12 month period ended 31 December 2013 and the 12 month period ended 31 December 2012 compared to 0.3% of total income during the 13 month period ended 31 December 2011.

Committee and Board Fees

Committee and Board fees represent fees paid to the members of the Oversight Committee, Investment Committee, Shari'a Supervisory Board and Advisory Board. Committee and Board fees represented 25.2% of total general and administrative expenses during the 12 month period ended 31 December 2013 compared to 27.7% of total general and administrative expenses during the 12 month period ended 31 December 2012 and 83.3% of total general and administrative expenses during the 13 month period ended 31 December 2011.

Committee and Board fees represented 0.6% of total income during the 12 month period ended 31 December 2013 and 1.0% of total income during the 12 month period ended 31 December 2012. Committee and board fees during the 13 month period ended 31 December 2011 amounted to US$0.07 million.

Valuation Fees

Valuation fees represent the amounts paid to independent valuers for their services in relation to the periodic valuation of the Fund's Properties. Valuation fees represented 8.3% of total general and administrative expenses during the 12 month period ended 31 December 2013 compared to 3.7% of total general and administrative expenses during the 12 month period ended 31 December 2012.

Valuation fees represented 0.2% of total income during the 12 month period ended 31 December 2013 and 0.1% of total income during the 12 month period ended 31 December 2012. The increase in valuation fees reflects the increased number of acquisitions and the increased frequency of independent valuations that took place in 2013 compared to 2012.

Legal Expenses

Legal expenses represented 21.1% of total general and administrative expenses during the 12 month period ended 31 December 2013 compared to 30.7% of total general and administrative expenses during the 12 month period ended 31 December 2012. The Fund did not incur any legal expenses in the 13 month period ended 31 December 2011.

Legal expenses amounted to US$0.13 million in the 12 month period ended 31 December 2013 compared to US$0.17 million during the 12 month period ended 31 December 2012. Legal expenses represented 0.5% of total income during the 12 month period ended 31 December 2013 and 1.2% of total income during the 12 month period ended 31 December 2012.

Branding/Marketing Expenses

Branding/Marketing expenses represented 30.9% of total general and administrative expenses during the 12 month period ended 31 December 2013 compared to 28.3% of total general and administrative expenses during the 12 month period ended 31 December 2012 and 9.5% of total general and administrative expenses during the 13 month period ended 31 December 2011.

Branding/Marketing expenses represented 0.8% of total income during the 12 month period ended 31 December 2013 and 1.1% of total income during the 12 month period ended 31 December 2012. The increase in Branding/Marketing expenses during the 12 month period ended 31 December 2013 reflects increased expenditure by the Fund in relation to participation in sector specific events such as CityScape.

Other

Other general and administrative expenses represented 10.6% of total general and administrative expenses during the 12 month period ended 31 December 2013 and 5.9% of total general and administrative expenses during the 12 month period ended 31 December 2012.

Other general and administrative expenses represented 0.3% of total income during the 12 month period ended 31 December 2013 and 0.2% of total income during the 12 month period ended 31 December 2012.

Net Unrealised Gain on Revaluation of Investment Properties

The following table presents the unrealised gain on revaluation of investment properties for the 13 month period ended 31 December 2011 and the 12 month periods ended 31 December 2012 and 2013, respectively.

Net Unrealised Gain on Revaluation of Investment Properties	For the 13 months ended 31 December	For the 12 months ended 31 December	
(US$ '000)	2011	2012	2013
	(Unaudited)	(Unaudited)	(Unaudited)
Building 24	772	817	188
Indigo 7	(156)	(299)	(234)
Loft Offices	27	762	7,169
Office Park	N/A	6,335	12,147
Index Tower-Retail	N/A	N/A	(1,233)
GWAD	N/A	N/A	8,835
Index Tower-Office	N/A	N/A	248
Index Tower-Car Park	N/A	N/A	166
Total	**644**	**7,615**	**27,286**

Fund Management Fee

The Fund Management Fee is the fee payable to the Fund Manager by the Fund pursuant to the Fund Management Agreement. The Fund Manager is entitled to receive from the Fund a Fund Management Fee of an amount equal to 1.5% per annum of the Gross Asset Value of the Fund as consideration for the services it provides as Fund Manager. The Fund Management Fees are payable on a quarterly basis by the Fund.

The following table presents the level of fees to the Fund Manager for the periods indicated.

Fund Management Fee	For the 13 months ended 31 December	For the 12 months ended 31 December	
(US$ '000)	2011	2012	2013
Gross Asset Value at balance sheet date	70,522	212,570	333,210
Fund Management Fee for the period total	**178**	**1,765**	**3,778**

The basis for the calculation of the above Fund Management Fee is the level of assets under management by the Fund which historically has been impacted by (i) the timing of the acquisitions of the various Properties; (ii) the method of payment for the different acquisitions; and (iii) the appreciation in the value of the Properties as per the independent valuation reports.

The Fund Management Fee began accruing following the Fund's first acquisition of Building 24 in June 2011. The Fund Management Fee in the 13 month period ended 31 December 2011 was also impacted, however to a lesser extent, by the acquisition of its interest in Indigo 7 in September 2011 and of the Loft Offices in December 2011.

In June 2012, the Fund completed the acquisition of Office Park, which coupled with unrealised valuation gains during the 12 month period ended 31 December 2012 of US$7.61 million, resulted in the increase in the Gross Asset Value of the Fund to US$212.6 million as at 31 December 2012 from US$70.5 million as at 31 December 2011. Accordingly, the Fund Management Fee increased from US$0.18 million in the 13 month period ended 31 December 2011 to US$1.77 million in the 12 month period ended 31 December 2012.

The Fund Management Fee in the 12 month period ended 31 December 2013 amounted to US$3.78 million, compared to US$1.77 million in the 12 month period ended 31 December 2012, representing an increase of US$2.01 million or 114.1%. Between 31 December 2012 and 31 December 2013, the Gross Asset Value of the Fund increased by 56.8% from US$212.6 million to US$333.2 million. The principal reasons for the increase in the Gross Asset Value of the Fund were the acquisition of Index Tower-Retail in May 2013, GWAD in October 2013, and Index Tower-Office and Index Tower-Car Park in December 2013, as well as valuation gains of US$27.3 million recorded during the 12 month period ended 31 December 2013.

Performance Fee

The Fund Manager is also entitled to receive from the Fund a one-off Performance Fee immediately following Admission and, subsequently, an annual Performance Fee. The annual Performance Fee is equal to 3.0% of the increase in the Net Asset Value per Share (adjusted for historical dividend payments) previously used in calculating the Performance Fee and will be calculated by taking the Net Asset Value per Share at the end of the Financial Year, subtracting from that value per Share the highest Net Asset Value per Share previously used in calculating the Performance Fee and then multiplying that resulting figure by the number of Shares in issue at the end of the Financial Year in question. The base Net Asset Value per Share of the Fund will be the highest Net Asset Value per Share determined on any previous date on which the Performance Fee was calculated. The one-off Performance Fee payable immediately following Admission will be equal to 5.0% of the increase in Net Asset Value per Share (excluding adjustments for dividends payments) at the time of Admission over the nominal value of the Shares of US$1, multiplied by the number of Shares in issue immediately prior to Admission (but excluding, for the avoidance of doubt, any Shares issued in connection with any offer of Shares made as part of the Admission).

The Fund has made provision for the Performance Fee payable on Admission at the end of each financial period. The amounts recorded in the statement of comprehensive income for each respective period are set out in the table below:

Performance Fee	**For the 13 months ended 31 December**	**For the 12 months ended 31 December**	
(US$ '000)	**2011**	**2012**	**2013**
Performance Fee	119	781	1,966

The Fund has taken a provision for the Performance Fee in the amount of US$1.97 million for the 12 month period ending 31 December 2013 compared to US$0.78 million for the 12 month period ending 31 December 2012. The increase in the provision for the Performance Fee is attributed to the increase in the NAV per Share due to the increase in retained earnings as well as the value of the investment properties in the Portfolio.

The Fund has provisioned an amount of US$0.12 million for the Performance Fee during the 13 month period ending 31 December 2011.

The Performance Fee will become payable following Admission.

For more information on the Fund Management Agreement and the fees payable under it, please refer to "*The Fund Manager*" and "*General Information*" sections of this Prospectus.

Subscription income

During the 12 month period ended 31 December 2013 the Fund charged subscription fees of US$0.07 million in connection with the issue of Shares.

No subscription income was recorded in the 12 month period ended 31 December 2012 or the 13 month period ended 31 December 2011.

Subscription fees

During the 12 month period ended 31 December 2013, the Fund paid subscription fees of US$0.12 million to third parties in connection with the subscription for Shares by new investors.

No subscription fees were recorded in the 12 month period ended 31 December 2012 or the 13 month period ended 31 December 2011.

Commission expense

A commission expense of US$0.22 million was paid by the Fund in relation to the acquisition of one of its investment properties in the 13 month period ended 31 December 2011.

No commission expenses were recorded in the 12 month period ended 31 December 2012 or the 12 month period ended 31 December 2013.

IPO costs

IPO-related costs amounting to US$0.70 million were recorded in the income statement by the Fund in the 12 month period ended 31 December 2013.

Operating Profit

Operating profit in the 12 month period ended 31 December 2013 amounted to US$38.67 million and included US$27.29 million of net unrealised gains on the revaluation of investment properties. In the 12 month period ended 31 December 2012, operating profit amounted to US$13.81 million and included US$7.62 million of net unrealised gains on the revaluation of investment properties. Excluding net unrealised gains on the revaluation of investment properties, operating profit represented 45.7% and 46.6% of total income during the 12 month period ended 31 December 2012 and 2013, respectively. The improvement in operating profit margins (excluding the net unrealised gains on the revaluation of investment properties) was the result of the reduction in property expenses as a percentage of total income offset by one off IPO costs of US$0.70 million (representing 2.9% of total income) recorded in the 12 month period ended 31 December 2013.

Operating profit in the 13 month period ended 31 December 2011 amounted to US$1.24 million and included US$0.64 million in net unrealised gains on the revaluation of investment properties, excluding which operating profit represented 32.5% of total income during the period.

Financing Cost, net

The following table presents the level of financing expenses for the periods indicated.

Financing Cost, net	**For the 13 months ended 31 December**	**For the 12 months ended 31 December**	
(US$ '000)	**2011**	**2012**	**2013**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Finance Expense:			
Rent on Ijarah facilities	(43)	(2,927)	(4,024)
Finance Income:			
Profit on current & savings accounts	0.5	16	199
Profit on Wakala deposits	—	—	—
Net Financing Costs	**(43)**	**(2,912)**	**(3,826)**

As at 31 December 2013, the Fund had four corporate Ijarah facilities including three with Emirates Islamic Bank and one with Ajman Bank. Variable rent is charged on the Ijarah facilities and calculated at a profit rate of three month EIBOR + 3.0% per annum with a minimum profit rate of 5.5% per annum. Prior to 31 December 2012, variable rent in relation to the two original Emirates Islamic Bank facilities was charged at the profit rate of three month EIBOR + 3.0% per annum with a minimum profit rate of 6.5% per annum. As at 31 December 2013, the three-month EIBOR stood at 0.813%. The rent on the Ijarah facilities is payable in quarterly instalments over the term of the relevant facility. Further details of the Ijarah Facilities are set out in "Liquidity & Capital Resources".

The Ijarah 1 facility of US$21.78 million (AED 80 million) with Emirates Islamic Bank was drawn down in December 2011 and the proceeds were used to finance in part the cost of the acquisition of the Loft Offices. The Ijarah 2 facility of US$43.56 million (AED 160 million) with Emirates Islamic Bank was drawn down in June 2012 and the proceeds were used to finance in part the acquisition of Office Park. The Ijarah 3 facility of US$22.0 million (AED 80.82 million) with Emirates Islamic Bank was drawn down in October 2013 and was used to help finance the acquisition of GWAD. The Ijarah 4 Facility of US$27.23 million (AED 100 million) with Ajman Bank was drawn down in October 2013 this facility was also used to help finance the purchase of GWAD. Rental expense includes the amortisation of loan processing fees using the effective profit rate method.

In November 2013, the Fund agreed a US$13.62 million (AED 50 million) Musharaka facility with DIB (the "**Musharaka Facility**"). No funds have been drawn down under the Musharaka Facility to date and any such draw down is conditional upon the completion of the Musharaka documentation and related security arrangements under which a first degree registered mortgage and assignment of rental income and comprehensive insurance in relation to Building 24 and Indigo 7 will be required. The Musharaka Facility may only be drawn down prior to 13 May 2014.

Finance Cost

In the 12 month period ended 31 December 2013, rent on Ijarah facilities amounted to US$4.02 million, growing by US$1.10 million or 37.5% from US$2.93 million in the 12 month period ended 31 December 2012. The increase in rent on Ijarah facilities reflects the increase in the average outstanding Ijarah facilities during the 12 month period ended 31 December 2013 compared to the corresponding period a year earlier. Rent expenses on outstanding Ijarah facilities during the 12 month period ended 31 December 2013 reflects 12 months' rent expenses associated with the Ijarah 1 facility, 12 months' rent expenses associated with the Ijarah 2 facility (compared to approximately six months' rent during the 12 month period ended 31 December 2012 as the drawdown of the Ijarah 2 facility occurred in June 2012), and approximately three months' rent expenses for the Ijarah 3 and Ijarah 4 facilities which were both drawn down in October 2013 to partially fund the acquisition of GWAD. Rent on Ijarah facilities represented 21.6% of total income in the 12 month period ended 31 December 2012 and 16.5% of total income in the 12 month period ended 31 December 2013.

The Ijarah 1 facility was drawn down in December 2011 and as such a negligible amount of rent charge amounting to US$0.04 million was recorded in the 13 month period ended 31 December 2011.

Finance Income

The Fund receives finance income comprised of profit earned on bank deposits.

Profit on deposits amounted to US$0.20 million in the 12 month period ended 31 December 2013. Profit on deposits was negligible in the corresponding period a year earlier as the Fund made its first Wakala deposit in December 2012 following the subscription for Shares in the capital of the Fund by Vintage Bullion totalling US$38.20 million. US$37.60 million remained on deposit until May 2013 when funds were released for the acquisition of Index Tower-Retail.

Profit for the period

Total comprehensive income in the 12 month period ended 31 December 2013 reached US$34.85 million, representing 142.7% of total income, growing by US$23.95 million (219.8%) from US$10.90 million in the 12 month period ended 31 December 2012, representing 80.4% of total income.

Total comprehensive income in the 13 month period ended 31 December 2011 amounted to US$1.19 million, representing 65.5% of total income.

Cash flow

The following table presents a summary cash flow statement for the periods indicated.

Summary Cash Flow Statement	For the 13 months ended 31 December	For the 12 months ended 31 December	
(US$ '000)	2011	2012	2013
Net cash flows from operating activities	650	11,855	15,226
Net cash flow used in investing activities	(37,173)	(60,896)	(108,820)
Net cash flow used in financing activities	37,070	92,089	58,145
Net cash flows for the period	**547**	**43,048**	**(35,449)**

The Fund's net cash outflows amounted to US$35.45 million in the 12 month period ended 31 December 2013 compared to total net cash inflows of US$43.05 million in the 12 month period ended 31 December 2012.

In the 12 month period ended 31 December 2011, the Fund generated net cash of US$0.55 million.

Cash flow from operating activities

The following table presents the net cash flow from Operating Activities for the periods indicated.

Net Cash flow from Operating Activities	For the 13 months ended 31 December	For the 12 months ended 31 December	
(US$ '000)	2011	2012	2013
Net profit for the period	**1,193**	**10,895**	**34,846**
Adjustments for:			
Unrealised gain on revaluation of investment properties	(644)	(7,615)	(27,286)
Finance expense	43	2,927	4,024
Finance income	—	(16)	(199)
Provision of doubtful debt	—	12	17
Working capital changes:			
Receivables, prepayments and other assets	(1,666)	280	(577)
Accounts payable and other liabilities	1,723	5,371	4,400
Net Cash flows from Operating Activities	**650**	**11,855**	**15,226**

Cash generated from operating activities increased by US$3.37 million (28.4%) to US$15.23 million in the 12 month period ended 31 December 2013 from US$11.86 million in the 12 month period ended 31 December 2012. The increase in cash flow from operating activities is primarily a result of the increase in operating profit for the period as the size of the Fund's Portfolio grew in scale.

Receivables, prepayments and other assets represent rental and service income receivables, security deposits receivable, prepaid management fees, and other receivables. Receivables, prepayments, and other assets amounted to US$1.93 million as at 31 December 2013 compared to US$1.37 million and US$1.67 million as at 31 December 2012 and 2011, respectively. Net provisions for doubtful debts during the 12 month period ended 31 December 2013 amounted to US$17,163 compared to US$12,088 during the 12 month period ended 31 December 2012. No provisions were charged during the 13 month period ended 31 December 2011.

Accounts payable and other liabilities represent rent advances, service fee advances, accrued expenses, tenant deposits payable, commissions payable, Management Fees payable, Performance Fees payables, administration fees payable and other payables. Accounts payable and other liabilities amounted to US$22.59 million as at 31 December 2013 compared to US$7.12 million as at 31 December 2012 and US$1.72 million as at 31 December 2011. The increase in accounts payable and other liabilities as at 31 December 2013 is mainly attributable to the deferred consideration amounting to US$10.47 million in relation to Contract 3 Index Tower-Retail and the Index Tower-Car Park, which is expected to be paid to

Emirates NBD Properties following satisfaction of outstanding conditions as more fully explained in part "*The Fund, Strategy, and Investment Objectives*" section of this Prospectus.

Cash flow used in investing activities

Cash flows for investing activities relate primarily to the acquisition of the Properties and are slightly offset by finance income received from the Funds cash and Wakala deposits.

The following table presents the cash flows for investing activities for the periods indicated.

Cash flow used in Investing Activities	For the 13 months ended 31 December	For the 12 months ended 31 December	
(US$ '000)	2011	2012	2013
Purchase of investment properties	(37,174)	(60,912)	(109,019)
Finance income	0.5	16	199
Cash flows used in Investing Activities	**(37,174)**	**(60,896)**	**(108,820)**

Net cash used in investing activities amounted to US$37.17 million in the 13 month period ended 31 December 2011 reflecting the acquisition of the Building 24, Indigo 7, and The Loft Offices. Net cash used in investing activities amounted to US$60.90 million in the 12 month period ended 31 December 2012 reflecting the acquisition of Office Park in June 2012. Net cash used in investing activities amounted to US$108.8 million in the 12 month period ended 31 December 2013 reflecting the consideration for the acquisition of Index Tower-Retail Contract 1 and Contract 2, the acquisition of GWAD in October 2013, and the initial 10% payment in relation to the acquisition of Index Tower-Car Park in December 2013. Shares issued to EFG Hermes Holding SAE in consideration of the transfer of Index Tower-Office at a valuation of US$8.76 million represents a non cash movement and is not included within cash flows used in investing activities.

Finance income for the 12 month period ended 31 December 2013 totalled US$0.20 million and primarily related to profit received on Wakala deposits. The Fund reported a negligible amount of finance income during the 13 month period ended 31 December 2011 and the 12 month period ended 31 December 2012 which slightly offset the cash outflows related to the purchase of investment properties.

Acquisition of Investment Properties

The following table presents a breakdown of purchase of investment properties for the 13 month period ended 31 December 2011 and the 12 month periods ended 31 December 2012 and 2013, respectively, as they relate to each of the Properties.

Acquisition of Investment Properties	For the 13 months ended 31 December	For the 12 months ended 31 December	
(US$ '000)	2011	2012	2013
	(Unaudited)	(Unaudited)	(Unaudited)
Building 24	13,657	—	—
Indigo 7	7,207	—	—
Loft Offices	46,801	—	—
Office Park	N/A	91,677	12
Index Tower-Retail	N/A	N/A	34,707
GWAD	N/A	N/A	75,902
Index Tower-Office	N/A	N/A	9,077
Index Tower-Car Park	N/A	N/A	8,546
Total Purchase of Investment Properties	**67,666**	**91,677**	**128,244**

In the 12 month period ended 31 December 2013, the Fund acquired investment properties for a total consideration of US$128.2 million, of which US$109.0 million was paid in cash and US$8.8 million was settled by issue of Shares and the residual consideration of US$10.5 million remained outstanding as at the reporting date.

In the 12 month period ended 31 December 2012, the Fund acquired investment properties for a total consideration of US$91.7 million, of which US$60.9 million was paid in cash and US$30.8 million was settled by issue of Shares.

In the 13 month period ended 31 December 2011, the Fund acquired investment properties for a total consideration of US$67.7 million, of which US$37.2 million was paid in cash and US$30.5 million was settled by issue of Shares.

The following table presents a summary of the source of funding used to acquire the Properties for the periods indicated.

Funding for Total Purchase of Investment Properties	**For the 13 months ended 31 December**	**For the 12 months ended 31 December**	
(US$ '000)	**2011**	**2012**	**2013**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Shares	30,492	30,765	8,757
Cash	37,174	60,912	109,019
Deferred consideration	—	—	10,468
Total	**67,666**	**91,677**	**128,244**

The Fund has on occasion used a combination of cash and the issue of new Shares as consideration for the acquisition of a Property.

The following table presents details of the number and value of Shares issued as consideration on the acquisition of Properties.

Property	**Acquisition Date**	**Total Consideration Paid (US$ '000)**	**Percentage Of Consideration as Shares (%)**	**Total value of Share Consideration (US$ '000)**	**Subscription Price per Share (US$)**
Building 24	June 2011	13,657	100%	13,657	100.00
Indigo 7	September 211	7,207	73.0%	5,264	102.20
The Loft Offices	December 2011	46,801	24.7%	11,571	102.93
Office Park	June 2012	91,677	33.6%	30,765	105.32
Index Tower-Office	December 2013	8,757	100%	8,757	136.63

Note: The historical subscription price per Share presented in the table 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 by a factor of 100 on 26 January 2014. For further information, please refer to the "*Net Asset Value per Share*" and "*General Information*" sections of this Prospectus.

Cash flow used in financing activities

Net cash from / (used in) financing activities primarily includes proceeds from the issue of Shares, movements in the Fund's corporate Ijarah facilities, rent costs associated with the Ijarah facilities, and dividend payments.

The following table provides a breakdown of net cash flows from financing activities for the 13 month period ended 31 December 2011 and the 12 month periods ended 31 December 2012 and 2013, respectively.

Net Cash Flow from Financing Activities	**For the 13 months ended 31 December**	**For the 12 months ended 31 December**	
(US$ '000)	**2011**	**2012**	**2013**
Proceeds from issue of Shares	15,495	55,339	21,852
Corporate Ijarah facility obtained	21,618	43,234	48,852
Corporate Ijarah facility paid	—	(3,189)	(5,038)
Finance expense paid	(43)	(2,877)	(3,362)
Dividend paid	—	(418)	(4,159)
Net Cash from/(used in) financing activities	**37,070**	**92,089**	**58,145**

Net cash inflows from financing activities decreased to US$58.14 million in the 12 month period ended 31 December 2013, compared to a net cash inflow of US$92.09 million in the 12 month period ended 31 December 2012, due primarily to decreases in proceeds from the issuance of Shares as the Fund utilized cash on hand and financing facilities for the majority of its acquisitions during the period.

Net cash inflows from financing activities amounted to US$37.07 million during the 13 month period ended 31 December 2011 reflecting proceeds from the issuance of Shares as well as drawdowns on corporate Ijarah facilities.

Proceeds from issue of Shares

The table below presents the number of Shares issued and the corresponding proceeds from the issuance of Shares during each of the periods.

Shares Issued	**For the 13 months ended 31 December**	**For the 12 months ended 31 December**	
(US$ '000)	**2011**	**2012**	**2013**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Total number of shares issued during period	451,319	811,607	253,501
Average NAV per share (US$)	101.90	106.99	129.35
Total value of Shares issued (US$)	**45,987**	**86,836**	**32,789**
Shares issued as consideration (US$)	30,492	30,765	8,757
Shares issued for cash (US$)	15,495	55,339	21,852
Shares for dividend reinvestment (US$)	—	732	2,180
Total value of Shares issued (US$)	**45,987**	**86,836**	**32,789**
Total number of Shares outstanding at period end (including Manager Share)	**451,319**	**1,262,926**	**1,516,427**

Note: The figures for the number of Shares issued by the Fund presented in the table 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 by a factor of 100 on 26 January 2014. For further information, please refer to the "*Net Asset Value per Share*" and "*General Information*" sections of this Prospectus.

The total value of Shares issued by the Fund amounted to US$32.79 million in the 12 month period ended 31 December 2013 compared to US$86.84 million in the 12 month period ended 31 December 2012.

The total value of Shares issued by the Fund amounted to US$45.99 million in the 13 month period ended 31 December 2011.

Dividends

The Fund is obliged under the CIR Rules to distribute to Shareholders at least 80% of its audited annual net income which is subject to the Fund having sufficient cash available to make such a distribution and the distribution being in compliance with all local laws including but not limited to Article 49(2) of the Companies Law. Dividends in respect of a completed financial period have historically been paid as an interim dividend in the January following the end of the relevant period and as a final dividend in the following June. The extent to which any unrealised gains on the investment property portfolio are distributed is subject to approval by the Oversight Committee.

The table below presents the total dividends paid for the periods indicated.

	Number of shares outstanding as at dividend ex-date	**Dividend (US$ '000s)**	**Dividend/ Share (US$)**	**Ex-date**
Final dividend for the period ended 31 December 2011	451,319	1,150	2.55	19 June 2012
Interim dividend for the year ended 31 December 2012	1,262,926	3,789	3.00	31 January 2013
Final dividend for the year ended 31 December 2012	1,275,182	2,550	2.00	30 June 2013

Note: The number of Shares outstanding at each respective dividend ex-date and the dividend per Share figures presented in the table above do 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 by a factor of 100 on 26 January 2014. For further information, please refer to the "*Net Asset Value per Share*" and "*General Information*" sections of this Prospectus.

The dividend paid in 2012 relating to the 13 month period ended 31 December 2011 was US$1.15 million of which US$0.73 million was taken as Shares. Dividends paid in 2013 relating to the year ended 31 December 2012 totalled US$6.34 million of which US$2.18 million was taken as Shares.

Further details relating to distributions are contained in the "*Dividends and Dividend Policy*" section of the Prospectus.

Corporate Ijarah facilities

Corporate Ijarah facilities have been obtained by the Fund to finance the acquisition of three of its investment properties. The table below presents the movement in the Fund's outstanding Ijarah facilities for the periods indicated.

Movement in Corporate Ijarah Facilities	**For the 13 months ended 31 December**	**For the 12 months ended 31 December**	
(US$ '000)	**2011**	**2012**	**2013**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Opening Balance	—	21,618	61,688
Drawdown (Ijarah 1)—Loft Offices	21,618	—	(30)
Drawdown (Ijarah 2)—Office Park	—	43,234	33
Drawdown (Ijarah 3)—GWAD	—	—	21,950
Drawdown (Ijarah 4)—GWAD	—	—	26,960
Principal Repayment	—	(3,189)	(5,038)
Closing Balance	**21,618**	**61,688**	**105,563**

The first drawdown of US$21.62 million (Ijarah 1) during the 13 month period ended 31 December 2011 occurred in December 2011 and the proceeds were used to partly finance cost of the acquisition of the Loft Offices. The net proceeds of the drawdown of US$43.23 million (Ijarah 2) during the 12 month period ended 31 December 2012 were used to partly finance acquisition of Office Park in June 2012. The net proceeds of the US$21.90 million facility (Ijarah 3) and US$26.95 million facility (Ijarah 4) drawn in October 2013 were used to part finance the acquisition of GWAD.

For more information, please refer to the "*Liquidity & Capital Resources*" section below.

Liquidity & Capital Resources

Debt Financing

All financing transactions entered into by the Fund are Shari'a compliant. As at 31 December 2013, the Fund had four corporate Ijarah facilities, three with Emirates Islamic Bank and one with Ajman Bank. The Ijarah facilities were obtained by the Fund to finance the acquisition of investment properties.

The following table presents the outstanding indebtedness of the Fund for the periods indicated.

Corporate Ijarah Facilities	**As at 31 December**		
(US$ '000)	**2011**	**2012**	**2013**
Current portion	1,602	5,038	9,173
Long-term portion	20,016	56,650	96,390
Ending Balance	**21,618**	**61,688**	**105,563**
Debt financing as % of NAV	45.8%	42.9%	51.5%
Debt financing as % of Gross Asset Value (total assets)	30.7%	29.0%	31.7%

As at 31 December 2013, the outstanding indebtedness of the Fund amounted to US$105.56 million which represented 51.5% of the Fund's NAV and 31.7% of the Funds' Gross Asset Value. As at 31 December 2012, the outstanding indebtedness of the Fund amounted to US$61.69 million which represented 42.9% of the Fund's NAV and 29.0% of the Fund's Gross Asset Value.

The following table presents a breakdown of the Fund's available and outstanding Ijarah facilities as at 31 December 2013.

Facility	**Bank**	**Facility Size**	**Tenor (years)**	**Rate**	**Amount outstanding as at 31 December 2013 (US$ '000s)**
Ijarah 1	Emirates Islamic Bank	US$21.78 million (AED 80 million)	10	EIBOR + 3.0% premium (5.5% minimum)	18,295
Ijarah 2	Emirates Islamic Bank	US$43.56 million (AED 160 million)	10	EIBOR + 3.0% premium (5.5% minimum)	38,359
Ijarah 3	Emirates Islamic Bank	US$22.0 million (AED 80.82 million)	10	EIBOR + 3.0% premium (5.5% minimum)	21,950
Ijarah 4	Ajman Bank	US$27.3 million (AED 100 million)	10	EIBOR + 3.0% premium (5.5% minimum)	26,960

The Ijarah Facilities from Emirates Islamic Bank are secured by way of first legal mortgage over the Loft Offices and over Office Park.

In November 2013, the Fund agreed a US$13.62 million (AED 50 million) Musharaka facility with DIB (the "**Musharaka Facility**"). No funds have been drawn down under the Musharaka Facility to date and any such draw down is conditional upon the completion of the Musharaka documentation and related security arrangements under which a first degree registered mortgage and assignment of rental income and comprehensive insurance in relation to Building 24 and Indigo 7 will be required. The Musharaka Facility is available for drawn down to 13 May 2013.

The Fund expects to meet its obligations under the Ijarah Facilities from cash generated by operating activities.

The following table presents the expected contractual undiscounted cash flows of the Ijarah Facilities including estimated profit payments as at 31 December 2013.

Ijarah Facilities Contractual Cash Flows

(US$ '000s)	As at 31 December 2013	Contractual Cash Flows		
		Within 1 Year	1-5 years	Over 5 years
	135,679	**14,674**	**59,863**	**61,141**

Commitments & Contingencies

As at 31 December 2011 and 31 December 2012, the Fund had no commitments or contingent liabilities.

At 31 December 2013, the Fund had operating lease commitments in respect of land rent payable to the superior landlord under the GWAD lease.

Future minimum rentals payable (US$ '000s)	As at 31 December 2013
Within one year	1,001
Between 1 and 5 years	4,004
More than five years	24,025
Total	**29,031**

As at 31 December 2013, the Fund has future minimum rentals receivable under non-cancellable operating leases as set out below.

Future minimum rentals receivable (US$ '000s)	As at 31 December 2013
Within one year	28,866
Between 1 and 5 years	76,352
More than five years	250,752
Total	**355,970**

Related Party Transactions

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

The following table presents the transactions with related parties included in the statement of comprehensive income for the 13 month period ended 31 December 2011 and the 12 month periods ended 31 December 2012 and 2013, respectively.

Related Party Transactions	**For the 13 months ended 31 December**	**For the 12 months ended 31 December**	
(US$ '000)	**2011**	**2012**	**2013**
Income:			
Rental income	300	504	773
Service income	—	—	43
Total—Income	**300**	**504**	**816**
Expenses:			
Management fee	178	1,765	3,778
Performance Fee	119	781	1,966
Property expenses	212	1,408	1,628
Administrative expenses	—	—	58
Total—Expenses	**509**	**3,953**	**7,430**

The following table presents the amounts due from related parties as at 31 December 2011, 2012 and 2013, respectively.

Amounts due from Related Parties	**As at 31 December**		
(US$ '000)	**2011**	**2012**	**2013**
Dubai Islamic Bank	—	50	—
Ejadah (Dubai Asset Management)	—	—	28
TECOM Investments	—	98	—
Total	**—**	**148**	**28**

The following table presents the amounts due to related parties as at 31 December 2011, 2012 and 2013, respectively.

Amounts due to Related Parties	**As at 31 December**		
(US$ '000)	**2011**	**2012**	**2013**
Dubai Islamic Bank	291	80	80
Arkan Security Management Solutions	—	53	33
Dar Al Shariah Legal & Financial Consultancy L.L.C.	—	—	32
Deyaar Facility Management L.L.C.	45	36	59
Ejadah (Dubai Asset Management)	—	27	—
Idama Facility Management	—	111	151
Salwan	—	—	161
TECOM Investments	17	97	146
Emirates REIT Management Limited	166	900	3,426
Total	**519**	**1,303**	**4,087**

UAE PROPERTY MARKET OVERVIEW

The following UAE property market overview has been provided to the Fund by CBRE DIFC Limited.

The UAE economy has recorded steady progress in its recovery since 2011 and is expected to grow by close to 4.0% in both 2013 and 2014 as the economy continues to expand. Dubai's real GDP is also forecasted to grow at more than 4.0% during 2013, led by strong performance in both tourism and retail, sectors which have become increasingly important to the emirates economic output.

Dubai's office sector has now emerged from the market downturn, with stability found across the market during the year. We have also seen a return to rental and occupancy growth within certain submarkets including the Central Business District (CBD) and TECOM. However, the sector remains fragmented with individual properties and sub-markets performing independently from one another.

As of the end of third quarter 2013, Dubai's commercial office market stock was 7.61 million m^2, with supply rising at a compounded annual growth rate of around 18% since 2008. Roughly 31% of this inventory is designated as 'strata' title space, a figure that will continue to grow as new product is delivered over the next three years.

The TECOM area, which includes office space from Dubai Media City, Dubai Internet City, Knowledge Village, Dubai Outsource Zone and TECOM C, contributes 0.98 million m^2 of the total office supply and represents 13% of the total available space. The CBD which is categorised as between Trade Centre Roundabout and the First Interchange (including Emaar Square and excluding DIFC) contributes around 15%. JLT which forms the Dubai Multi Commodity Centre (DMCC) free zone, offers 14% with over 1.0 million m^2 of space, most of which is impaired by its strata ownership title.

Close to 1.46 million m^2 of new office space is expected to be released into the Dubai office market from Q4 2013 through to 2016, with 45% of this new supply to be delivered in the Business Bay development alone. The Jebel Ali area, which includes the new Al Maktoum International Airport at Dubai World Central (DWC) and Dubai Investment Park (DIP) will contribute a further 22%. Areas with smaller contributions include TECOM and the DIFC with 6% each respectively, Dubai Silicon Oasis (DSO) with 5% and Jumeirah Lake Towers (JLT) with 4%. Other locations such as Dubailand, Meydan and non-freehold districts account for a combined 9% share of the total expected office supply.

Office rents are once again rising, with the average prime rental rate within the CBD area (but outside of the DIFC district) currently around AED 1,615/m^2/annum, although some superior buildings are able to command notably higher lease rates of AED 2,000/m^2/annum and above. Rental rates in TECOM for office accommodation within privately managed buildings currently range between AED 1,600-2,050/m^2/annum.

Dubai's retail market has been one of the emirates success stories in recent years, and forms an integral part of the emirates economy. Total retail stock currently measures 2.2 million m^2 of gross leasable area (GLA), although supply of new mall space has been slow during the past three years with an addition of just 93,000 m^2 since 2011. However, there has been a notable rise in the supply of retail space from within mixed use facilities with an increasing number of these projects being delivered.

Around 492,000 m^2 of new retail GLA is expected to be handed over in the Dubai market during the period 2013-2017 as developers again step up their development activity after a period of relative inactivity. Of the total supply, roughly 26% (126,840 m^2) is categorised as expansion space from existing malls, whilst 74% (365,160 m^2) will emerge from new malls and retail centres.

As of 2013, overall per capita retail space in the UAE amounted to 0.59 m2 (6.35 ft^2) per person, with Dubai contributing the largest component of this space and also ranking highest in overall per capita terms with 1.01 m2 (10.87 ft^2) of retail GLA per person. This gap will be bridged by Abu Dhabi in the coming years with retail supply close to doubling in the capital over the next five years.

Rental rates for retail space in Dubai's mix-used developments are typically lower than in similar mall based facilities, ranging widely from AED 1,100-4,500/m^2/annum (inclusive of service charge) depending on the specific project.

The evolution of Dubai's industrial sector continues to gather pace, with the total size of the emirates industrial areas now estimated at around 200 million m^2 spread across 15 different industrial estates. The Jebel Ali Freezone, Dubai Industrial City and Dubai Investment Park dominate overall supply with a share of 55% of all space in the emirate. However, in UAE terms, future growth will be dominated by new supply from Abu Dhabi's KIZAD development which lies close to the border with Dubai.

Growth in the UAE's manufacturing sector is also reflected in figures for Ministry of Economy registered manufacturing establishments which have increased from 3,294 units in 2005 to 5,201 units in 2011, representing a compounded annual growth rate of around 7.9%. The highest concentration of industrial firms is currently found in Dubai accounting for 2,062 firms and constituting 40% share of the UAE total. This is then followed by the emirate of Sharjah with 1,495 units and a 29% share and then Ajman with 770 units and a 15% share. The UAE's industrial growth is also reflected in the foreign trade value (Imports, Exports & Re-exports) which has increased from AED 1,089 billion in 2010 to reach AED 1,235 billion in 2012, representing an increase of 13% year on year.

As of September 2013, average lease rates for warehousing units range between AED 210-430/m^2/annum, representing an increase of around 16% over the past 12 months. The highest rental rates are currently achieved for warehouse units in Dubai Airport Freezone (DAFZA) at around AED 1,080/m^2/annum. Within the on-shore industrial areas, the highest rental rates are found for warehouse units in the Al Qusais Industrial area followed by Al Quoz Industrial area. Current rental rates in Al Qusais range between AED 380-485/m^2/annum, whilst in Al Quoz they range between AED345-430/m^2/annum. The lowest rental rates are found for properties in Dubai Industrial City (DIC). Warehouse units in DIC that were being leased for AED 430/m^2/annum during the peak are currently available for AED183-237/m^2/annum.

Industrial land rates in Dubai currently range between AED31-145/m^2/annum with lowest rates being offered by Dubai Logistics City and by Dubai Industrial City. The highest rates are for land in Al Quoz industrial area, with rentals from AED 13-160/m^2/annum.

With Dubai's expatriate population growing rapidly over the past decade, there has been sustained demand for new inward investment into the education sector, with widespread growth in both school facilities and the number of students registered during the period. As a result of the dominant expatriate population, private education accounts for the majority of all facilities, with an 88.7% share of the total student enrolment. This represented 225,099 students for the 2012 academic year, a figure that increased 8.7% year on year.

Whilst, the private sector dominates supply and student numbers, the government has underlined its own commitment to education by allocating 26% of Dubai's 2013 fiscal budget towards development of social infrastructure across the areas of healthcare, education, housing and community development.

Over the past six years a total of seventeen new schools have been added to Dubai's private schools list, averaging just over three new schools per year. Around 22% of the total school premises in Dubai are owned by just four groups, with GEMS Education this time leading the sector with 19 schools. GEMS accommodate 25% of all private students, followed by Taaleem with seven schools and a 1.8% student share. Innoventures Group manages four schools with a 2.3% student share while the Indian High School Group manages three schools with a share of 4.9% of the total students.

Dubai's residential sector has now seen 24 months of recovery, with rising demand from both occupiers and investors alike. This has led to increasing sales and rental rates across the whole market in what is now a broad based recovery.

Approximately 50,000 new residential units (apartments and villas) could enter the market in Dubai during the period 2013 to 2016, with apartments constituting the majority share with 86% of the total. Much of the upcoming supply is expected from secondary and tertiary locations, with 26% of all apartments units to be delivered in Dubailand, 7% in Jumeirah Village Circle and 11% in Business Bay. In terms of prime areas, the Downtown Dubai development is expected to add around 4,420 apartments representing 10% of the total new apartment supply, whilst Dubai Marina will add 2,890 units.

Over the past 24 months there has been rising investment demand forming in the UAE, but predominately focussing on properties in Dubai. The demographic of investors has been varied, including local private investors, HNWIs, Regional Property Funds and even some European pension funds. Despite the obvious rise in interest levels for regional property investments, the REITs and Property Fund markets in the Middle region are still in their infancy with only a handful of known entities currently operating. Of those that are operational only a small number actually appear to be active in the market in making asset purchases, reflecting the challenge faced by many investors in securing suitable investment product.

Since the end of 2010, prime office yields have been contracting as occupancy and rental rates in select prime properties have started to increase, leading to a general hardening of yields down to 7.0%.

Subsequent to the downturn in the Dubai property markets, prime mall retail yields fell for a sustained period during 2009 and 2010 before eventually stabilising during 2011. Since the final quarter of 2011 yields have actually tightened by around 50 basis points reaching to 8.0% during Q3, 2012. The prime yield has since remained steady with no movement over the past year. Yield movements for prime street retail have been a little less settled, with contraction of 100 basis points recorded since the middle of 2011. Yields are now calculated at 8.75%, 75 basis points higher than for prime malls.

Prime industrial yields have been tightening since the start of 2011, with rates compressing from 12.5% to 11.0% as of Q3, 2013. The recovery in yields has taken place in tandem with the recovery in the local economy, with a steady improvement in the industrial sector amidst stronger performance from manufacturing.

REGULATORY OVERVIEW

DIFC

The DIFC is a financial free zone with its own civil and commercial laws established in 2004 in the Emirate of Dubai. The DIFC has been granted authority to self-legislate in civil and commercial areas. Companies operating in the DIFC are subject to the DIFC Companies Law. Financial activities in the DIFC are governed by the DIFC Regulatory Law, which also governs the operation of the DFSA. Legislation, rules and regulations governing companies incorporated in the DIFC and financial activities in the DIFC are available on the websites of the DIFC and the DFSA at www.difc.ae and www.dfsa.ae, respectively. **Neither the Fund, the Fund Manager nor the Banks have independently verified the information contained on these websites nor can they provide any assurance as to the accuracy or completeness of such information. The information contained on these websites does not form a part of, and is not incorporated by reference into, this Prospectus.**

DFSA

The DFSA is a financially and administratively independent body that was established on 13 September 2004 by Law No. (9) of 2004 issued by the Ruler of Dubai. The DFSA acts as the independent financial regulator in the DIFC.

On 1 October 2011, responsibility for maintaining the Official List and for listing authority functions within the DIFC was transferred from NASDAQ Dubai to the DFSA. As a result of this regulatory change, the DFSA is now responsible for the approval of prospectuses and the admission of companies to the Official List of Securities (the "**Official List**"), while NASDAQ Dubai is responsible for the admission of securities to trading where an entity has been admitted to the Official List (which involves NASDAQ Dubai admitting securities to its system to allow members to enter into transactions relating to such securities). Accordingly, all entities seeking admission to NASDAQ Dubai are required to make an application to the DFSA for admission to the Official List and a separate application to NASDAQ Dubai for admission to trading on NASDAQ Dubai's market for listed securities.

The DFSA has authority and responsibility for implementing the core financial services related laws that are applicable in the DIFC, including the DIFC Regulatory Law, the Collective Investment Law, the DIFC Markets Law 2012, the Law Regulating Islamic Financial Business 2004, the Trust Law 2005 and the Investment Trust Law 2006. In addition, additional guidance is provided by the DFSA pursuant to "Rules" set out in the "DFSA Rulebook", which comprise subsidiary legislation issued under the DIFC Regulatory Law by the board of directors of the DFSA for the purposes of supplementing any law administered by the DFSA. The DFSA Rulebook is made up of topic-area modules which specify their scope and the audience to whom they apply. The DFSA Rulebook contains additional commentary as guidance which is designed to assist DIFC participants in complying with their legal and related obligations. Certain other matters that are not Rules, such as application forms and returns are contained in the DFSA Sourcebook modules, which also comprise topic-area modules.

NASDAQ Dubai

NASDAQ Dubai is a securities exchange located in the DIFC. It was incorporated on 29 September 2004 as a DIFC limited liability company under the Companies Law. NASDAQ Dubai commenced operations (under its former name, the Dubai International Financial Exchange or "DIFX") on 26 September 2005. NASDAQ Dubai has been granted a licence by the DFSA to operate as an Authorised Market Institution under the DIFC Regulatory Law and is regulated by the DFSA.

The majority shareholder of NASDAQ Dubai is the Dubai Financial Market PJSC (the "**DFM**") which, in May 2010, acquired two thirds of NASDAQ Dubai's total issued share capital. Borse Dubai Limited (owned by Dubai Financial Group LLC and Investment Corporation of Dubai) holds the remaining one third of NASDAQ Dubai's shares. In July 2010, NASDAQ Dubai outsourced its trading and other key operational functions relating to equity securities to the DFM and investors are now able to trade on both exchanges using one national investor number.

As of 31 December 2013, there were eight equity securities, 15 Sukuk, seven bonds and two funds listed on NASDAQ Dubai and 31 members have been admitted to trading on the exchange.

NASDAQ Dubai regulates a number of activities relating to its exchange through its Business Rules which comprise the following individual rulebooks:

- Rulebook 1 (version 9.1) for Equities dated 24 July 2013;
- Rulebook 2 (version 9.1) for Derivatives, Exchange Traded Commodities, Debt Securities, Structure Products and Collective Investment Funds dated 24 July 2013;
- Rulebook 3 (version 1.1) for Admission and Disclosure Standards for Issuers dated 24 July 2013 (the "**ADS**"); and
- Rulebook 4 (version 1.0) for Disciplinary Committee and Appeals Committee Procedures dated 14 August 2012.

The ADS set out the rules and responsibilities for the admission of securities to trading on NASDAQ Dubai, including certain post-admission continuing obligations, predominantly relating to corporate actions. The Business Rules also regulate the process that companies must follow if they wish to have their securities admitted to trading on NASDAQ Dubai, all clearing and settlement procedures and NASDAQ Dubai's disciplinary and appeals procedures. The Business Rules are available on the website of NASDAQ Dubai at www.nasdaqdubai.com. **Neither the Fund, the Fund Manager nor the Banks have independently verified the information contained on this website nor can they provide any assurance as to the accuracy or completeness of such information. The information contained on the NASDAQ Dubai website does not form a part of, and is not incorporated by reference into, this Prospectus.**

NASDAQ Dubai is governed by its board of directors, comprised of seven directors, including the chief executive officer and chief operating officer, and three committees: the audit and risk management committee, the market oversight committee and the nomination and remuneration committee, all of which have formal charters detailing the role, responsibilities and membership requirements and require that each committee meets at least four times a year. The market oversight committee supervises the regulatory functions carried out by other areas of NASDAQ Dubai, including the application of the NASDAQ Dubai's rules and regulations, members' conduct of business and the regulatory aspects of the clearing and settlement functions. The audit and risk management committee is responsible for the independent and objective oversight of legal and regulatory compliance, governance issues, internal control and risk management, financial reporting, external and internal auditors and financial controls. The nomination and remuneration committee is responsible for recommending new members to the board, succession planning for the board and senior management, performance evaluation of the board and key executives and determining remuneration of directors and senior managers and employee benefit structures.

DFSA Collective Investment Funds regime

In 2006, the DFSA introduced the Collective Investment Funds ("**CIF**") regime to the DIFC. It was established, *inter alia*, in order to enhance the appeal of the DIFC as a suitable jurisdiction for investment funds, fund managers and other service providers.

In 2010, significant reforms were made to the DFSA's CIF regime in order to more closely align it with the regimes of established funds jurisdictions. The reforms, which came into effect on 11 July 2010, were made pursuant to the CIL and the CIR Rules (together with certain related amendments to the DIFC Regulatory Law and other DFSA Rulebook modules issued by the DFSA). On 23 December 2012, the CIL was amended pursuant to DIFC Laws Amendment Law No.7 of 2012. An updated version of the CIR Rules was issued by the DFSA on 14 July 2013.

CIL

The CIL is one of the core financial services laws issued by the DFSA which applies to the Fund and the Fund Manager. It establishes the type of arrangements that constitute a collective investment fund and sets out the framework for the laws relating to the role and function of a fund manager and the governance of different categorisations of fund. For example, the CIL categorises funds as either Domestic Funds or Foreign Funds. Domestic Funds can be one of two categories:

- **Public Funds**—public funds are open to retail investors, and can be marketed by way of a public offer. As public funds are open to retail investors, more extensive regulatory requirements apply to such funds to provide additional protection to retail investors.

- **Exempt Funds**—exempt funds are open to Professional Clients only, who subscribe for a minimum of US$50,000 each in the fund. Such funds can have 100 or fewer unit holders and cannot be offered to the public. Distribution is made by way of private placement only.

CIR Rules

The CIR Rules supplement the CIL and apply to the persons specified within the CIR Rules, including a fund and persons who manage a fund, such as fund managers. To the extent that a CIR Rule imposes an obligation on a fund, each director or person charged with the management of the fund must take reasonable steps to ensure compliance with the obligation. The CIR Rules set out rules that are applicable to certain specialist types of fund, including Islamic funds, hedge funds, private equity funds, property funds (i.e. funds investing predominantly in real estate or real estate-related assets), real estate investment trusts (REITs)—a sub-set of property funds, feeder funds, master funds, fund of funds and umbrella funds.

Under the CIR Rules, the Fund is a Domestic Fund, being a fund established in the DIFC, a Public Fund (on account of some or all of its Shares are being offered to investors by way of a public offer), and further a Property Fund as it is dedicated to investment in real property, a REIT Fund on account of it being constituted as an investment company, primarily aimed at investments in real property, (as it distributes to its Shareholders at least 80% of its audited annual net income subject to the Fund having sufficient cash available to make such a distribution and the distribution being in compliance with all local laws including but not limited to Article 49(2) of the Companies Law), and also an Islamic Fund, on account of its operations being conducted, and held out as being conducted, in accordance with Shari'a.

The CIR Rules also regulate the management and operation of a fund, specifically in relation to general management duties (including duties relating to the valuation of fund assets, any conflicts of interest, meetings of unitholders, approvals and notifications, maintaining records and delegations and outsourcing). In addition, the CIR Rules set out the requirements for the accounting, audit and reporting functions of a fund, as well as detailing the permitted framework for marketing funds. The CIL requirements that are specific to Public Funds are also set out in further detail in the CIR Rules.

The CIR Rules require the Fund to put in place certain oversight functions and to maintain an investment committee to review investments proposed by the Fund Manager. For further information on the Fund's Oversight Committee and Investment Committee, and the regulatory requirements relating to such committees, please refer to the "*Corporate Structure and Governance*" section of this Prospectus.

In addition, for further information on the Fund and the Fund Manager's compliance with the CIR Rules, please refer to the "*Corporate Structure and Governance*" and "*The Fund Manager*" sections of this Prospectus.

Rights of investors under the CIL and the CIR

Under the CIR, Shareholders representing at least one tenth of the value of all of the Shares then in issue may request the Fund Manager to convene a general meeting of Shareholders. Where fundamental changes to the Fund are proposed, the Fund Manager must obtain prior approval by way of a Special Resolution from the Shareholders. Fundamental changes include any change or event which changes the purpose or nature of the Fund, may materially prejudice a Shareholder, alters the risk profile of the Fund or introduces any new type of payment out of the Property of the Fund. Where significant changes are proposed, prior written notice is required to be given to the Shareholders. Significant changes include any change or event which is not a fundamental change but which affects a Shareholder's ability to exercise his rights in relation to his investment, would reasonably be expected to cause the Shareholder to reconsider his participation in the Fund, results in any increased payments out of the Property of the Fund to the Fund Manager or any other director or an associate of either, or materially increases other types of payment out of the Property of the Fund. The Fund Manager must also inform the Shareholders in an appropriate manner and timescale (which will depend on the nature of the change or event of any notifiable changes that are reasonably likely to affect, or to have affected, the operation of the Fund). If alterations to the Articles in respect of investment, borrowing or gearing powers are proposed, or if the Fund Manager or the Auditor is to be replaced, the Fund Manager must obtain Shareholders' consent by way of a Special Resolution. Pursuant to the CIL, if the Fund proposes to replace a member of the Shari'a Supervisory Board or change the Articles in such a way which may adversely affect the Shareholders, an Ordinary Resolution is required. The Companies Law requires all amendments to the Articles to be made by way of a Special Resolution.

For information on the rights of Shareholders under the Articles, refer to the *"General Information"* section of this Prospectus.

Islamic Finance Rules

The Islamic Finance Rules contained within the DFSA Rulebook apply to the Fund on account of the Fund being a Domestic Fund which is held out as being operated as an Islamic Fund and conducted in accordance with Shari'a.

The Islamic Finance Rules impose a series of obligations that the Fund is required to comply with, such as ensuring that its Articles state that its entire business will be conducted in accordance with Shari'a (and, accordingly, conducting business in such a manner), establishing and maintaining systems and controls to enable it to comply with the applicable Shari'a requirements, implementing and maintaining an Islamic Financial Business policy and procedures manual, appointing a Shari'a Supervisory Board and ensuring that all Shari'a reviews carried out by the Shari'a Supervisory Board (being both internal and external) are undertaken in accordance with the applicable requirements. In addition, certain accounting and auditing requirements must be met, such as ensuring that financial statements contain specific disclosures relating to the role and authority of the Shari'a Supervisory Board, and the method used in the calculation of Zakat. Further, being both a Collective Investment Fund and an Islamic Fund, additional requirements must be satisfied which include ensuring (i) that the Articles are and remain approved by the Shari'a Supervisory Board, (ii) that its investments are made in property assets which complies with Shari'a principles and (iii) that the Fund distributes to its Shareholders at least 80% of its audited annual net income (which is subject to the Fund having sufficient cash available to make such a distribution and the distribution being in compliance with all local laws including but not limited to Article 49(2) of the Companies Law).

For further information on the Shari'a Supervisory Board, and the regulatory requirements relating to it, please refer to the "*Corporate Structure and Governance*" section of this Prospectus.

Real estate ownership in the UAE

The basis of UAE real estate law is found in the 1971 Constitution of the UAE which grants the UAE federation exclusive power to legislate in relation to real estate. Pursuant to this power, the Civil Code of the UAE was promulgated in 1985 (the "**Civil Code**").

The Civil Code sets out in some detail the conceptual basis for the ownership of assets (including land) within the UAE (outside of the DIFC) and the real estate rights which are derived from ownership (such as the usufruct right to benefit from, and exploit, land for a term of years, as well as rights of easement and pledges by way of security (such as mortgages).

The majority of the Emirates in the UAE have also passed their own laws and regulations to supplement the federal law in relation to areas such as the transfer and registration of land.

Foreign ownership restrictions

Certain foreign ownership restrictions apply in the UAE. UAE and other GCC nationals are permitted to own and register any type of real estate interest (including absolute ownership, usufructuary and musataha rights) anywhere in Dubai. Elsewhere in the UAE, such as Abu Dhabi (save for designated investment areas), only UAE nationals hold this right.

Foreign nationals are permitted to own land and to acquire usufructuary rights (for up to 99 years) and musataha rights (for up to 50 years, which is renewable) in real estate in Dubai, but only in certain designated areas. There are currently over 23 such areas in total which include the DIC, Dubai Palm Projects, most of the land in Nakheel, Emaar and Dubai Properties Group master communities and the DIFC. The DIFC is the only designated area to have its own property laws based upon common law systems.

Forms of ownership

In the UAE, outside of the DIFC, land may be owned absolutely, or by holding usufruct, musataha or lease rights. In the DIFC, land may be owned absolutely with equivalent rights and obligations of an "estate in fee simple" under English common law or through holding leasehold rights.

Absolute ownership / freehold

This is the right to own an area of land together with those elements that cannot be separated from the land, as well as to enjoy the rights benefiting the land (subject to all matters affecting the land (such as easements)).

Usufruct

This is the property right to use and occupy real estate belonging to another person for a certain period. The right must be exercised in accordance with the terms and conditions contained in the instrument that creates the right. The rights granted under such a usufructuary arrangement attach to the land and create a legal interest in the property. The grantee of a usufructuary right may assert and protect his rights in the property in his own name.

Musataha

This is a further property right whereby the holder of the right can build on or alter the land that is the subject of the right. The grantee will own the buildings constructed on the land for the term of the musataha. This is therefore a more extensive and flexible arrangement than a basic usufruct right.

Lease rights (hire contracts)

A hire contract or "lease" will only grant a tenant a personal right. In contrast to freehold, musataha and usufruct interests, lease rights do not attach to or create a legal interest in the property but are rather contractual in nature.

Under the Civil Code, the personal rights granted under a lease are not generally capable of being mortgaged. However in Dubai, Law No. (26) of 2007 Regulating Relations Between Landlords and Tenants of Properties in the Emirate of Dubai and Mortgage Law No. (14) of 2008 of the Emirate of Dubai purport to allow for the enforcement of a lease right against the purchaser of a property, and for a tenant to also mortgage a lease.

Ownership of real estate by the Fund

The Fund, pursuant to the Ruler's Decree and acting through its Onshore Dubai Branch, is permitted to acquire properties anywhere within the Emirate of Dubai, provided always that the following conditions are met:

- the acquired property is registered in the name of the Onshore Dubai Branch;
- no less than 51% of the issued share capital of the Fund are owned at all times by UAE and/or GCC nationals; and
- in the event that the Onshore Dubai Branch or the Fund is liquidated, no transfer of any property located in Onshore Dubai shall be made to a Shareholder who is not a UAE and/or GCC national.

Rental and leasing laws and regulation in the UAE

Subject to implied provisions under applicable legislation (such as the Landlords and Tenants Relationship Law No. 26 of 2007), lease terms (including the length of the lease term) can be freely negotiated. Office leases tend to have a term of between three and five years, and the right to extend can be negotiated. Generally, the maximum lease term is 99 years. There is a standard template of lease terms that is often used for residential leases, although additional provisions can be agreed between the landlord and tenant. There is no standard template for commercial leases.

Unless the parties have agreed otherwise, the landlord is responsible for the general maintenance of the property and rectifying any defects or faults that affect the tenant's enjoyment of the property. The landlord's right to terminate a lease is set out under Law No. 33 of 2008. The Landlord may evict a tenant before the expiry date of the lease, if (among other things) the tenant has been in arrears of rent for more than 30 days after due demand, or on expiry of the lease term where the landlord intends to sell or occupy the property.

Periodically, rent decrees had been issued to regulate rent increases in both residential and commercial leases in Dubai. The most recent of such was issued in 2013 and is Decree No. (43) of 2013, pursuant to which, rental increases are permissible by up to 20% in certain limited circumstances.

Money laundering and financial crime regime in the UAE

'Authorised Firms' under the Anti-Money Laundering, Counter-Terrorist Financing and Sanctions Module of the DFSA Rules (the "**AML**") are required to maintain adequate policies, procedures, systems and controls in place to prevent the activity of money laundering and terrorist financing.

The Fund itself is not a 'Relevant Person' for the purposes of the AML, however the Fund Manager is, since it is an 'Authorised Firm'. The Fund Manager therefore is required to comply with the requirements of the AML, which (in addition to maintaining adequate policies, procedures, systems and controls in place), include appointing an anti-money laundering officer who has been assessed by the DFSA as fit and proper, to be responsible for the Fund Manager's compliance with the requirements under the AML.

Under the AML, the DFSA requires prompt reporting of any suspicious transactions and activities in relation to money laundering or terrorist financing to the Anti-Money Laundering Suspicious Cases Unit of the UAE Central Bank with a notification to the DFSA.

Where there is a breach of the AML, the Fund Manager may be subject to investigations by the DFSA and any sanctions it is authorised to impose, as the DFSA deems appropriate.

Federal Law No. 4 of 2002 Regarding Criminalisation of Money Laundering together with other UAE criminal laws, applies in the DIFC and as such, any breach under that legislation would result in the criminal liabilities. However, anti-money laundering regulations of the UAE Central Bank, the UAE Ministry of Economy and the federal securities regulator the Securities and Commodities Authority do not apply in the DIFC and so do not apply to the Fund Manager.

TAXATION

The following is intended as a general overview of material DIFC tax consequences relating to the ownership, acquisition and disposal of Shares. This overview is of a general nature and is based upon legislation relating to taxation in the DIFC as at the date of this Prospectus and is not intended as a complete analysis of all potential tax effects which may be relevant to an investor in the Shares. Subsequent legislative, judicial or administrative changes may be forthcoming which may materially alter the position set out below, and such changes may be retrospective in their effect. Investors are advised to seek their own tax advice from their advisors as to the tax consequences which may arise in the DIFC or any other jurisdiction in light of their individual circumstances as a result of the ownership, acquisition or disposal of the Shares.

Dubai International Financial Centre

Taxes relating to investors

No taxes currently apply to the holders of the Shares in the DIFC, including dividend tax, capital gains tax, stamp duty or other tax.

Taxes relating to the Fund

As a closed-ended investment company domiciled in the DIFC, the Fund is subject to a zero rate of corporate income tax for 50 years commencing from 13 September 2004, including the income tax relating to the Fund's business operations in the DIFC. This zero tax rate also applies to transfers of assets, profits or salaries in any currency to any party outside the DIFC for 50 years beginning from 13 September 2004.

The payment of tax and/or Zakat on dividend income paid to each eligible Shareholder is the responsibility of the Shareholder.

CLEARING AND SETTLEMENT

Trading of the Shares will take place through the trading system of NASDAQ Dubai. Shares may be held either in accounts opened with the CSD by the holders of such accounts or through custodian omnibus accounts and the ownership of the Shares will be evidenced by the holdings in such accounts. Clearing and settlement of trades on NASDAQ Dubai by brokers or custodians may be performed only through members of NASDAQ Dubai that are Clearing Members. Each Clearing Member must hold a securities account with the CSD and a cash account with a designated settlement bank for settlement purposes. Similarly, a custodian needs to hold a securities account with the CSD and a cash account with a settlement bank for settlement of trades. Settlement of securities trading on NASDAQ Dubai is governed by the Business Rules of NASDAQ Dubai.

Central Securities Depositary

The Business Rules and the DIFC Personal Property Law provide that the Shares registered in the names of NDGL, for the purposes of Admission, are held by NDGL as bare nominee for the owner of the beneficial interest in such Shares. The Markets Rules and the DIFC Personal Property Law also protect the rights of such beneficial owners so as to enable them to exercise all rights, including but not limited to the right to receive dividends and to vote at general meetings, attaching to such Shares. Arrangements have been put in place by the Fund to facilitate the exercise by shareholders of these rights. Therefore all rights enjoyed by NDGL, as holder of the legal title to the Shares, are conferred upon all persons holding entitlements to Shares in the Central Securities Depositary on Admission.

As a result of the merger of the trading platforms of NASDAQ Dubai and DFM, all trading of shares listed on NASDAQ Dubai is now handled on the X-Stream trading platform of the DFM. The DFM's trading platform is operational from 10:00 to 14:00 (UAE time, Sunday to Thursday, excluding UAE public holidays). Settlement of securities trading on NASDAQ Dubai is governed by the NASDAQ Dubai Business Rules.

NASDAQ Dubai currently adopts a T+2 settlement cycle, meaning that settlement must take place within 2 days of the relevant transaction date. Settlement of trades is the responsibility of the clearing members, in accordance with the NASDAQ Dubai Business Rules, although such members may appoint custodians to clear and settle trades executed for custodial clients.

Clearing and settlement of trades on NASDAQ Dubai by brokers or custodians may be performed only by members of NASDAQ Dubai that are clearing members, or custodians appointed as settlement agents by such clearing members, through the facilities of the CSD. Each clearing member (or settlement agent) must have a bank guarantee and a cash account with a designated settlement bank for settlement purposes. Settlement of Shares occurs directly between sub-accounts under the NIN under which the Shares were traded. Shares will be held under NINs as assigned by the DFM either to the holders directly or under custodian NINs in an omnibus-like manner and the ownership or the Shares will be evidenced by the holdings under each such NIN.

In order to obtain a NIN, investors must complete an Investor Data Entry Application Form and submit it to the DFM together with the relevant supporting documentation. Copies of the Investor Data Entry Application Form can be downloaded from the NASDAQ Dubai website (*www.nasdaqdubai.com*). For individuals, the required supporting documents are true copies of their passport, their UAE Family Book/Marsoom (for UAE nationals only), UAE national ID card (for UAE residents only) and/or UAE residence visa (for UAE residents who are not UAE nationals only). For corporate entities, funds and governmental bodies, the required supporting documents are true copies of their valid memorandum of association, trade licence and commercial register (or, in each case, equivalent documents), and authorised authenticated letter issued by the applicant and a true copy of the authorised signatory's valid passport and UAE national ID (for UAE residents only).

Purchasers of Shares in the Offer will be required to make payment for the Shares on the Closing Date. Delivery of Shares is expected to be made on the settlement date (which is 2 days following Admission).

Payment under the Offer

In connection with the Offer, the Joint Bookrunners will have an omnibus account (with its own NIN) in which it will hold Shares on behalf of investors in the Offer until such investors have funded their allocations of Shares as set out below and directed the Joint Bookrunners to transfer such allocations to NIN accounts upon their behalf. Alternatively, the Joint Bookrunners can settle with investors with accounts in the Euroclear Bank S.A./N.V. or Clearstream Banking, société anonyme clearing systems provided such investors quote the relevant omnibus NIN account details for the settlement bridge with such clearing systems and NASDAQ Dubai. Once an investor has funded its allocation of Shares to the satisfaction of the Joint Bookrunners on or immediately before the Closing Date, the Joint Bookrunners will notify NASDAQ Dubai accordingly and such Shares will be transferred to the NIN account of such investor or to such other NIN account as it may direct. Any such investor will be able to trade its Shares through the NASDAQ Dubai Trading Platform hosted by DFM X-Stream trading platform as described above upon such Shares being credited to the relevant NIN account. Since the Joint Bookrunners are likely to receive funds from investors in the Offer on or immediately before the Closing Date in relation to their allocation of Shares and any such transfer of Shares to the relevant investor by the Joint Bookrunners thereafter will require NASDAQ Dubai to effect the transfer of Shares to the relevant NIN account of such investor, there can be no assurance that such Shares will be credited to the NIN account of the relevant investor upon or during trading hours of NASDAQ Dubai on such date such that such investor may not be able to deal in the relevant Shares comprising its allocation in the Offer until such time as they are in fact credited to its NIN account, which may be one more business day following the Closing Date.

RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

The Fund has historically been party to and expects to continue to be party to transactions with a number of Related Parties. Set out below is a summary of the regulatory framework governing the Fund and Fund Manager's entry into transactions with Related Parties, details of the Fund's Conflict of Interest Policy and details of Related Party transactions entered into by the Fund.

Related Party transactions under the CIR Rules

This section provides a brief summary of the Fund and Fund Manager's obligations under the CIR Rules in respect of Related Party transactions. The CIR Rules govern the manner and circumstances in which Related Party transactions may be entered into by the Fund and Fund Manager.

For the purposes of the CIR Rules, "**Related Parties**" (referred to as "**Affected Persons**" in the CIR Rules) are:

(a) the Fund Manager;

(b) the Fund's governing body;

(c) the Custodian;

(d) persons providing oversight of the Fund;

(e) the Fund's advisers;

(f) holders of 5% of more of the Fund's Shares; or

(g) any associate of any person in (a) to (f).

The CIR Rules impose a general obligation on the Fund Manager to take reasonable steps to ensure that dealings in Fund Property do not give rise to a conflict of interest. CIR 8.3.2 set outs various requirements as regards transactions with Related Parties which includes a requirement for approval by a Special Resolution of a proposed transaction with a Related Party when the total consideration or value of the investment opportunity is five per cent (5%) or more of the most recent NAV as disclosed in the latest published audited accounts of the Fund ("**Latest NAV**").

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

- take a minimum of 21 days;
- require the Fund to enter into a conditional acquisition contract; and
- 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 Fund Manager believes that this, coupled with the potential loss of confidentiality leading to competing bids for transactions, would result in the Fund missing out on a significant number of acquisition opportunities. As a result of these significant issues the Fund Manager requested of the DFSA, and was granted, a significant modification of CIR 8.3.2 as follows.

The Fund will not be required to seek Shareholder approval by a Special Resolution of any proposed transaction with a Related Party where the total consideration or value of the investment opportunity is five per cent (5%) or more of the Latest NAV, provided that a Related Party Authorisation Resolution (see definition below) is in place and the Fund Manager has, before the Fund enters into the transaction:

(a) obtained confirmation from the Investment Committee that its members do not object to the terms of the proposed transaction as such terms are at least as favourable to the Fund as any similar transaction entered into with an independent third party on commercial terms; and

(b) obtained confirmation from the Oversight Committee that its members have approved the proposed transaction as such terms are at least as favourable to the Fund as any similar transaction entered into with an independent third party on commercial terms.

In the event that the Fund proposes to enter into such a transaction in the period between Admission and the first annual general meeting of Shareholders following Admission then the same procedure must be followed save that a Related Party Authorisation Resolution need not be in place.

If following the first annual general meeting of shareholders following Admission, a Related Party Authorisation Resolution is not in place then specific Shareholder consent by way of a Special Resolution would be required before the Fund could enter into a transaction with a Related Party where the total consideration or value of the investment opportunity is five per cent (5%) or more of the Latest NAV.

It is emphasised that the Fund anticipates that, following the first annual general meeting of Shareholders following Admission, a Related Party Authorisation Resolution will typically be in place and accordingly the Fund will not be required to obtain specific Shareholder consent before it could enter into a transaction with a Related Party where the total consideration or value of the investment opportunity is five per cent (5%) or more of the Latest NAV provided that the other approvals outlined above are obtained.

It is also emphasised that in the period between Admission and the first annual general meeting of Shareholders following Admission the Fund will not be required to obtain specific Shareholder consent before the Fund could enter into a transaction with a Related Party when the total consideration or value of the investment opportunity is five per cent (5%) or more of the Latest NAV provided that the other approvals outlined above are obtained irrespective of whether a Related Party Authorisation Resolution is in place or not.

The Fund Manager must ensure that any Related Party transactions in the nature of services provided relating to the Real Property of the Fund in the ordinary and usual course of estate management, including renovation and maintenance work, are contracted on normal commercial terms. The Fund has been granted a waiver by the DFSA of the requirement that the terms of ordinary and usual course services with related parties are subject to prior approval of the Oversight Committee as follows. Provided that a Related Party Authorisation Resolution (see definition below) is in place then (i) in respect of the provision of such services where it is envisaged that the Related Party would be paid a total consideration less than five per cent (5%) of the Latest NAV and such services are contracted on normal commercial terms, no prior approval of the Oversight Committee is required; and (ii) in respect of the provision of such services where it is envisaged that the Related Party would be paid a total consideration equal to or greater than five per cent (5%) of the Latest NAV then prior to the engagement of the Related Party to carry out such services the terms of such engagement must be approved by the Oversight Committee.

In the event that the Fund proposes to enter into such a transaction during the period between Admission and the first annual general meeting of shareholders following Admission then the same procedure must be followed save that a Related Party Authorisation Resolution need not be in place.

CIR 13.4.17 prohibits the engagement of Related Persons as property agents for rendering services (including advisory or agency services) to the Fund in property transactions; however, the Fund has been granted a waiver by the DFSA as regards the application of this rule.

The characteristics of the market in the UAE and Dubai in particular are such that a significant number of the property agents with whom the Fund must engage if it is to ensure that it is being made aware of the most attractive potential transactions are Related Parties. If the Fund was not able to deal with theses property agents, the Fund Manager believes that the Fund would be at a significant commercial disadvantage. As a result of this, the Fund Manager was granted, a significant waiver of CIR 13.4.17 by the DFSA as follows.

The Fund has been granted a waiver of the prohibition on engaging Related Parties as property agents for rendering services (including advisory or agency services) to the Fund in property transactions. Provided that a Related Party Authorisation Resolution (see definition below) is in place then the Fund Manager may engage Related Parties as property agents to provide such services (a "**Related Party Property Agent Engagement**") provided that in respect of a Related Party Property Agent Engagement where it is envisaged that the Related Party would be paid a consideration equal to or greater than five per cent (5%) of the Latest NAV is to be entered into following the first annual general meeting of Shareholders following Admission: (i) a Related Party Authorisation Resolution (as defined below) is in place; (ii) the Investment Committee has confirmed that its members do not object to the terms of the proposed Related Party Property Agent Engagement as such terms are at least as favourable to the Fund as any similar transaction entered into with an independent third party on commercial terms; and (iii) the Oversight Committee has approved the terms of the proposed Related Party Property Agent Engagement.

Where such a Related Party Property Agent Engagement is proposed to be entered in the period between Admission and the first annual general meeting of Shareholders following Admission the same requirements must be met save that a Related Party Authorisation Resolution need not be in place.

If following the first annual general meeting of Shareholders following Admission, a Related Party Authorisation Resolution is not in place then the Related Party would be prevented from rendering services (including advisory or agency services) to the Fund in property transactions.

It is emphasised that the Fund anticipates that following the first annual general meeting of Shareholders following Admission, a Related Party Authorisation Resolution will typically be in place and accordingly the Fund will not typically, subject to the other requirements discussed above, be prevented from engaging Related Parties as property agents for rendering services (including advisory or agency services) to the Fund in property transactions. It is also emphasised that in the period between Admission and the first annual general meeting of shareholders following Admission the Fund will not, subject to the other requirements discussed above, be prevented from engaging Related Parties as property agents for rendering services (including advisory or agency services) to the Fund in property transactions irrespective of whether an Related Party Authorisation Resolution is in place or not.

A "**Related Party Authorisation Resolution**" is a resolution passed at an annual general meeting of Shareholders of the Fund authorising the Fund to enter into those categories of transactions with Related Parties detailed above where it is specified that a Related Party Authorisation Resolution is required to be place.

All transactions with Related Persons must be on terms that are at least as favourable to the Fund as any comparable arrangement on normal commercial terms negotiated at arm's length with an independent third party.

A brief summary of Related Party transactions must be included in the Fund's next published interim or annual report. The summary must include details of the total value of any Related Party transactions, their nature and the identities of the Related Party with whom such transactions were made. Where there is no such transaction conducted during the financial year covered by the annual report, an appropriate negative statement to that effect must be made in the annual report.

In respect of Related Party transactions, the Fund Manager is required to disclose to Shareholders any beneficial interests of the Affected Person, and any changes thereof, in the Fund and any potential conflicts of interests involving the Affected Person and the measures implemented to address such conflicts.

Where any Related Party has an interest in an undertaking which competes or is likely to compete, either directly or indirectly, with the Fund's activities, the Fund Manager must disclose the following to Shareholders:

(a) a description of the undertaking of the Related Party and its management, to enable the Shareholders to assess the nature, scope and size of such business, with an explanation as to how such undertaking may compete with the Fund;

(b) where applicable, a statement from the relevant Related Party that is capable of performing, and shall perform, its duty in relation to the Fund independently of its related business and in the best interests of the Fund and its Shareholders; and

(c) a statement as to whether the Fund may acquire any of the related business or assets of the Related Party.

The Fund Manager must disclose any changes to the disclosed information after initial disclosure to the Shareholders.

The Fund Manager must ensure that if any cash forming part of the Fund's assets is deposited with a Related Party (being an institution licensed to accept deposits), profit rates must be paid on the deposit at a rate not lower than the prevailing commercial rate for a deposit of that size and term. The Fund Manager must also ensure that in the event of financing from a Related Party (being an institution licensed to lend money), financing costs charged on the financing is at a rate not higher than the prevailing commercial rate for a financing of that size and term.

Conflict of Interest Policy of the Fund

In light of the potential conflicts of interests arising as a result of the relationships with Related Parties outlined in this section, the Fund Manager has developed the following conflict of interest policy (the "**Conflict of Interest Policy**").

The Fund Manager and any delegate of the Fund Manager must avoid conflicts of interest arising or, if conflicts arise, must ensure that the Fund is not disadvantaged by any transaction entered into with a Related Party. The Fund Manager must not make improper use of its position in managing the Fund to gain, directly or indirectly, an advantage for itself or for any other person or to cause detriment to the interests of the Shareholders.

Any transaction carried out on behalf of the Fund with a Related Party must be executed on terms which are the best available for the Fund and which are no less favourable to the Fund than a comparable arrangement on normal commercial terms negotiated at arm's length with an independent third party.

Cash or other liquid assets forming part of the Portfolio may only be placed in a Shari'a compliant account with a Related Party if:

(a) the party is an institution licensed or approved to accept deposits; and

(b) the terms of the deposit are the best available for the Fund and are no less favourable to the Fund than an arm's length transaction between independent third parties for a deposit of that size and term.

Any financing provided to the Fund by a Related Party must be on terms not more onerous than the prevailing financing terms for financing of that size and term and will be subject to the prior approval of the Oversight Committee.

Any provision of services in relation to the Portfolio in the ordinary and usual course of estate management, including renovation and maintenance work, by a Related Party will be contracted on normal commercial terms and will be subject to the prior approval of the Oversight Committee.

Due to the potential for conflicts of interest that may arise if the Fund Manager appointed one Valuer only, the Fund Manager has, to date, appointed a panel of two Valuers, namely CBRE DIFC Limited and Asteco Property Management LLC. The Fund Manager may opt to use more than two Valuers in the future. Currently the Fund Manager instructs one of these two Valuers to provide a valuation for any proposed investment in Fund Property. No Affected Person may be engaged as property agents for rendering services to the Fund in respect of any Real Property or property related asset in which they have or may potentially have a conflict of interest, including advisory or agency services in property transactions but not including property management or facilities management services.

A Valuer cannot be:

(a) Related (as defined in the DFSA Rules) to the Fund Manager; or

(b) someone who the Fund Manager has reasonable grounds to believe would not be capable of providing objective valuation of Real Property (as defined in the DFSA Rules).

The CIR Rules set out guidance on the criteria that a person must satisfy in order to be appointed as a Valuer by the Fund Manager. The guidance to the CIR Rules states that most, if not all, of the criteria must be satisfied. The Valuer should:

(a) be a fellow or associate member of a recognised professional body of surveyors or property valuers and be qualified to perform property valuations;

(b) have access to the relevant expertise of valuing properties of the relevant kind and in the relevant area where the property is situated;

(c) have internal controls, checks and balances to ensure the integrity of valuation reports and ensure these reports are properly and professionally prepared in accordance with international best practice;

(d) have adequate professional insurance to cover its usual risks;

(e) not have ownership or commercial links with any other persons providing financial services to the Fund which would impair the Valuer's ability to provide independent and objective valuation services to the Fund; and

(f) not be instrumental in relation to the finding of Real Property for the Fund.

Under the DFSA Rules, once appointed, the Valuer's appointment will continue until they are removed or they retire. Once the Valuer has conducted valuations of the Fund's Property for a period of five consecutive years, the Fund Manager must ensure that the appointment of such Valuer is terminated. Thereafter, the same Valuer will not be capable of being re-appointed for a period of two years following the date of the termination of such Valuer's appointment, following the expiry of which, they may be re-appointed.

The Fund Manager may not enter into a transaction in relation to any part of the Portfolio with a Related Party unless the criteria set out in (a) to (c) below are satisfied:

(a) the Fund Manager has ensured that such transaction is on terms at least as favourable to the Fund as any comparable arrangement on normal commercial terms negotiated at arm's length with an independent third party;

(b) before entering into such transaction, the Fund Manager has:

   (i) obtained Shareholders' approval by way of Special Resolution in respect of the proposed transaction if the total consideration or value of the transaction is 5% or more above the most recent Net Asset Value of the Fund as disclosed in the latest published audited accounts of the Fund; and

   (ii) issued to the Shareholders a circular containing the details of the transaction; and

(c) the Fund Manager has otherwise complied with the relevant provisions of the CIR Rules.

Conflicts of Interest under the Articles

The Articles provide that where the Articles conflict with the CIR Rules, CIL and Companies Law in respect of the applicable procedures for authorising a conflict of interest, the CIR Rules, CIL and Companies Law shall prevail. Under the Articles, where a Director has a conflict of interest, that conflict is deemed to be authorised if the Director complies with the requirements of the CIR Rules, CIL and Companies Law. In the event that the Fund has a sole Director (as is currently the case) or the entirety of the board of Directors is conflicted, authorisation for conflicts of interests is to be obtained from the Oversight Committee pursuant to the Articles. However, no declaration is required and no authorisation is necessary from the Oversight Committee where such conflict concerns a transaction or arrangement for the benefit of employees of the Fund under which a Director benefits in a similar manner to the employees and which does not accord such Director as such any privilege or benefit not accorded to the employees to whom the transaction or arrangement relates.

Where the board of Directors is comprised of more than one Director, a Director may seek authorisation from the board of Directors in respect of a conflict of interest. In doing so, the affected Director must declare the nature and extent of his interest in the relevant conflict situation and provide the board of Directors with all information necessary to allow it to make its determination regarding the conflict. Conflicted Directors may not count towards the quorum for or vote on any resolution relating to the authorisation of a conflict of interest, and such Director may be excluded from the meeting at which authorisation of the conflict is considered. Any interested Director is required to conduct himself in accordance with the determination of the board of Directors following such meeting.

A number of Director interests are permitted under the Articles ("**Permitted Interests**"). Permitted Interests include, but are not limited to: (i) being party to or otherwise interested in any transaction or arrangement with the Fund or in which the Fund is directly or indirectly interested; (ii) holding any other office or place of profit with the Fund (except that of auditor) in conjunction with the office of Director for such period and on terms decided by the board of Directors; (iii) acting directly or through an associated professional firm in a professional capacity for the Fund on terms decided by the board of Directors; and (iv) in the case of the Fund Manager, receipt of any fee provided for in the Fund Management Agreement or any other fee approved in accordance with the CIR Rules and the CIL.

No board authorisation is required in respect of Permitted Interests. Permitted Interests must be disclosed to the board of Directors save for where:

(a) the Fund Manager has complied with the requirements of the CIR Rules, CIL and Companies Law in respect of the conflict of interest;

(b) the interest cannot reasonably be regarded as likely to give rise to a conflict of interest;

(c) the remaining members of the board of Directors are already aware of the conflict of interest;

(d) the Director is not aware of the conflict of interest or a proposed transaction with the Fund giving rise to a conflict of interest (provided that Director shall be treated as being aware of matters of which he ought to reasonably be aware);

(e) the conflict of interest concerns the terms of the service contract of the Director which has been or is to be considered by the board of Directors or a committee of the board of Directors; or

(f) in the case of the Fund Manager, the receipt of: (i) any fee, remuneration, payment or reimbursement provided in the Fund Management Agreement; and/or (ii) any other fee or remuneration approved in accordance with the CIR Rules and the CIL.

Notwithstanding the foregoing matters, a Director is permitted to vote on and counts towards the quorum in relation to include (but are not limited to): (i) the giving of a guarantee, security or indemnity to the Director in respect of debts and obligations incurred by him or by another person for the benefit of the Fund; (ii) an offer by the Fund or its subsidiaries of securities for subscription which the Director may be entitled to participate in; (iii) transactions or interests in which the Director is interested only due to holding an interest in the shares, debentures or other securities of the Fund or by reason of any other interest in or through the Fund; and (iv) in the case of the Fund Manager acting as Director, where the interest arises in connection with the day to day activities of the Fund Manager acting its capacity as such.

A Director is not liable to account for any profits or remuneration received from a transaction duly authorised by the board of Directors or which constitutes a Permitted Interest. Directors may not vote on or be counted in the quorum for a resolution relating to his appointment.

The Shareholders may determine by Ordinary Resolution to: (i) suspend or relax the provisions described above either generally or in respect of a particular matter; or (ii) ratify any transaction, arrangement or other matter not properly authorised by reason of contravention of the Articles.

In cases where the Fund Manager reasonably believes that a member of the Investment Committee may be subject to a conflict of interest in respect of a proposal to acquire or dispose of an investment, the conflicted member of the Investment Committee may not review the proposed transaction and only the other members of the Investment Committee may do so. In any case where an investment is made following a decision that any Investment Committee member is conflicted, the Fund Manager shall report the circumstances giving sufficient explanation for its decision in the next report to the Shareholders.

Related Party Transactions of the Fund

Related Party relationships and transactions with DIB

DIB owns 30.9% of the issued share capital of the Fund as at 31 December 2013. DIB also owns 25% of the issued share capital of the Fund Manager and 41.0% of the issued share capital of Deyaar, which itself owns 3.4% of the issued share capital of the Fund as at 31 December 2013.

In November 2013, the Fund agreed a US$13.62 million (AED 50 million) Musharaka facility with DIB (the "**Musharaka Facility**"). No funds have been drawn down under the Musharaka Facility to date and any such draw down is conditional upon the completion of the Musharaka documentation and related security arrangements under which a first degree registered mortgage and assignment of rental income and comprehensive insurance in relation to Building 24 and Indigo 7 will be required. The Musharaka Facility may only be drawn down prior to 13 May 2014.

Acquisition of Building 24

Building 24 was acquired from DIB on 27 June 2011 for a purchase price of US$13,640,000. Transfer fees of US$136,400 were paid to the Dubai Land Department by DIB on behalf of the Fund. The Fund issued 137,764 Shares of US$100 (the nominal value of the Shares) to DIB on 1 July 2011 as consideration for the purchase price and in return for the settlement of the transfer fees by DIB. DIB was issued the Shares at nominal value as the Portfolio contained no Properties at the time of the Fund's acquisition of Building 24. No other Shareholder has been issued Shares at nominal value but instead at the NAV per Share. Building 24 was valued at AED 50.1 million at the time the property was acquired.

The Fund entered into a compliance agreement with TECOM Investments and DIB dated 27 June 2011 pursuant to which it agreed to be fully and solely liable to TECOM Investments in respect of any claims or liabilities arising in relation to Building 24 or the sale and purchase agreement for Building 24 entered into between DIB and TECOM Investments on 5 June 2011, including any default or non-compliance by DIB as the original purchaser. The Fund Manager has confirmed that it is not aware of any such defaults or non-compliance.

DIB entered into a lease back for the existing DIB retail branch space with the Fund on 27 June 2011 as part of the Building 24 acquisition (the "**DIB Branch**"). The DIB Branch represents less than 10% of the gross revenue of Building 24. The Fund is required to pay 15% of rent arising from Building 24 to TECOM Investments under the terms of the TECOM PMLA. Please refer to the "*General Information*" section of this Prospectus for further information on the TECOM PMLA and to the "*Risk Factors*" section of this Prospectus for further information on the risks relating to the TECOM PMLA. The Fund is exempted from paying this amount to TECOM Investments in respect of the DIB Branch until such time the DIB Branch is vacated by DIB. TECOM Investments will thereafter be entitled to 15% of the rent payable in respect of the DIB Branch units, as with all other units in Building 24.

DIB became a Shareholder in the Fund as a result of the Building 24 acquisition and was a Related Party at the time of the acquisition by virtue of its shareholding in the Fund Manager. The acquisition of Building 24 was reviewed and approved by the Investment Committee. According to the Fund Manager, the acquisition was carried out on terms which were no less favourable to the Fund than a comparable arrangement on normal commercial terms negotiated at arm's length with an independent third party.

Appointment of DIB subsidiary as Shari'a advisor

Dar Al Shariah, a company in which DIB owns a 60% interest and whose managing director is Abdulla Al Hamli, acts as an advisor to the Fund and Fund Manager on matters of Shari'a and is paid an annual sum of US$30,000 in retainership fees as consideration for its services, such fees being subject to review on an annual basis. Further fees are payable to Dar Al Shariah in respect of services that fall outside the scope of the retainership agreement entered into between Dar Al Shariah and the Fund dated 10 October 2013 (the "**Retainership Agreement**"). The Fund has appointed Dar Al Shariah as a Shari'a Adviser to ensure the satisfactory and efficient working of the relationship between Fund and the Shari'a Supervisory Board and to ensure that all Shari'a requirements and obligations on and of the Fund are met. The engagement letter provides an indemnity in favour of the Fund in respect of any claim that the service provided by Dar Al Shariah is not being performed in compliance with the conflict of interest provisions of the CIR however the indemnity is limited to the maximum extent of its fee. The Fund has further appointed Dar Al Shariah as a Shari'a Adviser in respect of Admission pursuant to an engagement agreement dated 13 January 2014. The consideration payable to Dar Al Shariah under the engagement agreement for its services is US$27,226, half of which was payable upon the signing of the agreement and half of which is payable following the completion of the services envisaged under the agreement. In the event the Admission does not complete, the proportion of the fee Dar Al Shariah will be entitled to will depend on whether certain specific milestones provided for under the agreement have been met.

According to the Fund Manager, the agreements in place with Dar Al Shariah have been entered into on terms which are no less favourable to the Fund than a comparable arrangement on normal commercial terms negotiated at arm's length with an independent third party.

Related Party relationships with DIB-affiliated individuals

Abdulla Al Hamli is the managing director of DIB. He is also a Fund Manager Director and the chairman of the Fund Manager. Abdulla Al Hamli is also chairman of Deyaar. The Fund has appointed Abdulla Al Hamli as local service agent of the Onshore Dubai Branch pursuant to a national service agent agreement entered into between the Fund and Abdulla Al Hamli on 28 March 2012 (the "**National Service Agent Agreement**"). The National Service Agent Agreement was entered into pursuant to the requirements imposed by UAE Federal Law No. 8 of 1984 regarding Commercial Companies, as amended, which requires all branches of foreign companies operating in the UAE to retain a UAE national as service agent. Abdulla Al Hamli is not entitled to any remuneration under the terms of the National Service Agent Agreement.

Hamad Buamim is a member of the Investment Committee. He was appointed as a director of DIB, the owner of 25% of the issued share capital of the Fund Manager, on 2 March 2014.

Related Party relationships and transactions with TECOM Investments

TECOM Investments owns 7.5% of the issued share capital of the Fund as at 31 December 2013.

Acquisition of Loft Offices

TECOM Investments became a Shareholder in the Fund pursuant to the issue of 112,415 Shares by the Fund to TECOM Investments on 8 December 2011. The Shares were issued as part of the consideration payable for the acquisition of the Loft Offices by the Fund from TECOM Investments. DIB subscribed for 131,195 Shares in the Fund on the same date in order to provide the Fund with part of the cash necessary to satisfy the portion of the consideration payable in cash. TECOM was not a Related Party at the time the Loft Offices were acquired by the Fund. TECOM Investments will however constitute a Related Party for the purposes any future transactions it enters into with the Fund.

*Property Management and Leasing Agreement (the "**TECOM PMLA**")*

The Fund is party to the TECOM PMLA with TECOM Investments which was assigned to the Fund by DIB on 27 June 2011 in connection with the acquisition of Building 24. The TECOM PMLA requires the payment of 15% of the rent received by the Fund in respect of Building 24 to be paid to TECOM Investments. The Fund also pays to TECOM Investments community fees for Loft Offices and an amount equivalent to 50% of the value of the service charges charged by TECOM Investments relating to Building 24 pursuant to a circular issued by TECOM Investments to the Fund on 16 May 2011. The TECOM PMLA was entered into prior to TECOM Investments becoming a Shareholder of the Fund. Please refer to the "*General Information*" section of this Prospectus for further information on the TECOM PMLA and to the "*Risk Factors*" section of this Prospectus for further information on the risks relating to the TECOM PMLA.

TECOM Community Fees

In addition, community fees are payable to TECOM Investments for Properties located in TECOM free-zones. In respect of all the Fund's TECOM-located buildings (with the exception of Loft Offices), the tenant pays the community fees directly to TECOM. In relation to Loft Offices, the community fees are payable by the Fund. For the 12 month period ended 31 December 2013, such community fees amounted to AED 1.196 million in aggregate.

The Master Community Declaration provides that the community fees are intended to be used, *inter alia*, to finance infrastructure maintenance costs such as road repairs and cleaning, street lighting, lake preservation, landscaping and open area upkeep and infrastructure improvement works.

Advisory Board

Todd Betts is a member of the Advisory Board. He is employed by TECOM Investments as its Group Chief Financial Officer.

Related Party relationships and transactions with Dubai Properties Group

Dubai Properties Group owns 19.6% of the issued share capital of the Fund as at 31 December 2013.

Office Park Acquisition

An affiliate of Dubai Properties Group, Dubai Properties LLC became a Shareholder in the Fund as a result of the issue of 292,110 Shares in the Fund on 19 June 2012 to Dubai Properties LLC as part of the consideration for the acquisition of the Office Park by the Fund from Dubai Properties LLC.

An affiliate of Dubai Properties Group, Dubai Properties LLC was a Related Party at the time of the transaction by virtue of it being owned by Dubai Holding LLC, which also owns TECOM Investments. The Office Park property was acquired for a purchase price of AED 333 million (US$90.7 million) payable: (i) in a cash amount of AED 220 million (US$59.9 million); and (ii) through the issue of Shares in the Fund to Dubai Properties LLC with a value of AED 113 million (US$30.8 million). DIB subscribed for 162,661 Shares on 20 June 2012 to provide the Fund with the cash required to settle part of the cash consideration payable in return for the acquisition. The remainder of the cash consideration was financed by way of an AED 160 million (US$43.6 million) Ijarah facility granted by Emirates Islamic Bank.

Office Park was independently valued at AED 333 million at the time the property was acquired. The acquisition of the property was reviewed and approved by the Investment Committee. According to the Fund Manager, the acquisition was carried out on terms which are no less favourable to the Fund than a comparable arrangement on normal commercial terms negotiated at arm's length with an independent third party.

Provision of facility management and security services by group companies of Dubai Properties Group

A group company of Dubai Properties Group, Idama Facilities Management LLC ("**Idama**"), provides facility management services to the Fund in respect of the Office Park property pursuant to a facility management agreement entered into between the Fund and Idama dated 1 December 2012 (the "**Idama Agreement**"). Idama is paid a fixed annual fee of AED 1,395,184 on a quarterly basis as consideration for its services and a further fee for any additional services it provides to the Fund. The Idama Agreement was renewed on 31 December 2013 such that it now expires on 31 December 2014.

According to the Fund Manager, each of the above transactions were carried out on terms which are no less favourable to the Fund than a comparable arrangement on normal commercial terms negotiated at arm's length with an independent third party.

Lease of units by group companies of Dubai Properties Group

The Fund is party to two leases with group companies of Dubai Properties Group, Ejadah Asset Management LLC and Salwan LLC. A lease was granted by Dubai Properties LLC to Ejadah Asset Management for a five year term commencing on 1 February 2011 and expiring on 30 April 2016 with respect to units 601 B to 608 B in Office Park for a total area of 10,617 square feet. The annual rent payable pursuant to this lease at the date of the Prospectus is AED 1.2 million. A lease was granted by Dubai Properties LLC to Salwan LLC for a two year and 11 month term commencing on 26 April 2012 and expiring on 25 March 2015 with respect to units 201 to 209 in Office Park for a total area of 9,500 square feet. The annual rent payable pursuant to this lease at the date of the Prospectus is AED 1.0 million.

Advisory Board

Khalid Al Malik is a member of the Advisory Board. He is employed by Dubai Properties Group as its group chief executive officer.

Related Party relationships and transactions with Deyaar

Deyaar owns 3.4% of the issued share capital of the Fund as at 31 December 2013. As noted above, DIB owns 41.0% of the issued share capital of Deyaar.

Acquisition of Indigo 7

The Fund acquired a contractual interest, similar to tenancy rights, to develop, operate and receive income generated by Indigo 7 on 25 September 2011 from Gulf Properties Investment Ltd ("**Gulf Properties**"). Gulf Properties held a contractual interest in Indigo 7 by virtue of a concession and agreed to assign its interest in the property to Deyaar on 24 September 2008. The assignment to Deyaar was not completed due to certain amounts payable under the concession assignment agreement between Deyaar and Gulf Properties remaining outstanding. On 15 August 2011, Deyaar agreed to assign its interests under the concession assignment agreement to the Fund. To settle the outstanding amount payable to Gulf Properties (which amounted to AED 6.9 million), the Fund issued 18,346 new Shares for a value of US$1.9 million which were subscribed by DIB, which as stated above owns 30.9% of the Fund, 25% of the Fund Manager and 41.0% of Deyaar. On 25 September 2011, a concession transfer agreement was entered into between Gulf Properties and the Fund.

The purchase price for the interest was AED 26.2 million (US$7.1 million). The interest in Indigo 7 was independently valued at AED 26.2 million at the time the property was acquired. The Fund issued 51,598 Shares to Deyaar and 18,346 Shares to DIB as consideration for the purchase price. Deyaar became a Shareholder in the Fund by virtue of the acquisition of Indigo 7 by the Fund. The transaction was reviewed and approved by the Investment Committee of the Fund. According to the Fund Manager, the transaction was carried out on terms which are no less favourable to the Fund than a comparable arrangement on normal commercial terms negotiated at arm's length with an independent third party.

Facility Management Services Agreement with a Deyaar group company

A group company of Deyaar, Deyaar Facilities Management LLC, provides facility management services in respect of Building 24 under a facility management services agreement. The Fund pays a total sum of AED

385,275 per annum to Deyaar Facilities Management LLC as consideration for its services and a further fee for any additional services it provides to the Fund. According to the Fund Manager, the agreement was concluded on terms which are no less favourable to the Fund than a comparable arrangement on normal commercial terms negotiated at arm's length with an independent third party.

Related Party relationships with Deyaar-affiliated individuals

Abdulla Al Hamli is the chairman of Deyaar and is also the chairman of the Fund Manager.

Related Party relationships and transactions with Vintage Bullion

Vintage Bullion owns 23.1% of the issued share capital of the Fund.

Advisory Board

Kunal Bansal is a member of the Advisory Board. He is a director and partner of Vintage Bullion.

Related Party relationships and transactions with the Fund Manager

Fund Management Agreement

The Fund and the Fund Manager are party to a Fund Management Agreement entered into on 27 January 2014 (the "**Fund Management Agreement**"). For further information on the Fund Management Agreement, please refer to the "*General Information*" section of this Prospectus.

Property management agreement with DIB

The Fund Manager and DIB have entered into a property management agreement for the management of a number of properties which are owned by DIB and which are not part of the Fund's Portfolio. The Fund Manager will be paid an annual management fee of AED 1.6 million which is a percentage of the gross value of the portfolio for the period from 1 January 2013 to 31 December 2013 for the services that it provides to DIB pursuant to this agreement.

Subscription agreement with Vintage Bullion

The previous articles of the Fund permitted the payment of a commission or subscription fees to the Fund Manager by the Fund upon the subscription for Shares by new investors and accordingly subscription fees of 0.2% (amounting to US$77,500) were charged by the Fund Manager in connection with the issue of Shares to Vintage Bullion. No other subscription fees have been paid directly to the Fund Manager in connection with the issue of Shares (although subscription fees have been paid to third parties such as Emirates NBD Bank).

Related Party transactions with SHUAA

The Fund and the Fund Manager are party to the Custody Agreement with the Custodian, a wholly owned subsidiary of SHUAA. SHUAA is the Sponsor and a Joint Bookrunner for the Offer. For further information, please refer to the summary of the Custody Agreement in the "*Material Contracts*" paragraph of the "*General Information*" section below.

Conflict of Interests of the Fund

Conflict of Interest relationships and transactions with Emirates NBD Bank

Emirates NBD Bank owns 4.5% of the total issued share capital of the Fund on behalf of its customers and Emirates NBD Capital Limited is a subsidiary of Emirates NBD Bank and is also Joint Bookrunner to the Fund in connection with Admission.

Please refer to the summary of the underwriting agreement in the "*Material Contracts*" paragraph of the "*General Information*" section of this Prospectus.

Conflict of Interest relationships and transactions with EFG-Hermes Holding SAE

EFG-Hermes Holding SAE owns 4.2% of the total issued share capital of the Fund and its subsidiary company EFG Hermes UAE Limited is also a Co-Lead Manager to the Fund in connection with Admission.

OVER-ALLOTMENT ARRANGEMENTS AND STABILISATION

In connection with the Offer and pursuant to the Underwriting Agreement and the Over-allotment Undertaking, the Stabilisation Manager, or its affiliates, may (but will be under no obligation to), to the extent permitted by the Price Stabilisation Module of the DFSA Rulebook, over-allot or effect other transactions with a view to supporting the market price of the Shares at a level higher than that which might otherwise prevail in the open market immediately following the commencement of dealings in the Shares on NASDAQ Dubai.

The Stabilisation Manager is not required to enter into such transactions and such transactions may be effected on NASDAQ Dubai or over-the-counter. Such stabilising measures, if commenced, may be discontinued at any time and may only be taken in the period of 30 days immediately following Admission.

In connection with the Offer and pursuant to the Underwriting Agreement and the Over-allotment Undertaking, the Fund has put in place Over-allotment Arrangements with the Stabilisation Manager pursuant to which the Stabilisation Manager may exercise its right and subscribe for the Over-allotment Shares, representing up to 15% of the total number of Shares in the Offer at the Offer Price to cover short positions resulting from over-allotments, if any, made in connection with the Offer.

The Over-allotment Arrangements may be exercised, in whole or in part, at any time during the period commencing on the Admission Date and ending 30 days thereafter.

As an additional means of facilitating the Offer, the Stabilisation Manager may bid for, and purchase, Shares in the open market to stabilise the price of the Shares during the period commencing on the Admission Date and ending 30 days thereafter.

UNDERWRITING ARRANGEMENTS

The Fund, the Fund Manager, the Sponsor, the Joint Bookrunners and the Underwriters have entered into the Underwriting Agreement pursuant to which the Joint Bookrunners have severally agreed, subject to certain conditions, to use reasonable endeavours to procure subscribers for the Shares to be issued by the Fund pursuant to the Offer at the Offer Price, failing which the Underwriters have agreed to subscribe for the Shares at the Offer Price.

The Underwriting Agreement provides that the obligations of the Underwriters are conditional upon the satisfaction of certain conditions, including Admission occurring by no later than 8 a.m. on 8 April 2014 or such later date and time as the Fund and the Joint Bookrunners (for themselves and on behalf of the Sponsor and the Underwriters) may agree.

Pursuant to the Underwriting Agreement:

- the Fund has agreed, subject to certain conditions (including Admission) and the Underwriting Agreement not being terminated, to allot and issue, at the Offer Price, the Shares to be issued in connection with the Offer to subscribers procured by the Joint Bookrunners or, failing which, to the Underwriters themselves;
- the Joint Bookrunners have severally agreed, subject to certain conditions (including Admission), to use reasonable endeavours to procure subscribers for the Shares (in accordance with the procedures set out in the Underwriting Agreement) pursuant to the Offer;
- if the Joint Bookrunners fail to procure subscribers under the Underwriting Agreement, the Underwriters have agreed to subscribe for the Shares to be issued by the Fund pursuant to the Offer at the Offer Price, which obligation shall be conditional upon certain conditions precedent that are customary for an undertaking of this nature;
- if the Underwriters default in the performance of its obligations, the Joint Bookrunners shall have the right to procure subscribers for the Shares;
- the Fund has put in place the Over-allotment Arrangements with the Stabilisation Manager under the Underwriting Agreement, pursuant to which the Stabilisation Manager may under the Over-allotment Undertaking, subject to certain conditions, procure subscribers for or subscribe itself up to such additional Shares representing 15% of the total number of the Shares in the Offer (excluding the Over-allotment Shares) at the Offer Price, for the purposes of allowing the Stabilisation Manager to cover short positions resulting from over-allotments, if any, made in connection with the Offer. The

number of Over-allotment Shares to be issued or transferred pursuant to the Over-allotment Arrangements, if any, will be determined not later than 30 days after Admission (or such earlier date as may be determined by the Stabilisation Manager). Settlement of the Over-allotment Shares will take place shortly after the exercise of the Over-allotment Arrangements;

- the obligation of the Fund to issue or sell, as applicable, the Shares in the Offer and the obligations of the Joint Bookrunners to procure subscribers for the Shares are conditional upon certain conditions precedent that are customary for an agreement of this nature;
- in consideration of their services provided under the Underwriting Agreement, and subject to Admission, the Fund has agreed to pay to:
  - SHUAA a fee of US$100,000 in relation to its role as Sponsor and coordinator for the Offer;
  - the Joint Bookrunners a base commission of two per cent (2%) of the total proceeds from the Offer;
  - the Joint Bookrunners (for and on behalf of each of the Co-Lead Managers) a base commission of 0.5 per cent (0.5%) of the total proceeds from the Offer, to be allocated among the Co-Lead Managers in proportion to the share of the orders procured by each such Co-Lead Manager in the total aggregate book of orders procured by all Co-Lead Managers; and
  - the Joint Bookrunners (for themselves and for and on behalf of each of the Co-Lead Managers, including any placement agent) a further commission of 0.5% of the total proceeds from the Offer, which may be payable to any of the Co-Lead Managers and/or any of the Joint Bookrunners and/or any placement agent to be split among the Co-Lead Managers and/or the Joint Bookrunners and/or and placement agent at the Fund's discretion, the allocation of such additional commission to be determined by the Fund not later than the Closing Date; and
- the Fund and the Fund Manager have each given a wide range of representations, warranties and undertakings to the Sponsor, the Joint Bookrunners and the Underwriters in relation to the business of the Fund, the Shares and the contents of the Prospectus. In addition, each of the Fund and the Fund Manager has severally given certain broad indemnities to the Sponsor, the Joint Bookrunners and the Underwriters and their respective affiliates against certain liabilities in connection with the Offer.

LOCK-IN ARRANGEMENTS

All Shares held by existing Shareholders are subject to a lock-in of at least six months' duration following Admission. Shares issued:

- in 2013 are subject to a lock-in arrangement for a period of six months from the date of Admission, with such number of Shares amounting to 9.0% of the issued share capital of the Fund at Admission; and
- prior to 31 December 2012 are subject to a further lock-in arrangement of six months (a total of 12 months from the date of Admission), with such number of Shares amounting to 45.1% of the issued share capital of the Fund at Admission.

Pursuant to the lock-in arrangements, each existing Shareholder has agreed with the Fund and the Joint Bookrunners, for the duration of the restrictions, not to:

(i) offer, sell, lend, pledge, contract to sell, charge, grant any option over or otherwise dispose of, directly or indirectly, any:

   a. Shares;

   b. options, warrants or other rights to subscribe for or purchase Shares; and

   c. securities which carry rights of conversion into, rights of exchange or subscription for or rights to purchase or acquire Shares, which are owned or held by the Shareholder, or in which it is otherwise interested, at the date of entering into the lock-in arrangements or which are acquired by the Shareholder, or in which it otherwise becomes interested, after the date of entering into such arrangements (each a "**Relevant Security**"), without in all such cases the prior written consent of SHUAA and EMCAP;

(ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of any Relevant Security nor to mandate a third party to do so, or announcing the intention to do so without in all such cases the prior written consent of SHUAA and EMCAP; or

(iii) make an announcement relating to any of the foregoing.

SELLING AND TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares.

General

The distribution of this Prospectus and the Offer is restricted by law in certain jurisdictions and this Prospectus does not constitute, and may not be used in connection with, any offer or solicitation in any such jurisdiction or to any person to whom it is unlawful to make such offer or solicitation. Persons into whose possession this Prospectus comes to must inform themselves about and observe any such restrictions. No action has been, or will be, taken in any jurisdiction by the Fund, the Sponsor or the Banks that would permit a public offering of the Shares, or possession or distribution of a prospectus, in any jurisdiction where action for that purpose would be required. Neither the Fund, the Fund Manager, the Sponsor nor the Banks accept any responsibility for any violation by any person, whether or not it is a prospective subscriber or purchaser of the Shares, of any such restrictions.

United States

The Shares have not been and will not be registered under the US Securities Act, or under the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States, or to, or for the account or benefit of, US persons. The Shares are being offered and sold only to non-US Persons outside the United States in reliance on Regulation S under the US Securities Act.

Under the Articles of Association, the Shares may not be transferred, directly or indirectly, to any person in circumstances which, in the opinion of the Directors, might result in the Fund incurring any liability to taxation or suffering any other disadvantage which the Fund might not otherwise incur or suffer, or would result in the Fund being required to register under any applicable United States securities laws. The Directors may also not consent to a transfer of Shares and the Shares may not be transferred, directly or indirectly, to any US person. The Directors hold the power to request the transfer of Shares sold or acquired in contravention of the foregoing prohibitions, and may take all necessary action to effect a transfer of the relevant Shares to a third party of its choosing should the relevant Shareholder fail to comply with the request of the Directors. The Fund has, and may exercise, the right of mandatory redemption of any Shares sold or acquired in contravention of the foregoing prohibitions.

Each person acquiring Shares will be deemed to have represented, warranted, undertaken, agreed and acknowledged as follows:

- Such person is, or at the time the Shares are acquired will be, the beneficial owner of such Shares and: (i) is, and the person, if any, for whose account it is acquiring the Shares is, outside the United States and is not a US Person; (ii) is not an affiliate of the Fund or a person acting on behalf of such an affiliate; and (iii) is not in the business of buying or selling securities or, if it is in such business, it did not acquire such Shares from the Fund or an affiliate thereof in the initial distribution of such Shares.
- The Shares: (a) have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States; and (b) are being sold in accordance with Rule 903 or 904 of Regulation S and such person is purchasing such Shares in an "offshore transaction" in compliance with Regulation S.
- If in the future such person decides to offer, sell, transfer or otherwise dispose of the Shares, it will do so only in an "offshore transaction" in compliance with Regulation S to a person who is not a US Person and otherwise in compliance with the transfer provisions contained in the Articles of Association.
- Any Shares sold or acquired in contravention of the transfer provisions contained in the Articles of Association are subject to the mandatory redemption and transfer provisions as provided in the Articles of Association.
- The Fund, the Fund Manager and the Banks and their respective affiliates will rely upon the truth and accuracy of the acknowledgements, representations warranties, undertakings and agreements in the foregoing paragraphs.

DIFC

The Shares may not be, have not been and are not being sold, subscribed for, transferred or delivered in the DIFC other than in compliance with the laws of the DIFC governing the sale, subscription for, transfer and delivery of securities. The Offer constitutes only an offer of securities to the public in and from the DIFC in accordance with the DIFC Markets Law. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Shares in any jurisdiction in which such offer or sale would be unlawful. No one has taken any action that would permit a public offering to occur in any jurisdiction other than the DIFC.

UAE

This Prospectus is strictly private and confidential and is being distributed by way of a private offer to a limited number of investors in the UAE. It must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. No marketing of any financial products or services has been or will be made from within the UAE other than in compliance with the laws of the UAE. The Shares may not be offered or sold directly or indirectly to the public in the UAE. This Prospectus does not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise.

The Securities and Commodities Authority ("**SCA**") approval for the promotion of the Fund in the UAE does not constitute a recommendation to invest in the Fund. In addition, SCA is not responsible for the failure by any party or parties associated with the Fund in the performance of their duties and functions nor is SCA responsible for the accuracy and integrity of the information and the details contained in this Prospectus. Responsibility for the accuracy of information contained in this Prospectus and the performance of duties and functions set out in this Prospectus lies with the Fund Manager.

Foreign ownership restrictions

UAE law and our constitutional documents contain certain provisions that limit the ability of non-UAE and/or non-GCC persons to own Shares in the Fund. Article 22 of the Articles of Association states that in order for Shares to be transferable, at least 51% of the Fund's share capital must be owned at all times by UAE or GCC nationals or UAE or GCC entities.

In order to ensure compliance with following Admission, the Fund intends to utilise the Company Announcement Platform automatic system ("**CANDI**") of NASDAQ Dubai which will announce to the public (based on information the Fund Manager has received from the Registrar) when the Fund Manager becomes aware that the percentage of its share capital which is owned by non-UAE or non-GCC persons reaches certain thresholds. Furthermore, the Articles of Association include certain mechanisms that may result in Shareholders who are non-UAE and/or non-GCC persons being required to sell their Shares. The Directors have the power to request the transfer of Shares sold or acquired in contravention of the foregoing prohibition to a third party GCC person, and may take all necessary action to effect a transfer of the relevant Shares to a third party GCC person of its choosing should the relevant Shareholder fail to comply with the request of the Directors. The Fund has, and may exercise, the right of mandatory redemption of any Shares sold or acquired in contravention of the foregoing prohibitions. For further information, please refer to the "*Risk Factors*" section of this Prospectus.

European Union ("EU")

The Fund Manager and the Fund are required to comply with certain transparency and disclosure requirements set forth in the EU's Directive on Alternative Investment Fund Managers (the "**AIFMD**"), in particular, article 23 thereof, which governs required disclosure to fund investors prior to investment. This is because the Fund Manager intends to market the Shares to investors in the EU. Notwithstanding this requirement, since neither the Fund nor the Fund Manager, as applicable, is authorised or registered in an EU member state, or has a registered office or head office in the EU, the Fund and the Fund Manager, as applicable, are not required to comply with the following requirements set forth in article 23 of the AIFMD: (a) the Fund is not required to have a depositary, the disclosure of which would otherwise be required to be provided to investors prior to investment pursuant to article 23(1)(d) of the AIFMD; (b) the Fund Manager is not required to comply with article 9(7) of the AIFMD, which generally requires certain specific actions be taken to cover potential professional liability risks; and (c) the Fund Manager is not required to comply with article 19 of the AIFMD, which requires the disclosure of the Fund's valuation procedure and pricing methodologies for valuing assets, including hard-to-value assets. Notwithstanding that the Fund and the Fund Manager, as the case may be, are not required to comply with the aforementioned articles, this Prospectus may nevertheless include many of the disclosures required therein.

United Kingdom

This Prospectus is not available for general distribution from or into the United Kingdom ("**UK**"). Neither the Fund nor the Fund Manager is authorised or regulated by the UK's Financial Conduct Authority ("**FCA**").

No offering, whether direct or indirect, or sale of Shares in the Fund will be made in the UK at the initiative of or on behalf of the Fund or the Fund Manager unless the Fund Manager has first notified the FCA of its intention to do so (the "**Notification**"), pursuant to provisions in the UK's Alternative Investment Fund Managers Regulations 2013, as amended ("**AIFMR**") implementing Article 42 of the AIFMD.

Subject to the statement above, the Shares are offered, whether directly or indirectly, and are available solely to, investors meeting the following criteria: (i) on and after the notification has been made, professional investors (as defined in regulation 2(1) of the AIFMR); (ii) investment professionals (as defined in article 14 of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001, as amended (the "**Exemptions Order**") or article 19 of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (the "**FPO**"), as appropriate) who have professional experience of participating in unregulated schemes; (iii) (a) a body corporate which has, or which is a member of the same group as an undertaking which has, a called-up share capital or net assets of not less than £500,000 (provided that it has, or that it is a subsidiary undertaking of any undertaking which has, more than 20 members); (b) a body corporate which has, or which is a member of the same group as an undertaking which has, a called-up share capital or net assets of not less than £5 million; (c) an unincorporated association or partnership which has net assets of not less than £5 million; or (d) any other person falling within article 22 of the Exemptions Order or article 49 of the FPO, as appropriate, including certain high value trusts; (iv) sophisticated investors (as defined in article 23 of the Exemptions Order or article 50 of the FPO, as appropriate); (v) high net worth individuals (as defined in article 48 of the FPO); and (vi) persons specified in rules made by the FCA under section 238(5) of the UK's Financial Services and Markets Act 2000, as amended ("**FSMA**") receiving this Prospectus from a person who is authorised by the FCA (an "**Authorised Person**") in accordance with those rules. The Fund has in place systems and procedures to prevent recipients of this Prospectus, other than those falling within paragraphs (i) to (vi) above, from acquiring shares in the Fund from a person who distributes this Prospectus (including all supplements) in the UK or from any close relative of or fund in the same group as such person.

The Fund is not a recognised scheme as defined in FSMA. No Authorised Person may communicate an invitation or inducement to participate in the Fund except in accordance with rules and orders made under sections 238(5) and 238(6) of FSMA, including in particular the Exemptions Order or the FPO. The content of this Prospectus has not been approved by an Authorised Person for the purposes of section 21 of FSMA and, accordingly, no person other than an Authorised Person may, in the course of business, communicate an invitation or inducement to participate in the Fund except in accordance with orders made under section 21(5) of FSMA.

Any person who wishes to receive and rely on this Prospectus (including all supplements) as a sophisticated investor or high net worth individual must have a current certificate in writing signed by an Authorised Person to the effect that he is sufficiently knowledgeable to understand the risks associated with participating in unregulated schemes. Such persons should note that this Prospectus (including all supplements) is exempt from the scheme promotion restriction in section 238 of FSMA and from the general restriction in section 21 of FSMA on the ground that it is directed at certified sophisticated investors and certified high net worth individuals, that buying, or relying on this Prospectus (including all supplements) for the purpose of buying, Shares may expose the individual to a significant risk of losing all of the property invested and that, if they are in any doubt about investing in Shares, they should consult an Authorised Person specialising in advising on investments of this kind. Such persons will be required to produce a written statement complying with article 23 of the Exemptions Order, article 48 of the FPO or article 50 of the FPO, as appropriate, prior to making any investment in the Fund.

Potential investors in the UK are advised that all or most of the protections provided by the UK's regulatory system do not apply and such an investor will not benefit from the Financial Services Compensation Scheme.

Kingdom of Saudi Arabia

This Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia.

The Capital Market Authority does not make any representations as to the accuracy or completeness of this Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Prospective investors should conduct their own due diligence on the accuracy of the information relating to the Shares. If a prospective investor does not understand the contents of this Prospectus he or she should consult an authorised financial adviser.

Kuwait

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Shares in Kuwait. The Shares have not been licensed for offering in Kuwait by the Kuwait Capital Markets Authority, the Ministry of Commerce and Industry or the Central Bank of Kuwait or any other relevant Kuwaiti government agency. The Offer in Kuwait, on the basis of a public offering, is therefore restricted in accordance with Decree Law No. 31 of 1990 and the implementing regulations thereto (as amended), Ministerial Order No. 113 of 1992 and Law No. 7 of 2010 and the bylaws thereto (as amended). No private or public offering of the Shares is being made in Kuwait, and no agreement relating to the sale of the Shares will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Shares in Kuwait.

Qatar

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Shares in Qatar. In particular, the Shares offered under this Prospectus have not been and will not be registered under the applicable securities laws of Qatar and, subject to certain exceptions, may not be offered or sold directly, or indirectly, in or into Qatar or to any person or legal entity resident in Qatar.

Australia

This prospectus does not constitute a disclosure Prospectus under Part 6D.2 of the Corporations Act 2001 of the Commonwealth of Australia (the Corporations Act) and will not be lodged with the Australian Securities and Investment Commission. The Shares will be offered to persons in Australia only to the extent that such offers of Shares for issue or sale do not need disclosure to investors under Part 6D.2 of the Corporations Act. Any offer of Shares received in Australia is void to the extent that it needs disclosure to investors under the Corporations Act. In particular, offers for the issue or sale of Shares will only be made in Australia in reliance on various exemptions from such disclosure to investors provided by section 708 of the Corporations Act. Any person to whom Shares are issued or sold pursuant to an exemption provided by section 708 of the Corporations Act must not within 12 months after the issue, offer those Shares for sale in Australia unless that offer is itself made in reliance on an exemption from disclosure provided by that section.

Canada

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Shares in Canada. In particular, the Shares offered under this Prospectus have not been and will not be registered under the applicable securities laws of Canada and, subject to certain exceptions, may not be offered or sold directly, or indirectly, in or into Canada or to any person or legal entity resident in Canada.

Republic of South Africa

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Shares in the Republic of South Africa. In particular, the Shares offered under this Prospectus have not been and will not be registered under the applicable securities laws of the Republic of South Africa and, subject to certain exceptions, may not be offered or sold directly, or indirectly, in or into the Republic of South Africa, or to any person or legal entity resident in the Republic of South Africa.

Japan

The Shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan and may not be offered or sold, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan (which term used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to, or for the account or benefit of, any persons for reoffering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, or otherwise in compliance with, the Financial Instruments and Exchange Law and other relevant laws and regulations of Japan.

GENERAL INFORMATION

Incorporation and Administration

The Fund was incorporated and registered in the DIFC by the Fund Manager as a closed-ended investment company on 28 November 2010 under the Companies Law with the name "Emirates REIT (CEIC) Limited" and with registration number 0997. The Fund was licenced as a Public Fund (as defined in the CIR Rules) by the DFSA on 1 December 2010. The registered office address and principal place of business of the Fund is at Office P4, Gate Village 4, Level 5, DIFC, PO Box 482015, Dubai, UAE. The Fund operates under the Companies Law and ordinances and regulations made thereunder.

The Fund has two branches outside of the DIFC that are registered as branches of a foreign company, being the Onshore Dubai Branch and the TECOM Branch. The Onshore Dubai Branch enables the Fund to hold properties Onshore Dubai and the TECOM Branch enables the Fund to manage properties in TECOM.

The Onshore Dubai Branch was established on 3 April 2012 and is licenced to: (i) purchase and sell real estate; and (ii) undertake private property management and leasing. Pursuant to the Ruler's Decree, the Onshore Dubai Branch is also entitled to purchase real estate in Onshore Dubai, subject to certain conditions (for further information on these conditions, please refer to the "*Regulatory Overview*" section of this Prospectus). The TECOM Branch was established on 12 April 2012 and is licenced to undertake property management services.

Ernst & Young Middle East (Dubai Branch) has been the auditor of the Fund since incorporation.

The Fund prepared financial statements for the years ending 31 December 2011 and 31 December 2012 in accordance with AAOIFI standards. Following a change in the CIR Rules relating to applicable accounting standards, the Fund has re-issued financial statements for those periods in accordance with IFRS. The Fund will prepare its financial statements in accordance with IFRS going forward and will publish its annual and interim reports in accordance with the CIR Rules, IFR and at the applicable times prescribed, from time to time.

Management and Administration of the Fund

The Fund Manager

The Fund is managed by the Fund Manager, which was incorporated in the DIFC as a company limited by shares on 27 October 2010 under the Companies Law with the name "Emirates REIT Management (Private) Limited" and with registration number 0983. The Fund Manager has an authorised and issued share capital of US$1,500,000, all of which is paid up.

The Fund Manager is a joint venture between DIB and Eiffel Management Limited. Eiffel Management Limited is a BVI business company incorporated and existing under the laws of the British Virgin Islands with its registered office at Woodbourne Hall, Road Town, Tortola, British Virgin Islands.

The Fund Manager was granted a Category 3 licence by the DFSA on 14 November 2010. Following the changes to the prudential category structure since December 2012, the category of licence held by the Fund Manager pursuant to the now applicable PIB module, is Category 3C. The licence permits the Fund Manager to undertake the financial services of: (i) advising on financial products or credit in respect of shares and units; and (ii) managing a collective investment fund. The Fund Manager is permitted to conduct financial business as an Islamic financial institution and may carry on authorised financial services with or for retail clients. The Fund Manager is limited to managing the Fund under the conditions of its current licence and may not manage any other collective investment scheme. No additional restrictions or conditions are attached to its licence.

For more information on the Fund Manager, please refer to the "*Fund Manager*" section of this Prospectus. In addition, for further information please refer to the summary of the Fund Management Agreement in the "*Material Contracts*" section below.

Board of Directors

The Fund has one Director, being the Fund Manager.

Committees of the Fund and Fund Manager

A number of committees have been appointed by the Fund Manager in varying capacities in accordance with the CIL Law, CIR Rules and the Articles. These are: (i) the Oversight Committee, which supervises the activities of the Fund Manager in accordance with the CIL Law and CIR Rules; (ii) the Investment Committee, which is appointed with the approval of the Shareholders and reviews and confirms it has no objection to prospective investment opportunities proposed by the Fund Manager prior to the Fund's entry into such investments; and (iii) the Shari'a Supervisory Board, which advises the Fund Manager and the Fund on matters of Shari'a and ensures the compliance of the Fund's business with the principles of Shari'a in accordance with the CIR Rules.

The Fund Manager has constituted an Advisory Board to provide expert advice and general views to the Fund Manager on the current state of the real estate market together with opinions on recent trends and developments and also specific ad hoc advice in relation to various projects and potential acquisition targets of the Fund from time to time.

For more information on the committees of the Fund and Fund Manager, please refer to the "*Fund Manager*" and "*Corporate Structure and Governance*" sections of this Prospectus.

Fund Administrator

MaplesFS, a DFSA regulated entity, has been appointed as the administrator of the Fund pursuant to the Administration Agreement. Its address is 6th Floor, Office 616, Liberty House, Dubai International Financial Centre, PO Box 506734, Dubai, United Arab Emirates.

In accordance with the Administration Agreement, administrative services provided by MaplesFS (under the ultimate supervision of the Fund Manager) include, but are not limited to: (i) determining the Net Asset Value of the Fund; (ii) preparing and submitting to the Fund and Fund Manager all ancillary documentation that are used for the annual audit and the preparation of the financial statements; and (iii) performing such other services as may be agreed with the Fund Manager in connection with the administration of the Fund.

For further information, please refer to the summary of the Administration Agreement in the *"Material Contracts"* paragraph below.

Registrar

In accordance with the Registrar Agreement, services provided by the Registrar include, but are not limited to: (i) maintaining and providing updates to the Shareholder Register; (ii) carrying out all acts and things necessary to effect the transfer of legal title of the Shares in the Shareholder Register; (iii) opening the Shareholder Register for inspection; (iv) providing the Fund with information on the foreign ownership details of the Shares on a daily basis; (v) providing the Fund with details of the beneficial owners of the Shares as provided for in the records of the CSD on a monthly basis where such information is available; (vi) providing details of CSD account holders of the Shares as appearing in the records of the CSD on request; (vii) issuing the Fund with a certificate of foreign ownership on request; and (viii) carrying out such additional services as may be agreed with the Fund.

For further information, please refer to the summary of the Registrar Agreement in the *"Material Contracts"* paragraph of the "*General Information*" section below.

Custodian

The Custodian (SHUAA Capital International Ltd.) has been appointed by the Fund Manager as the custodian of the Portfolio under the Alternative Custody Arrangements of the CIR Rules (and as defined therein).

The Custody Agreement requires the Custodian to hold in safe custody all title deeds, certificates, agreements (including lease agreements) and other physical documents evidencing the Fund's ownership of the Property Portfolio provided to the Custodian from time to time or the banks with which the Fund has financing arrangements. These documents are to be held directly by the Custodian or through its agents, sub-custodians, or delegates pursuant to the Custodian Agreement.

The Custodian is authorised and regulated by the DFSA.

For further information, please refer to the summary of the Custody Agreement in the *"Material Contracts"* section below.

Valuers

The Fund Manager has appointed a panel of two valuers for its Portfolio, namely CBRE DIFC Limited and Asteco Property Management LLC. The valuers provide valuations of the Property Portfolio as requested by the Fund Manager and/or the Administrator.

The Fund Manager has the right to appoint further valuers to value the Property Portfolio. All valuations of proposed or actual assets which comprise Property are to be conducted in accordance with established standards such as the International Valuation Standards issued from time to time by the International Valuation Standards Committee or those issued by the Royal Institute of Chartered Surveyors and will reflect the Open Market Value of such Property as required under the CIR Rules.

Property and Facility Managers

Day-to-day property and facilities management services for each Property within the Portfolio are provided by the respective property and facility managers appointed by the Fund. Each property and facility manager is subject to the overall management of the Fund Manager.

Each property manager provides, *inter alia*, the following services:

- **property management services.** These include liaising with tenants to approve and coordinate tenants' fitting-out requirements, reviewing tenants' proposed designs, effecting routine maintenance, ensuring compliance with building and safety regulations and arranging for adequate insurance;
- **lease management services.** These include preparation of tenancy agreements, administration of rental collection, initiating lease renewals and negotiation of terms; and
- **marketing services.** These include providing marketing and co-ordination services.

Each facility manager provides, *inter alia*, the following services:

- 24/7 services with respect to the technical and functional management and maintenance of the relevant Property;
- operational, administrative and technical management of the systems and equipment of the relevant Property; and
- cleaning and sanitation services in respect of the relevant Property.

As at the date of this Prospectus, the respective property managers of the Property Portfolio are as follows:

Property	Property Manager
Building 24, Dubai Internet City	TECOM Investments FZ LLC
Indigo Building, Dubai	Fund Manager
Loft Offices Building 1, Dubai Media City	Golden Suns Real Estate LLC
Loft Offices Building 2, Dubai Media City	Golden Suns Real Estate LLC
Loft Offices Building 3, Dubai Media City	Golden Suns Real Estate LLC
Office Park, Dubai Internet City	Golden Suns Real Estate LLC
Index Tower-Retail	N/A
GWAD	Managed by the tenant, GWAD
Index Tower-Office	N/A
Index Tower-Car Park	N/A

As at the date of this Prospectus, the respective facility managers of the Property Portfolio are as follows:

Property	Facilities Manager
Building 24, Dubai Internet City	Deyaar Facilities Management LLC
Indigo Building, Dubai	V Serve Facilities Management LLC
Loft Offices Building 1, Dubai Media City	MAF Dalkia Middle East LLC
Loft Offices Building 2, Dubai Media City	MAF Dalkia Middle East LLC
Loft Offices Building 3, Dubai Media City	MAF Dalkia Middle East LLC
Office Park, Dubai Internet City	Idama Facilities Management LLC
Index Tower-Retail	Emrill Services LLC(3)
GWAD	Managed by the tenant, GWAD
Index Tower-Office	Emrill Services LLC(4)
Index Tower-Car Park	Emrill Services LLC(5)

The Fund Manager delegates the function of facilities management to professional service providers in the industry in order to facilitate the multiple disciplines that are necessary to ensure the day-to-day management of the Property Portfolio.

Share Capital

As at the date of this Prospectus, the Fund has an issued share capital of 151,642,600 Shares and one Manager Share. The Fund's issued share capital is fully paid-up.

The Manager Share is required to be held by the Fund Manager and is not transferrable to any person except a person or an entity acting as a fund manager in place of the Fund Manager. The holder of the Manager Share shall have the sole right to act as the Fund Manager. The Manager Share itself carries no voting rights and does not entitle the holder to any right to receive dividends or any other rights to participate in the profits of the Fund nor any other form of distribution (on a winding up or otherwise) relating to the Fund.

The Shares rank *pari passu* with each other Share. Each Share: (i) shall be redeemable for cash or in specie only in accordance with the provisions of the Articles, the Companies Law, CIL and the CIR Rules; (ii) entitles the holders to receive notice of, to attend and speak at, any general meeting of the Fund and to vote at any general meeting of the Fund; and (iii) confers the right to receive dividends and any other form of distribution relating to the Fund.

On 26 January 2014, the nominal value of the Shares was sub-divided and, as a result, the Fund's issued share capital changed from 1,516,426 Shares and one Manager Share with a nominal value of US$100 per Share to 151,642,600 Shares with a nominal value of US$1 per Share and one Manager Share which retained a nominal value of US$100. The impact of the Share sub-division on the previously reported NAV per Share is to divide by a factor of 100.

(3), (4), (5) Appointed by the principal body corporate of Index Tower and not the Fund.

The authorised share capital of the Fund is US$10,000,000,100 divided into one Manager Share with a nominal value of US$100 and 10,000,000,000 Shares with a nominal value of US$1. The holder of the Manager Share is the Fund Manager. The holders of the Shares are as follows:

					Percentage Shareholding[1]	
Shareholder and Subscription Details	**Date of Issue**	**Number of Shares**	**NAV/Share (US$)**	**Value (US$)**	**Pre-Admission**	**Post-Admission[2]**
DIB						
Initial Subscription	1 Jul 2011	137,764	100.00	13,776,400		
Subsequent Subscription	30 Sep 2011	18,346	102.02	1,871,700		
Subsequent Subscription	8 Dec 2011	131,195	102.93	13,503,948		
Subsequent Subscription	20 Jun 2012	162,661	105.32	17,131,500		
Dividend Reinvestment	20 Jun 2012	6,950	105.32	732,025		
Dividend Reinvestment	31 Jan 2013	12,257	111.83	1,370,748		
Subtotal—DIB		469,173			30.94%	16.74%
Deyaar						
Initial Subscription	30 Sep 2011	51,598	102.02	5,264,089	3.40%	1.84%
TECOM Investments						
Initial Subscription	8 Dec 2011	112,415	102.93	11,570,923		
Dividend Reinvestment	30 Jun 2013	1,878	119.68	224,830		
Subtotal—TECOM Investments		114,293			7.54%	4.08%
Dubai Properties Group (transferred from Dubai Properties LLC on 10 February 2014)						
Initial Subscription	20 Jun 2012	292,110	105.32	30,765,042		
Dividend Reinvestment	30 Jun 2013	4,881	119.68	584,220		
Subtotal—Dubai Properties Group		296,991			19.58%	10.59%
Vintage Bullion						
Initial Subscription	30 Nov 2012	349,886	109.20	38,207,500	23.07%	12.48%
Alsayed Abdulla Alsayed Mohamed Al Hashemi						
Initial Subscription	30 Jun 2013	45,497	119.68	5,445,140	3.00%	1.62%
Singapore Enterprises Private Limited						
Initial Subscription	30 Sep 2013	39,717	125.89	5,000,000	2.62%	1.42%
Emirates NBD Bank (on behalf of its customers)						
Initial Subscription	31 Oct 2013	51,811	133.85	6,935,000		
Subsequent Subscription	15 Nov 2013	16,929	134.20	2,272,000		
Subtotal—Emirates NBD Bank		68,740			4.53%	9.27%
Private Investors						
Initial Subscription	31 Oct 2013	7,471	133.85	1,000,000		
Initial Subscription	31 Oct 2013	8,965	133.85	1,200,000		
Subtotal—Private Investors		16,436			1.08%	0.59%
EFG Hermes Holdings SAE						
Initial Subscription	18 Dec 2013	64,095	136.63	8,757,310	4.23%	2.29%
TOTAL OF SHARES		**1,516,426**			**100%**	60.92%

(1) As at the date of this Prospectus

(2) Assuming no exercise of the Over-Allotment Arrangements

Note: The historical number of Shares and NAV per Share presented in the table above do 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 by a factor of 100 on 26 January 2014. For further information, please refer to the '*Net Asset Value per Share*' section of this Prospectus.

The Shares are offered to subscribers who contribute cash or real property in satisfaction of the subscription price of their shares. In 2013, several investments have been made into the Fund by way of capital increases. From September 2013, a total of 149,271 Shares were issued to a number of investors and were subscribed at the most recently calculated NAV per Share at the relevant subscription date. For further information, please refer to the "*General Information*" section of this Prospectus.

Subject to the Companies Law, the DFSA Rules, DFSA Rules and the Articles, further issuances of Shares are not subject to any limitations.

The following is a summary of the changes in the issued share capital of the Fund from incorporation to the date of this Prospectus:

(a) on incorporation, the issued share capital of the Fund was one Manager Share with a nominal value of US$100, issued to the Fund Manager. The authorised share capital of the Fund was US$10,000,000,100;

(b) on 1 July 2011, 137,764 Shares were issued to DIB as consideration for the acquisition of a freehold interest by the Fund in Building 24;

(c) on 30 September 2011, 51,598 Shares were issued to Deyaar and 18,346 Shares were issued to DIB as consideration for the acquisition of a contractual interest by the Fund in Indigo 7;

(d) on 8 December 2011, 112,415 Shares were issued to TECOM Investments as consideration for the acquisition of a freehold interest by the Fund in the Loft Offices;

(e) on 8 December 2011, 131,195 Shares were issued to DIB and were subscribed by DIB in cash;

(f) on 20 June 2012, 292,110 Shares were issued to Dubai Properties LLC as consideration for the acquisition of a freehold interest by the Fund in Office Park. The 292,100 Shares were transferred to Dubai Properties Group on 10 February 2014;

(g) on 20 June 2012, 169,611 Shares were issued to DIB and were subscribed by DIB: (i) 162,661 in cash; and (ii) 6,950 by way of a dividend re-investment;

(h) on 30 November 2012, 349,886 Shares were issued to Vintage Bullion and were subscribed by Vintage Bullion in cash;

(i) on 31 January 2013, 12,257 Shares were issued to DIB by way of a dividend re-investment;

(j) on 30 June 2013, 1,878 Shares were issued to TECOM Investments by way of a dividend re-investment;

(k) on 30 June 2013, 4,881 Shares were issued to Dubai Properties LLC by way of a dividend re-investment. The 4,881 Shares were transferred to Dubai Properties Group on 10 February 2014;

(l) on 30 June 2013, 45,497 Shares were issued to Alsayed Abdulla Alsayed Mohamed Al Hashemi and were subscribed by Alsayed Abdulla Alsayed Mohamed Al Hashemi in cash;

(m) on 30 September 2013, 39,717 Shares were issued to Singapore Enterprises Private Limited and were subscribed by Singapore Enterprises Private Limited in cash;

(n) on 31 October 2013, 7,471 Shares were issued to a Private Investor and were subscribed by the Private Investor in cash;

(o) on 31 October 2013, 51,811 Shares were issued to Emirates NBD Bank and were subscribed by Emirates NBD Bank in cash subscribed on behalf of other investors;

(p) on 31 October 2013, 8,965 Shares were issued to a Private Investor and were subscribed by the Private Investor in cash;

(q) on 20 November 2013, 16,929 Shares were issued to Emirates NBD Bank and were subscribed by Emirates NBD Bank in cash subscribed on behalf of other investors;

(r) on 18 December 2013, 64,095 Shares were issued to EFG Hermes Holding SAE as consideration for the acquisition of a freehold interest by the Fund in Index Tower-Office; and

(s) on 26 January 2014, the nominal value of the Shares (with the exception of the Manager Share) was sub-divided from US$100 to US$1.

Limited Liability

Investors are not liable for the debts of the Fund or subject to any calls to contribute cash to the Fund, unless the Companies Law, the CIR Rules, the CIL Law, and all other laws and regulations affecting the Fund (including the rules of the DFSA) prescribe otherwise.

Directors' and other interests

As at the date of this Prospectus, the Fund's sole director is the Fund Manager. As at the date of this Prospectus, DIB owned 25% of the Fund Manager's share capital. As at the date of this Prospectus, DIB also owned 30.9% of the Fund's share capital.

Meetings of Shareholders

An annual general meeting of Shareholders must be held at least every twelve months. The convening of each annual general meeting must be made in accordance with the CIL Law, the CIR Rules and the Articles of Association.

The Fund, on receipt of a valid request in writing from a Shareholder or Shareholders entitled to request such a meeting, must immediately call an extraordinary general meeting of Shareholders. Such request must be signed by a Shareholder or Shareholders who, at the date of such request, is or are registered as a Shareholder or Shareholders representing not less than 5% of the value of all the Shares in the Fund then in issue although, under the CIR, Shareholders representing at least 10% of the value of all of the Shares then in issue may request the Fund Manager to convene a general meeting of Shareholders. The calling of such extraordinary general meeting must be made in accordance with the CIL Law, the CIR Rules and the Articles of Association, and each Shareholder will receive a procedures manual in respect of such meeting setting out and covering the position with regard to, among other things, voting rights, rights to demand a poll, proxies, minutes and variation of Shareholder rights and Shareholder meetings.

An extraordinary general meeting of Shareholders duly convened and held in accordance with the CIL Law and the CIR Rules shall, by the passing of a Special Resolution, require, authorise or approve any act, matter or Prospectus in respect of which any such a resolution is required. Where no Special Resolution is specifically required or permitted by the CIL Law or the CIR Rules, any resolution of the Shareholders eligible to vote shall be passed by an Ordinary Resolution.

Ordinary Resolutions may be passed by a simple majority of the votes cast on behalf of the Shares entitled to vote through or on behalf of Shareholders present in person or by proxy and voting at a general meeting. Special Resolutions may be passed by a 75% or greater majority of the votes cast on behalf of the Shares entitled to vote through or on behalf of the Shareholders present in person or by proxy and voting at a general meeting.

Articles of Association

The Articles include provisions to the following effect:

Objectives

As set out in Article 6.2 of the Articles, the principal business activities are, subject to the Companies Law and the CIL Law and DFSA Rules, to engage in any lawful act or activity for which closed-ended investment companies may be incorporated under the Companies Law. Article 110 further sets out the principle Investment Objective of the Fund.

Share Capital

The share capital of the Fund is variable. The authorised share capital of the Fund is US$10,000,000,100, divided into: (i) one Manager Share with a nominal value of US$100; and (ii) 10,000,000,000 Shares with a nominal value of US$1 each (defined under the Articles as 'Ordinary Shares'). All Shares will rank *pari passu* in all respects with other Shares of the same class.

Manager Share

The Manager Share is required to be held by the Fund Manager and is not transferrable save to any person authorised to act as a fund manager in place of the Fund Manager in accordance with the CIL, CIR and the Articles. The Manager Share shall not entitle the holder to any right to receive dividends or any other rights to participate in or entitlement to the profits of the Fund nor any other form of distribution (on a winding up or otherwise) related to the Fund. Further, the Manager Share shall not entitle the holder to vote at any general meeting of the Fund.

Shares

Each Share ranks *pari passu* with each other and shall: (i) be redeemable only in accordance with the provisions of the Companies Law, the CIL, CIR and the Articles; (ii) entitle the holders to receive notice of, to attend and speak at any general meeting of the Fund and to vote at any general meeting of the Fund; and (iii) confer the right to receive dividends and any other form of distribution related to the Fund.

Redemption

Subject to the provisions of the Companies Law and the CIL and CIR, no redemption of Shares will be permitted save that Fund may exercise the right of mandatory redemption of any Shares sold, transferred or acquired in respect of which the Directors are entitled to refuse registration of transfer pursuant to the Articles or where such sale, transfer or acquisition is otherwise in contravention of any provisions of the Companies Law, the CIL, CIR or the Articles.

Alteration of share capital

The Fund may by way of a Special Resolution: (i) increase the share capital of the Fund for the purpose of creating further Shares; (ii) consolidate and divide all or any of the Shares (whether issued or not) into Shares of a greater nominal amount than its existing Shares; (iii) sub-divide any of the Shares into Shares of smaller nominal amount than its existing Shares; and (iv) cancel Shares which have not been taken or agreed to be taken by any person and diminish the amount of the Fund's share capital by the amount of the Shares so cancelled.

Whenever as the result of a consolidation or sub-division of Shares, any Shareholder would become entitled to fractions of a Share, the Directors may deal with the fractions as it thinks fit. Further, subject to the provisions of the Companies Law, the CIL, CIR Rules and the Markets Rules, the Fund may in any way and on such terms as it may decide reduce its share capital and purchase its own Shares.

Variation of rights

Under the Companies Law and the Articles, all or any of the rights for the time being attached to any class of Shares in issue may from time to time (whether or not the Fund is being wound up) be varied either with the consent in writing of the holders of three-fourths in nominal value of the issued Shares of that class or with the authority of a Special Resolution passed at a separate general meeting of the holders of those Shares, provided in all cases that any such change is further subject to the approval in writing of the Shari'a Supervisory Board.

Share Certificates

Subject to the Companies Law and to any other applicable laws and regulations and the facilities and requirements of any relevant system concerned, the Directors have the power to implement any arrangements as it may, in its absolute discretion, think fit in relation to the evidencing of title to and transfer of uncertificated (dematerialised) Shares. Unless otherwise determined by the Directors and permitted by the Companies Law and any other applicable laws and regulation, no person shall be entitled to receive a certificate in respect of any Share for so long as the title to that Share is evidenced otherwise than by a certificate and for so long as any transfers of that Share may be made otherwise than by a written instrument. Subject to the Companies Law and to any other applicable laws and regulations and the facilities and requirements of any relevant system concerned:

- the Fund will enter on the register of Shareholders how many Shares are held in uncertificated form and in certificated form and, unless the Directors otherwise determine, holdings in certificated form and uncertificated form shall be treated as separate holdings; and
- a class of Shares is not to be treated as two classes by virtue of the fact that such class comprises both certificated Shares and uncertificated Shares or as a result of a provision of the Articles, the Companies Law or any other applicable law or regulation which applies only in respect of certificated or uncertificated Shares.

Every person (except a person to whom the Fund is not required by law to issue a certificate) whose name is entered on the register of Shareholders as a holder of certificated Shares is entitled, without charge, to receive one certificate for all the certificated Shares of a class registered in his name (or several certificates each for one or more of his Shares upon payment of such reasonable fee as the Directors or the Fund Manager may determine for every certificate after the first) or, in the case of certificated Shares of more than one class being registered in his name, to a separate certificate for each class of Shares.

Transfer of Shares

Subject to the Articles any Shareholder may transfer all or any of his Shares by an instrument of transfer in any usual or common form or in any other form approved by the Directors.

Power to refuse registration

The Fund is required by its Articles to ensure that no less than 51% of the issued share capital of the Fund is owned at all times by UAE nationals and/or GCC nationals. The Articles contain provisions that limit the ownership rights of non-UAE and/or non-GCC persons such that where a transfer takes place such that the requirement is no longer met, the transferee Shareholder shall, if requested to do so by the Fund, transfer such number of Shares to another person such that there would no longer be a breach of the requirement. Non-compliance with these provisions by a Shareholder entitles the Fund to take any and all action necessary or desirable to transfer such Shares or ensure that the GCC ownership requirement is not breached or that any such breach is remedied without further recourse to the Shareholders. Further restrictions relate to the power of the Directors to refuse a transfer if the transferee and/or transferor fail to provide any evidence and documentation that the Directors may reasonably require or where the transfer might result in the Fund: (i) incurring any liability to taxation; (ii) suffering any other disadvantage which the Fund might not otherwise incur or suffer; or (iii) which would result in the Fund being required to register the Fund or the Shares under any applicable US securities laws.

Untraced Shareholders

The Fund may cancel or sell, at the best price reasonably obtainable at the time of sale, the Share of an untraceable Shareholder or of a person entitled by transmission, if certain requirements are met (which include that a period of at least 12 years prior to the date of publication of the advertisements—which also form one of the requirements—has lapsed during which no cash dividend payable in respect of the Shares has been claimed).

The Fund shall be indebted to the Shareholder or other person entitled by transmission to the Shares for the net proceeds of any such sale. The Fund shall enter the name of such former Shareholder or other person in the books of the Fund as a creditor for such amount. No trust shall be created in respect of the debt nor shall any profit be payable in respect thereof.

Proceedings at General Meetings

An annual general meeting of Shareholders must be held at least every 12 months. The convening of each annual general meeting must be made in accordance with the CIR, CIF and the Articles.

The Directors may call a general meeting other than an annual general meeting: (i) whenever it thinks fit; and (ii) on the requirement of Shareholders under the Companies Law, in accordance with the requirements of the Companies Law and the Articles.

A general meeting of Shareholders duly convened and held in accordance with the CIL Law and the DFSA Rules shall, by the passing of a Special Resolution, require, authorise or approve any act, matter or transaction in respect of which any such a resolution is required. Where no Special Resolution is specifically required or permitted by the CIR and CIF, any resolution of the Shareholders eligible to vote shall be passed by an Ordinary Resolution.

An annual general meeting and all other general meetings shall be called by at least such minimum period of notice as is required under the Companies Law being (except for an adjourned meeting), 21 days (unless consent to short notice is agreed in accordance with the Articles).

The quorum for a general meeting shall, for all purposes, be two Shareholders present in person or by proxy and entitled to vote on the business to be transacted at the meeting.

The Fund Manager shall nominate in writing a Shareholder (other than the Fund Manager) to chair the meeting. If no such chairman is nominated or if at the meeting the Shareholder nominated is not present withing 15 minutes of the start time for commencement of the meeting, the Shareholders shall elect one of their number to chair the meeting.

A Director and the Fund Manager shall be entitled to attend and speak at any meeting of the Fund whether or not he is a Shareholder. At all general meetings, resolutions shall be put to the vote of the meeting by the chairman of the meeting and there shall be no requirement for the resolution to be proposed or seconded by any person. No amendment to a resolution duly proposed as a Special Resolution (other than an amendment to correct a patent error) may be considered or voted on in any circumstances.

Subject to the provisions of the Companies Law and the CIL and CIR, a resolution put to the vote of the meeting shall be decided on a show of hands unless (before the show of hands or before or immediately following the declaration of the result of the show of hands) a poll is demanded by:

- the chairman of the meeting;
- at least two Shareholders present in person or by proxy and having the right to vote on the resolution;
- a Shareholder or Shareholders present in person or by proxy representing in aggregate not less than five per cent. (5%) of the total voting rights of all the Shareholders having the right to vote on the resolution (excluding any voting rights attached to Shares held as treasury shares); or
- a Shareholder or Shareholders present in person or by proxy and holding Shares conferring a right to vote on the resolution being Shares on which an aggregate sum has been paid up equal to not less than 10 per cent. (10%) of the total sum paid up on all the Shares conferring that right (excluding any Shares held as treasury shares).

Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman of the meeting that a resolution on a show of hands has been carried, or carried unanimously or by a particular majority, or lost or not carried by a particular majority, and an entry to that effect in the book containing the minutes of proceedings of the Fund, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution.

The demand for a poll, before the poll is taken, may be withdrawn but only with the consent of the chairman of the meeting. A demand withdrawn in this way validates the result of a show of hands declared before the demand was made. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.

Subject to any rights or restrictions as to voting attached to any Shares or any class of Shares and to any suspension or abrogation of voting rights pursuant to the Articles:

1. on a vote on a resolution on a show of hands, every Shareholder present (not being present by proxy) and entitled to vote on the resolution shall have one vote and, subject to paragraph (2) below, every proxy present who has been duly appointed by a Shareholder entitled to vote on the resolution shall have one vote;
2. on a vote on a resolution on a show of hands, a proxy shall have one vote for and one vote against the resolution if the proxy has been duly appointed by more than one Shareholder entitled to vote on the resolution and the proxy has been instructed: (i) by one or more of those Shareholders to vote for the resolution and by one or more other of those Shareholders to vote against the resolution; or (ii) by one or more of those Shareholders to vote either for or against the resolution and by one or more other of those Shareholders to use his discretion as to how to vote; and
3. on a vote on a resolution on a poll, every Shareholder who is present in person or by proxy and entitled to vote on the resolution shall have one vote for every Share of which he is the holder.

A Shareholder is entitled to appoint another person (whether a Shareholder or not) as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of the Fund. The appointment of a proxy shall not preclude a Shareholder from attending and voting in person at the meeting or any adjournment of it or on a poll.

The appointment of a proxy shall: (i) be in writing in any usual form or in any other form which the Directors may approve; and (ii) signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, executed under its common seal or signed on its behalf by a duly authorised officer or attorney or other person duly authorised in that behalf.

Save in circumstances where the Companies Law or the CIR and CIL Law, require otherwise, a meeting need not be held to pass a resolution, if the resolution is in writing and signed by all of the Shareholders who at the date when the resolution is deemed to be passed, would be entitled to vote.

Directors

The minimum number of Directors shall be one. The Fund Manager shall be a Director and the appointment of the Fund Manager as a Director shall be deemed to take effect immediately on it becoming the Fund Manager. A Director may be a natural person or a body corporate. Under the Articles, each of the Directors may appoint an alternate at any time.

Fees

The Directors (other than alternate Directors and any Director who for the time being holds any employment or executive office with the Fund or a subsidiary of the Fund) may receive remuneration for their services as Directors and if they do they shall be paid the same out of the funds of the Fund.

Appointment

Subject to the Articles, the Directors may at any time appoint any person who is willing to act to be a Director, to fill a casual vacancy and provided that any Director appointed by the remaining Directors shall be subject to reappointment by a Special Resolution at the next general meeting and shall cease to be a Director at the conclusion of the general meeting if such Special Resolution is not passed.

Power and Duties

Subject to the provisions of the Companies Law, the CIR, CIL Law and the Articles and to any directions given by Special Resolution, the business and affairs of the Fund shall be managed by the Directors which may exercise all the powers of the Fund whether relating to the management of the business or not.

If there is no Director or if no Director or Directors are able or willing to act, then any two Shareholders may summon a general meeting for the purpose of appointing Directors.

Delegation

The Directors may delegate any of their powers to any committee consisting of one or more directors.

Proceedings of Directors

Subject to the provisions of the Articles, the Directors may meet for the despatch of business, adjourn and otherwise regulate its proceedings as it thinks fit. At any time, a Director may, and the secretary at the request of a Director shall, summon a meeting of the Directors.

Notice of a meeting of the Directors may be given to a Director personally or by word of mouth or sent in hard copy form or by electronic means to him at an address specified by him to the Fund for this purpose (or, if no such address has been specified, at his last known address). A Director may waive notice of any meeting of the Directors either prospectively or retrospectively.

The quorum necessary for the transaction of business of the Directors may be determined by the Directors and, unless so determined at any other number, shall be two or, for the avoidance of doubt, where there is only one Director, one. A person who holds office only as an alternate Director shall, if his appointor is not present, be counted in the quorum.

The Directors may appoint, from amongst themselves, a chairman of the board of Directors and, if thought fit, one or more deputy chairmen and may determine the period for which each is to hold office (and may at any time remove him or them from office).

Questions arising at any meeting of the Directors shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall not have a second or casting vote.

Directors' Interests

Directors are required under the Articles, the Companies Law (and the CIL and CIR) to comply with requirements concerning directors' interests. Where a Director (which includes the Fund Manager) has a conflict (which for these purposes a conflict does not include any matter that is a permitted interest following either a declaration having been made by the concerned Director in accordance with the Articles or one of the exceptions contained in Article 84.2) and that Director complies with the Companies Law and the CIR and CIL in respect of that conflict then such conflict shall be deemed to have been authorised for all purposes under or in connection with these Articles notwithstanding that no other action is taken in respect of such conflict pursuant to any other Article and for the avoidance of doubt no further action shall be required to be taken in respect of such conflict.

Oversight Committee, Investment Committee, Fund Manager and Shari'a Supervisory Board

Provisions relating to the appointment, role and duties and other relevant requirements of the Oversight Committee, Investment Committee and Fund Manager are set out at various sections of the Articles. Provisions relating to the appointment of a Shari'a Supervisory Board are also set out in the Articles.

Payments by the Fund of fees and expenses to the members of each of these committees/bodies may be paid from the income of the Fund Property.

Fund Matters

The Articles include provisions relating to the policies of the Fund and include its principle investment objective, Investment Policy, acquisition policy, disposition policy, Shari'a and investment restrictions.

Dividends

Subject to the provisions of the Companies Law and the CIR and CIL, following calculation of the same by the Fund Manager, a dividend will be paid to Shareholders by 30 June in each calendar year. Any dividend to be paid shall be transferred, allocated and distributed by the Fund Manager on behalf of the Fund. Subject to the provisions of the Companies Law, the CIR and CIL, the Fund may, at its absolute discretion, pay interim dividends to the Shareholders.

The Directors may recommend and, subject to the approval of the Shareholders, declare that a dividend may, subject to compliance with all laws, be satisfied wholly or partly by the distribution of assets of the Fund. Subject to compliance with the Companies Law, the CIR and CIL, the Directors may determine the arrangements for such distribution which shall be at the absolute discretion of the Directors.

All income which in the opinion of the Shari'a Supervisory Board is not permissible under Shari'a, shall be removed from the Fund and donated to a registered charity approved by the Shari'a Supervisory Board.

Commission and Brokerages

The Fund may in connection with the issue or off-market sale of any Shares exercise all powers of paying commission and brokerage including for the avoidance of doubt the payment of the same to the Fund Manager provided that no such payment shall be made in connection with the sale of any Shares in an on-market transaction. Furthermore, to the extent permitted by the Companies Law, CIL and CIR and all other laws, rules and regulations, the Fund may charge any person subscribing for shares a fee (in addition to the amount paid to the Fund by such person by way of subscription monies) equal to the amount being charged to the Fund by any third party by way of commission and/or brokerage in connection with the subscription of the Shares being subscribed for by that person and such amount shall be treated as a reimbursement of such commission and/or brokerage and not as an amount paid up on the relevant Shares.

Winding up or Dissolution

The Fund may be wound up at any time:

(a) by the Shareholders passing a Special Resolution at an extraordinary general meeting directing the Fund Manager to wind up the Fund; or

(b) otherwise in accordance with applicable law and/or the CIR Rules.

Upon such determination being made, the Fund Manager must advise the Shareholders in writing that such determination has been made and must set out the Fund Manager's plans for the liquidation of the Property Portfolio and any resulting distribution of it to the Shareholders.

Upon a winding up of the Fund, the proceeds from the liquidation of the assets of the Fund must be applied:

(a) first, in paying to any party any unpaid fees, costs or expenses payable by the Fund; and

(b) second, in paying to the Shareholders the balance of the proceeds, which balance must be apportioned between such Shareholders *pro rata* to the number of Shares held by each of them.

Material Contracts

The following is a summary of material contracts that the Fund is currently party to which are, or may be, material or that contain any provision pursuant to which the Fund has any obligation or entitlement which is, or may be, material to the Fund at the date of this Prospectus.

(a) Fund Management Agreement

The Fund is managed by the Fund Manager pursuant to the Fund Management Agreement. The Fund Manager is appointed to manage the Fund and the Property on a non-exclusive basis in accordance with: (i) the Articles; (ii) the CIL Law; (iii) the DFSA Rules (including without limitation the CIR Rules); and (iv) the Fund Management Agreement (together, the "**Terms of Appointment**").

Term

The Fund Management Agreement is effective from 27 January 2014 and wholly replaces and supersedes the prior fund management agreement. It continues in force until it is terminated, such termination requiring three years' prior written notice (unless it is terminated by either party in accordance with the termination provisions set out below or the provisions of Article 25 of CIL Law).

Entitlements

The Fund Manager is entitled: (i) to hold one Manager Share in the Fund; (ii) act as a Director; and (iii) exercise all powers, authorities and discretions with regards to the management of the Fund and the Property as provided for or permitted by the Terms of Appointment.

Delegation

The Fund is permitted from time to time to delegate certain activities or outsource certain functions in accordance with the CIL Law, DFSA Rules and Articles. However, the Fund Manager continues to retain responsibility for such delegated activities and functions.

Responsibility

The Fund Manager is responsible for the management and monitoring of the Fund and the Property on a daily basis and for all operations of the Fund.

Obligations

The Fund Manager is obliged to: (i) maintain a risk management control system allowing it to identify, assess and mitigate risks associated with the Fund; (ii) ensure that the process for the valuation of the Property is carried out in accordance with the CIL Law, DFSA Rules and Articles; and (iii) avoid conflicts of interest or if they arise, shall ensure that the Fund and the Fund Manager comply with the DFSA Rules.

Fund Management Fee

The Fund Manager is entitled to receive from the Fund a Fund Management Fee of an amount equal to 1.5% per annum of the Gross Asset Value of the Fund as consideration for the services it provides as Fund Manager. The Fund Management Fees are payable on a quarterly basis by the Fund.

Performance Fee

The Fund Manager is also entitled to receive from the Fund a one-off Performance Fee immediately following Admission and, subsequently, an annual Performance Fee. The annual Performance Fee is equal to 3.0% of the increase in the Net Asset Value per Share (adjusted for historical dividend payments) previously used in calculating the Performance Fee and will be calculated by taking the Net Asset Value per Share at the end of the Financial Year, subtracting from that value per Share the highest Net Asset Value per Share previously used in calculating the Performance Fee and then multiplying that resulting figure by the number of Shares in issue at the end of the Financial Year in question. The base Net Asset Value per Share of the Fund will be the highest Net Asset Value per Share determined on any previous date on which the Performance Fee was calculated. The one-off Performance Fee payable immediately following Admission will be equal to 5.0% of the increase in Net Asset Value per Share (excluding adjustments for dividends payments) at the time of Admission over the nominal value of the Shares of US$1, multiplied by the number of Shares in issue immediately prior to Admission (but excluding, for the avoidance of doubt, any Shares issued in connection with any offer of Shares made as part of the Admission). The Fund has made a provision for the one-off Performance Fee in the financial statements for the financial periods ended 31 December 2011, 2012 and 2013.

Fees and Expenses

The Fund shall reimburse all expenses of the Fund Manager reasonably and properly incurred in the provision of services of the Fund pursuant to the Fund Management Agreement. The Fund Manager shall not be liable to pay any commission, fee or expense to any third party in connection with any fundraising undertaken by such third party on behalf of the Fund.

Indemnity

The Fund Management Agreement provides for an indemnity in favour of the Fund Manager, its Directors, officers and employees granted to the fullest extent of applicable law, in relation to certain liabilities which may arise under the agreement. The indemnity does not apply where liability arises due to the fraud, gross negligence or wilful misconduct of an indemnified party. The Fund has agreed that it will not bring an action against (other than in the case of fraud or dishonesty) against employees, officers or the shareholder of the Fund Manager (without prejudice to bring an action against the Fund Manager itself) for breach of the Agreement or relevant regulations by the Fund Manager.

Termination

The Fund Manager may terminate the Fund Management Agreement if: (i) the Fund goes into liquidation, becomes insolvent or is wound up; (ii) the Fund commits a material breach of the Fund Management Agreement and fails to rectify such breach within 30 days of receipt of written notice requiring it to do so; (iii) the Fund is wound up on immediate notice; or (iv) the Fund Manager gives three months' notice to the Fund. The Fund is entitled to reciprocal termination rights as described in (i) and (ii) above should any of those termination events be applicable to the Fund Manager and, also, in the event that the Fund Manager ceases to be authorised to act as such. The Fund is otherwise required to provide the Fund Manager with three years' prior written notice in order to terminate the Fund Management Agreement.

Brand

The Fund Manager is the owner of the mark "Emirates REIT" and the Emirates REIT device (the "**Marks**"). The Fund Manager has granted the Fund a licence to use the Marks in the business of a Shari'a compliant real estate investment trust in the United Arab Emirates, Saudi Arabia, Qatar, Oman, Bahrain and Kuwait (and such other countries or geographic areas as may be agreed in writing). Any goodwill deriving from the Marks shall accrue to the Fund Manager. The Fund shall indemnify the Fund Manager against all liabilities, costs, expenses, damages and losses suffered or incurred in respect of the relevant licence. The Fund shall not assign, transfer, charge, subcontract, declare a trust over or deal in any other manner with its rights and obligations under the licence. The licence continues until the date which is three months after the Fund Manager ceases to be the manager of the Fund or until the licence is terminated by the Fund Manager if the Fund commits a material breach of the licence which is irremediable or if such breach is remediable, fails to remedy that breach within 30 days of being notified in writing to do so.

Governing Law

The Fund Management Agreement is governed by DIFC Law and provides exclusive jurisdiction to the DIFC Courts to settle any disputes which may arise in connection with the Fund Management Agreement.

(b) Administration Agreement

Pursuant to the terms of the Administration Agreement, MaplesFS is appointed by the Fund as the administrator to provide a range of administrative services to the Fund under the supervision of the Fund Manager. These services include (but are not limited to): (i) determining the Net Asset Value of the Fund; (ii) preparing and submitting to the Fund and Fund Manager all ancillary documentation that are used for the annual audit and the preparation of the financial statements; and (iii) performing such other services as may be agreed with the Fund Manager in connection with the administration of the Fund.

Fees

MaplesFS is entitled to a fee in consideration for the services it provides pursuant to the Administration Agreement which is calculated on a monthly basis as a percentage of the month end Net Asset Value of the Fund at the following rates:

Net Asset Value	**Percentage**
First US$250 million	0.06%
US$250 million–500 million	0.05%
US$500 million–1 billion	0.04%
Greater than US$1 billion	0.025%

The fee accrues on a monthly basis and is payable quarterly in arrears in US$ during the term of the Administration Agreement. The fee is subject to a minimum monthly fee payable to MaplesFS of US$5,000. MaplesFS is further entitled to a payment of US$3,000 per calculation of Net Asset Value should the number of calculations requested in any one year exceed 16 requests. US$150 is payable for each audit confirmation letter required to be produced for the Fund by MaplesFS. MaplesFS is entitled to be reimbursed by the Fund for all out-of-pocket expenses.

Liability

Under the terms of the Administration Agreement, MaplesFS is not be liable for any damages, losses, claims, proceedings, demands, liabilities, costs or expenses whatsoever suffered or incurred by the Fund or Shareholders at any time from any cause whatsoever unless arising directly as a result of the actual fraud, wilful default or gross negligence of MaplesFS or that of any of its directors, officers or employees, as the case may be.

For the purpose of calculating the Net Asset Value, MaplesFS may rely (without further inquiry) on information supplied to it by or on behalf of the Fund, the Fund Manager or another service provider, including brokers used by the Fund Manager. MaplesFS is not liable for any loss suffered by the Fund or any Shareholder by reason of any error in the calculation of the Net Asset Value resulting from any inaccuracy in any such information.

MaplesFS is not responsible or liable in any circumstances for: (i) any trading decisions of the Fund or the Fund Manager; (ii) monitoring the investment objectives and restrictions of Fund; (iii) monitoring any of the functions carried out by the directors, the manager or any other service provider appointed by the Fund and the Fund Manager; or (iv) the Fund's investment performance.

Delegation

MaplesFS is entitled to appoint delegates to perform in whole or in part the services it provides to the Fund and to the Fund Manager under the Administration Agreement, with the prior consent of the Fund and the Fund Manager. MaplesFS will not be liable for any loss caused by any such delegate appointed pursuant to the Administration Agreement with the consent of the Fund or the Fund Manager, provided that MaplesFS has exercised reasonable skill and care in the selection of that delegate. However, where MaplesFS delegates the services provided under the terms of the Administration Agreement to an Affiliate (as defined in the Administration Agreement), MaplesFS remains liable for any loss caused by such Affiliate but only to the extent that it would have been liable for such loss under the Administration Agreement if such loss were caused by MaplesFS itself.

Indemnity

The Fund has agreed to indemnify and hold harmless MaplesFS, for itself and as trustee for each of its directors, officers, employees and agents, against all losses which they or any one of them may incur or be subject to in consequence of the Administration Agreement or as a result of the performance of the services to be provided thereunder, except to the extent that the same arises as a result of the actual fraud, wilful default or gross negligence of the party seeking such indemnity.

Limit of Liability

The maximum aggregate liability of MaplesFS and the other indemnified persons under the Administration Agreement is limited to an amount not exceeding three times the fees paid to MaplesFS for its services in the 12 month period prior to: (i) termination of the Administration Agreement; or (ii) in the determination of liability by the courts of the DIFC, whichever is the greater amount. However, no such cap on liability applies if liability is found to arise from actual fraud. In addition, MaplesFS and the other indemnified persons under the Administration Agreement are entitled to receive regular advances from the Fund to cover the cost of defending proceedings claims and demands. However, all such advances will be repaid to the Fund if a court of the DIFC determines that there is no entitlement to indemnification.

Termination

The Administration Agreement can be terminated by either party on not less than 90 days' written notice or on lesser notice in certain other circumstances detailed in the Administration Agreement.

Governing Law

The Administration Agreement is governed by and construed in accordance with the laws of the DIFC.

(c) Registrar Agreement

Pursuant to the terms of the Registrar Agreement, the Registrar is appointed by the Fund as the registrar to provide a range of administrative services to the Fund. These services include (but are not limited to): (i) maintaining and providing updates to the Shareholder Register; (ii) carrying out all acts and things necessary to effect the transfer of legal title of the Shares in the Shareholder Register; (iii) opening the Shareholder Register for inspection; (iv) providing the Fund with information on the foreign ownership details of the Shares on a daily basis; (v) providing the Fund with details of the beneficial owners of the Shares as provided for in the records of the CSD on a monthly basis where such information is available; (vi) providing details of CSD account holders of the Shares as appearing in the records of the CSD on request; (vii) issuing the Fund with a certificate of foreign ownership on request; and (viii) carrying out such additional services as may be agreed with the Fund.

(d) Custody Agreement

SHUAA Capital International Ltd. has been appointed as the Custodian of the Portfolio by the Fund Manager pursuant to the Custody Agreement and is required to hold in safe custody all Title Documents provided to the Custodian from time to time. The Title Documents are to be held directly by the Custodian or through its agents, sub-custodians or delegates pursuant to the Custody Agreement.

Under the current terms of the Custody Agreement, Title Documents may only be released by the Custodian pursuant to a resolution of the Oversight Committee. No amendment may be made to provisions of the Custody Agreement relating to the release of Title Documents without a resolution of the Oversight Committee approving the same.

Delegation

In performing its duties, the Custodian is authorised to delegate any of the services and its duties to third parties provided that it shall at all times seek the written consent of the Fund Manager prior to any such delegation. Where the Custodian has delegated any portion of the services to a third party, the Custodian shall remain liable for any actual and direct loss caused by such third party but only to the extent it would have been liable for such loss under the Custody Agreement if the loss had been caused by the Custodian itself.

Liability

The Custodian will not be liable for any loss, liability, claim, expense or damage suffered or incurred by the Fund or the Fund Manager and/or any other person as a result of its proper performance of its duties under the Custody Agreement save where such loss, liability, claim, expense or damage is suffered or incurred as a result of any breach by it of the terms of the Custody Agreement or its fraud, negligence or wilful misconduct, provided always that such loss, liability, claim, expense or damage is actual and direct.

The Custodian will not be liable to the Fund, Fund Manager or any Shareholder for any act or omission during the course or in connection with the services it provides under the Custody Agreement or for any loss or damage the Fund, Fund Manager or any Shareholder may sustain or suffer in the absence of fraud, negligence or wilful misconduct on the part of the Custodian.

Indemnity

The Custody Agreement provides that the Fund agrees to indemnify the Custodian from and against any and all actual and direct liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (other than those resulting from default, fraud, negligence or wilful misconduct on the part of the Custodian or any third party service provider appointed by it) which may be imposed on or incurred by the Custodian in performing its obligations or duties under the Custody Agreement.

Termination

The appointment of the Custodian may be terminated by not less than 60 days' notice in writing and may also be terminated by one day's notice in the event a party commits a material breach of the terms of the Custody Agreement.

Governing Law

The Custody Agreement is governed by and construed in accordance with the laws of the DIFC.

Fees

In addition to a transaction fee of US$100 which is applicable per receipt/delivery of any document or security, the Custodian is also entitled to the following fees:

Number of documents/physical securities	Fee per document/ physical security	Minimum payable monthly fee
Up to 50	US$750 per annum	US$2,000
50-100	US$500 per annum	US$3,000
Over 100	US$350 per annum	US$4,000

All fees are billed by the Custodian on a monthly basis and are payable within one month of being invoiced.

(e) Property Management Agreement

Property Management and Leasing Agreement—Building 24, Dubai Internet City ("DIC")

TECOM Investments acts as a service provider to the Fund in respect of Building 24, DIC ("**Building 24**") pursuant to the TECOM PMLA which was assigned to the Fund by DIB pursuant to the PMLA Assignment following the acquisition of Building 24 by the Fund from DIB. The term of the TECOM PMLA expires on 31 December 2032 and the agreement may only be terminated earlier with the mutual consent of both parties.

Services and Fees

The TECOM PMLA is not a conventional property management or property leasing agreement. Pursuant to the TECOM PMLA, TECOM Investments has the right to sub-lease units in Building 24 to tenants at its discretion and on an exclusive basis (the "**Sub-leasing Services**"). The Fund is precluded from appointing or contracting with any other party to provide Sub-leasing Services in respect of Building 24, and may not itself undertake any Sub-leasing Services. In return for providing the Sub-leasing Services, TECOM Investments is entitled to 15% of the rent paid or to be paid under sub-leases for units in Building 24 and 50% of the service charge payable by the tenants of units in Building 24.

TECOM Investments must provide the Sub-leasing Services in a competent and professional manner and act at all times in the best interests of the Fund. It must use its best endeavours, but is not obliged, to consult with the Fund to establish leasing parameters and guidelines consistent with the Fund's investment objectives, local market conditions and practice, prevailing rental rates, minimum and maximum lease terms, space limitations and maximum concessions and allowances. TECOM Investments may employ the services of outside brokers, provided that commissions payable to such brokers are its sole responsibility and are to be deducted from its fee entitlement.

DIB Units

The PMLA Assignment precludes the payment of any fees to TECOM Investments in respect of units in Building 24 leased by DIB at the time of the agreement and used as offices for DIB's own use. However, should such units be vacated or cease to be occupied by DIB, they are treated in the same way as any other unit subject to the TECOM PMLA and, accordingly, fees become payable in respect of any sub-lease entered into in respect of such unit.

Head Lease

Upon the entry into force of any sub-lease for a unit in Building 24, an equivalent lease is deemed to have been created for such unit between TECOM Investments and the Fund. The terms of such lease are considered to be equivalent to those of the sub-lease, subject always to the terms of the TECOM PMLA. Upon any of disposal of Building 24, the benefits of the TECOM PMLA, including all leases and sub-leases entered into pursuant to it, become enforceable against any new owner of Building 24 until the expiry of the TECOM PMLA's term.

Rents

Collection of sums due and enforcement of the terms of sub-leases are the responsibility of TECOM Investments, provided that no legal proceedings may be initiated without the consent of the Fund. Costs associated with such proceedings are the responsibility of the Fund. The Fund is not entitled to rent payable under any sub-lease which TECOM Investments is unable to recover in cleared funds.

Insurance

The Fund is obliged to maintain insurance in accordance with the parameters set out in the TECOM PMLA and to maintain the facilities of Building 24.

Indemnity

TECOM Investments, its officers, directors, employees, affiliates and any person who serves at its request (the "**Indemnified Parties**") benefit from an indemnity under the TECOM PMLA. The Indemnified Parties will not be liable to the Fund for any mistake in judgment, act or omission made, or losses caused due to mistakes, action, inaction or the negligence of its agents selected or instructed in good faith in the absence of fraud, wilful misconduct or gross negligence. A further indemnity is provided in the PMLA Assignment, whereby TECOM Investments, its officers and employees are indemnified and held harmless against any and all claims, demands, liabilities, losses, damages, costs, charges, expenses, actions and proceedings arising directly or indirectly out of or in connection with the TECOM PMLA or the PMLA Assignment.

Performance

No warranty or representation is made under the TECOM PMLA by TECOM Investments for the performance of the property or for its profitability. The Fund's entitlement to recover funds due under any sub-lease is contingent on TECOM Investment's ability to collect such cleared funds.

Governing Law

The TECOM PMLA and the PMLA Assignment are governed by the laws and regulations in force in the TECOM free zone and the Emirate of Dubai, and any dispute relating to the TECOM PMLA is to be referred to arbitration in Dubai under the Rules of Arbitration and Conciliation of the Dubai International Arbitration Centre.

Other Property Management and Leasing Agreements and Facility Management Agreements

The Fund is party to a number of additional property management and leasing agreements and facility management agreements that it has entered into in the ordinary course of business in respect of the Properties. Please refer to "*Property and Facility Managers*" paragraph above for a summary of the services provided under the property management and leasing agreements and facility management agreements. The agreements range in duration from one to three years. Each Property Manager will receive from the Fund a property management fee which fee will be subject to negotiation between the Fund Manager and the Property Manager on a case by case basis and is generally not expected to exceed 4% per annum of the annual gross receipts relating to a specific property under management. Golden Suns Real Estate LLC is entitled to a property management fee of 1.7% of the rent receivable from the tenants of each of Loft Offices and Office Park. The facility managers appointed by the Fund are paid in accordance with the prevailing market rates.

(f) URL Licence

Sylvain Vieujot (the executive deputy chairman of the Fund Manager) is the owner of the "reit.ae" URL (the "**URL**"). Sylvain Vieujot has granted the Fund Manager a licence to use the URL. Any goodwill deriving from the URL shall accrue to Sylvain Vieujot. The licence continues until the date which is three months after the Fund Manager ceases to be the manager of the Fund or until the licence is terminated by Sylvain Vieujot if the Fund Manager commits a material breach of the licence which is irremediable or if such breach is remediable, fails to remedy that breach within 30 days of being notified in writing to do so.

(g) Underwriting Agreement

The Fund, Fund Manager, Sponsor, Joint Bookrunners and the Underwriters have entered into the Underwriting Agreement pursuant to which the Joint Bookrunners have severally agreed, subject to certain conditions, to use reasonable endeavours to procure subscribers for the Shares to be issued by the Fund pursuant to the Offer at the Offer Price, or failing which the Underwriters will subscribe themselves, for the Shares to be issued by the Fund pursuant to the Offer at the Offer Price.

Confirmation of Appointments and Assistance

The appointments of each of the Sponsor, Joint Bookrunners and Underwriters are confirmed and the Fund and the Fund Manager undertake to provide all information and assistance to each of the Sponsor and Joint Bookrunners and to take all actions necessary in connection with the Offer and Admission.

Agreement to Allot

The Fund has agreed, subject to certain conditions (including Admission) and the Underwriting Agreement not being terminated, to allot and issue, at the Offer Price, the Shares to be issued in connection with the Offer to subscribers procured by the Joint Bookrunners or, failing which, to the Underwriters themselves.

Procurement of Subscribers

The Joint Bookrunners have agreed, subject to certain conditions (including Admission), to use reasonable endeavours to procure subscribers for the Shares pursuant to the Offer.

Underwriting

If the Joint Bookrunners fail to procure subscribers under the Underwriting Agreement, the Underwriters have agreed to subscribe for the Shares to be issued by the Fund pursuant to the Offer at the Offer Price (in accordance with the procedures set out in the Underwriting Agreement) pursuant to the Offer. If the Underwriters default in the performance of its obligations, the Joint Bookrunners shall have the right to procure subscribers for the Shares.

Conditions

The obligation of the Fund to allot and issue the Shares in the Offer, the obligations of the Joint Bookrunners to procure subscribers for, or failing which, the Underwriters to subscribe themselves for the Shares issued under the Offer and the obligations on the Stabilisation Manager in respect of the Over-allotment Arrangements are conditional upon certain conditions precedent that are customary for an agreement of this nature.

Over-allotment Arrangements with the Stabilisation Manager

The Fund has put in place the Over-allotment Undertaking with the Stabilisation Manager under the Underwriting Agreement, pursuant to which the Stabilisation Manager may, subject to certain conditions, procure subscribers for or subscribe itself up to such additional Shares representing 15% of the total number of the Shares in the Offer (excluding the Over-allotment Shares) at the Offer Price for the purposes of allowing the Stabilisation Manager to engage in stabilisation activity (including without limitation, any activity contemplated by the Stabilisation Rules of the DFSA Rulebook) to cover short positions resulting from over-allotments, if any, made in connection with the Offer. The number of Over-allotment Shares to be issued or transferred pursuant to the Over-allotment Arrangements, if any, will be determined not later than 30 days after Admission (or such earlier date as may be determined by the Stabilisation Manager). Settlement of the Over-allotment Shares will take place shortly after the exercise of the Over-allotment Arrangements.

Over-allotment Undertaking

The Fund (represented by the Fund Manager) has issued the Over-allotment Undertaking in favour of the Stabilisation Manager in connection with the Over-allotment Arrangements. The procedure for the issue of the Over-allotment Undertaking will be conducted in accordance with the terms of the relevant schedule of the Underwriting Agreement.

Payment of Fees and Commission Payments

In consideration of their services provided under the Underwriting Agreement, and subject to Admission, the Fund has agreed to pay to: (i) SHUAA a fee of US$100,000; (ii) the Joint Bookrunners a base commission of two per cent (2%) of the total proceeds from the offer; (iii) the Joint Bookrunners (for and on behalf of each of the Co-Lead Managers) a base commission of 0.5 per cent (0.5%) of the total proceeds from the Offer, to be allocated among the Co-Lead Managers in proportion to the share of the orders procured by each such Co-Lead Manager in the total aggregate book of orders procured by all Co-Lead Managers; and (iv) the Joint Bookrunners (for themselves and for and on behalf of each of the Co-Lead Managers, including any placement agent) a further commission of 0.5% of the total proceeds from the Offer, which may be payable to any of the Co-Lead Managers and/or any of the Joint Bookrunners and/or any placement agent to be split among the Co-Lead Managers and/or the Joint Bookrunners and/or and placement agent at the Fund's discretion, the allocation of such additional commission to be determined by the Fund not later than the Closing Date. In addition, the Fund has also agreed to pay a wide range of other fees, expenses, costs and any transfer taxes which are payable in connection with the Underwriting Agreement.

Representations, Warranties and Undertakings of the Fund and the Fund Manager

Each of the Fund and the Fund Manager have severally given a wide range of representations, warranties and undertakings to the Sponsor, the Joint Bookrunners and the Underwriters in relation to the business of the Fund, the Shares and the contents of the Prospectus.

Indemnities

In addition, Fund and the Fund Manager have severally given certain customary indemnities to a number of parties (including the Sponsor, the Joint Bookrunners and the Underwriters) in relation to losses or claims that arise in connection with the Underwriting Agreement. The scope of the indemnities is broad.

Waiver of Claims

The Fund and the Fund Manager have agreed not to bring, make, threaten or allege any claims against or otherwise involve any indemnified party under the Underwriting Agreement to recover any losses which the Fund or the Fund Manager may suffer or incur in relation to the carrying out or the performance of any such indemnified partys obligations or services under, or in connection with, amongst other things, the Underwriting Agreement, the Offer or Admission.

Termination

A series of termination events are set out in the Underwriting Agreement which enable the Joint Bookrunners to terminate the Underwriting Agreement in a wide range of scenarios. The occurrence of a termination event will entitle the Joint Bookrunners, in its or their absolute discretion, to exercise its right to terminate its and its affiliates' obligations under the Underwriting Agreement and to terminate the obligations of the Stabilisation Manager in relation to the Over-allotment Arrangements. No similar right of termination exists in favour of the Fund or the Fund Manager.

Commitments, Arrangements and Developments post-Closing Date

The Fund, the Fund Manager and the Shareholders are subject to a number of undertakings, obligations and restrictions pursuant to schedule 5 of the Underwriting Agreement. These provisions restrict the Fund, the Fund Manager and the Shareholders, for a pre-determined period of time in each case, from entering into agreements, commitments or arrangements, making public announcements, paying dividends or carrying out general solicitation. The Fund is also restricted from using the proceeds of the Offer to finance any activities of any illicit person. The schedule clearly states that the Fund will not become a passive foreign investment company.

Disqualifications

Sylvain Vieujot

On 17 December 1997, OMC Plus SARL, a company owned at that time by Sylvain Vieujot, was put into liquidation. Subsequently, in 2001, Sylvain Vieujot was disqualified as a director in connection with the running, managing, governing and controlling, directly or indirectly, of any French commercial or handicraft company for a failure to file a declaration of cessation of payments within the required timeframe. The period of the disqualification was initially set for a period of 10 years but was subsequently reduced to five years and the disqualification excluded two companies controlled by Mr Vieujot at the time, "Freelance.com" and "H1". The disqualification expired in 2006. Sylvain Vieujot is authorised as an authorised individual by the DFSA.

Litigation

Save as set out in this Prospectus, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened or which the Fund is aware of) during the 12 months preceding the date of this Prospectus, nor any regulatory actions imposed within the three years preceding the date of this Prospectus, which may have, or have had, a significant effect on the Fund's financial position or profitability.

A PR firm in the Middle East ("PR Firm")

On 23 December 2013, notice was served by the DIFC Courts' Registry of a claim brought against the Fund in the DIFC Small Claims Court by a PR Firm for a total amount of US$45,000 (excluding court fees). The Fund submitted a response to the claim on 30 December 2013. The claim is currently ongoing in the DIFC Small Claims Court.

Disputes with tenants

The Fund is currently involved in an ongoing dispute with a former tenant of one of the Properties which has arisen in the usual course of business. The dispute relates to unpaid rent and the claim has a value of less than AED 150,000.

Reports and Accounts

Please refer to the "*Financial Statements*" set out in Appendix 1 of this Prospectus.

Fees and Expenses

The Fund will pay the costs and expenses of all transactions initiated and/or carried out by it or on its behalf including the costs of Admission and any other listing on any other stock exchange and all costs and expenses of the administration of the Fund, including: (a) the fees, costs and charges of legal advisers, auditors, valuers or members of any advisory committee formed by the Fund Manager from time to time to provide advice and assistance to the Fund; (b) brokers' commissions (if any) and any issue or transfer taxes chargeable in connection with any property or securities transactions; (c) all taxes and corporate fees payable to governments or agencies; (d) financing charges; (e) communication expenses with respect to investor services and all expenses of meetings of Shareholders and of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents; (f) the cost of insurance; (g) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business; (h) marketing and promotional expenses; (i) all other organisational and operating expenses; (j) all costs relating to the stabilisation carried out by the Stabilisation Manager; and (k) all costs, charges and expenses properly incurred by the Administrator, Custodian or Registrar in the performance of their respective duties and all reasonable out-of-pocket expenses incurred by the Administrator, Custodian, Registrar or member of the Oversight Committee wholly and exclusively in the performance of its/their respective duties.

Please refer to the "*Operating and Financial Review*" section of this Prospectus.

Related Party Transactions

Other than the transactions, agreements and arrangements referred to in the *"Related Party Transactions and Conflicts of Interest"* section of this Prospectus, the Fund has not been a party to any related party transaction since incorporation.

Third Party Sources

Where third party information has been referenced in this Prospectus, the source of that third party information has been disclosed. Where information contained in this Prospectus has been sourced from CBRE DIFC Limited and Asteco Property Management LLC, the Fund confirms that such information has been accurately reproduced and, as far as the Fund is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Please refer to the statements contained below under the heading "Consents" in relation to CBRE DIFC Limited and Asteco Property Management LLC.

The Fund Manager has given and not withdrawn its written consent to the issue of this Prospectus with references to its name in the form and context in which such references appear. The Fund Manager accepts responsibility for information attributed to it in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information attributed to it in this prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Working Capital

The Fund Manager both in its capacity as the Director and in its capacity as Fund Manager and Reporting Entity for the purposes of the Markets Rules is of the opinion that the working capital available to the Fund is sufficient for its present requirements, that is, for at least the next 12 months from the date of publication of this Prospectus.

Significant Change

There has been no significant change in the financial or trading position of the Fund since 31 December 2013, being the date of the most recent financial statements of the Fund.

Sponsor

Each company making an offer of shares in respect of a prospectus offer under the DFSA Market Rules may be required to appoint a sponsor and the Fund and the Fund Manager have appointed SHUAA as sponsor to the Fund in connection with the Offer and the Admission. In its capacity as sponsor, SHUAA is required to make certain declarations to the DFSA in relation to the Fund Manager, acting for and on behalf of the Fund.

The Sponsor has satisfied itself to the best of its knowledge and belief, having made due and careful enquiry that the Fund and the Fund Manager in respect of the Fund have satisfied: (i) all applicable conditions for offering the Shares pursuant to the Offer; and (ii) all other relevant requires under the DIFC Markets Law and the DFSA Markets Rules.

Consents

The Fund Manager has given and has not withdrawn its written consent for using its name in the manner, format and context set out in this Prospectus.

CBRE DIFC Limited has given and has not withdrawn its written consent for using its name and its market data and research in the manner, format and context set out in this Prospectus and for the inclusion in this Prospectus of its independent reports in the form and context in which they are included and has authorised the contents of the reports for the purposes of Rule 14.6.4 of the CIR.

Asteco Property Management LLC has given and has not withdrawn its written consent for using its name in the manner, format and context set out in this Prospectus and for the inclusion in this Prospectus of its independent report in the form and context in which it is included and has authorised the contents of the report for the purposes of Rule 14.6.4 of the CIR.

SHUAA has given and has not withdrawn its written consent for using its name in the manner, format and context set out in this Prospectus.

EMCAP has given and has not withdrawn its written consent for using its name in the manner, format and context set out in this Prospectus.

Emirates NBD Bank has given and has not withdrawn its written consent for using its name in the manner, format and context set out in this Prospectus.

H.K. Advisory Services Limited has given and has not withdrawn its written consent for using its name in the manner, format and context set out in this Prospectus.

Ernst & Young Middle East (Dubai Branch) has given and has not withdrawn its written consent for using its name in the manner, format and context set out in this Prospectus and for the inclusion in this Prospectus of its independent auditors reports in the form and context in which they are included and has authorised the contents of the reports for the purposes of Rule 14.6.4 of the CIR.

Deutsche Bank has given and has not withdrawn its written consent for using its name in the manner, format and context set out in this Prospectus.

The Custodian has given and has not withdrawn its written consent for using its name in the manner, format and context set out in this Prospectus.

The Administrator has given and has not withdrawn its written consent for using its name in the manner, format and context set out in this Prospectus.

The Registrar has given and has not withdrawn its written consent for using its name in the manner, format and context set out in this Prospectus.

Abu Dhabi Commercial Bank PJSC has given and has not withdrawn its written consent for using its name in the manner, format and context set out in this Prospectus.

DIB has given and has not withdrawn its written consent for using its name in the manner, format and context set out in this Prospectus.

EFG Hermes UAE Limited has given and has not withdrawn its written consent for using its name in the manner, format and context set out in this Prospectus.

Dar Al Shariah has given and has not withdrawn its written consent for using its name in the manner, format and context set out in this Prospectus.

Documents Available for Inspection

The following documents have been made available for inspection during ordinary business hours until Admission at the offices of the Fund Manager at Office P4, Gate Village 4, Level 5, DIFC Street, PO Box 482015, Dubai, UAE:

(a) the Articles;

(b) the reports from Ernst & Young Middle East (Dubai Branch) which are incorporated in the *"Financial Statements"* set out in Appendix 1 of this Prospectus;

(c) the letters of consent referred to in the *"General Information"* section of this Prospectus;

(d) this Prospectus; and

(e) the Fund Management Agreement.

Date: 3 April 2014

FUND MANAGER, DIRECTOR AND ADVISORS

Fund Manager

Emirates REIT Management (Private) Limited
Office P4
Gate Village 4
Level 5, DIFC
PO Box 482015
Dubai
United Arab Emirates

Tel: +971 4 405 7348
Fax: +971 4 358 8774

Director

Emirates REIT Management (Private) Limited
Office P4
Gate Village 4
Level 5, DIFC
PO Box 482015
Dubai
United Arab Emirates

Tel: +971 4 405 7348
Fax: +971 4 358 8774

Administrator

Maples Fund Services (Middle East) Limited
6th Floor, Office 616
Liberty House, DIFC
PO Box 506734
Dubai
United Arab Emirates

Tel: +971 4 511 4200
Fax: +971 4 511 4100

Custodian

SHUAA Capital International Ltd.
Offices 1801 and 1804
Al Fattan Currency House, Tower II, Level 18
DIFC Street
PO Box 31045
Dubai
United Arab Emirates

Tel: +971 4 330 3600
Fax: +971 4 330 3550

Sponsor and Joint Bookrunner

SHUAA Capital psc
Emirates Towers Offices
Level 31
PO Box 31045
Dubai
United Arab Emirates

Tel: +971 4 330 3600
Fax: +971 4 330 3550

Joint Bookrunner

Emirates NBD Capital Limited
The Gate
East Wing
Level 4, DIFC
PO Box 506710
Dubai
United Arab Emirates

Tel: + 971 4 303 2800
Fax: +971 4 325 4332

Legal Advisors to the Fund and the Fund Manager as to DIFC and English Law

K&L Gates LLP
One New Change
London
EC4M 9AF

Tel: +44 20 7648 9000
Fax: +44 20 7648 9001

K&L Gates LLP
Al Fattan Currency House
4th Floor, DIFC
PO Box 506826
Dubai
United Arab Emirates

Tel: +971 4 427 2700
Fax: +971 4 447 5525

Legal Advisors to the Sponsor and Joint Bookrunners as to DIFC and English Law

Herbert Smith Freehills LLP
Exchange House
Primrose Street
London
EC2A 2EG

Tel: +44 20 7374 8000
Fax: +44 20 7374 0888

Herbert Smith Freehills LLP
Gate Village 7, Level 4, DIFC
PO Box 506631
Dubai
United Arab Emirates

Tel: +971 4 428 6300
Fax: +971 4 365 3171

Co Lead Manager

Abu Dhabi Commercial Bank PJSC

Tel: +971 2 696 2222
Fax: +971 2 610 9753

Co Lead Manager

Dubai Islamic Bank PSJC

Tel: + 971 4 207 5390
Fax: +971 4 298 9942

Co Lead Manager

EFG Hermes UAE Limited

Tel: +971 4 363 4000
Fax: +971 362 1170

Shari'a Supervisory Board

Moosa Tariq Khoory
Dr Mohamed Abdul Hakim Zoeir
Mian Muhammad Nazir

Investment Committee

Hamad Buamim*
Marwan Bin Ghulaita
David Savy

* until 1 June 2014

Oversight Committee

Obaid Al Zaabi
Suresh Kumar
Abdul Wahab Al Halabi

Advisory Board

Khalid Al Malik
Kunal Bansal
Todd Betts
Faisal Mikou

Auditor

Ernst & Young Middle East (Dubai Branch)
Level 28, Al Attar Business Tower
Sheikh Zayed Road
PO Box 9267
Dubai
United Arab Emirates

Tel: +971 4 312 9120
Fax: +971 4 332 4004

Shari'a Advisors

Dar Al Shariah Legal & Financial
Consultancy LLC
201 Al Masaood Building
Airport Road
Deira
PO Box 12988
Dubai
United Arab Emirates

Tel: +971 4 210 7333
Fax: +971 4 295 1580

Registrar

NASDAQ Dubai Limited
The Exchange Building
Building 5
DIFC Street
PO Box 53536
Dubai
United Arab Emirates

Tel: +971 4 305 5481
Fax: +971 4 453 4068

Valuer

CBRE DIFC Limited
Office 20, Gate Village
Building 4
DIFC
Dubai
United Arab Emirates

Tel: +971 4 437 7200
Fax: +971 4 437 77201

Valuer

Asteco Property Management LLC
Capricon Tower, Level 6
Sheikh Zayed Road
PO Box 65361
Dubai
United Arab Emirates

Tel: +971 4 424 9444
Fax: +971 4 424 1626

DEFINITIONS

AAOIFI	Accounting and Auditing Organisation for Islamic Financial Institutions
Administration Agreement	The administration agreement entered into between the Fund, Fund Manager and MaplesFS on 8 January 2012 and amended on 1 April 2014
Administrator	MaplesFS and includes any successor or replacement administrator
Admission	The admission of the Shares to the Official List and to trading on NASDAQ Dubai's main market for listed securities becoming effective in accordance with the Business Rules
Admission Date	The date of Admission
Advisory Board	The advisory board of the Fund constituted by the Fund Manager from time to time
AED or **UAE Dirham**	The lawful currency of the United Arab Emirates
Affected Person	An Affected Person as defined in the Glossary Module (GLO) of the Rules, also referred to in this Prospectus as a "Related Party"
Agent Authorisation Resolution	A Special Resolution authorising the Fund to engage Related Parties as property agents for rendering services to the Fund on normal commercial terms
Ajman Bank	Ajman Bank PJSC
Articles or **Articles of Association**	The articles of association of the Fund as amended or replaced from time to time
Asset	The assets in which the Fund may from time to time invest
Auditor	The DFSA registered auditor appointed to the Fund in accordance with the CIR Rules
Average Passing Income	Current Passing Income divided by (NLA × Occupancy %)
Banks	Joint Bookrunners and Co-Lead Managers
Building 24	Building 24, Dubai Internet City, Dubai, UAE
Business Rules	Business Rules of NASDAQ Dubai
BVI	British Virgin Islands
Car Park Contract	The contract dated 18 December 2013 between Emirates NBD Properties and the Fund relating to the 491 car parking spaces of Index Tower-Car Park
CIF	Collective Investment Funds
CIL Law or **Collective Investment Law** or **CIL**	The Collective Investment Law No. 2 of 2010 of the DIFC, as may be amended, modified or re-enacted from time to time
CIR or **CIR Rules**	The Collective Investment Rules of the DFSA, as may be amended, modified or re-enacted from time to time
Clearing Member	Members of NASDAQ Dubai that are authorised clearing members
Closing Date	The date that dealings in the Shares will commence
Co-Lead Managers	Abu Dhabi Commercial Bank PJSC, DIB and EFG Hermes UAE Limited

Companies Law	The Companies Law, DIFC Law No. 2 of 2009 together with the regulations made thereunder, as may be amended, modified or re-enacted from time to time
Conflict of Interest Policy	The conflict of interest policy of the Fund set out in the "*Related Party Transactions and Conflicts of Interest*" section of this Prospectus
Contract 1	The contract dated 7 May 2013 between Emirates NBD Properties and the Fund relating to units 201 to 211 (inclusive) of Index Tower-Retail
Contract 2	The contract dated 30 May 2013 between Emirates NBD Properties and the Fund relating to units 301 to 304 (inclusive) and C1, C2 and C3 of Index Tower-Retail
Contract 3	The contract dated 30 May 2013 between Emirates NBD Properties and the Fund relating to unit 305 of Index Tower-Retail
CSD or **Central Securities Depository**	Central Securities Depository of NASDAQ Dubai
Current Passing Income or Passing Income	The total income receivable by the Fund, which includes rents, service charges and other incomes
Custodian	SHUAA Capital International Ltd.
Custody Agreement	The agreement entered into between the Fund, the Fund Manager and the Custodian on 20 March 2014 relating to the custody of the Title Documents in the name of the Fund, as amended or replaced from time to time
Dar Al Shariah	Dar Al Shariah Legal & Financial Consultancy LLC
Deutsche Bank	Deutsche Bank AG Dubai (DIFC) Branch
Deyaar	Deyaar Developments PJSC
DFM	The Dubai Financial Market PJSC
DFSA	The Dubai Financial Services Authority and includes any successor or replacement agency or authority
DFSA Rulebook	The rulebook comprised of the DFSA Rules
DFSA Rules	The rules enacted from time to time by the DFSA
DIB	Dubai Islamic Bank PJSC
DIFC	The Dubai International Financial Centre
DIFC Law	The laws enacted from time to time by the DIFC
DIFC Regulatory Law	Regulatory Law of the DIFC No. 4 of 2004
DIFC Personal Property Law	Personal Property Law of the DIFC No. 9 of 2005
Director or **Directors**	The director(s) of the Fund from time to time being, as at the date of this Prospectus, the Fund Manager
Domestic Fund	Has the meaning given in Article 13(2)(a) of the CIL
Dubai	The Emirate of Dubai
Dubai Palm Projects	The artificial Palm Islands developed by Nakheel PJSC in Jumeirah and Jebel Ali, Dubai, UAE
Dubai Properties Group	Dubai Properties Group LLC
EIBOR	Emirates Interbank Offered Rate
EMCAP	Emirates NBD Capital Limited

Emirates Islamic Bank	Emirates Islamic Bank PJSC
Emirates NBD Bank	Emirates NBD PJSC
Emirates NBD Properties	Emirates NBD Properties LLC
Financial Audit Department	The financial audit department of the Ruler's Court of Dubai
Financial Statements	The audited financial statements of the Fund as at and for the 13 month period ended 31 December 2011, as at and for the 12 month period ended 31 December 2012 and as at and for the 12 month period ended 31 December 2013
Financial Year	The financial year of the Fund ending on 31 December
Financing	Shari'a compliant financings as defined in the Financial Statements
FSMA	The Financial Services and Markets Act 2000, as may be amended, modified or re-enacted from time to time
Fund	Emirates REIT (CEIC) Limited
Fund Management Agreement	The agreement entered into between the Fund and the Fund Manager on 27 January 2014 relating to the management of the Fund, as amended or replaced from time to time
Fund Management Fee	The management fee payable to the Fund Manager by the Fund pursuant to the Fund Management Agreement as more fully described in "*General Information*" section of this Prospectus
Fund Manager	Emirates REIT Management (Private) Limited
Fund Manager Directors	Directors of the Fund Manager as at the date of this Prospectus
Fund Manager Team	Sylvain Vieujot, Magali Mouquet, Hannah Jeffery, James Anderson and Arsheen Saulat
GCC	The Gulf Co-operative Council countries comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates
Golden Suns	Golden Suns Real Estate LLC
Government	The government of Dubai
Gross Asset Value	The aggregate gross value of all the assets of the Fund permitted to be held pursuant to the CIR Rules
GWAD	The building known as the GEMS World Academy Dubai located in Al Barsha South First, Dubai, UAE
IFR	The Islamic Finance Rules of the DFSA as may be amended, modified or re-enacted from time to time
IFRS	International Financial Reporting Standards
Ijarah	A Shari'a compliant financing instrument in which a bank or a financier purchases an asset, then leases it to a client in return for (i) an agreed rental fee including a profit and (ii) the right to purchase the asset at the end of the lease
Ijarah Facilities	The agreement setting out the terms and conditions of the Ijarah
Ijarah 1	The AED 80 million Ijarah facility dated 17 November 2011 granted to the Fund by Emirates Islamic Bank
Ijarah 2	The AED 160 million Ijarah facility dated 10 May 2012 granted to the Fund by Emirates Islamic Bank

Ijarah 3	The AED 80.82 million Ijarah facility dated 2 September 2013 granted to the Fund by Emirates Islamic Bank
Ijarah 4	The AED 100 million Ijarah facility dated 10 October 2013 granted to the Fund by Ajman Bank
Index Tower	Index Tower, DIFC, Dubai, UAE
Index Tower-Car Park	The 491 car parking spaces in Index Tower, DIFC, Dubai, UAE
Index Tower-Office	The office unit numbered 08C 701 in Index Tower, DIFC, Dubai, UAE
Index Tower-Retail	The retail units and the sky lobby in Index Tower, DIFC, Dubai, UAE
Indigo 7	The Indigo 7 building located in Al Manara, Dubai, UAE or, where appropriate, the Fund's contractual interest in the Indigo 7 building
Initial Articles	The articles of association of the Fund in effect prior to 26 January 2014
Investment Committee	The investment committee appointed by the Fund Manager (with the approval of the Shareholders) to act as the investment committee of the Fund in compliance with the CIR Rules
Investment Objective of the Fund or **Investment Policy**	The investment objective of the Fund as set out in section entitled "*Information of the Fund*" of the Prospectus
Investment Trust Law 2006	The Investment Trust Law No. 5 of 2006 of the DIFC, as may be amended, modified or re-enacted from time to time
Islamic Fund	A fund whose entire fund operations are, or are intended to be, conducted in accordance with Shari'a
Joint Bookrunners	SHUAA and EMCAP
Joint Venture Agreement	The joint venture agreement entered into between DIB and Eiffel Management Limited on 3 June 2010, as amended
KPI	Key performance indicator
Latest NAV	The most recent NAV as disclosed in the latest published audited accounts of the Fund
Law Regulating Islamic Financial Business 2004	The Law Regulating Islamic Financial Business No. 13 of 2004 of the DIFC, as may be amended, modified or re-enacted from time to time
Lock-in Period	The period during which the lock-in will apply as further detailed in the section entitled "*Summary of the Offer*"
Loft Offices	The Loft Offices, buildings 1, 2 and 3 located in Dubai Media City, Dubai, UAE
Manager Share	The class of shares defined as "Manager Share" in the Articles being the one Manager Share in the Fund with a nominal value of US$100 and currently held by the Fund Manager
MaplesFS	Maples Fund Services (Middle East) Limited, the administrator of the Fund as at the date of this Prospectus
Markets Rules	The Markets Rules (MKT) module of the DFSA Rules
MENA Region	The Middle East and North Africa region
Musharaka Facility	The US$13.62 million (AED 50 million) Musharaka facility agreement entered into between the Fund and DIB on 13 November 2013

NASDAQ Dubai	NASDAQ Dubai Limited, a securities stock exchange located in the DIFC
NDGL	NASDAQ Dubai Guardian Limited
Net Asset Value or **NAV**	The net asset value of the Fund as determined by the Fund Administrator from time to time
Net Asset Value per Share or **NAV per Share**	The net asset value of the Fund per Share, being, on any date, the Net Asset Value of the Fund divided by the number of Shares outstanding for the Fund on that date
Net Leasable Area or **NLA**	The usable floor space between the internal finished surfaces of permanent internal walls and the internal finished surfaces of dominant portions of the permanent outer building walls
Net Proceeds	The aggregate value of all of the Shares issued pursuant to the Offer, but excluding any Shares issued pursuant to the Over-allotment Arrangements and after the deduction of expenses relating to the Offer
New Shares	The new Shares to be allotted and issued in the Fund (by the Fund Manager for and on behalf of the Fund) pursuant to the Offer and the Over-allotment Arrangements
NIN	The national investor number
Offer	The offer for subscription of Shares by the Fund at the Offer Price, as described in this Prospectus
Offer Price	The price at which each Share is to be issued under the Offer, being US$1.36
Office Park Property or **Office Park**	The Office Park building located in Knowledge Village, Dubai, UAE
Official List	Official List of Securities maintained by the DFSA
Onshore Dubai	The area that is outside of free zones and designated areas in the Emirate of Dubai
Onshore Dubai Branch	Emirates REIT CIC Limited Dubai Branch, the branch of the Fund registered by the Department of Economic Development in the Emirate of Dubai and having trade licence number 668330, having no separate legal personality from the Fund, but being a licensed establishment of it
Open Market Value	The estimated amount for which Real Property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion
Ordinary Resolution	A resolution of a duly constituted general meeting of the Shareholders passed by a simple majority of the votes cast on behalf of the Shares entitled to vote through or on behalf of the Shareholders present in person or by proxy and voting at the meeting. It includes any unanimous written resolution of the Shareholders entitled to vote, expressed to be an ordinary resolution. For the avoidance of doubt, the holder of the Manager Share shall not be entitled to vote at a general meeting of the Shareholders
Over-allotment Arrangements	The over-allotment arrangements described in section entitled "*Summary of the Offer*" of the Prospectus

Over-allotment Shares	The Shares offered pursuant to the Over-allotment Arrangements
Over-allotment Undertaking	The over-allotment undertaking issued by the Fund (represented by the Fund Manager) in favour of the Stabilisation Manager pursuant to the Underwriting Agreement in respect of the Over-allotment Arrangements dated 3 April 2014
Oversight Committee	The committee established and maintained by the Fund Manager to oversee and supervise the Fund Manager as required under the CIR Rules
Performance Fee	The performance fee payable to the Fund Manager pursuant to the Fund Management Agreement as more fully described in "*General Information*" section of this Prospectus
PIB	The Prudential—Investment, Insurance Intermediation and Banking Module of the DFSA Rules
PMLA	A Property Management and Leasing Agreement in the form required by the respective free zone authority where Real Property forming part of the Portfolio is located including those managed by TECOM Investments and any other free zone authority
PMLA Assignment	The assignment agreement entered into between the Fund, TECOM Investments and DIB on 27 June 2011
Price Stabilisation Module	The Price Stabilisation Module of the DFSA Rulebook
Principal Investment Objective	The principal investment objective of the Fund
Private Investors	Private investor Shareholders holding less than 1% of the total issued Shares and "**Private Investor**" shall be construed accordingly
Property or **Fund Property** or **Portfolio** or **Property Portfolio**	The properties owned by or for, or the interests in properties owned by or for, the Fund from time to time
Property Fund	Has the meaning given in Rule 3.1.7 of the CIR
Property Manager	Any manager appointed from time to time by the Fund Manager under a Property Management Agreement
Prospectus	This prospectus dated 3 April 2014
Real Estate Investment Trust or **REIT**	Has the meaning given in Rule 3.1.8 of the CIR
Real Property	Land or buildings, whether freehold or leasehold, where the unexpired term of any lease (at the date of acquisition) exceeds 20 years
Registrar	NASDAQ Dubai Limited, the registrar of the Fund as at the date of this Prospectus and includes any successor or replacement registrar and transfer agent
Registrar Agreement	The registrar agreement entered into between the Fund and NASDAQ Dubai Limited on 2 April 2014
Regulation S	Regulation S under the US Securities Act
Related Party or **Affected Person**	As defined in the "*Related Parties Transactions and Conflicts of Interest*" section of this Prospectus
Related Party Authorisation Resolution	A Special Resolution authorising the Fund to enter into transactions with Related Parties during the period of 12 months following the date of the Special Resolution without having to seek specific approval of Shareholders

Related Party Property Agent Engagement	The engagement by the Fund Manager of Related Parties as property agents to provide such property agent services to the Fund
Responsible Persons	The Fund and the Fund Manager
Ruler's Decree	Decree Number (2) for the Year 2013, issued by His Highness Sheikh Mohammed Bin Rashed Al Maktoum, Ruler of Dubai, on 19 February 2013
Share	The class of shares defined as "Ordinary Shares" in the Articles, being shares of US$1 each in the capital of the Fund
Shareholders	The holders of the Shares from time to time
Shareholder Register or **Register**	The register of Shareholders maintained by the Registrar in relation to the Fund
Shari'a	Islamic Shari'a laws and principles
Shari'a Adviser	Dar Al Shariah and includes any successor or replacement thereto from time to time
Shari'a Supervisory Board	The Shari'a supervisory board of the Fund Manager from time to time which is also appointed in relation to the Fund
SHUAA or **Sponsor**	SHUAA Capital psc
Special Resolution	A resolution of a duly constituted general meeting of the Shareholders passed by a 75% or greater majority of the votes cast on behalf of the Shares entitled to vote through or on behalf of the Shareholders present in person or by proxy and voting at the meeting. It includes any unanimous written resolution of the Shareholders entitled to vote, expressed to be a special resolution except when the resolution proposes to remove an auditor, a Director or the Fund Manager. For the avoidance of doubt the holder of the Manager Share shall not be entitled to vote at a general meeting of the Shareholders
Sponsor	SHUAA
Stabilisation Manager	SHUAA Capital International Ltd.
Takaful	A Shari'a compliant charitable collective pool of funds based on mutual co- operation, responsibility, assurance, protection and assistance between groups of companies or individuals
TECOM Branch	Emirates REIT CEIC Limited TECOM Branch, the branch of the Fund registered by the Dubai Technology and Media Free-Zone Authority with licence number 21053
TECOM Investments	Tecom Investments FZ LLC
TECOM PMLA	The property management and leasing agreement entered into between TECOM Investments and DIB on 15 September 2004
Title Documents	All title deeds, certificates, agreements (including lease agreements) and other physical documents evidencing the Fund's ownership of the Portfolio
Underwriters	SHUAA and Emirates NBD Bank
Underwriting Agreement	The underwriting agreement entered into between the Fund, the Fund Manager, the Joint Bookrunners and the Underwriters dated 3 April 2014
United Arab Emirates or **UAE**	The United Arab Emirates, a federation of seven Emirates made up of Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain, Fujairah and Ras Al Khaimah

United Kingdom	The United Kingdom of Great Britain and Northern Ireland
United States or **US**	The United States of America, its territories and possessions, any state of the United States, and the District of Columbia
US Investment Company Act	US Investment Company Act of 1940, as amended
US Person	"US person" as defined in Regulation S
US Securities Act	US Securities Act of 1933, as amended
US$ or **US Dollars**	The lawful currency of the United States
Valuation Date	The valuation date of the Portfolio falling on 30 June and 31 December in each calendar year
Valuer	Each valuer appointed by the Fund from time to time in accordance with the CIR Rules
Vintage Bullion	Vintage Bullion DMCC
Zakat	the payment made annually under Islamic law on certain kinds of property and used for charitable and religious purposes

APPENDIX 1
AUDITED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS ON THE AUDITED FINANCIAL STATEMENTS

Emirates REIT (CEIC) Limited

FINANCIAL STATEMENTS

31 DECEMBER 2013

Building a better working world

Ernst & Young
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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EMIRATES REIT (CEIC) LIMITED

We have audited the accompanying financial statements of Emirates REIT (CEIC) Limited (the "Fund"), which comprise the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Fund Manager's Responsibility for the Financial Statements
The Fund Manager is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the Islamic Shari'a rules and principles as determined by the Shari'a Supervisory Board and the applicable requirements of the DIFC Laws, and for such internal control as the Fund Manager determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the shareholders of the Fund as a body, for our audit work, for this report or for the opinion we have formed. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards

Ernst + Young

3 March 2014

Dubai, United Arab Emirates

Emirates REIT (CEIC) Limited

STATEMENT OF FINANCIAL POSITION
As at 31 December 2013

	Notes	*2013* *USD*	*2012* *USD*
ASSETS			
Non-current asset			
Investment properties	4	**323,130,956**	167,601,416
Current assets			
Receivables, prepayments and other assets	5	**1,933,839**	1,373,839
Bank balances and cash	6	**8,145,320**	43,594,405
		10,079,159	44,968,244
TOTAL ASSETS		**333,210,115**	212,569,660
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7	**151,642,700**	126,292,600
Share premium		**13,969,673**	6,530,525
Retained earnings		**39,445,815**	10,938,799
TOTAL EQUITY		**205,058,188**	143,761,924
Non-current liability			
Non-current portion of corporate Ijarah facilities	8	**96,390,108**	56,650,154
Current liabilities			
Current portion of corporate Ijarah facilities	8	**9,172,865**	5,038,062
Accounts payable and other liabilities	9	**22,588,954**	7,119,520
		31,761,819	12,157,582
TOTAL LIABILITIES		**128,151,927**	68,807,736
TOTAL EQUITY AND LIABILITIES		**333,210,115**	212,569,660
Net asset value ("NAV")		**205,058,188**	143,761,924
Number of shares		**1,516,427**	1,262,926
Net asset value per share		**135.22**	113.83

These financial statements were approved by the Board of Directors of Emirates REIT Management (Private) Limited as sole director of the Fund on 3 March 2014 and signed on their behalf by:

Hannah Jeffery
Senior Executive Officer

James Anderson
Chief Financial Officer

The attached notes 1 to 18 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	***2013 USD***	*2012 USD*
Rental income		**22,336,402**	12,359,844
Service fee income		**1,914,016**	1,158,554
Other property income		**170,712**	26,097
		24,421,130	13,544,495
Property operating expense		**(5,754,999)**	(4,130,334)
		18,666,131	9,414,161
Net unrealised gain on revaluation of investment properties	4	**27,285,801**	7,615,029
Net property income		**45,951,932**	17,029,190
Management fee	12	**(3,778,314)**	(1,764,662)
Performance fee	12	**(1,966,202)**	(780,921)
Fund administration fee		**(106,343)**	(95,725)
Auditors' fees			
- audit		**(61,140)**	(28,000)
- other services		**-**	-
General and administrative expenses		**(604,240)**	(540,697)
Subscription income		**66,000**	-
Subscription fee		**(115,947)**	-
IPO costs		**(702,976)**	-
Other expenses		**(11,013)**	(12,172)
Operating profit		**38,671,757**	13,807,013
Finance income		**198,651**	15,879
Finance cost		**(4,024,253)**	(2,927,479)
Finance cost, net		**(3,825,602)**	(2,911,600)
Profit for the year		**34,846,155**	10,895,413
Other comprehensive income		**-**	-
Total comprehensive income for the year		**34,846,155**	10,895,413
Basic and diluted earnings per share	13	**0.26**	0.15

The attached notes 1 to 18 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31December 2013

	Share capital USD	*Share premium USD*	*Retained earnings USD*	*Total USD*
Balance at 31 December 2011	45,131,900	855,159	1,193,303	47,180,362
Share capital issued	80,465,700	5,638,341	-	86,104,041
Cash dividends (note 11)	-	-	(417,892)	(417,892)
Share dividends (note 11)	695,000	37,025	(732,025)	-
Total comprehensive income for the year	-	-	10,895,413	10,895,413
Balance at 31 December 2012	126,292,600	6,530,525	10,938,799	143,761,924
Share capital issued	23,448,500	7,160,950	-	30,609,450
Cash dividends (note 11)	-	-	(4,159,341)	(4,159,341)
Share dividends (note 11)	1,901,600	278,198	(2,179,798)	-
Total comprehensive income for the year	-	-	34,846,155	34,846,155
Balance at 31 December 2013	**151,642,700**	**13,969,673**	**39,445,815**	**205,058,188**

The attached notes 1 to 18 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	Notes	**2013 USD**	2012 USD
Operating activities			
Profit for the year		**34,846,155**	10,895,413
Adjustments:			
Net unrealised gain on revaluation of investment properties	4	**(27,285,801)**	(7,615,029)
Finance expense		**4,024,253**	2,927,479
Finance income		**(198,651)**	(15,879)
Provision for doubtful debt, net		**17,163**	12,088
		11,403,119	6,204,072
Working capital changes:			
Receivables, prepayments and other assets		**(577,163)**	280,109
Accounts payable and other liabilities		**4,400,323**	5,370,865
Net cash from operating activities		**15,226,279**	11,855,046
Investing activities			
Purchase of investment properties		**(109,018,865)**	(60,912,061)
Finance income received		**198,651**	15,879
Net cash used in investing activities		**(108,820,214)**	(60,896,182)
Financing activities			
Proceeds from issue of shares		**21,852,140**	55,338,999
Corporate Ijarah facility obtained, net		**48,851,800**	43,234,413
Corporate Ijarah facility paid		**(5,038,063)**	(3,189,494)
Dividend paid	11	**(4,159,341)**	(417,892)
Finance expense paid		**(3,361,686)**	(2,877,276)
Net cash from financing activities		**58,144,850**	92,088,750
Net (decrease) / increase in cash and cash equivalents		**(35,449,085)**	43,047,614
Cash and cash equivalents at the beginning of the year		**43,594,405**	546,791
Cash and cash equivalents at the end of the year	6	**8,145,320**	43,594,405

Non cash transactions

In 2013, the Fund acquired investment properties for a total consideration of USD 128,243,739 (2012: USD 91,677,103), of which USD 109,018,865 was paid in cash (2012: USD 60,912,061) , USD 8,757,310 was settled by issue of shares (2012: USD 30,765,042) and the residual consideration of USD 10,467,564 remained outstanding as at the reporting date (2012: Nil).

The attached notes 1 to 18 form part of these financial statements.

1 ACTIVITIES

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

The Fund was established on 28 November 2010 by the Fund 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, PO Box: 482015, Dubai, UAE.

The Fund's business activities are subject to the supervision of a Shari'a Supervisory Board consisting of three independent members appointed by the Fund Manager who review the Fund'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 Fund to ensure that its activities are conducted in accordance with Islamic Shari'a principles.

These financial statements have been approved by Emirates REIT Management (Private) Limited as sole director of the Fund on 3 March 2014.

2.1 BASIS OF PREPARATION

Statement of compliance
The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), Islamic Shari'a rules and principles as determined by the Shari'a Supervisory Board and the applicable requirements of the DIFC Laws.

Basis of preparation
The functional currency of the Fund is UAE Dirhams. The presentation currency of the financial statements of the Fund is USD translated at a rate of AED 3.673 to 1 USD. The translation rate has remained constant throughout the year.

The financial statements have been prepared under the historical cost convention, modified to include the measurement at fair value of investment properties.

Income and cash flow statements
The Fund has elected to present a single statement of comprehensive income and presents its expenses by function of expense.

The Fund reports cash flows from operating activities using the indirect method. Finance income is presented within investing cash flows; finance expense is presented within financing cash flows. The acquisitions of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the Funds business activities.

Operating segments
For management purposes, the Fund is organised into one operating segment.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations
The Fund applied, for the first time, certain standards and amendments that require additional disclosure to be made. This is mainly in respect of IFRS 13 Fair Value Measurement.

Several other amendments apply for the first time in 2013. However, they do not impact the annual financial statements of the Fund. These are listed below:

- IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements
- IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures
- IFRS 12 Disclosure of Interests in Other Entities

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations (continued)

Several other amendments apply for the first time in 2013. However, they do not impact the annual financial statements of the Fund. These are listed below: (continued)

- IAS 19 Employee Benefits (Revised 2011)
- Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36 Impairment of Assets
- IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1
- IAS 1 Clarification of the requirement for comparative information (Amendment)

The nature and the impact of the new standards and amendments applicable to the Fund are described below:

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. IFRS 13 defines fair value as an exit price. As a result of the guidance in IFRS 13, the Fund re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. IFRS 13 also requires additional disclosures.

Application of IFRS 13 has not materially impacted the fair value measurements of the Fund. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. The fair value hierarchy is provided in Note 16.

Standards issued but not yet effective
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements are disclosed below. The Fund intends to adopt these standards, if applicable, when they become effective.

The nature and the impact of the new standards and amendments applicable to the Fund are described below:

IFRS 9 Financial Instruments
IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but as per subsequent decision of the IASB in July 2013, the standard will not become effective until all phases of the IFRS 9 are complete. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will not have an impact on classification and measurements of the Company's financial liabilities. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Fund.

Several other amendments issued but not yet effective up to the date of issuance of the Fund's financial statement which do not impact the annual financial statements of the Fund or the interim financial statements of the Fund. These are listed below:

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- IFRIC Interpretation 21 Levies (IFRIC 21)
- IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Fund has concluded that it is the principal in all of its revenue arrangements.

The specific recognition criteria described below must also be met before revenue is recognised.

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

Service fee income
Service fee income represents amounts receivable for property service charges that are payable by tenants to contribute towards the operation and maintenance expenses of the relevant property. Service fees are recognised on a time proportion basis in accordance with the terms of the service agreements.

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

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

Performance fee
Pursuant to the Fund Management Agreement, following the listing of the Fund's Shares on a recognised exchange ("Admission"), a performance fee is payable to the Fund Manager. The Performance Fee will become payable following Admission.

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

Fair value measurement
The Fund measures non-financial assets such as investment properties, at fair value at each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Fund manager determines the policies and procedures for recurring fair value measurement for investment properties.

External valuers are involved in the valuation of significant assets, such as properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. At each reporting date, the Fund manager analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Fund's accounting policies. For this analysis, the Fund manager verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Fund manager, in conjunction with the Fund's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Investment properties
Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise. Fair values in the financial statements are determined based on an annual valuation performed by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Fund accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Accounts receivable
Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts, if any.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Fund's statement of financial position) when:

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

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of the Fund's continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

Impairment of financial assets
The Fund assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in profit or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Accounts payable and accruals
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

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

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

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

Derecognition of financial liability
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Fund as a lessee
Finance leases which transfer to the Fund substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of profit on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of comprehensive income.

Such leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Fund will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the Statement of comprehensive income on a straight-line basis over the lease term.

Fund as a lessor
Leases in which the Fund does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Dividend distribution
Dividend distribution to the Fund's shareholders is recognised as a liability in the Fund's financial statements in the period in which the dividends are approved.

Earnings prohibited by Shari'a
The Fund is committed to avoiding recognising any income generated from non-Islamic sources. Accordingly, any non-Islamic income is credited to a charity fund where the Fund uses these funds for social welfare activities.

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

3.1 JUDGEMENTS

The preparation of the Fund's financial statements requires the Fund manager to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Fund's accounting policies, the Fund manager has made the following judgements, apart from those involving estimations, which have the most significant impact on the amounts recognised in the financial statements.

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

Investment properties
The Fund has elected to adopt the fair value model for investment properties. Accordingly, investment properties are carried at fair value with the gain or losses arising from changes in fair values of investment properties included in the statement of comprehensive income.

Classification of properties
The Fund manager decides at the time of acquisition of the property whether it should be classified as held for sale, held for development or investment property. The Fund classifies properties held for future development when the intention is to develop the properties for the purpose of selling them to third parties and as properties under construction when such development activities have commenced. The Fund also classifies properties as investment properties when the intention is to hold them for rental, capital appreciation or for undetermined use. The Fund changes the classification when the intention changes.

Accrual of performance fee
The Fund Manager has made a judgement that there is a reasonable certainty that the Fund will go public in the future and a performance fee has therefore been accrued accordingly.

3.2 ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

Revaluation of investment properties
The Fund carries its investment properties at fair value, with changes in fair value being recognised in the statement of comprehensive income. The Fund engaged independent valuation specialists who hold recognized 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 31 December 2013. For investment properties, a valuation methodology based on a discounted cash flow (DCF) model was used. However, for two of the 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 4.

Impairment of accounts receivable
An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision is applied according to the length of time past due, based on historical recovery rates.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.2 ESTIMATES AND ASSUMPTIONS (continued)

Impairment of accounts receivable (continued)
At the reporting date, gross rental and service income receivables were USD 242,433 (31 December 2012: USD 728,761) and the provision for doubtful debts was USD 29,251 (31 December 2012: USD 12,088). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the statement of comprehensive income.

4 INVESTMENT PROPERTIES

As at the reporting date, the Fund held investments amounting to USD 323,130,956 (31 December 2012: USD 167,601,416) in a real estate portfolio which comprise ten properties (2012: six properties) located in Dubai, UAE. The movements in investment properties during the year are as follows:

	2013 USD	*2012 USD*
Balance at the beginning of the year	**167,601,416**	68,309,284
Additions of new investment properties during the year	**128,243,739**	91,677,103
Net unrealised gain on revaluation of investments properties	**27,285,801**	7,615,029
	323,130,956	167,601,416

One of the Fund's investment properties is constructed on a plot in Dubai which is under a concession agreement. This agreement is for a period of 26.9 years from the date of acquisition being 13 November 2011.

Acquisition of Index Tower – Retail
On 7 May 2013 Emirates REIT (CEIC) Limited (the "Fund") 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 Fund acquired eleven retail units (RT-201 to RT-211) and associated car parking for a consideration of USD 18,341,052 (AED 67,366,685) ("Contract 1").

On 30 May 2013 the Fund 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) for a total consideration of USD 12,158,361 (AED 44,657,661) ("Contract 2") and unit RT-305 for a total consideration of USD 2,987,187 (AED 10,971,938) ("Contract 3"). Initial payments made by the Fund under Contract 2 and Contract 3 totaled USD 1,215,836 (AED 4,465,766) and USD 298,718 (AED 1,097,193) respectively with the balance payable pending fulfilment of certain conditions by Emirates NBD Properties LLC. Total capitalised acquisition costs including valuation fees, DIFC transfer fees and other required approval charges totaled USD 1,206,714 (AED 4,432,261). At 31 December 2013, deferred consideration payable by the fund in respect of Retail units at the property amounted to USD 2,696,161 (AED 9,902,998).

Contracts 1, 2 and 3 are recognised as part of the Funds investment property portfolio at fair value as at 31 December 2013.

As at 31 December 2013, the completion of the outstanding administrative conditions relating to Contract 3 and Contract 2 are on-going and are being actively managed by the Fund. The conditions in relation to Contract 2 were satisfied in January 2014.

Acquisition of GEMS World Academy, Dubai ("GWAD")
The Fund, acting through the Onshore Dubai Branch, acquired a Superior leasehold interest in GWAD from Premier Schools International LLC ("PSI") on 10 October 2013 following the assignment by PSI to the Fund of its Superior leasehold interest (the "GWAD Assignment").

The GWAD Superior Lease was procured by the Fund by way of a Novation and Assignment agreement for a consideration of USD 75,000,000 (AED 275,475,000). Simultaneously with the Superior Lease assignment to the Fund by the Knowledge Fund Establishment (the "Superior Landlord"), the Fund made a re-grant of an occupational lease with PSI as sub-tenant.

4 INVESTMENT PROPERTIES (continued)

Acquisition of GEMS World Academy, Dubai ("GWAD") (continued)

The Fund registered the Superior Lease with the Dubai Land Department on 5 November 2013.

The sublease has a term of 30 years. The term of the sublease has been divided into a number of "phases" for the purposes of rent reviews and sharia compliance. The first phase consists of 15 years following the commencement of the sublease (the "First Rent Review Phase"). A new rent review phase will then be deemed to apply in each five year period subsequent to the First Rent Review Phase (the "Subsequent Rent Review Phases"). The total cost of the acquisition, including Land Department transfer fees, legal costs and valuation fees amounted to USD 76,218,955 (AED 279,952,221).

Acquisition of Index Tower – Office
On 18 December 2013 the Fund acquired 20,752 sq ft of commercial office space being Unit 701, Level 7, Index Tower, DIFC from EFG Hermes UAE Limited for USD 8,757,310 (AED 32,165,600). The Fund issued 64,095 consideration shares to EFG Hermes UAE Limited at the Net Asset Value of the Fund at 18 December 2013 as calculated by the Fund's independent Fund Administrator at that date, in satisfaction of the acquisition price. Additional acquisition costs relating to DIFC transfer fees, developer fees and legal costs which were paid by the Fund, amounted to USD 319,837 (AED 1,174,762).

Acquisition of Index Tower – Car Parks
On 18 December 2013 (the "Sale Date") the Fund 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 Fund 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 31 December 2013, the completion of the outstanding conditions of the car park contract were ongoing and are being furthered by the Fund.

Investments properties are stated at fair value, which has been determined based on valuations performed by an independent certified property valuer as at 31 December 2013. As a result of the valuation carried out, the fair value of the properties as of 31 December 2013 was determined to be USD 323,130,956 (31 December 2012: USD 167,601,416).

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 Fund 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 16.

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

	2013 USD	*2012 USD*
Balance at the beginning of the year	**167,601,416**	68,309,284
Additions of new investment properties during the year	**110,620,742**	91,677,103
Net unrealised gain on revaluation of investments properties	**26,871,771**	7,615,029
Balance at the end of the year	**305,093,929**	167,601,416
Net unrealised gain on revaluation of investments properties	**26,871,771**	7,615,029

For investment properties categorized under Level 3 fair value hierarchy, a valuation methodology based on a discounted cash flow (DCF) model was used. 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.

4 INVESTMENT PROPERTIES (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:

	2013	*2012*
Stabilised occupancy rate (%)	**87.5 - 100**	85 - 90
Equivalent yield (%)	**8.62 – 9.47**	9.5 - 10
Operating Expenses (USD/sq ft)	**6.09 – 9.53**	6.6 – 14.6

Significant increases (decreases) in estimated stabilized 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 carrying value of USD 249,667,846 (31 December 2012: USD 145,603,049) are mortgaged against Corporate Ijarah facilities (Note 8).

5 RECEIVABLES, PREPAYMENTS AND OTHER ASSETS

	2013 USD	*2012 USD*
Rental and service income receivable	**242,433**	728,761
Provision for doubtful debts	**(29,251)**	(12,088)
	213,182	716,673
Security deposit receivable	**426,084**	134,166
Prepayments	**458,596**	97,968
Deferred IPO cost	**395,475**	-
Others	**440,502**	425,032
	1,933,839	1,373,839

Included in rental and service income receivable are balances due from related parties amounting to USD 28,124 (2012: USD 148,190) (note 12).

As at 31 December 2013, trade accounts receivable at nominal value of USD 29,251were impaired. Movements in the allowance for impairment of receivables were as follows:

	2013 USD	*2012 USD*
Balance as at the beginning of the year	**12,088**	-
Charge for the year	**18,528**	12,088
Write off during the year	**(1,365)**	-
Balance as at closing of the year	**29,251**	12,088

5 RECEIVABLES, PREPAYMENTS AND OTHER ASSETS (continued)

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

			Past due but not impaired			
	Total USD	*Neither past due nor impaired USD*	*Less than 30 days USD*	*Between 30 to 60 days USD*	*Between 60 to 90 days USD*	*More than 90 days USD*
2013	**213,182**	**-**	**32,315**	**24,127**	**544**	**156,196**
2012	716,673	-	18,378	8,042	61,926	628,327

There is no significant concentration of credit risk with respect to trade receivables as the Fund has a large number of tenants.

6 CASH AND CASH EQUIVALENTS

	2013 USD	*2012 USD*
Current accounts	**5,194,451**	785,341
Saving accounts	**2,950,869**	5,237,597
Wakala deposit	-	37,571,467
	8,145,320	43,594,405

Balances with banks are placed with local Islamic banks. Profit earned on Wakala deposits and saving accounts at the respective deposit rates amounted to USD 179,606 and USD 19,045 respectively for the year ended 31 December 2013 (31 December 2012: 10,337 and USD 5,542).

7 SHARE CAPITAL

The Fund is a closed-ended investment company with a variable share capital.

The initial registered paid up capital is issued to the Fund Manager which subscribed for the one Manager Share at a price of USD 100. The capital of the Fund shall be divided into the Manager Share and Investor Shares.
The authorised share capital of the Fund is USD 10,000,000,100 and is divided into:

(i) one Manager Share with a par value of USD100; and
(ii) 100,000,000 Investor Shares with a nominal par value of USD 100 per share.

Provisions relating to the Manager Share:

(i) The Manager Share shall be held by the Fund Manager.
(ii) The Manager Share Shareholder shall have the sole right to:

  (a) act as the Fund Manager of the Fund; and
  (b) subject to the provisions of the Collective Investment Law, DIFC Law No. 2 of 2010 (“CIF”) and Collective Investment Rules (“CIR”), approve any amendment to the Articles and/or the Prospectus provided that any such amendment does not prejudice the rights, entitlements or restrictions applicable to any existing Shares.

(iii) The Manager Share shall confer the right to the holder to receive dividends and any other form of distribution related to the Fund.

7 SHARE CAPITAL (continued)

Provisions relating to the Investor Shares:

(i) Investor Shares shall be issued to those investors who qualify as eligible Shareholders as set out in the Prospectus.
(ii) Each Investor Share shall rank pari passu with each other Investor Share.
(iii) Investor Shares shall:

(a) be redeemable only in accordance with the provisions of the CIF Law, the CIR Rules and the Prospectus;
(b) confer no voting rights; provided that the Investor Share Shareholders shall be permitted to vote in respect of the matters reserved for their approval being fundamental changes or materially significant changes to the Fund, the Prospectus or the Articles as set out in the Prospectus, the CIF Law, the CIR Rules and these Articles, as otherwise specifically reserved for their approval under the CIF Law, the CIR Rules or the Companies Law or otherwise required to effectively implement any of the provisions of these Articles (including, without limitation, in relation to any proposal to issue new Investor Shares at less than the Net Asset Value per Share); and
(c) confer the right to the holder to receive dividends and any other form of distribution related to the Fund.

(iv) The difference between the price of issue of each Investor Share and the nominal par value will be treated as share premium.

The Fund is a limited liability company. As such, the Shareholders shall only be liable for payment in respect of the purchase or subscription price of their respective Shares and shall not be liable for the debts of the Fund or be subject to any calls to contribute cash to the Fund.

The shareholding pattern of the Fund as at year end is as follows:

Name of Shareholders	***Class of Shares***	***Number of Shares 2013***	*Number of Shares 2012*
Emirates REIT Management (Private) Limited	**Manager**	**1**	1
Dubai Islamic Bank PJSC	**Investor**	**469,173**	456,916
Deyaar Development PJSC	**Investor**	**51,598**	51,598
Tecom Investments LLC	**Investor**	**114,293**	112,415
Dubai Properties LLC	**Investor**	**296,991**	292,110
Vintage Bullion DMCC	**Investor**	**349,886**	349,886
EFG Hermes Holding SAE	**Investor**	**64,095**	-
Alsayed Abdulla Alsayed Mohamed Al Hashemi	**Investor**	**45,497**	-
Singapore Enterprises Private Limited	**Investor**	**39,717**	-
Emirates NBD Bank PJSC	**Investor**	**68,740**	-
Others	**Investor**	**16,436**	-
		1,516,427	1,262,926

During 2013, the Fund issued 253,501 new investor shares (2012: 811,607 new investor shares) which increased the share capital and share premium to USD 151,642,700 (2012: USD 126,292,600) and USD 13,969,673 (2012: USD 6,530,526) respectively.

On 26 January 2014, 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.

8 CORPORATE IJARAH

	2013 USD	*2012 USD*
Current portion	**9,172,865**	5,038,062
Non-current portion	**96,390,108**	56,650,154
	105,562,973	61,688,216

The corporate Ijarah facilities were obtained by the Fund to finance the acquisitions of investment properties. Under the Ijarah agreements, variable rental shall be paid by the Fund, and calculated at a rate of 3 months EIBOR + 3.0% per annum (minimum 5.5% per annum) and is payable in quarterly rental installments over 10 years.

The facilities are secured by the following:

- First Rank Legal Mortgages over financed properties in favour of the banks for USD 108,902,804 (AED 400,000,000).
- Assignment of comprehensive insurance over financed properties in favour of the bank.
- Assignment of rental income from financed properties in favour of the bank.

During the year, the Fund entered into new corporate Ijarah facilities amounting to USD 49,229,513 (AED 180,820,000) which were used to part fund the acquisition of GEMS World Academy.

9 ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2013 USD	*2012 USD*
Payable against investment property (a)	**10,467,564**	-
Rent received in advance	**2,216,761**	1,527,764
Service fee received in advance	**1,298,589**	506,486
Accrued expenses	**2,444,897**	2,233,248
Tenant deposits payable (b)	**2,670,187**	1,865,657
Management fee	**559,853**	-
Performance fee	**2,866,045**	899,843
Administration fee	**22,154**	23,475
Other payables	**42,904**	63,047
	22,588,954	7,119,520

(a) Payable against investment properties amounting to USD 10,467,564 pertains to investment properties purchased by the Fund during the year (Note 4).

(b) Tenant deposits payable include an amount of USD 1,159,651 related to lease agreements for a period more than one year (2012: USD 1,675,734).

Included in the above accounts are balances due to related parties amounting to USD 4,086,747 (2012: USD 1,302,716) (note 12).

10 ZAKAT

Zakat is payable by the Shareholders based on their share of the net assets of the fund at the end of every reporting period. The Fund is not liable to pay Zakat.

11 DIVIDENDS

On 27 January 2013 and 25 June 2013, the Board of Directors of the Fund 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.

On 2 May 2012, the Board of Directors of the Fund declared a dividend of USD 2.55 per Investor Share for the year ended 31 December 2011. Dividends amounting to USD 417,892 were paid in cash to the shareholders while dividends amounting to USD 732,025 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 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties represent the Fund manager, associated companies, Shareholders, directors and key management personnel of the Fund manager, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Fund's manager.

(a) Dubai Islamic Bank PJSC ("DIB") owns 30.94% of the issued share capital of the Fund at 31 December 2013 (31 December 2012: 36.2%). DIB also owns 25% of the issued share capital of the Fund Manager. Moreover, DIB is also a tenant of the Fund, renting retail branch space within one of the Fund's properties pursuant to a 15 year lease entered into on the acquisition of the Property by the Fund on 27 June 2011.

    On 13 November 2013, the Fund agreed a USD 13,612,850 (AED 50,000,000) Musharaka with DIB. The funds are available for draw down for six months from the date of the facility agreement. The term of the Musharaka provides for a single payment of profit and principle in one bullet payment within twelve months of draw down. The profit rate is 3% over 12 month EIBOR subject to a minimum rate of 5.5%. Draw down under the facility agreement is subject to a number of conditions including registration of first degree mortgage over two of the Funds properties. A loan processing fee of 0.25% of the facility amount is payable on draw down. The facility is currently unutilised.

(b) Dubai Properties LLC owns 19.58% of the issued share capital of the Fund at 31 December 2013 (31 December 2012: 23.1%).

(c) Arkan Security Management Solutions LLC ("Arkan Security") is a subsidiary of Dubai Properties LLC. Arkan Security provides security services in respect of two of the properties held by the Fund pursuant to a security services agreement dated 19 September 2012.

(d) 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 Fund and Fund Manager on matters of Sharia.

(e) Deyaar Development PJSC ("Deyaar") holds 3.4% of the total issued share capital of the Fund as at 31 December 2013 (31 December 2012 : 4.1%). 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 Fund under a facility management services agreement.

(f) Ejadah (Dubai Asset Management) is a subsidiary of Dubai Properties LLC and is also a tenant at one of the properties held by the Fund and have a five year lease that commenced on 1 May 2011 prior to the Funds acquisition of the property.

(g) Idama Facilities Management LLC ("Idama") is a group Company of Dubai Properties LLC and provides facility management services to the Fund in respect of the one of its properties pursuant to a facility management agreement entered into between the both the parties.

(h) Salwan LLC ("Salwan") is a subsidiary of Dubai Properties LLC. The Fund receives rental income from Salwan as a tenant of a property held by the Fund. Prior to the Funds acquisition of this property, Salwan entered into a 3 year lease on 26 April 2012 for 9,500 sq ft of office space

12 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

(i) TECOM Investments held 7.54% of the total issued share capital of the Fund as at 31 December 2013 (31 December 2012 : 8.9%). The Fund pays licence fees and community fees to TECOM Investments as master developer for Dubai Internet City in relation to Building 24 and the Loft Offices properties. The Fund is also party to the Project Management and Leasing Agreement ("PMLA") with TECOM Investments entered on 27 June 2011 in connection with the acquisition of one of the Fund's properties. The agreement requires the payment of 15% of the rent received by the Fund in respect of the property to be paid to TECOM Investments. The Fund also pays to TECOM Investments community fees and an amount equivalent to 50% of the value of the service charges charged by TECOM Investments relating to the property pursuant to a circular issued by TECOM Investments to the Fund on 16 May 2011. The PMLA was entered into prior to TECOM Investments becoming a Shareholder of the Fund.

(j) Taziz Property Management Solutions ("Taziz") is a subsidiary of Dubai Properties LLC and were the incumbent property manager for a property at the time of its acquisition by the Fund. Amounts disclosed in the year to 31 December 2012 are in relation to property management fees up to the point of their replacement as property manager in September 2012.

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

The transactions with related parties included in the statement of comprehensive income are as follows:

	Classification	***2013 USD***	*2012 USD*
Income:			
Ejadah (Dubai Asset Management)	Rental income	**328,545**	168,485
Salwan	Rental income	**283,471**	124,716
Dubai Islamic Bank	Rental income	**160,888**	210,466
Dubai Islamic Bank	Service income	**42,946**	-
		815,850	503,667

	Classification	***2013 USD***	*2012 USD*
Expense:			
Emirates REIT Management Limited	Management fee	**3,778,314**	1,764,662
Emirates REIT Management Limited	Performance fee	**1,966,202**	780,921
Idama Facility Management	Property expense	**468,237**	435,101
Arkan Security Management Solutions	Property expense	**239,449**	122,897
Deyaar Facility Management L.L.C.	Property expense	**162,350**	116,804
Taziz Property Management Solutions	Property expense	**-**	29,676
TECOM Investments	Property expense	**757,710**	703,347
Dar Al Shariah Legal & Financial Consultancy L.L.C	Administrative expense	**58,159**	-
		7,430,421	3,953,408

At the reporting date, amounts due from related parties were as follows:

	2013 USD	*2012 USD*
Dubai Islamic Bank	**-**	50,222
Ejadah (Dubai Asset Management)	**28,124**	-
TECOM Investments	**-**	97,968
	28,124	148,190

12 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

At the reporting date, amounts due to related parties were as follows:

	2013 USD	*2012 USD*
Dubai Islamic Bank	**79,783**	79,783
Arkan Security Management Solutions	**32,970**	52,859
Dar Al Shariah Legal & Financial Consultancy L.L.C.	**31,808**	-
Deyaar Facility Management L.L.C.	**58,845**	35,781
Ejadah (Dubai Asset Management)	**-**	26,785
Idama Facility Management	**150,899**	110,831
Salwan	**160,830**	-
TECOM Investments	**145,714**	96,834
Emirates REIT Management Limited	**3,425,898**	899,843
	4,086,747	1,302,716

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

The Performance fee is payable annually in arrears, after the date on which the Fund's shares are listed on a recognised stock exchange, to the Fund Manager at a rate which is currently set at 3% of the increase in net asset value per share by reference to the highest net asset value per share previously used in calculating the fee. The first performance fee payable after listing is calculated at 5% on the increase in net asset value per share from the base net asset value per share of USD 100 and the number of shares in issue immediately prior to admission (i.e. excluding any offer shares made as part of the admission).

All transactions with related parties are approved by the Fund Manager. Outstanding balances at the year-end are unsecured and profit free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2013, the Fund has not recorded any impairment of receivables relating to amounts owed by related parties (2012: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Transactions with key management personnel
During the year ended 31 December 2013, there are no transactions with key management personnel as the Fund is managed by the Fund Manager for which a Fund Management fee is paid.

13 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 Fund by the weighted average number of ordinary shares outstanding during the year.

The calculation of the weighted average number of shares has been adjusted to reflect the 100 for 1 share split detailed in note 7 that became effective on 26 January 2014. Earnings per share have been presented on the basis that the share split took place at the beginning of each respective reporting period.

	2013 USD	*2012 USD*
Net profit attributable to ordinary equity holders of the Fund	**34,846,155**	10,895,413
Weighted average number of ordinary shares for basic earnings per share	**132,625,824**	72,644,223

The Fund did not issue any instruments which would have a diluted effect on earnings per share when exercised.

14 COMMITMENTS AND CONTINGENCIES

Commitments
At 31 December 2013, the Fund had no commitments.

Contingencies
At 31 December 2013, the Fund had no contingent liabilities.

Operating lease commitments – Fund as lessee
The Fund has entered into commercial property leases on certain properties. These leases have an average unexpired lease term of 29.8 years (2012: Nil) with mutual renewal option included in some of the contracts. There are no restrictions placed upon the Fund by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 31 December 2013 and 31 December 2012 are as follows:

	2013 USD	*2012 USD*
Within one year	**1,001,056**	-
After one year but not more than five years	**4,004,225**	-
More than 5 years	**24,025,353**	-
	29,030,634	-

Operating lease commitments – Fund as lessor
The Fund has entered into commercial property leases on certain properties. These leases have an average unexpired lease term of 9.8 years (2012: 1.3 years) with mutual renewal option included in some of the contracts. There are no restrictions placed upon the Fund by entering into these leases.

Future minimum rentals receivables under non-cancellable operating leases as at 31 December 2013 and 31 December 2012 are as follows:

	2013 USD	*2012 USD*
Within one year	**28,865,650**	21,623,705
After one year but not more than five years	**76,351,798**	56,861,988
More than 5 years	**250,752,356**	4,795,841
	355,969,804	83,281,534

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Profit rate risk
The Fund's exposure to the risk of changes in market profit rates relates primarily to the Fund's corporate Ijarah facility with floating rates and Wakala deposits. Profit rate on financial instruments having floating rates is re-priced at intervals of less than one year and profit rate on financial instruments having fixed rate is fixed until the maturity of the instrument. Other than commercial and overall business conditions, the Fund's exposure to market risk for changes in profit rate environment relates mainly to its bank borrowings and Wakala deposits.

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Profit rate risk (continued)
The Fund's Ijarah facilities are priced at a variable rate subject to a minimum rate of 5.5%. Historically, the variable rates did not exceed the minimum rate and therefore, finance costs were calculated based on the minimum rate. The management does not believe that the Fund is exposed to any significant profit rate risk on its Ijarah facilities as it does not expect the variable rate to exceed the minimum rate within twelve months.

The Fund is not exposed to any profit rate risk on its Wakala deposit as the Wakala deposit rate is fixed over the Wakala term.

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

Credit risk
The credit risk faced by the Fund is the risk of a financial loss if (i) tenants fail to make rental payments or meet other obligations under their leases or (ii) a counter party to a financial instrument or other financial arrangement fails to meet its obligations under that instrument or arrangement.

Financial Counterparties - The Fund only maintains cash deposits with banks in the UAE that are regulated by the UAE Central Bank and which are Shariah compliant. As a result the credit risk in respect of those entities is minimised as they are assessed by the Fund Manager to be at a relatively low risk of default.

Tenants - The Fund Manager maintains the Property Portfolio under continual review to minimise tenant credit risk. Tenants occupying under existing leases at the time of the acquisition of an interest in a Property are actively monitored for timely payment of rent and other obligations following the acquisition. New tenants that commence occupation subsequent to the acquisition of an interest in a Property are assessed for credit worthiness at the time of entering a lease. The Fund Manager engages external property management agents to manage the payment of rents by tenants. The Fund Manager remains actively involved and undertakes regular consideration of tenant profiles, existing and anticipated voids, overdue rents and outstanding rent reviews. Rent deposits are held in respect of all new leases and may be withheld by the Fund in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract.

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

The table below summarises the maturity profile of the Fund's financial liabilities based on contractual undiscounted payments.

At 31 December 2013

	On demand USD	*Less than 3 months USD*	*3 to 12 months USD*	*1 to 5 years USD*	*Over 5 years USD*	*Total USD*
Corporate Ijarah facilities	**-**	**3,517,296**	**11,156,796**	**59,863,430**	**61,141,270**	**135,678,791**
Accounts payable and other liabilities	**-**	**14,047,440**	**6,316,642**	**1,427,811**	**76,638**	**21,868,530**
Total undiscounted financial liabilities	**-**	**17,564,736**	**17,473,438**	**61,291,241**	**61,217,908**	**157,547,322**

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

As at 31 December 2012

	On demand USD	*Less than 3 months USD*	*3 to 12 months USD*	*1 to 5 years USD*	*Over 5 years USD*	*Total USD*
Corporate Ijarah facilities	-	2,089,190	6,276,791	33,845,917	37,017,952	79,229,850
Accounts payable and other liabilities	-	3,554,413	838,445	2,491,620	116,165	7,000,643
Total undiscounted financial liabilities	-	5,643,603	7,115,236	36,337,537	37,134,117	86,230,493

Capital Management
The primary objective of the Fund's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value.

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

Capital comprises share capital, share premium and retained earnings and is measured at USD 205,058,188 as at 31 December 2013 (2012: USD 143,761,924).

The Fund is required by DFSA regulation to limit borrowing to a maximum of 70% of net asset value. As of 31 December 2013, borrowing as a percentage of net asset was 51.5% (2012: 42.9%).

16 FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of the Fund's investment properties:

	Date of valuation	***Quoted prices in active markets (Level 1) USD***	***Significant observable inputs (Level 2) USD***	***Significant unobservable inputs (Level 3) USD***	***Total USD***
Investment properties	**31 December 2013**	**-**	**18,037,027**	**305,093,929**	**323,130,956**
Investment properties	31 December 2012	-	-	167,601,416	167,601,416

17 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets of the Fund include bank balances and cash, receivables and certain other assets. Financial liabilities of the Fund include corporate Ijarah facilities and accounts payable and certain other liabilities.

The fair values of the financial assets and financial liabilities are not materially different from their carrying value unless stated otherwise.

18 SUBSEQUENT EVENTS

Sub-division of shares
On 26th January 2014, 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 as detailed in note 7 and note 13.

Emirates REIT (CEIC) Limited

FINANCIAL STATEMENTS

31 DECEMBER 2012

EY
Building a better working world

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EMIRATES REIT (CEIC) LIMITED

We have audited the accompanying financial statements of Emirates REIT (CEIC) Limited (the "Fund"), which comprise the statements of financial position as at 31 December 2012 and 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year and period then ended respectively, and a summary of significant accounting policies and other explanatory information.

Fund Manager's Responsibility for the Financial Statements
The Fund Manager is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the Islamic Shari'a rules and principles as determined by the Shari'a Supervisory Board and the applicable requirements of the DIFC Laws, and for such internal control as the Fund Manager determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the shareholders of the Fund as a body, for our audit work, for this report or for the opinion we have formed. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2012 and 2011, and its financial performance and its cash flows for the year and period then ended respectively in accordance with International Financial Reporting Standards.

Other Matter
The Fund has prepared separate sets of financial statements for the year ended 31 December 2012 and the period ended 31 December 2011 in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI") on which we issued separate auditors' reports to the shareholders of the Fund dated 29 April 2013 and 24 April 2012 respectively.

Ernst + Young

3 March 2014

Dubai, United Arab Emirates

STATEMENT OF FINANCIAL POSITION
At 31 December 2012

	Notes	*2012 USD*	*2011 USD*
ASSETS			
Non-current assets			
Investment properties	4	**167,601,416**	68,309,284
Current assets			
Receivables, prepayments and other assets	5	**1,373,839**	1,666,036
Bank balances and cash	6	**43,594,405**	546,791
		44,968,244	2,212,827
TOTAL ASSETS		**212,569,660**	70,522,111
EQUITY AND LIABILITIES			
Equity			
Share capital	7	**126,292,600**	45,131,900
Share premium		**6,530,525**	855,159
Retained earnings		**10,938,799**	1,193,303
TOTAL EQUITY		**143,761,924**	47,180,362
Non-current liabilities			
Non-current portion of corporate Ijarah facilities	8	**56,650,154**	20,016,343
Current liabilities			
Current portion of corporate Ijarah facilities	8	**5,038,062**	1,601,907
Accounts payable and other liabilities	9	**7,119,520**	1,723,499
		12,157,582	3,325,406
TOTAL LIABILITIES		**68,807,736**	23,341,749
TOTAL EQUITY AND LIABILITIES		**212,569,660**	70,522,111
Net asset value ("NAV")		**143,761,924**	47,180,362
Number of shares		**1,262,926**	451,319
Net asset value per share		**113.83**	104.54

These financial statements were approved by the Board of Directors of Emirates REIT Management (Private) Limited as sole director of the Fund on 3 March 2014 and signed on their behalf by:

Hannah Jeffery
Senior Executive Officer

James Anderson
Chief Financial Officer

The attached notes 1 to 17 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Notes	***2012 USD***	*28 November 2010 to 31 December 2011 USD*
Rental income		**12,359,844**	1,697,544
Service fee income		**1,158,554**	124,532
Other property income		**26,097**	25
		13,544,495	1,822,101
Property operating expense		**(4,130,334)**	(550,390)
		9,414,161	1,271,711
Net unrealised gain on revaluation of investment properties	4	**7,615,029**	643,533
Net property income		**17,029,190**	1,915,244
Management fee	12	**(1,764,662)**	(177,989)
Performance fee	12	**(780,921)**	(118,922)
Fund administration fee		**(95,725)**	(56,000)
Auditors' fees			
- audit		**(28,000)**	(25,000)
- other services		**-**	-
General and administrative expenses		**(540,697)**	(83,586)
Commission expense		**-**	(217,806)
Other expenses		**(12,172)**	-
Operating profit		**13,807,013**	1,235,941
Finance income		**15,879**	488
Finance expenses		**(2,927,479)**	(43,126)
Finance cost, net		**(2,911,600)**	(42,638)
Profit for the year/period		**10,895,413**	1,193,303
Other comprehensive income		**-**	-
Total comprehensive income for the year/period		**10,895,413**	1,193,303
Basic and diluted earnings per share	13	**0.15**	0.13

The attached notes 1 to 17 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Share capital USD	*Share premium USD*	*Retained earnings USD*	*Total USD*
Share capital issued	45,131,900	855,159	-	45,987,059
Total comprehensive income for the period	-	-	1,193,303	1,193,303
Balance at 31 December 2011	45,131,900	855,159	1,193,303	47,180,362
Total comprehensive income for the year	-	-	10,895,413	10,895,413
Share capital issued	80,465,700	5,638,341	-	86,104,041
Cash dividends (note 11)	-	-	(417,892)	(417,892)
Share dividends (note 11)	695,000	37,025	(732,025)	-
Balance at 31 December 2012	**126,292,600**	**6,530,525**	**10,938,799**	**143,761,924**

The attached notes 1 to 17 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2012

	Notes	**2012 USD**	*28 November 2010 to 31 December 2011 USD*
Operating activities			
Profit for the year/period		**10,895,413**	1,193,303
Adjustments:			
Net unrealised gain on revaluation of investment properties	4	**(7,615,029)**	(643,533)
Finance income		**(15,879)**	(488)
Finance expense		**2,927,479**	43,126
Provision for doubtful debts	5	**12,088**	-
		6,204,072	592,408
Working capital changes:			
Receivables, prepayments and other assets		**280,109**	(1,666,036)
Accounts payable and other liabilities		**5,370,865**	1,723,499
Net cash from operating activities		**11,855,046**	649,871
Investing activities			
Purchase of investment properties	4	**(60,912,061)**	(37,173,531)
Finance income received		**15,879**	488
Net cash used in investing activities		**(60,896,182)**	(37,173,043)
Financing activities			
Proceeds from issue of shares		**55,338,999**	15,494,839
Corporate Ijarah facility obtained, net		**43,234,413**	21,618,250
Corporate Ijarah facility paid		**(3,189,494)**	-
Dividend paid		**(417,892)**	-
Finance expenses paid		**(2,877,276)**	(43,126)
Net cash from financing activities		**92,088,750**	37,069,963
Net increase in cash and cash equivalents		**43,047,614**	546,791
Cash and cash equivalents at the beginning of the year/period	6	**546,791**	-
Cash and cash equivalents at the end of the year/period	6	**43,594,405**	546,791

Non cash transactions

In 2012, the Fund acquired investment properties for a total consideration of USD 91,677,103 (2011: USD 67,665,751), of which USD 60,912,061 was paid in cash (2011: USD 37,173,531) and USD 30,765,042 was settled by issue of shares (2011: USD 30,492,220).

The attached notes 1 to 17 form part of these financial statements.

1 ACTIVITIES

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

The Fund was established on 28 November 2010 by the Fund 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 8 Al Fattan Currency House, DIFC, PO Box: 482015, Dubai, UAE.

The Fund's business activities are subject to the supervision of a Shari'a Supervisory Board consisting of three independent members appointed by the Fund Manager who review the Fund'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 Fund to ensure that its activities are conducted in accordance with Islamic Shari'a principles.

These financial statements have been approved by Emirates REIT Management (Private) Limited as sole director of the Fund on 3 March 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance
The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), Islamic Shari'a rules and principles as determined by the Shari'a Supervisory Board and the applicable requirements of the DIFC and DFSA Laws.

Reissuance of financial statements under International Financial Reporting Standards
These financial statements are being presented, prepared and reissued under International Financial Reporting Standards (IFRS). Previously, the financial statements were presented, prepared and issued under the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI").

As a result of the above the following items presented in the financial statements were affected and remeasured to be reported under IFRS for the year ended 31 December 2012 and period ended 31 December 2011 respectively:

At 31 December 2012

	AAOIFI USD	*Remeasurements USD*	*IFRS USD*
Performance fee payable	**-**	**899,843**	**899,843**
Corporate Ijarah facilities	**62,152,188**	**(463,972)**	**61,688,216**
Retained earnings	**11,374,670**	**(435,871)**	**10,938,799**

At 31 December 2011

	AAOIFI USD	*Remeasurements USD*	*IFRS USD*
Performance fee payable	-	118,922	118,922
Corporate Ijarah facilities	21,780,561	(162,311)	21,618,250
Retained earnings	1,149,914	43,389	1,193,303

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reissuance of financial statements under International Financial Reporting Standards (continued)

Year ended 31 December 2012

	AAOIFI USD	*Remeasurements USD*	*IFRS USD*
Expenses			
Rent on corporate Ijarah/ finance expense	**2,902,431**	**25,048**	**2,927,479**
Corporate Ijarah proceesing fee	**326,709**	**(326,709)**	**-**
Performance fee	**-**	**780,921**	**780,921**
	3,229,140	**479,260**	**3,708,400**

Period ended 31 December 2011

Expenses			
Rent on corporate Ijarah/ finance expense	42,082	1,044	43,126
Corporate Ijarah proceesing fee	163,355	(163,355)	-
Performance fee	-	118,922	118,922
	205,437	(43,389)	162,048

Corporate Ijarah facility, rent and processing fee
Under AAOIFI, the Fund expensed corporate Ijarah processing fees when it obtained Ijarah facilities. Under IFRS, such fees are amortised over the term of the facility and accordingly, the Fund has amortised such processing fees using the effective profit rate method (EPR). The related liability and rent on Ijarah facilities have been remeasured accordingly.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EPR. The EPR amortisation is included in finance expense in the statement of comprehensive income.

Performance fee
Under AAOIFI, the Fund did not accrue the performance fee payable to the Fund Manager under the terms of the fund management agreement, as it is payable after the date on which the Fund's shares are listed on a recognized exchange. Under IFRS, such fee has to be accrued regardless of the payment and accordingly, the Fund has accrued performance fee according to the fund management agreement. The related expense and liability have been remeasured accordingly.

Basis of preparation
The functional currency of the Fund is UAE Dirhams. The presentation currency of the financial statements of the Fund is USD translated at a rate of AED 3.673 to 1 USD. The translation rate has remained constant throughout the year

The financial statements have been prepared under the historical cost convention, modified to include the measurement at fair value of investment properties.

Income and cash flow statements
The Fund has elected to present a single statement of comprehensive income and presents its expenses by function of expense.

The Fund reports cash flows from operating activities using the indirect method. Finance income is presented within investing cash flows; finance expense is presented within financing cash flows. The acquisitions of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the Funds business activities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating segments
For management purposes, the Fund is organised into one operating segment.

Changes in accounting policies and disclosures

Standards, amendments and interpretations effective from 1 January 2012 but not relevant to the Fund's operations

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2012 but they are not relevant to the Fund's operations:

- IAS 12 Income Taxes: Recovery of Underlying Assets effective 1 January 2012
- IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters effective 1 July 2011
- IFRS 7 Financial Instruments : Disclosures – Enhanced Derecognition Disclosure Requirements

IAS 12 ***Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets***
The amendment clarified the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis. The amendment is effective for annual periods beginning on or after 1 January 2012 and has been no effect on the Fund's financial position, performance or its disclosures.

IFRS 1 ***First-Time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters***
The IASB provided guidance on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to hyperinflation. The amendment is effective for annual periods beginning on or after 1 July 2011. The amendment had no impact to the Fund.

IFRS 7 ***Financial Instruments: Disclosures — Enhanced Derecognition Disclosure Requirements***
The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Fund's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The amendment is effective for annual periods beginning on or after 1 July 2011. The Fund does not have any assets with these characteristics so there has been no effect on the presentation of its financial statements.

Standards issued but not yet effective
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements are disclosed below. The Fund intends to adopt these standards, if applicable, when they become effective. The Fund did not early adopt any new or amended standards in 2012.

International Accounting Standards (IAS/IFRSs)		*Effective date*
• IAS 1	Financial Statement Presentation – Presentation of Items of Other Comprehensive Income	1 July 2012
• IAS 19	Employee Benefits (Revised)	1 January 2013
• IAS 28	Investments in Associates and Joint Ventures (as revised in 2011)	1 January 2013
• IAS 32	Financial Instruments: Presentation (Amendment) — Guidance on the offsetting of financial assets and financial liabilities	1 January 2014
• IFRS 1	First-time Adoption of International Financial Reporting Standards — Government Loans (Amendments)	1 January 2013
• IFRS 7	Financial Instruments: Disclosures — Enhanced Disclosure Requirements about offsetting of financial assets and financial liabilities	1 January 2013
• IFRS 9	Financial Instruments: Classification and Measurement	1 January 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

International Accounting Standards (IAS/IFRSs)		*Effective date*
• IFRS 10	Consolidated Financial Statements	1 January 2013
• IFRS 11	Joint Arrangements	1 January 2013
• IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
• IFRS 13	Fair Value Measurement	1 January 2013
• IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

The above amendments are not likely to have any significant impact on the financial position or financial performance of the Fund except for the following:

IFRS 9 ***Financial Instruments: Classification and Measurement***
IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but as per subsequent decision of the IASB in July 2013, the standard will not become effective until all phases of the IFRS 9 are complete. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will not have an impact on classification and measurements of the Company's financial liabilities. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

IFRS 13 ***Fair Value Measurement***
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Fund has assessed the impact of this standard on the financial position and performance and based on this analysis, no material impact is expected. This standard becomes effective for annual periods beginning on or after 1 January 2013.

Annual Improvements May 2012
In May 2012, the IASB issued its fourth omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. These improvements will not have an impact on the Fund, but include:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IAS 1 Presentation of financial statements;
- IAS 16 Property, Plant and Equipment;
- IAS 32 Financial Instruments, Presentation; and
- IAS 34 Interim Financial Reporting.

These improvements are effective for annual periods beginning on or after 1 January 2013.

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Fund assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Fund has concluded that it is acting as a principal in all of its revenue rrangements. The specific recognition criteria described below must also be met before revenue is recognised.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)
Service fee income
Service fee income represents amounts receivable for property service charges that are payable by tenants to contribute towards the operation and maintenance expenses of the relevant property. Service fees are recognised on a time proportion basis in accordance with the terms of the service agreements.

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

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

Performance fee
Pursuant to the Fund Management Agreement, following the listing of the Fund's Shares on a recognised exchange ("Admission"), a performance fee is payable to the Fund Manager. The Performance Fee will become payable following Admission.

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

Investment properties
Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise. Fair values in the financial statements are determined based on an annual valuation performed by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Fund accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Fund's statement of financial position) when:

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

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of the Fund's continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts receivable
Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts, if any.

Impairment of financial assets
The Fund assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in profit or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Accounts payable and accruals
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

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

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

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

Derecognition of financial liability
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Fund as a lessee
Finance leases which transfer to the Fund substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of profit on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)
Fund as a lessee (continued)
Such leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Fund will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

Fund as a lessor
Leases in which the Fund does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Dividend distribution
Dividend distribution to the Fund's shareholders is recognised as a liability in the Fund's financial statements in the period in which the dividends are approved.

Earnings prohibited by Shari'a
The Fund is committed to avoiding recognising any income generated from non-Islamic sources. Accordingly, any non-Islamic income is credited to a charity fund where the Fund uses these funds for social welfare activities.

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

3.1 JUDGEMENTS

The preparation of the Fund's financial statements requires the Fund manager to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Fund's accounting policies, the Fund manager has made the following judgements, apart from those involving estimations, which have the most significant impact on the amounts recognised in the financial statements.

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

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.1 JUDGEMENTS (continued)

Investment properties
The Fund has elected to adopt the fair value model for investment properties. Accordingly, investment properties are carried at fair value with the gain or losses arising from changes in fair values of investment properties included in the statement of comprehensive income.

Classification of properties
The Fund manager decides at the time of acquisition of the property whether it should be classified as held for sale, held for development or investment property. The Fund classifies properties held for future development when the intention is to develop the properties for the purpose of selling them to third parties and as properties under construction when such development activities have commenced. The Fund also classifies properties as investment properties when the intention is to hold them for rental, capital appreciation or for undetermined use. The Fund changes the classification when the intention changes.

Accrual of performance fee
The Fund Manager has made a judgement that there is a reasonable certainty that the Fund will go public in the future and a performance fee has therefore been accrued accordingly.

3.2 ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

Revaluation of investment properties
The Fund carries its investment properties at fair value, with changes in fair value being recognised in the statement of comprehensive income. The Fund engaged independent valuation specialists who hold recognized 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 31 December 2012 and 31 December 2011. For investment properties, a valuation methodology based on a discounted cash flow (DCF) model was used.

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, are further explained in note 4.

Impairment of accounts receivable
An estimate of the collectible amount of accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision is applied according to the length of time past due, based on historical recovery rates.

At the reporting date, gross rental and service income receivables were USD 728,761 (2011: USD 1,521,030) and the provision for doubtful debts was USD 12,088 (2011: USD Nil). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the statement of comprehensive income.

4 INVESTMENT PROPERTIES

As at the reporting date, the Fund held investments amounting to USD 167,601,416 (2011: USD 68,309,284) in a real estate portfolio which comprises six commercial buildings (2011: five commercial buildings) located in Dubai, UAE. The movements in investment properties during the year are as follows:

	2012 USD	*2011 USD*
Balance at the beginning of the year/period	**68,309,284**	-
Additions of new investment properties during the year/period (a)	**91,677,103**	67,665,751
Net unrealised gain on revaluation of investments properties	**7,615,029**	643,533
	167,601,416	68,309,284

(a) The consideration for additions to Investment properties were paid party in cash and partly by issue of new B shares in the Fund. The Consideration paid by issue of new shares amounted to USD 30,765,042 (2011: USD 30,492,220).

One of the Fund's investment properties is constructed on a plot in Dubai which is under a concession agreement. This agreement is for a period of 26.9 years from the date of acquisition being 13 November 2011.

Investments properties are stated at fair value, which has been determined based on valuations performed by an independent certified property valuer as at 31 December 2012 and 31 December 2011. As a result of the valuation carried out, the fair value of the properties as of 31 December 2012 was determined to be USD 167,601,416 (2011: USD 68,309,284).

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 Fund 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.

The main assumptions used in arriving at fair values of investment properties are the stabilsed 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:

	2012	*2011*
Stabilised occupancy rate (%)	**85 - 90**	N/A*
Equivalent yield (%)	**9.5 - 10**	10.3 – 10.6
Operating Expenses (USD/sq ft)	**6.6 – 14.6**	8 – 16.6

Properties with a carrying value of USD 145,603,049 (2011: USD 46,828,205) are mortgaged against Corporate Ijarah facilities (note 8).

*Six months structural void assumed.

5 RECEIVABLES, PREPAYMENTS AND OTHER ASSETS

	2012 USD	*2011 USD*
Rental and service income receivable	**728,761**	1,521,030
Provision for doubtful debts	**(12,088)**	-
	716,673	1,521,030
Security deposit receivable	**134,166**	-
Prepaid property management fee	**97,968**	60,634
Others	**425,032**	84,372
	1,373,839	1,666,036

5 RECEIVABLES, PREPAYMENTS AND OTHER ASSETS (continued)

Included in rental and service income receivable are balances due from related parties amounting to USD 148,190 (2011: USD Nil) (note 12).

As at 31 December 2012, rental and service income receivable at nominal value of USD 12,088 were impaired. Movements in the allowance for impairment of receivables were as follows:

	2012 USD	*2011 USD*
Balance as at the beginning of the year/period	**-**	-
Charge for the year/period	**12,088**	-
Balance as at closing of the year/period	**12,088**	-

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

			Past due but not impaired			
	Total USD	*Neither past due nor impaired USD*	*Less than 30 days USD*	*Between 30 to 60 days USD*	*Between 60 to 90 days USD*	*More than 90 days USD*
2012	**716,673**	**-**	**18,378**	**8,042**	**61,926**	**628,327**
2011	1,521,030	-	1,371,859	53,008	49,806	46,357

There is no significant concentration of credit risk with respect to trade receivables as the Fund has a large number of tenants.

6 CASH AND CASH EQUIVALENTS

	2012 USD	*2011 USD*
Current accounts	**785,341**	187,440
Saving accounts	**5,237,597**	359,351
Wakala deposits	**37,571,467**	-
	43,594,405	546,791

Balances with banks are placed with local Islamic banks. Profit earned on Wakala deposits and saving accounts at the respective deposit rates for the year ended 31 December 2012 amounted to USD 10,337 and USD 5,542 (period ended 31 December 2011: Nil and USD 488).

7 SHARE CAPITAL

The Fund is a closed-ended investment company with a variable share capital.

The initial registered paid up capital is issued to the Fund Manager which subscribed for the one A Share at a price of USD 100. The capital of the Fund shall be divided into an A Share and B Shares.

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

(i) one A Share with a par value of USD100; and
(ii) 100,000,000 B Shares with a nominal par value of USD 100 per share.

7 SHARE CAPITAL (continued)

Provisions relating to the A Share:

(i) The A Share shall be held by the Fund Manager.
(ii) The A Shareholder shall have the sole right to:

(a) act as the Fund Manager of the Fund; and
(b) subject to the provisions of the Collective Investment Law, DIFC Law No. 2 of 2010 ("CIF") and Collective Investment Rules ("CIR"), approve any amendment to the Articles and/or the Prospectus provided that any such amendment does not prejudice the rights, entitlements or restrictions applicable to any existing Shares.

(iii) The A Share shall confer the right to the holder to receive dividends and any other form of distribution related to the Fund.

Provisions relating to the B Shares

(i) B Shares shall be issued to those investors who qualify as eligible Shareholders as set out in the Prospectus.
(ii) Each B Share shall rank pari passu with each other B Share.
(iii) B Shares shall:

(a) be redeemable only in accordance with the provisions of the CIF Law, the CIR Rules and the Prospectus;
(b) confer no voting rights; provided that the B Shareholders shall be permitted to vote in respect of the matters reserved for their approval being fundamental changes or materially significant changes to the Fund, the Prospectus or the Articles as set out in the Prospectus, the CIF Law, the CIR Rules and these Articles, as otherwise specifically reserved for their approval under the CIF Law, the CIR Rules or the Companies Law or otherwise required to effectively implement any of the provisions of these Articles (including, without limitation, in relation to any proposal to issue new B Shares at less than the Net Asset Value per Share); and
(c) confer the right to the holder to receive dividends and any other form of distribution related to the Fund.

(iv) The difference between the price of issue of each B Share and the nominal par value will be treated as share premium.

The Fund is a limited liability company. As such, the Shareholders shall only be liable for payment in respect of the purchase or subscription price of their respective Shares and shall not be liable for the debts of the Fund or be subject to any calls to contribute cash to the Fund.

The shareholding pattern of the Fund as at 31 December, is as follows:

Name of Shareholders	*Class of Shares*	*Number of Shares 2012*	*Number of Shares 2011*
Emirates REIT Management (Private) Limited	**A**	**1**	1
Dubai Islamic Bank PJSC	**B**	**456,916**	287,305
Deyaar Development PJSC	**B**	**51,598**	51,598
Tecom Investments LLC	**B**	**112,415**	112,415
Dubai Properties LLC	**B**	**292,110**	-
Vintage Bullion DMCC	**B**	**349,886**	-
		1,262,926	451,319

During 2012, the Fund issued 811,607 B shares (2011: 451,319 B shares) which increased the share capital and share premium to USD 126,292,600 (2011: USD 45,131,900) and USD 6,530,525 (2011: USD 855,159) respectively.

On 26 January 2014, shareholders approved the sub-division of each issued and unissued B Share of USD100 each in the capital of the Emirates REIT into 100 B Shares with a par value of USD1 each. B Shares were renamed Ordinary Shares. The total number of ordinary shares in issue following the share split was 151,642,600.

8 CORPORATE IJARAH FACILITIES

	2012 USD	*2011 USD*
Current portion	**5,038,062**	1,601,907
Non-current portion	**56,650,154**	20,016,343
	61,688,216	21,618,250

The corporate Ijarah facilities were obtained by the Fund to finance the acquisition of two of its investment properties. Under the Ijarah agreements, variable rental shall be paid by the Fund, and calculated at a rate of 3 months EIBOR + 3.0% per annum (minimum 6.5% per annum) and is payable in quarterly rental installments over 10 years. On 25 December 2012 the minimum rate was reduced to 5.5% per annum.

The facilities are secured by the following:

- First Rank Legal Mortgages over financed properties in favour of the bank for USD 65,341,682 (AED 240,000,000).
- Assignment of comprehensive insurance over financed properties in favour of the bank for USD 65,341,682 (AED 240,000,000).
- Assignment of rental income from financed properties for USD 16,434,522 (AED 60,364,000) in favour of the bank.

9 ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2012 USD	*2011 USD*
Rent received in advance	**2,032,225**	556,258
Service fee received in advance	**506,486**	442,116
Accrued expenses	**1,728,787**	239,077
Tenant deposits payable (a)	**1,865,657**	67,337
Performance fee payable (b)	**899,843**	118,922
Commission payable	**-**	217,806
Management fee payable	**-**	47,243
Administration fee payable	**23,475**	27,250
Other payables	**63,047**	7,490
	7,119,520	1,723,499

(a) Tenant deposits payable include an amount of USD 1,675,734 related to lease agreements for a period of more than one year (2011: USD 67,337).

(b) The movement for performance fee payable is as follows:

	2012 USD	*2011 USD*
Balance at the beginning of the year/period	**118,922**	-
Provided during the year/period	**780,921**	118,922
Balance as at closing of the year/period	**899,843**	118,922

Included in the above accounts are balances due to related parties amounting to USD 1,302,716 (2011: USD 518,822) (note 12).

10 ZAKAT

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

11 DIVIDENDS

On 2 May 2012, the Board of Directors of the Fund declared a dividend of USD 2.55 per B Share for the period ended 31 December 2011. Dividends amounting to USD 417,892 were paid in cash to the shareholders while dividends amounting to USD 732,025 were settled by the issue of new B shares to the shareholders who elected to receive the dividend in the form of new shares.

On 27 January 2013 and 25 June 2013, the Board of Directors of the Fund declared a dividend of USD 3 per B Share and USD 2 per B share, respectively, for the year ended 31 December 2012.

12 RELATED PARTY BALANCES AND TRANSACTIONS

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

The following discloses the relationship between the related parties and the Fund:

(a) Dubai Islamic Bank PJSC ("DIB") owns 36.2% of the issued share capital of the Fund at 31 December 2012 (2011: 63.7%). DIB also owns 25% of the issued share capital of the Fund Manager.

Acquisition of Property
One of the Fund's property was acquired from DIB on 27 June 2011 for a purchase price of USD13,640,000. Transfer fees of USD136,000 were paid to the Dubai Land Department by DIB on behalf of the Fund. The Fund issued 137,764 Shares of USD 100 (the nominal value of the Shares) to DIB on 1 July 2011 as consideration for the purchase price and in return for the settlement of the transfer fees by DIB. DIB was issued the Shares at nominal value as the Portfolio contained no Properties at the time of the Fund's acquisition of the property. DIB entered into a lease back for the existing DIB retail branch space with the Fund on 27 June 2011 as part of the property acquisition. This property was valued by the Funds appointed independent property valuer at USD 13,640,000 million at the time the property was acquired.

DIB became a Shareholder in the Fund as a result of this acquisition and was a Related Party at the time of the acquisition by virtue of its shareholding in the Fund Manager.

(b) Dar Al Shariah Legal & Financial Consultancy LLC ("Dar Al Shariah"), a company in which DIB owns a 60% interest, acts as an advisor to the Fund and Fund Manager on matters of Sharia. The Fund has appointed Dar Al Shariah as a Shari'a Adviser to ensure the satisfactory and efficient working of the relationship between Fund and the Shari'a Supervisory Board and to ensure that all Shari'a requirements and obligations on and of the Fund are met.

(c) Deyaar owned 4.1% of the issued share capital of the Fund as at 31 December 2012 (2011: 11.4%). DIB is a major shareholder of the issued share capital of Deyaar.

A group company of Deyaar, Deyaar Facilities Management LLC, provides facility management services in respect of two properties held by the Fund under a facility management services agreement.

Acquisition of Property
The Fund acquired a leasehold interest in a property on 25 September 2011 from Gulf Properties Investment Ltd ("Gulf Properties"). Gulf Properties held a leasehold interest in the property by virtue of a concession and agreed to assign its interest in the property to Deyaar on 24 September 2008. The assignment to Deyaar was not completed due to certain amounts payable under the concession assignment agreement between Deyaar and Gulf Properties remaining outstanding. On 15 August 2011, Deyaar agreed to assign its interests under the concession assignment agreement to the Fund. DIB, subscribed for a further 18,346 Shares with a value of USD1,871,000 to provide the Fund with the sum outstanding to Gulf Properties (which amounted to AED 6,875,000 (USD 1,871,767) and on 25 September 2011, a concession transfer agreement was entered into between Gulf Properties and the Fund.

12 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Acquisition of Property (continued)
The purchase price for the leasehold interest was USD7,135,856 (AED 26,210,000). The leasehold interest in the property was independently valued at AED 26,210,000 at the time the property was acquired. The Fund issued 51,598 Shares to Deyaar and 18,346 Shares to DIB as consideration for the purchase price.
Deyaar became a Shareholder in the Fund by virtue of this acquisition by the Fund.

(d) TECOM Investments LLC ("TECOM") owned 8.9% of the share capital of the Fund as at 31 December 2012 (2011: 24.9%).

Acquisition of Property
TECOM Investments became a Shareholder in the Fund pursuant to the issue of 112,415 Shares by the Fund to TECOM on 8 December 2011. The Shares were issued as part of the consideration payable for the acquisition of a property by the Fund from TECOM Investments. DIB subscribed for 131,195 Shares in the Fund on the same date in order to provide the Fund with part of the cash necessary to satisfy the portion of the consideration payable in cash. TECOM was not a Related Party at the time the Loft Offices were acquired by the Fund.

(e) Dubai Properties LLC owns 23.1% of the issued share capital of the Fund at 31 December 2012 (2011: Nil).

Acquisition of Property
Dubai Properties LLC ("Dubai Properties") became a Shareholder in the Fund as a result of the issue of 292,110 Shares in the Fund on 19 June 2012 to Dubai Properties as part of the consideration for the acquisition of a property by the Fund from Dubai Properties.

Dubai Properties LLC was a Related Party at the time of the transaction by virtue of it being owned by Dubai Holding LLC, which also owns TECOM Investments. The property was acquired for a purchase price of USD 90,661,585 (AED 333,000,000) which was partly paid through the issue of Shares in the Fund to Dubai Properties with a value of USD 30,765,042 (AED 113,000,000). DIB subscribed for 162,661 Shares on 20 June 2012 to provide the Fund with the cash required to settle part of the cash consideration payable in return for the acquisition.

This property was independently valued at AED 333,000,000 at the time the property was acquired.

(f) Idama Facilities Management LLC ("Idama") is a group Company of Dubai Properties LLC and provides facility management services to the Fund in respect of the one of its properties pursuant to a facility management agreement entered into between the both the parties.

(g) Arkan Security Management Solutions LLC ("Arkan Security") is a subsidiary of Dubai Properties LLC. Arkan Security provides security services in respect of one of the properties held by the Fund pursuant to a security services agreement dated 19th September 2012 at a monthly cost of USD 10,798.

(h) Ejadah (Dubai Asset Management) is a subsidiary of Dubai Properties LLC and is also a tenant at one of the properties held by the Fund and have a five year lease that commenced on 1 May 2011 prior to the Funds acquisition of the property.

(i) Salwan LLC ("Salwan") is a subsidiary of Dubai Properties LLC. The Fund receives rental income from Salwan as a tenant of a property held by the Fund. Prior to the Funds acquisition of this property, Salwan entered into a 3 year lease on 26 April 2012 for 9,500 sq ft of office space.

(j) Taziz Property Management Solutions ("Taziz") is a subsidiary of Dubai Properties LLC and were the incumbent property manager for a property at the time of its acquisition by the Fund. Amounts disclosed in the period to September 2012 are in relation to property management fees up to the point of their replacement as property manager in September 2012.

12 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

The transactions with related parties included in the statement of comprehensive income are as follows:

	Classification	*2012 USD*	*28 November 2010 to 31 December 2011 USD*
Income:			
Ejadah (Dubai Asset Management)	Rental income	**168,485**	-
Salwan	Rental income	**124,716**	-
Dubai Islamic Bank	Rental income	**210,466**	300,261
		503,667	300,261

	Classification	*2012 USD*	*28 November 2010 to 31 December 2011 USD*
Expense:			
Emirates REIT Management Limited	Management fee	**1,764,662**	177,989
Emirates REIT Management Limited	Performance fee	**780,921**	118,922
Idama Facility Management	Property expense	**435,101**	-
Arkan Security Management Solutions	Property expense	**122,897**	-
Deyaar Facility Management L.L.C.	Property expense	**116,804**	122,684
Taziz Property Management Solutions	Property expense	**29,676**	-
TECOM Investments	Property expense	**703,347**	89,326
		3,953,408	508,921

At the reporting date, amounts due from related parties were as follows:

	2012 USD	*2011 USD*
Dubai Islamic Bank	**50,222**	**-**
TECOM Investments	**97,968**	**-**
	148,190	**-**

At the reporting date, amounts due to related parties were as follows:

	2012 USD	*2011 USD*
Dubai Islamic Bank	**79,783**	290,679
Arkan Security Management Solutions	**52,859**	-
Deyaar Facility Management L.L.C.	**35,781**	44,775
Ejadah (Dubai Asset Management)	**26,785**	**-**
Idama Facility Management	**110,831**	-
TECOM Investments	**96,834**	16,903
Emirates REIT Management Limited	**899,843**	166,165
	1,302,716	518,522

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

12 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

The Performance fee is payable annually in arrears, after the date on which the Fund's shares are listed on a recognised stock exchange, to the Fund Manager at a rate which is currently set at 3% of the increase in net asset value per share by reference to the highest net asset value per share previously used in calculating the fee. The first performance fee payable after listing is calculated at 5% on the increase in net asset value per share from the base net asset value per share of USD 100 and the number of shares in issue immediately prior to admission (i.e. excluding any offer shares made as part of the admission).

All transactions with related parties are approved by the Fund Manager. Outstanding balances at the year-end are unsecured and profit free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2012, the Fund has not recorded any impairment of receivables relating to amounts owed by related parties (2011: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Transactions with key management personnel
During the year ended 31 December 2012, there are no transactions with key management personnel as the Fund is managed by the Fund Manager for which a Fund Management fee is paid (2011: Nil).

13 EARNINGS PER SHARE

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

The calculation of the weighted average number of shares has been adjusted to reflect the 100 for 1 share split detailed in note 7 that became effective on 26th January 2014. Earnings per share have been presented on the basis that the share split took place at the beginning of each respective reporting period.

	2012 USD	*2011 USD*
Net profit attributable to ordinary equity holders of the Fund	**10,895,413**	1,193,303
Weighted average number of ordinary shares for basic earnings per share	**72,644,223**	9,358,968

The Fund did not issue any instruments which would have a diluted effect on earnings per share when exercised.

14 COMMITMENTS AND CONTINGENCIES

Commitments
At 31 December 2012 and 2011, the Fund had no commitments.

Contingencies
At 31 December 2012 and 2011, the Fund had no contingent liabilities.

Operating lease commitments – Fund as lessor
The Fund has entered into commercial property leases on certain properties. These leases have an average unexpired lease term of 1.3 years (2011: 1.3 years) with mutual renewal option included in some of the contracts. There are no restrictions placed upon the Fund by entering into these leases.

Future minimum rentals receivables under non-cancellable operating leases as at 31 December 2012 and 31 December 2011 are as follows:

	2012 USD	*2011 USD*
Within one year	**21,623,705**	7,707,397
After one year but not more than five years	**56,861,988**	18,918,580
More than 5 years	**4,795,841**	3,266,456
	83,281,534	29,892,433

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Profit rate risk
The Fund's exposure to the risk of changes in market profit rates relates primarily to the Fund's corporate Ijarah facility with floating rates and Wakala deposits. Profit rate on financial instruments having floating rates is re-priced at intervals of less than one year and profit rate on financial instruments having fixed rate is fixed until the maturity of the instrument. Other than commercial and overall business conditions, the Fund's exposure to market risk for changes in profit rate environment relates mainly to its bank borrowings and Wakala deposits.

The Fund's Ijarah facilities are priced at a variable rate subject to a minimum rate of 6.5%. Historically, the variable rates did not exceed the minimum rate and therefore, finance costs were calculated based on the minimum rate. The management does not believe that the Fund is exposed to any significant profit rate risk on its Ijarah facilities as it does not expect the variable rate to exceed the minimum rate within twelve months.

The Fund is not exposed to any profit rare risk on its Wakala deposit as the Wakala deposit rate is fixed over the Wakala term.

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

Credit risk
The credit risk faced by the Fund is the risk of a financial loss if (i) tenants fail to make rental payments or meet other obligations under their leases or (ii) a counter party to a financial instrument or other financial arrangement fails to meet its obligations under that instrument or arrangement.

Financial Counterparties - The Fund only maintains cash deposits with banks in the UAE that are regulated by the UAE Central Bank and which are Shariah compliant. As a result the credit risk in respect of those entities is minimised as they are assessed by the Fund Manager to be at a relatively low risk of default.

Tenants - The Fund Manager maintains the Property Portfolio under continual review to minimise tenant credit risk. Tenants occupying under existing leases at the time of the acquisition of an interest in a Property are actively monitored for timely payment of rent and other obligations following the acquisition. New tenants that commence occupation subsequent to the acquisition of an interest in a Property are assessed for credit worthiness at the time of entering a lease. The Fund Manager engages external property management agents to manage the payment of rents by tenants. The Fund Manager remains actively involved and undertakes regular consideration of tenant profiles, existing and anticipated voids, overdue rents and outstanding rent reviews. Rent deposits are held in respect of all new leases and may be withheld by the Fund in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract.

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

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the Fund's financial liabilities based on contractual undiscounted payments.

31 December 2012

	On demand USD	***Less than 3 months USD***	***3 to 12 months USD***	***1 to 5 years USD***	***Over 5 years USD***	***Total USD***
Corporate Ijarah facilities	**-**	**2,089,190**	**6,276,791**	**33,845,917**	**37,017,952**	**79,229,850**
Accounts payable and other liabilities	**-**	**3,554,413**	**838,445**	**2,491,620**	**116,165**	**7,000,643**
Total undiscounted financial liabilities	**-**	**5,643,603**	**7,115,236**	**36,337,537**	**37,134,117**	**86,230,493**

31 December 2011

	On demand USD	*Less than 3 months USD*	*3 to 12 months USD*	*1 to 5 years USD*	*Over 5 years USD*	*Total USD*
Corporate Ijarah facilities	-	748,713	2,244,328	7,215,027	18,271,671	28,479,739
Accounts payable and other liabilities	-	1,179,030	330,992	170,395	-	1,680,417
Total undiscounted financial liabilities	-	1,927,743	2,575,320	7,385,422	18,271,671	30,160,156

Capital Management
The primary objective of the Fund's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholders' value.

The Funds strategy for its capital management is to maintain a prudent balance of equity and debt appropriate to the profile of the Funds asset portfolio taking into account regulatory restrictions on gearing.
No changes were made in the objectives, policies or processes during the year ended 31 December 2012 and period ended 31 December 2011.

Capital comprises share capital, share premium and retained earnings and is measured at USD 143,761,924 as at 31 December 2012 (2011: USD 47,180,362).

The Fund is required by DFSA regulation to limit borrowing to a maximum of 70% of net asset value. As of 31 December 2012, borrowing as a percentage of net asset was 42.9% (2011: 45.8%).

16 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets of the Fund include bank balances and cash, receivables and certain other assets. Financial liabilities of the Fund include corporate Ijarah facilities, accounts payable and certain other liabilities.

The fair values of the financial assets and financial liabilities are not materially different from their carrying values unless stated otherwise.

17 SUBSEQUENT EVENT

(a) Acquisition of Index Tower – Retail units

On 7th May 2013, Emirates REIT (CEIC) Limited entered into a sale and purchase agreement with Emirates NBD Properties LLC ("the Seller") relating to the Retail Units at Index Tower, DIFC. Under the terms of the agreement the Fund agreed to acquire eleven retail units (RT-201 to RT-211) and associated car parking for a consideration of USD 18,341,052 ("Contract 1"). On 30th May 2013, the Fund entered into two additional contracts with Emirates NBD Properties LLC for the purchase of the remaining retail units at Index Tower being seven retail units (RT-301 to RT-304, and C1 to C3) for a total consideration of USD 12,158,361("Contract 2") and unit RT-305 for a total consideration of USD 2,987,187 ("Contract 3"). Initial payments made by the Fund under Contracts 2 and Contract 3 amounted to USD 1,215,836 and USD 298,718 respectively with the balance outstanding due to fulfilment of certain conditions by the Seller. Total capitalised acquisition costs including valuation fees, DIFC transfer fees and other required approval charges amounted to USD 1,206,714. At 31 December 2013 deferred consideration payable by the fund amounted to USD 2,696,161.

(b) Acquisition of GEMS World Academy, Dubai ("GWAD")

The Fund, acting through the Onshore Dubai Branch, acquired a Superior leasehold interest in GWAD from Premier Schools International LLC ("PSI") on 10 October 2013 following the assignment by PSI to the Fund of its Superior leasehold interest (the "GWAD Assignment").

The GWAD Superior Lease was procured by the Fund by way of a Novation and Assignment agreement for a consideration of USD 75,000,000 (AED 275,475,000). Simultaneously with the Superior Lease assignment to the Fund by the Knowledge Fund Establishment (the "Superior Landlord"), the Fund made a re-grant of an occupational lease with PSI as sub-tenant.

The Fund registered the Superior Lease with the Dubai Land Department on 5 November 2013.

The sublease has a term of 30 years. The term of the sublease has been divided into a number of "phases" for the purposes of rent reviews and sharia compliance. The first phase consists of the 15 years following the commencement of the sublease (the "First Rent Review Phase"). A new rent review phase will then be deemed to apply in each five year period subsequent to the First Rent Review Phase (the "Subsequent Rent Review Phases").

The rent payable under the sublease is fixed for the entirety of the First Rent Review Phase, subject to an annual increase in rent of 2.5% (excluding Superior Lease rent). The rent payable by PSI at the commencement of the First Rent Review Phase is USD 7,807,482 (AED 28,676,880) which includes land rent of USD 1,001,056 (AED 3,676,880).

PSI is liable for the payment of outgoings and supplemental rent throughout the term. Supplemental rent is comprised of agency expenses payable under the service agency agreement entered into between the Fund and PSI on 10 October 2013 (the "Service Agency Agreement").

Pursuant to the Service Agency Agreement, PSI is appointed as service agent and is obliged at the cost of the Fund to arrange for all major maintenance and structural repair and procure that all required insurances are effected and maintained in the name of the Fund and PSI. These charges are, however, recharged to PSI under the terms of the lease.

PSI is responsible for ordinary maintenance, repair and maintaining the property in a clean, tidy and good condition at its own cost under the terms of the sub-lease.

The total cost of the acquisition, including Land Department transfer fees, legal costs and valuation fees amounted to USD 75,781,694 (AED 278,346,161).

(c) Procurement of new Ijarah facilities

In order to part finance the cost of the acquisition of GWAD, on 9th October 2013, the Fund entered into a new AED 100 million (USD 27.23 million) Ijarah financing facility with Ajman Bank and a new AED 80.8 million (USD 22.00 million) Ijarah facility with Emirates Islamic Bank ("EIB"). Both these facilities are repayable over 10 years with profit and principle repayments being made quarterly in arrears. The applicable profit rate is +3% over 3 month EIBOR subject to a minimum profit rate of 5.5%. The Ajman Bank facility is secured by way of a legal mortgage over GWAD and the EIB facility by way of legal mortgage over the Funds Office Park property.

17 SUBSEQUENT EVENT (continued)

(d) Issue of new shares
On 31 October 2013 the Fund issued a further 68,247 shares at a Net Asset Value per share of USD 133.85 giving proceeds of USD 9,135,000. On 20th November 2013 the Fund issued a further 16,929 shares at a Net Asset Value per share of USD 134.20 giving net proceeds of USD 2,272,000.

(e) *Index Tower - Office*
On the 18 December 2013 the Fund acquired 20,752 sq ft of commercial office space being Unit 701, Level 7, Index Tower, DIFC from EFG Hermes UAE Limited for USD 8,757,310 (AED 32,165,600). The Fund issued consideration shares to EFG Hermes UAE Limited at the Net Asset Value per share of the Fund at 18 December 2013 as calculated by the Funds independent Fund Administrator at that date, in satisfaction of the acquisition price. Additional acquisition costs relating to DIFC transfer fees, developer fees and legal costs which were paid by the Fund, amounted to USD 317,795 (AED 1,167,262).

(f) *Index Tower – Car parks*
On the 18 December 2013 (the “Sale Date”) the Fund 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 Fund of all Non-objection Letters to be issued by the DIFC Registrar of Real Property in respect of each car parking space. The Fund is paying DIFC transfer fees, developer fees and legal fees which will form part of the cost of acquisition.

The completion of the outstanding conditions of the car park contract are ongoing and are being furthered by the Fund.

(g) Sub-division of shares
On 26th January 2014, shareholders approved the sub-division of each issued and unissued B Share of USD100 each in the capital of the Emirates REIT into 100 B Shares with a par value of USD1 each.

APPENDIX 2
INDEPENDENT PROPERTY VALUATION SUMMARY REPORTS

VALUATION REPORT

CBRE Dubai LLC

Downtown Dubai, Emaar Square
Building 6, Level 8
PO Box 500529
Dubai
United Arab Emirates

Tel No: +971 4 437 7200
Fax No: + 971 4 437 7201

Report Date	3 April 2014
Addressees	The Directors Emirates REIT (CEIC) Limited Gate Village 4, Level 5 Dubai International Financial Centre Dubai United Arab Emirates (the "**Fund Manager**") and SHUAA Capital P.S.C. Emirates Towers, Level 31 P. O. Box 31045 Dubai United Arab Emirates in their capacity as Listing Sponsor and Joint Bookrunner and Emirates NBD Capital Ltd. DIFC, The Gate Building East Wing, Level 4 P.O. Box 506710 Dubai United Arab Emirates in their capacity as Joint Bookrunner

The Properties	The properties held by Emirates REIT, as listed in the Schedule of Properties set out in Appendix A below.
Property Descriptions	Commercial Office, Retail and Education Properties.
Ownership Purpose	Investment.
Instruction	To value on the basis of Fair Value the relevant interests in the Properties as at the Valuation Date in accordance with the letter of instruction and terms of engagement dated 26th November 2013.
Valuation Date	31st December 2013.
Capacity of Valuer	External.
Purpose	The Valuation has been prepared for a Regulated Purpose as defined in the RICS Valuation – Professional Standards (2012) Eighth Edition (the "Red Book"). We understand that our valuation report and the Appendices to it (together the "Valuation Report") is required for inclusion in a Prospectus (the "Prospectus") which is to be published by Emirates REIT pursuant to an Initial Public Offering of shares by Emirates REIT on the NASDAQ Dubai, as a result of which shares of Emirates REIT will be admitted to and traded on the NASDAQ Dubai. The effective date of valuation is 31st December 2013. Emirates REIT have confirmed to us that there have been no material changes to the Properties since the effective date of valuation. On this basis, in our opinion there has been no material change to the Fair Value of the Properties between the effective date of valuation and the date of this Report. In accordance with the RICS Valuation – Professional Standards (2012) Eighth Edition (the "Red Book") we have made certain disclosures in connection with

this valuation instruction and our relationship with Emirates REIT.

Fair Value

AED 1,120,610,000

(ONE BILLION ONE HUNDRED AND TWENTY MILLION SIX HUNDRED AND TEN THOUSAND UNITED ARAB EMIRATES DIRHAMS).

We confirm that the "Fair Value" reported above, for the purpose of financial reporting under International Financial Reporting Standards is effectively the same as "Market Value".

Our opinion of Fair Value is based upon the Scope of Work and Valuation Assumptions attached, and has been primarily derived using comparable recent market transactions on arm's length terms.

We have valued the Properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.

For the avoidance of doubt, we have valued the Properties as real estate and the values reported herein represent 100% of the market values of the assets. No account has been taken in reporting these fair values of the extent of Emirates REIT's interests in the companies holding the subject Properties.

There are no negative values to report.

We are required to show the split of values between freehold-equivalent and leasehold property, and to report the following categories of property separately.

The Properties currently held by Emirates REIT are all held as investments.

Category	Fair Value (AED)
Freehold Properties held for Investment	AED 785,430,000
Leasehold Properties held for Investment	AED 335,180,000
Total	**AED 1,120,610,000**

Report Format

Appendix A of this Valuation Report contains the Schedule of Properties. Appendix B provides the Property Details and Market Value of the Portfolio.

Compliance with Valuation Standards

The valuation has been prepared in accordance with the *RICS Valuation – Professional Standards (2012) Eighth Edition* ("The Red Book"). The property details on which each valuation is based are as set out in this report.

The valuations are compliant with the International Valuations Standards and the requirements and standards established by the rules and regulations of the Dubai Financial Services Authority (the "**DFSA**"), including the rules relating to valuation reports set out in the Collective Investment Rules ("**CIR Rules**") (including but not limited to CIR 13.4.20(2) and CIR 13.4.22). The valuations reflect the fair values as required under the CIR Rules.

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently. Where the knowledge and skill requirements of The Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of The Red Book.

Assumptions

We have made various assumptions as to tenure, letting, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.

Variation from Standard Assumptions

None.

Market Conditions

The values stated in this report represent our objective opinion of Fair Value in accordance with the definition set out above as of the date of valuation. Amongst other things, this assumes that the properties had been properly marketed and that exchange of contracts took place on this date.

Going forward, we would draw your attention to the fact that the recent financial and economic crisis has created a significant degree of uncertainty in commercial real estate markets across the world, and especially in non-core markets. Furthermore, the lack of liquidity in the capital markets means that it may be very difficult to achieve a sale of property assets in the short-term. We would therefore recommend that the situation and the valuations are kept under regular review, and that specific marketing advice is obtained should you wish to effect a disposal.

With regard to the Dubai market and that of the UAE generally, between the final quarter of 2008 and 2011, there were wide-spread redundancies made across all sectors of the economy, with the real estate and construction sectors arguably the worst affected. The onset of these redundancies, coupled with reduced tourist demand and weaker economic performance resulted in declining demand for all residential units, with rental rates typically failing by

40–70% and sales prices dropping by an average of 50%. Some off-plan projects fell by as much as 70%. However, over the past 18 months the residential market has been in recovery mode, albeit in a polarised fashion.

As the recent past has demonstrated, the UAE has been the subject of price volatility and is not immune to downturns in the global economy. There have been significant fluctuations in property pricing in the UAE, most notably during the course of 2006 – 2008 where there was an unprecedented rise in values and subsequent decline thereafter. This resulted in market values across many locations within the UAE halving within the space of a year.

Outside of the UAE, general uncertainty in the MENA region as a whole remains, with on-going conflicts and unstable political situations across the region, including, but not limited to, the following countries – Afghanistan, Bahrain, Egypt, Iraq, Lebanon, Libya, Syria and Yemen. As such, with the subject property portfolio holdings being located within the MENA region it is prudent to highlight possible general uncertainty and volatility of local property markets.

Valuer

The Properties have been valued by a valuer who is qualified for the purpose of the valuation in accordance with the RICS Valuation – Professional Standards (2012) Eighth Edition ("The Red Book").

Independence

The total fees, including the fee for this assignment, earned by CBRE Dubai from the Addressee (or other companies forming part of the same group of companies) are less than 5.0% of the total CBRE EMEA revenues.

It is not anticipated this situation will vary in the financial year to 31st December 2014.

We confirm that we do not have any material interest in Emirates REIT or the Properties.

We do not consider that any conflict of interest arises in us preparing this Valuation Report and

Emirates REIT have confirmed to us that it also considers this to be the case.

Disclosure

In accordance with The Red Book we make the following disclosures, in respect of CBRE's prior involvement with projects undertaken on behalf of Emirates REIT or affiliates:

- UAE Market Research Report as at December 2013.
- Emirates REIT Property Portfolio, Dubai, UAE – Valuation report as at 30th November 2013 for internal accounting purposes;
- Emirates REIT Property Portfolio, Dubai, UAE – Valuation report as at 30th September 2013 for internal accounting purposes;
- GEMS World Academy, Plot 671-1427-02, Al Barsha South, Dubai UAE - Valuation report as at 3rd June 2013 for acquisition purposes;
- Office and Retail Units in Index Tower, DIFC, Dubai, UAE - Valuation report as at 3rd March 2013 for internal purposes;
- Office Park Building, Knowledge Village, Dubai, UAE - Valuation report as at 18th February 2013 for internal purposes.

Responsibility

For the purposes of CIR Rule 14.6.5 we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Valuation Report is in accordance with the facts and contains no omissions likely to affect its import.

Reliance

Save for any responsibility arising under the rules and regulations of NASDAQ Dubai and the DFSA to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person (other than those with whom we have contractually agreed to accept such liability) for any loss suffered by any such other person as a result of, arising out of, or in accordance with this Valuation Report or our statement, required by and given solely for the purposes of complying with the rules and regulations of NASDAQ Dubai and the DFSA, consenting to its inclusion in the Prospectus.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.

Before this Valuation Report, or any part thereof, is disclosed orally or otherwise to a third party, CBRE's written approval of the form and context of such publication or disclosure must first be obtained. Such publication or disclosure will not be permitted unless where relevant it incorporates the Assumptions referred to herein. For the avoidance of doubt, such approval is required whether or not CBRE is referred to by name and whether or not the contents of our Valuation Report are combined with others.

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Royal Institution of Chartered Surveyors Valuation Standards or the incorporation of the special assumptions referred to herein.

Yours faithfully

Alex Craine MRICS

Senior Director

RICS Registered Valuer

For and on behalf of

CBRE Dubai LLC

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Yours faithfully

Pieter Venter MRICS, MIVSA

Director

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Project Reference: UAE1300275

SCOPE OF WORK & SOURCES OF INFORMATION

Sources of Information

We have carried out our work based upon information supplied to us by Emirates REIT, which we have assumed to be correct and comprehensive.

We have been provided with a copy of the Due Diligence Report by:

Legal: K&L Gates – Project Tier Red Flag Legal Report dated (to be confirmed as at date of final legal DD report).

The Properties

Our report contains a brief summary of the property details on which our valuations have been based.

Inspection

We have inspected the Properties as follows:

Property	Inspection Date
Building 24, Dubai Internet City	16th September 2013
Office Park, Knowledge Village	16th September 2013
The Loft 1, Dubai Media City	17th September 2013
The Loft 2, Dubai Media City	17th September 2013
The Loft 3, Dubai Media City	17th September 2013
Retail Units at Index Tower, DIFC	16th September 2013
Indigo Building 7, Al Manara	16th September 2013
GEMS World Academy, Al Barsha South	3rd June 2013

Areas

We have not measured the Properties but have relied upon the floor areas provided. We have not checked these on site.

We have relied upon the floor areas given in the Tenancy Schedules, Lease documentation and Site Plans provided, which Emirates REIT advise us are correct.

The RICS Code of Measuring Practice does not apply to the United Arab Emirates. Unless advised specifically to the contrary, we have made the

Assumption that the floor areas supplied to us have been calculated in accordance with local practice as appropriate. All areas quoted in this Valuation Report are approximate.

Environmental Matters

We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the Properties and which may draw attention to any contamination or the possibility of any such contamination.

We have not carried out any investigations into the past or present uses of the Properties, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.

Repair and Condition

We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Properties. We are unable, therefore, to give any assurance that the Properties are free from defect.

Town Planning

We have not undertaken planning enquiries.

Titles, Tenures and Lettings

Details of title/tenure under which the Properties are held and of lettings to which they are subject are as supplied to us. We have not generally examined all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.

VALUATION ASSUMPTIONS

Introduction

An Assumption is defined in the Red Book Glossary and Appendix 3 to be a "supposition taken to be true" (an "Assumption").

Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that it has been agreed need not be verified by the valuer as part of the valuation process. Assumptions are made when it is reasonable for the valuer to accept that something is true without the need for specific investigation.

Emirates REIT has confirmed and we confirm that our Assumptions are correct as far as Emirates REIT and we, respectively, are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The principal Assumptions which we have made are stated within this Valuation Report.

For the avoidance of doubt, the Assumptions made do not affect compliance with the approach to Market Value under the Red Book.

Capital Values

Each valuation has been prepared on the basis of "Fair Value", which is defined as:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

"Fair Value", for the purpose of financial reporting under International Financial Reporting Standards is effectively the same as "Market Value", which is defined as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal. Acquisition costs have been included in our valuations.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charges.

No account has been taken of the availability or otherwise of capital based Government or other grants.

Taxation, Costs and Realisation Costs

As stated above, no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal.

Our valuations reflect purchasers' statutory and other normal acquisition costs.

VAT

VAT is not applicable in the UAE at present. As such, all rents and capital values stated in this report are exclusive of VAT.

Passing Rent

Passing rents quoted in this report are the rents which are currently payable under the terms of the leases. Passing rents exclude service charges and VAT and are prior to deduction of any non-recoverable costs. Passing rents exclude turnover rents, mall incomes and other miscellaneous incomes.

Net Annual Rent

Net annual rent is defined for the purposes of this transaction as "the current income or income estimated by the valuer:

(i) ignoring any special receipts or deduction arising from the property;

(ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and

(iii) after making deductions for superior rents (but not for amortisation), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent".

Estimated Net Annual Rental Value

The estimated net annual rental value is based on the current rental value of each of the Properties. The rental value reflects the terms of the leases where the Properties, or parts thereof, are let at the date of valuation. Where the Properties, or parts thereof, are vacant at the date of valuation, the rental value reflects the rent we consider would be obtainable on an open market letting as at the date of valuation.

Rental Values

Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent.

Lease Expiries

Fixed-term leases frequently incorporate either tenants' options to extend or tenants' break clauses; other leases are rolling to indeterminate, subject to stated notice periods. For the purposes of our valuations, we have made assumptions as to appropriate presumed expiry dates.

Any weighted average unexpired terms indicated in our Valuation report reflect these assumptions.

The Properties

Where appropriate we have regarded the shop fronts of retail and showroom accommodation as forming an integral part of the building.

Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our valuations.

Process plant and machinery, tenants' fixtures and specialist trade fittings have been excluded from our valuations.

All measurements, areas and ages quoted in our report are approximate.

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

(a) the Properties are not contaminated and are not adversely affected by any existing or proposed environmental law;

(b) any processes which are carried out on the Properties which are regulated by environmental legislation are properly licensed by the appropriate authorities.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

(a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;

(b) the Properties are free from rot, infestation, structural or latent defect;

(c) no currently known deleterious or hazardous materials or suspect techniques, including but not limited to Composite Panelling, have been used in the construction of, or subsequent alterations or additions to, the Properties; and

(d) the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the Properties. Comments made in the property details do not purport to express an opinion about, or advice upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Planning and Lettings

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

(a) the Properties possess a good and marketable title free from any onerous or hampering restrictions or conditions;

(b) all buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;

(c) the Properties are not adversely affected by town planning or road proposals;

(d) all buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations;

(e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of each Property to comply with the provisions of the relevant disability discrimination legislation;

(f) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

(g) tenants will meet their obligations under their leases;

(h) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

(i) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and

(j) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

Country	Property Name	Address	Tenure
Properties Held for Investment			
UAE	Building 24	Plot A-009-002, Dubai Internet City, Dubai	Freehold Title (Private) under the ownership of Emirates REIT (CEIC) Limited.
UAE	Office Park	Plot A-007-001 Knowledge Village, Dubai	Freehold Title (Private) under the ownership of Emirates REIT (CEIC) Limited.
UAE	The Loft 1	Plot A-002-016, Dubai Media City, Dubai	Freehold Title (Private) under the ownership of Emirates REIT (CEIC) Limited.
UAE	The Loft 2	Plot A-002-017, Dubai Media City, Dubai	Freehold Title (Private) under the ownership of Emirates REIT (CEIC) Limited.
UAE	The Loft 3	Plot A-002-025, Dubai Media City, Dubai	Freehold Title (Private) under the ownership of Emirates REIT (CEIC) Limited.
UAE	Index Tower Retail Accommodation	Plot P.46, Dubai International Financial Centre, Dubai	Retail Units RT-201 to RT-211, RT-301 to RT-304, RT-305 and Sky Lobby Units C-1, C-2 and C-3 are all currently held as SPA interests by The Fund. Freehold ownership (Private Title) in the name of Emirates REIT (CEIC) Limited is currently pending, subject to the completion of formalities required by the DIFC Registrar of Real Property.
UAE	Indigo Building 7	Plot 363-0998, Al Manara, Sheikh Zayed Road, Dubai	Emirates REIT (CEIC) Limited hold a Leasehold interest in the property expiring on 8th September 2039.
UAE	GEMS World Academy	Plot 671-1427-02, Al Barsha South, Dubai	Emirates REIT (CEIC) Limited Dubai Branch hold a Leasehold interest in the property expiring on 14th November 2056.

Properties held for Investment

Property	Description, Age and Tenure	Tenancy	Passing Rent Per Annum (as at 31.12.2013)	Market Value (100%) (as at 31.12.2013)
Building 24	The Subject Property is located within Dubai Internet City in Dubai, a well-established commercial district of new Dubai to the north of Sheikh Zayed Road (E11), situated between Dubai Marina and Knowledge Village. The property itself comprises an irregular shaped plot of land extending to a total site area of approximately 3,812.41 sq m (41,036 sq ft) upon which is constructed a low-rise commercial building extending to a total Net Leasable Area of approximately 5,326.60 sq m (57,335 sq ft). The building is of reinforced concrete frame construction and extends over basement, ground and three (3) upper floor levels. Upon inspection the property was found to be fit for purpose and in generally good condition throughout, having been constructed within the past 10 years. CBRE has been provided with a Site Plan dated 10th July 2011 which states that the owner of the subject property is Emirates REIT (CEIC) Limited. The Site Plan also states that the subject property is held Private title and extends to 3,812.41 sq m (41,036 sq ft).	The subject property is currently subject to a Property Management and Leasing Agreement (PMLA) with TECOM dated 15th September 2004 and expiring on 31st December 2032. Under the PMLA agreement, TECOM are appointed by the owner to exclusively manage and lease the subject property, in return for a fee based upon 15% of the gross rental income achieved, with the exception of the DIB lease, which is exempt from any contributions to TECOM. Furthermore, TECOM also retain 50% of all service charges paid by occupiers, with the exception of the DIB lease, which is exempt from any contributions to TECOM. The subject property is currently multi-let, with numerous commercial tenants currently occupying space. The property is anchored by DIB who occupy a retail unit extending to 305 sq m (3,283 sq ft) under a lease expiring on 30th June 2026. DIB have an option to terminate their lease at year 10 of the term without penalty.	AED 6,389,271 Prior to deduction of any non-recoverable costs.	AED 56,690,000

Office Park	The Subject Property is located within Knowledge Village in Dubai, a well-established commercial and educational district of new Dubai to the north of Sheikh Zayed Road (E11), situated between Dubai Marina and Al Sufouh. The property itself comprises an 'L' shaped plot of land extending to a total site area of approximately 11,929.89 sq m (128,412 sq ft) upon which is constructed a medium-rise commercial building extending to a total Net Leasable Area of approximately 33,426.91 sq m (359,804 sq ft). The building is of reinforced concrete frame construction and extends over two (2) basement levels, ground, mezzanine and seven (7) upper floors. Upon inspection the property was found to be fit for purpose and in generally good condition throughout, having been newly constructed approximately 5 years ago. CBRE has been provided with a Site Plan dated 3rd July 2012 which states that the owner of the subject property is Emirates REIT (CEIC) Limited. The Site Plan also states that the subject property is held Private title and extends to 11,929.89 sq m (128,412 sq ft).	The subject property is currently multi-let, with numerous commercial tenants currently occupying accommodation within the property. The Retail accommodation is anchored by Aswaaq Supermarket who occupies a retail unit on the ground floor extending to approximately 858 sq m (9,233 sq ft) under a lease expiring on 30th April June 2019. The Office accommodation is anchored by Cerner Middle East (41,491 sq ft), The Coca-Cola Export Corporation (35,125 sq ft) and Nokia Siemens Networks (30,619 sq ft) under leases expiring on 30th September 2018, 31st December 2017 and 31st March 2017 respectively.	AED 45,802,777 Prior to deduction of any non-recoverable costs.	AED 404,660,000
The Loft 1	The Subject Property is located within Dubai Media City in Dubai, a well-established commercial district of new Dubai to the north of Sheikh Zayed Road (E11), situated between Dubai Marina and Dubai Internet City. The property itself comprises an irregular shaped plot of land extending to a total site area of approximately 1,930.23 sq. m. (20,777 sq. ft.) upon which is constructed two medium-rise commercial buildings extending to a combined total Net Leasable Area of approximately 3,406.55 sq. m. (36,668 sq. ft.). The building is of reinforced concrete frame construction and extends over one shared basement level, ground and five (5) upper floors.	The subject property is currently multi-let, with various types of commercial tenant currently occupying accommodation within the property. There are no anchor tenants. The largest individual unit size extends to approximately 247 sq m (2,660 sq ft).	AED 4,403,968 Prior to deduction of any non-recoverable costs.	AED 44,630,000

	The building was completed in 2004 and, as such, presents in good overall condition with no major structural defects noted upon inspection. CBRE has been provided with a Site Plan dated 11th December 2011 which states that the owner of the subject property is Emirates REIT (CEIC) Limited. The Site Plan also states that the subject property is held Private title and extends to 1,930.23 sq. m. (20,777 sq. ft.).			
The Loft 2	The Subject Property is located within Dubai Media City in Dubai, a well-established commercial district of new Dubai to the north of Sheikh Zayed Road (E11), situated between Dubai Marina and Dubai Internet City. The property itself comprises an irregular shaped plot of land extending to a total site area of approximately 3,283.08 sq. m. (35,339 sq. ft.) upon which is constructed a medium-rise commercial building extending to a total Net Leasable Area of approximately 6,854.58 sq. m. (73,783 sq. ft.). The building is of reinforced concrete frame construction and extends over one basement level, ground and five (5) upper floors. The building was completed in 2004 and, as such, presents in good overall condition with no major structural defects noted upon inspection. CBRE has been provided with a Site Plan dated 11th December 2011 which states that the owner of the subject property is Emirates REIT (CEIC) Limited. The Site Plan also states that the subject property is held Private title and extends to 3,283.08 sq. m. (35,339 sq. ft.).	The subject property is currently multi-let, with various types of commercial tenant currently occupying accommodation within the property. There are no anchor tenants. The largest individual unit size extends to approximately 264 sq m (2,842 sq ft).	AED 8,546,151 Prior to deduction of any non-recoverable costs.	AED 93,190,000
The Loft 3	The Subject Property is located within Dubai Media City in Dubai, a well-established commercial district of new Dubai to the north of Sheikh Zayed Road (E11), situated between Dubai Marina and Dubai Internet City. The property itself comprises an irregular shaped plot of land extending to a total site area of approximately 2,478.56 sq. m. (26,679 sq. ft.) upon which is constructed a medium-rise commercial building extending to a total	The subject property is currently multi-let, with various types of commercial tenant currently occupying accommodation within the property. There are no anchor tenants. The largest individual unit size extends to approximately 251 sq m (2,699 sq ft).	AED 6,151,448 Prior to deduction of any non-recoverable costs.	AED 63,310,000

	Net Leasable Area of approximately 4,888.19 sq. m. (52,615 sq. ft.). The building is of reinforced concrete frame construction and extends over one basement level, ground and five (5) upper floors. The building was completed in 2004 and, as such, presents in good overall condition with no major structural defects noted upon inspection. CBRE has been provided with a Site Plan dated 11th December 2011 which states that the owner of the subject property is Emirates REIT (CEIC) Limited. The Site Plan also states that the subject property is held Private title and extends to 2,478.56 sq. m. (26,679 sq. ft.).			
Index Tower Retail Accommodation	The Subject Property is located within The Dubai International Financial City (DIFC), a federal financial free-zone established in 2004 in Dubai. The DIFC is now a well-established commercial and residential district of downtown Dubai to the south of Sheikh Zayed Road (E11), situated between Business Bay/Downtown and Dubai World Trade Centre. The property itself comprises nineteen (19) individual retail units located over ground, podium and sky lobby levels of Index Tower, a recently constructed residential and commercial tower. Index tower occupies a site extending to approximately 20,003.79 sq m (215,319 sq ft). The individual retail units currently extend to a combined total net leasable area of approximately 6,842.36 sq m (73,650 sq ft). In addition, the subject property includes a total of 162 secure and marked car parking spaces located at ground and basement floor levels. Upon inspection the property was found to be fit for purpose and in generally very good condition throughout, having been newly completed in 2010. CBRE has been provided with individual Unit Site Plans	The subject property is wholly vacant as at the date of valuation.	AED Nil Prior to deduction of any non-recoverable costs.	AED 122,950,000

CBRE

	for each of the subject retail units, all dated 25th September 2011, which state the individual unit areas and car parking allocations at ground and basement level. We understand that Emirates REIT currently hold SPA interests in the subject property, wherein the Title deeds in the name of Emirates REIT (CEIC) Limited have yet to be issued, subject to registration by the DIFC Registrar of Real Property.			
Indigo Building 7	The Subject Property is located along the northern side of Sheikh Zayed Road (E11 Highway) within the Al Manara district of Dubai, a primarily residential district of Dubai situated between Umm Al Sheif and Al Safa. The property itself comprises a regular shaped plot of land extending to a total site area of approximately 1,393.55 sq m (15,000 sq ft) upon which is constructed a low-rise commercial building extending to a total Net Leasable Area of approximately 1,902.38 sq m (20,477 sq ft). The building is of reinforced concrete frame construction and extends over basement, ground and two (2) upper floor levels. Upon inspection the property was found to be fit for purpose and in generally good condition throughout, having been completed within the past 10 years. CBRE has been provided with a Site Plan dated 7th December 2011 which states that the owner of the freehold title in the subject property is the Government of Dubai – Dubai Real Estate Corporation, whilst the documented Lessee is Emirates REIT (CEIC) Limited. The Site Plan also states that the subject property is held by Granted title and extends to 1,393.55 sq m (15,000 sq ft).	The subject property is currently multi-let, with various types of commercial tenant currently occupying accommodation within the property. The property is anchored by Ayman Abdeljaber who occupies the retail accommodation on the ground floor extending to approximately 910 sq m (9,796 sq ft) under a lease expiring on 30th April 2018.	AED 2,289,488 Prior to deduction of any non-recoverable costs.	AED 23,940,000

GEMS World Academy	The Subject Property is located within Al Barsha South in Dubai, a developing residential district of new Dubai to the south of Al Khail Road (E44) and being situated between Jumeirah Village Circle and Dubiotech. The property itself comprises an irregular shaped plot of land extending to a total site area of approximately 42,699.50 sq m (459,614 sq ft) upon which is constructed a low-rise education complex. The buildings are of reinforced concrete frame construction and extend over ground and three (3) upper floor levels. We understand that construction of the property was completed within the last 5 years and the external and internal finishes are to the original developer's specifications. We would comment that upon inspection the building presented in overall good condition, suitable for purpose. CBRE has been provided with a Site Plan dated 15th February 2011 which states that the owner of the freehold title in the subject property is the Government of Dubai – Knowledge Fund Establishment. The Site Plan also states that the subject property extends to 42,699.50 sq m (459,614 sq ft). The Ground lease expires on 14th November 2056. We understand that a Leasehold interest in the property (expiring on 14th November 2056) was acquired by Emirates REIT (CEIC) Limited on 10th October 2013. CBRE has been provided with a Title Deed dated 5th November 2013 which states that the owner of the usufruct full title (leasehold) in the subject property is Emirates REIT (CEIC) Limited Dubai Branch.	The property is let in its entirety to Premier Schools International under a Fully Repairing and Insuring (FRI) lease dated 10th October 2013 for a term of 30 years. The Tenant is also responsible for the ground rent payments due under the terms of the Superior Lease by way of an additional "Land Rent" component.	AED 25,000,000 Prior to deduction of any non-recoverable costs and excluding the additional "Land Rent" component.	AED 311,240,000

CBRE

VALUATION REPORT

PREPARED FOR:

Emirates REIT (CEIC) Limited
Gate Village 4
Level 5, DIFC
Dubai, United Arab Emirates

SHUAA Capital PSC
Emirates Towers Level 31
PO Box 31045
Dubai, United Arab Emirates

Emirates REIT Management (Private) Limited
Gate Village 4
Level 5, DIFC
Dubai, United Arab Emirates

Emirates NBD Capital Ltd
DIFC The Gate East Wing Level 4
PO Box 506710
Dubai, United Arab Emirates

IN RESPECT OF:

Property 1:
Floor No. 7 at Index Tower
Plot 46, Zabeel Second
Dubai International Financial Centre
Dubai, United Arab Emirates

Property 2:
491 Parking Lots at Index Tower
Plot 46, Zabeel Second
Dubai International Financial Centre
Dubai, United Arab Emirates

P1300 | 3 April 2014

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EXECUTIVE SUMMARY

Valuation of Properties in Index Tower, Dubai International Financial Centre (DIFC) Dubai
Plot 46 (337-0), Zabeel Second, Dubai, United Arab Emirates

- **Property 1:** Floor 7 Commercial Offices
- **Property 2:** 491 Parking Lots

Purpose

Asteco Property Management LLC ("**Asteco**") have been instructed by Emirates REIT Management (Private) Limited ("**Emirates REIT**") to provide the market values and formal valuation reports in respect of the above mentioned properties (the "**Properties**") for the purposes of inclusion in a listing prospectus for an Initial Public Offering (IPO) on NASDAQ Dubai (the "**Prospectus**").

Asteco have prepared formal valuation reports (the "**Reports**") in accordance with the requirements of the instructions and the following international definition of Market Value:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgably, prudently and without compulsion."

For the specific purposes of the Prospectus, Asteco have provided a Valuation Summary of the Reports with a brief description of the Properties together with the key factors that have been considered in determining the market values of the Properties. The values conclusions reflect all the information and data available to Asteco at the time of preparing valuation in respect of the Properties.

Summary of Valuation

A detailed summary of the valuations are provided in Appendix 1 of this document. The total aggregate value of the two properties in **United Arab Emirates Dirhams** equates to **Sixty Six Million Two Hundred and Fifty Thousand** only (AED 66,250,000).

1.0 TERMS OF ENGAGEMENT

VALUERS

Sathya Srinivasan MRICS, Senior Valuer

John Allen BSc MRICS, Director – Valuation & Advisory

The valuers have the knowledge, skills and understanding to undertake the valuation competently.

BASIS OF VALUATION

Market Value as defined in Appendix 2.

This report is subject to and should be read in conjunction with the attached General Terms & Conditions of Engagement and Valuation Assumptions, which are attached at Appendix 3.

VALUED INTEREST ON

Freehold

STANDARDS

The report has been prepared in accordance with the RICS Valuation – Professional Standards (Red Book) Global Edition.

INDEPENDENCE AND OBJECTIVITY

We confirm that we have had no material involvement with the property or the Client other than that stated above and we act objectively. This report represents our independent opinion.

The subject properties were previously valued by us for acquisition purposes on 10 December 2013.

ASSUMPTIONS

An Assumption is stated in the Glossary of the Red Book to be a supposition taken to be true.

Assumptions are facts, conditions or situations, affecting the subject of, or approach to a valuation that by agreement need not be verified by the valuer as part of the valuation process. In undertaking our valuation we have made a number of assumptions and relied upon certain sources of information.

Where appropriate we have confirmed that our assumptions are correct with the Client. Further we believe that the assumptions we have made are reasonable taking into account our knowledge of the property and the information made available to us. However, in the event that any of these assumptions prove to be inaccurate then our valuation should be reviewed.

2.0 BASIS OF VALUATION

In accordance with your instructions we have valued the property on the basis of Market Value. Market Value is an internationally recognised basis of valuation and is defined as:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgably, prudently and without compulsion."

Requirements for Real Estate Investment Trusts

We confirm that in our opinion, at the date of valuation, the property could be sold within a reasonable time for a price equal to our opinion of Market Value.

This statement does not infer any extension to the liability period provided with this report.

3.0 EXTENT OF DUE DILIGENCE AND INFORMATION SOURCES

3.1 INSPECTION

The subject properties were inspected as part of our previous valuation on 5 December 2013 by Sathya Srinivasan MSc MRICS – Senior Valuer and John Allen BSc MRICS, Director – Valuation & Advisory.

3.2 FLOOR AREAS

We have not carried out a measured onsite survey and have relied on the information provided by the Client.

3.3 TENURE AND TITLE

Asteco have assumed that the Properties have legal titles that can be freely transferrable (title documents were not available at the time), leased and sub-leased in the market without being subject to any land premium or any extra charges. Asteco have no reason to doubt the truth and accuracy of the information provided to it by Emirates REIT which is material to the valuation.

3.4 SERVICES

We assume that all services are or will be available to the property. We have not tested these services and therefore have assumed them to be in proper working order.

3.5 REPAIR

On our inspection for valuation purposes only, we note the property appears to be in good condition, commensurate with the age and use of the building.

3.6 CONDITION

We have made the assumption ground conditions are suitable for the property or any proposed development.

Since our normal enquiries and inspection did not suggest there are likely to be archaeological remains present in or on the property, we have assumed no abnormal constraints or costs would be imposed by the need to investigate or preserve historic features.

We have not undertaken, nor have we been provided with structural or M & E survey and have therefore not relied on such.

3.7 PLANNING

We have not had sight of any planning documentation for this property although we have assumed the correct planning permissions are in place.

We stress that no planning enquiries have been made to this effect and this should not be relied upon without further investigation.

3.8 ENVIRONMENTAL ISSUES

As provided in our terms of engagement, we have not made detailed enquiries as to the previous uses or to establish whether or not contamination is present.

However, as a result of our normal inspection and other enquires in connection with this valuation, we are not aware of any potential contamination. Accordingly, our valuation assumes there is no latent contamination that could adversely affect the valuation. If a detailed environmental investigation reveals actual or potential contamination, our valuation may be adversely affected.

3.9 HIGHWAYS

From our knowledge of the area we are not aware of any proposed road schemes which might adversely affect the property.

4.0 VALUATION

4.1 VALUATION METHODOLOGY

The methodology using in valuing the Properties – Direct Comparison Method – is based on Asteco's professional opinion and relies on sales transactions of comparable properties and in the absence of which relies on anecdotal evidence and Asteco's experience in the local market.

The resultant value is, in Asteco's opinion, the best estimate but it is not to be construed as a guarantee or prediction and it is fully dependent upon the accuracy of the assumptions made. This Valuation Summary does not contain all the necessary support data and details included in the Reports.

The comparisons method of valuation is the most widely used approach to property valuation and it works on the principle that the value of one property may be derived by comparing it with prices achieved from transactions in similar properties.

Asteco's valuation methodology therefore has been to investigate the price achieved for similar properties in the market (the comparable evidence) and to make subjective adjustments to this evidence based on a number of value sensitive factors, including location, size, quality of finish, age, condition etc.

A significant factor affecting the use of comparable evidence in property valuation is that real estate markets lack transparency. Details of transactions are often not publicly available and even when they are published they may be out of date and lack detail. Transactional evidence is particularly difficult to obtain in the local market which is at a relatively early stage of development. For this reason, it is often the case that comparable evidence is not a 'perfect match' for the property subject to valuation and moreover details of sales are often incomplete making an accurate analysis and comparison with the subject property difficult.

5.0 DISCLAIMER

Asteco have prepared this Valuation Summary to be included in the Prospectus and specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the Prospectus, other than in respect of the information provided within the Reports and Valuation Summary. Asteco do not make any warranty or representation as to the accuracy of the information in any part of the Prospectus other than as expressly made or given in this Valuation Summary.

For the purpose of Rule 14.6.5 of the DFSA Collective Investment Rules we are responsible for this Valuation Summary and confirm to the best of our knowledge (having taken all reasonable care to ensure that such is the case) the information contained in this Valuation Summary is in accordance with the facts and contains no omissions likely to affect its report.

All information provided to Asteco by Emirates REIT is treated as correct and true and Asteco accept no responsibility for subsequent changes in information and reserve the right to change its valuation if any information provided were to materially change.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are Asteco's personal, unbiased professional analyses, opinions and conclusions. Asteco have no present or prospective interest in the Properties and are not a related corporation of nor do Asteco have relationship with the property owners(s) or other party/parties whom Emirates REIT is contracting with.

Asteco's compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of Emirates REIT, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

Asteco certify that Asteco's staff undertaking valuations are authorized to practice as valuers and have the necessary experience in valuing similar type of properties.

Asteco further confirm that Asteco's liability for the valuations prepared by Asteco for, or in connection, with the proposed IPO or the Prospectus, in relation to third parties, to the extent permitted by the laws of the Dubai International Financial Centre or the rules and regulations of NASDAQ Dubai and the DFSA, in no event may exceed US$6 million (Agreed PI Level).

APPENDIX 1

Valuation Summary (Property 1)

Property Address:	Floor 7, Index Tower, Dubai International Financial Centre (DIFC) Plot 46 (337-0), Zabeel Second, Dubai, United Arab Emirates
Date of Inspection:	05 December 2013
Date of Valuation:	31 December 2013
Tenure:	Freehold (Strata Title Building)
Permitted Use:	Commercial Office
Brief Description:	The subject property is located in the Index Tower within Dubai International Financial Centre (DIFC). The Index Tower is located to the south east of Dubai International Financial Centre and close to the Al Murooj Rotana Hotel and Suites. The tower benefits from two-side road frontage and can be easily accessed from both Sheikh Zayed Road and Financial Centre Road through 312th Road. Index Tower presents as an 80 storey tower with six basement parking levels, three levels of retail podium and 25 floors of office space with the remaining floors dedicated for residential apartments. The lower 25 floors are office accommodation with the upper floors being residential and a mixture of 1, 2 and 3 bedroom apartments and 4 or 5 bedroom duplex or triplex penthouses, some of which have swimming pools. The subject property is a full-floor, shell and core office space located on the 7th floor of the Index Tower. The subject property extends to a net area of 1,927.9 sq m (20,752 sq ft) as per the area summary provided in the developer's floor plans. The subject property is presented in a shell and core condition with unfinished concrete flooring, concrete walls and full length glass cladding running in the longer sides of the structure. The ceilings are provided with exposed structural beams with adequate lighting, air conditioning and fire sprinkler system provisions in place. The subject property benefits from Burj Khalifa and Downtown views to its South and DIFC and Sheikh Zayed Road views to its North. The property also benefits from 45 car parking spaces provided at the Basement 3 level of the Tower. There are two toilets provided at either side of the structure near to the lift lobbies.
Year of Completion:	2011
Net Internal Area:	1,927.9 sq m (20,752 sq ft)
No of Parking Bays:	45
Condition:	Good
Tenancy Details:	Vacant at the time of inspection
Market Value:	**AED 34,250,000** (Thirty Four Million Two Hundred and Fifty Thousand United Arab Emirates Dirhams)

Valuation Summary (Property 2)

Property Address:	491 Parking Lots, Index Tower, Dubai International Financial Centre (DIFC) Plot 46 (337-0), Zabeel Second, Dubai, United Arab Emirates
Date of Inspection:	05 December 2013
Date of Valuation:	31 December 2013
Tenure:	Freehold (Strata Title Building)
Permitted Use:	Car Park
Brief Description:	The subject property is located in the Index Tower within Dubai International Financial Centre (DIFC). The Index Tower is located to the south east of Dubai International Financial Centre and close to the Al Murooj Rotana Hotel and Suites. The tower benefits from two-side road frontage and can be easily accessed from both Sheikh Zayed Road and Financial Centre Road through 312th Road. Index Tower presents as an 80 storey tower with six basement parking levels, three levels of retail podium and 25 floors of office space with the remaining floors dedicated for residential apartments. The lower 25 floors are office accommodation with the upper floors being residential and a mixture of 1, 2 and 3 bedroom apartments and 4 or 5 bedroom duplex or triplex penthouses, some of which have swimming pools. The subject properties are 491 individual parking bays located on the Ground, (82 bays) Lower Ground (8 bays), Basement 1 (6 bays), Basement 2 (26 bays), Basement 3 (1 bay) and Basement 4 (368 bays) floors of the Index Tower. The access to the subject properties are through the elevators in the two office and one residential entrances / lift lobbies located at the ground floor of the tower. The properties are also accessed through entrance/exit ramps located on the western and southern sides of the tower. The parking lots located at the ground level are accessed through the entrance on the ground floor (podium level). At the time of our inspection, it was observed that the individual parking lots were completed to good standards and specifications and well demarcated. All covered parking bays are 2.7 m x 5.5 m with an area of 14.85 sq m (159.84 sq ft). The ground level open parking bays (G-2 to G-15) are 2.55 m x 5.6 m with an area of 14.28 sq m (153.71 sq ft).
Year of Completion:	2011
Condition:	Good
Tenancy Details:	Vacant at the time of inspection
Market Value:	**AED 32,000,000** (Thirty Two Million United Arab Emirates Dirhams)

APPENDIX 2

Market Value Definition

RICS Appraisal Standards and International Valuation Standards Committee provide the basis of value to be used:

Market Value is defined as

The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties has each acted knowledgably, prudently and without compulsion.

'The estimated amount…'

Refers to a price expressed in terms of money (normally in local currency) payable for the property in an arm's-length market transaction. Market Value is measured as the most probable price reasonably obtainable in the market at the date of valuation in keeping with the Market Value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions grated by anyone associated with the sale, or any element of Special Value.

'….a property should exchange….'

Refers to the fact that the value of a property is an estimated amount, rather than a predetermined or actual sale price. It is the price at which the market expects a transaction that meets all other elements of the Market Value definition should be completed on the date of valuation.

'….on the date of valuation….'

Requires that the estimated Market Value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the actual market state and circumstances as of the effective valuation date, not as of either a past or future date. The definition also assumes simultaneous exchange and completion of the contract for sale without any variation in price that might otherwise be made

'…..between a willing buyer….'

Refers to one who is motivated, but not compelled to buy. This buyer is neither over-eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than on an imaginary or hypothetical market which cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present property owner is included among those who constitute 'the market'. A valuer must not make unrealistic assumptions about market conditions or assume a level of Market Value above that which is reasonably obtainable.

'….a willing seller….'

Is neither an over-eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market.

The willing seller is motivated to sell the property at market terms for the best price attainable in the (open) market after proper marketing, whatever that price may be. The factual circumstances of the actual property owner are not a part of this consideration because the 'willing seller' is a hypothetical owner.

'….in an arm's-length transaction….'

Is one between parties who do not have a particular or special relationship (for example, parent and subsidiary companies or landlord and tenant) which may make the price level uncharacteristic of the market or inflated because of an element of Special Value. The Market Value transaction is presumed to be between unrelated parties each acting independently.

'…..after proper marketing….'

Means that the property would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the Market Value definition. The length of exposure time may vary with market conditions, but must be sufficient to allow the property to be brought to the attention of an adequate number of potential purchasers. The exposure period occurs prior to the valuation date.

'…..wherein the parties had each acted knowledgeably, prudently….'

Presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the property, is actual and potential uses, and the state of the market as of the date of valuation. Each is further presumed to act for self-interest with that knowledge and prudently to seek the best price for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the date of valuation, not with benefit of hindsight at some later date. It is not necessarily imprudent for a seller to sell property in a market with falling prices at a price which is lower than previous market levels. In such cases, as is true for other purchase and sale situations in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time.

'….and without compulsion….' Establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

Market Value is understood as the value of a property estimated without regard to costs of sale or purchase, and without offset for any associated taxes.

APPENDIX 3
CBRE MARKET RESEARCH REPORT

EMIRATES REIT (CEIC) LTD

UAE MARKET RESEARCH

December 2013

Disclaimer

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Economy

The UAE economy has recorded steady progress in its recovery since 2011 and is expected to grow by close to 4.0% in both 2013 and 2014 as the economy continues to expand. Dubai's real GDP is also forecasted to grow at more than 4.0% during 2013, led by strong performance in both tourism and retail, sectors which have become increasingly important to the emirates economic output.

Office Market

Dubai's office sector has now emerged from the market downturn, with stability found across the market during the year. We have also seen a return to rental and occupancy growth within certain submarkets including the Central Business District (CBD) and TECOM. However, the sector remains fragmented with individual properties and sub-markets performing independently from one another.

As of the end of third quarter 2013, Dubai's commercial office market stock was 7.61 million m², with supply rising at a compounded annual growth rate (CAGR) of around 18% since 2008. Roughly 31% of this inventory is designated as 'strata' title space, a figure that will continue to grow as new product is delivered over the next three years.

The TECOM area, which includes office space from Dubai Media City, Dubai Internet City, Knowledge Village, Dubai Outsource Zone and TECOM C, contributes 0.98 million m² of the total office supply and represents 13% of the total available space. The CBD which is categorised as between Trade Centre Roundabout and the First Interchange (including Emaar Square and excluding DIFC) contributes around 15%. JLT which forms the Dubai Multi Commodity Centre (DMCC) freezone, offers 14% with over 1.0 million m² of space, most of which is impaired by its strata ownership title.

Close to 1.46 million m² of new office space is expected to be released into the Dubai office market from Q4 2013 through to 2016, with 45% of this new supply to be delivered in the Business Bay development alone. The Jebel Ali area, which includes the new Al Maktoum International Airport at Dubai World Central (DWC) and Dubai Investment Park (DIP) will contribute a further 22%. Areas with smaller contributions include TECOM and the DIFC with 6% each respectively, Dubai Silicon Oasis (DSO) with 5% and Jumeirah Lake Towers (JLT) with 4%. Other locations such as Dubailand, Meydan and non-freehold districts account for a combined 9% share of the total expected office supply.

Office rents are once again rising, with the average prime rental rate within the CBD area (but outside of the DIFC district) currently around AED1,615/m²/annum, although some superior buildings are able to command notably higher lease rates of AED2,000/m²/annum and above. Rental rates in TECOM for office accommodation within privately managed buildings currently range between AED1,600-2,050/m²/annum.

Retail Market

Dubai's retail market has been one of the emirates success stories in recent years, and forms an integral part of the emirates economy. Total retail stock currently measures 2.2 million m² of gross leasable area (GLA), although supply of new mall space has been slow during the past three years with an addition of just 93,000 m² since 2011. However, there has been a notable rise in the supply of retail space from within mixed use facilities with an increasing number of these projects being delivered.

Around 492,000 m^2 of new retail GLA is expected to be handed over in the Dubai market during the period 2013–2017 as developers again step up their development activity after a period of relative inactivity. Of the total supply, roughly 26% (126,840 m^2) is categorised as expansion space from existing malls, whilst 74% (365,160 m^2) will emerge from new malls and retail centres.

As of 2013, overall per capita retail space in the UAE amounted to 0.59 m^2 (6.35 ft^2) per person, with Dubai contributing the largest component of this space and also ranking highest in overall per capita terms with 1.01 m^2 (10.87 ft^2) of retail GLA per person. This gap will be bridged by Abu Dhabi in the coming years with retail supply close to doubling in the capital over the next five years.

Rental rates for retail space in Dubai's mix-used developments are typically lower than in similar mall based facilities, ranging widely from AED1,100-4,500/m^2/annum (inclusive of service charge) depending on the specific project.

Industrial Market

The evolution of Dubai's industrial sector continues to gather pace, with the total size of the emirates industrial areas now estimated at around 200 million m^2 spread across 15 different industrial estates. The Jebel Ali Freezone, Dubai Industrial City and Dubai Investment Park dominate overall supply with a share of 55% of all space in the emirate. However, in UAE terms, future growth will be dominated by new supply from Abu Dhabi's KIZAD development which lies close to the border with Dubai.

Growth in the UAE's manufacturing sector is also reflected in figures for Ministry of Economy registered manufacturing establishments which have increased from 3,294 units in 2005 to 5,201 units in 2011, representing a CAGR of around 7.9%. The highest concentration of industrial firms is currently found in Dubai accounting for 2,062 firms and constituting 40% share of the UAE total. This is then followed by the emirate of Sharjah with 1,495 units and a 29% share and then Ajman with 770 units and a 15% share. The UAE's industrial growth is also reflected in the foreign trade value (Imports, Exports & Re-exports) which has increased from AED1,089 billion in 2010 to reach AED1,235 billion in 2012, representing an increase of 13% year on year.

As of September 2013, average rental rates for warehousing units range between AED210-430/m^2/annum, representing an increase of around 16% over the past 12 months. The highest rental rates are currently achieved for warehouse units in Dubai Airport Freezone (DAFZA) at around AED1,080/m^2/annum. Within the on-shore industrial areas, the highest rental rates are found for warehouse units in the Al Qusais Industrial area followed by Al Quoz Industrial area. Current rental rates in Al Qusais range between AED380-485/m^2/annum, whilst in Al Quoz they range between AED345-430/m^2/annum. The lowest rental rates are found for properties in Dubai Industrial City (DIC). Warehouse units in DIC that were being leased for AED430/m^2/annum during the peak are currently available for AED183-237/m^2/annum.

Industrial land rates in Dubai currently range between AED31-160/m^2/annum with lowest rates being offered by Dubai Logistics City and by Dubai Industrial City. The highest rates are for land in Al Quoz industrial area, with rentals from AED130-160/m^2/annum.

Educational Market

With Dubai's expatriate population growing rapidly over the past decade, there has been sustained demand for new inward investment into the education sector, with widespread growth in both school facilities and the number of students registered during the period. As a result of the dominant expatriate population, private education accounts for the majority of all facilities, with an 88.7% share of the total student enrolment. This represented 225,099 students for the 2012 academic year, a figure that increased 8.7% year on year.

Whilst, the private sector dominates supply and student numbers, the government has underlined its own commitment to education by allocating 26% of Dubai's 2013 fiscal budget towards development of social infrastructure across the areas of healthcare, education, housing and community development.

Over the past six years a total of 17 new schools have been added to Dubai's private schools list, averaging just over three new schools per year. Around 22% of the total school premises in Dubai are owned by just four groups, with GEMS Education leading the sector with 19 schools. GEMS accommodate 25% of all private students, followed by Taaleem with seven schools and a 1.8% student share. Innoventures Group manages 4 schools with a 2.3% student share while the Indian High School Group manages 3 schools with a share of 4.9% of the total students.

Residential Market

Dubai's residential sector has now seen 24 months of recovery, with rising demand from both occupiers and investors alike. This has led to increasing sales and rental rates across the whole market in what is now a broad based recovery.

Approximately 50,000 new residential units (apartments and villas) could enter the market in Dubai during the period 2013 to 2016, with apartments constituting the majority share with 86% of the total. Much of the upcoming supply is expected from secondary and tertiary locations, with 26% of all apartments units to be delivered in Dubailand, 7% from Jumeirah Village Circle and 11% from Business Bay. In terms of prime areas, the Downtown Dubai development is expected to add around 4,420 apartments representing 10% of the total new apartment supply, whilst Dubai Marina will add 2,890 units.

Investment Market

Over the past 24 months there has been rising investment demand in the UAE, but predominately focussing on properties in Dubai. The demographic of investors has been varied, including local private investors, HNWIs, Regional Property Funds and even some European pension funds. Despite the obvious rise in interest for regional property investments, the REITs and Property Fund markets in the Middle region are still in their infancy with only a handful of known entities currently operating. Of those that are operational only a small number actually appear to be active in the market in making asset purchases, reflecting the challenge faced by many investors in securing suitable investment product.

Yields

Since the end of 2010, prime office yields have been contracting as occupancy and rental rates in select prime properties have started to increase, leading to a general hardening of yields down to 7.0%.

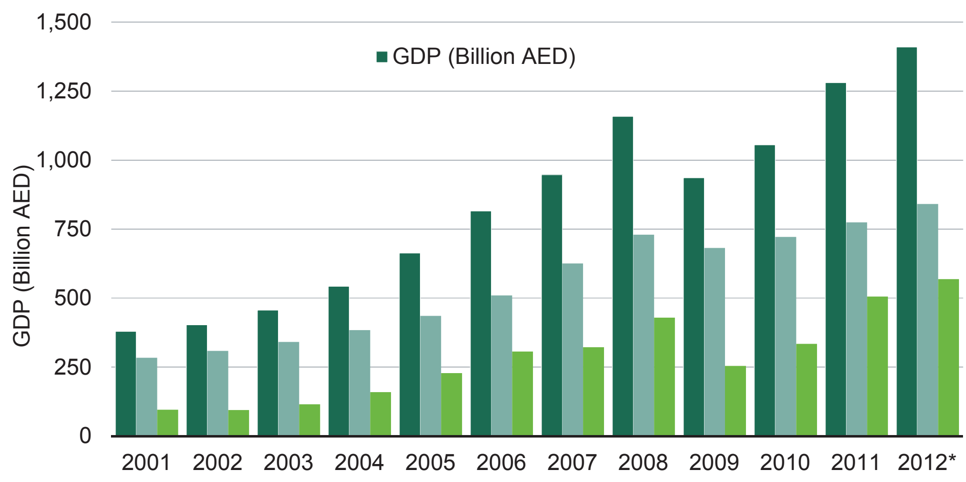
Subsequent to the downturn in the Dubai property markets, prime mall retail yields fell for a sustained period during 2009 and 2010 before eventually stabilising during 2011. Since the final quarter of 2011 yields have actually tightened by around 50 basis points reaching to 8.0% during Q3, 2012. The prime yield has since remained steady with no movement over the past year. Yield movements for prime street retail have been a little less settled, with contraction of 100 basis points recorded since the middle of 2011. Yields are now calculated at 8.75%, 75 basis points higher than for prime malls.

Prime industrial yields have tightened since the start of 2011, with rates compressing from 12.5% to 11.0% as of Q3, 2013. The recovery in yields has taken place in tandem with the recovery in the local economy, with a steady improvement in the industrial sector amidst stronger performance from manufacturing.

UAE Historical Economic Performance

The UAE has witnessed a period of sustained economic growth with the country's real GDP rising by around 3.5% in 2012, following similar gains during 2010 and 2011. This figure is expected to reach close to 4.0% in both 2013 and 2014 as the economy sees a steady recovery. The hydrocarbon sector remains the largest contributor to GDP, adding close to AED569 billion during 2012 and representing a share of 40% of the total GDP figure.

UAE NOMINAL GDP (2001 – 2012)



* Preliminary figure

Source: Department of Economic Statistics - National Accounts Division.

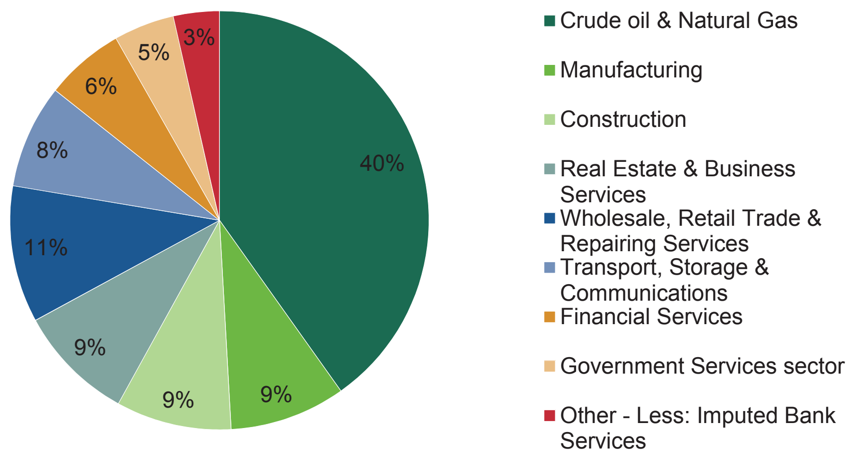
The country's diversification program has been made possible by a number of key initiatives aimed at increasing foreign direct investment into the UAE. This includes the creation of dedicated free zones and through regulatory changes, such as the relaxation of restrictions of foreign ownership laws in relation to both industry and real estate within certain areas.

Such changes have allowed the manufacturing sector to become a focal point of economic growth and an essential tool in allowing the UAE to diversify the economy. The manufacturing sector now represents the fourth highest contributor to the nation's GDP adding a total of AED126 billion to the national accounts during 2012, representing a total share of 9%.

The opening up of UAE real estate in specified freehold areas to foreign investors has also been a major driver of growth, particularly in relation to the construction sector and the real estate and business services sector. Activities related to construction contributed AED125.5 billion during 2012 as compared to just AED36.3 billion in 2001. During this period the sector saw a compounded annual growth rate (CAGR) of around 12%.

The real estate and business services sector has also shown significant growth during this period and last year contributed AED127.6 billion, representing roughly 9% of total GDP and making it the third largest contributor to GDP, after the crude oil and natural gas sector, and the wholesale, retail trade and repairing services sector.

UAE GDP CONTRIBUTION BY SECTOR (2012)



Source: National Bureau of Statistics-UAE

Despite the challenges brought about by the global economic slowdown, the UAE continues to position itself as one of the most competitive countries in the Arab region. According to The Global Competitiveness Report, 2012– 2013 released by the World Economic Forum, the UAE ranked 24th among the countries included in the study, rising three positions from its previous ranking. In terms of Infrastructure, the UAE is ranked 8th globally and first among the GCC countries.

THE GLOBAL COMPETITIVE INDEX (2012 – 2013)

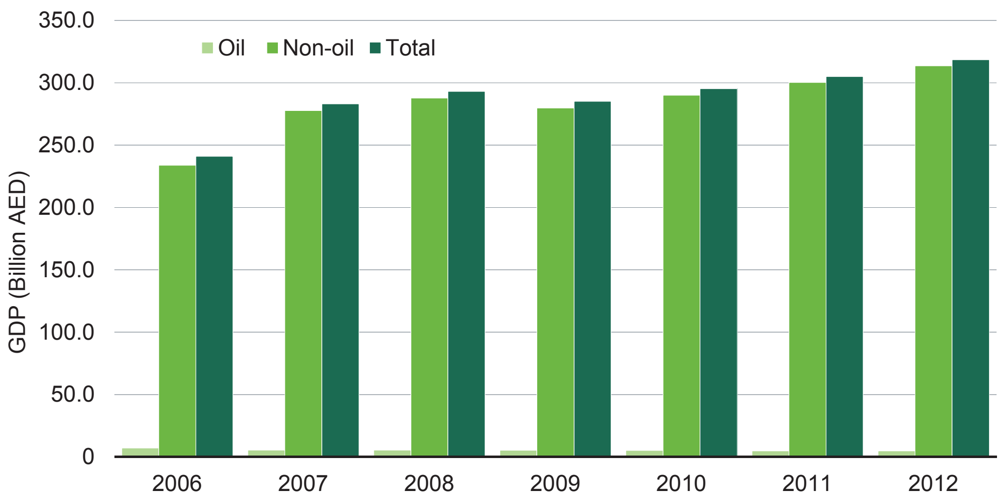
	UAE	Bahrain	Kuwait	Oman	Saudi Arabia	Qatar
Overall Ranking	24	35	37	32	18	11
Infrastructure	8	29	52	33	26	31
Macroeconomic stability	7	29	4	5	6	2
Higher Education & Training	37	34	82	61	40	33
Labour Market Efficiency	7	21	98	36	59	14
Financial Market Sophistication	25	18	76	26	22	14
Technology Readiness	32	39	74	54	35	27

Source: World Economic Forum

Dubai Historical Economic Performance

Dubai's total GDP at constant prices in 2012 stood at AED318 billion as compared to AED304 billion in 2011, registering an increase of 4.4%. During 2011 GDP for the non-oil sector witnessed an increase of around 4.0% reaching AED313 billion as compared to AED300 billion the previous year. Dubai's real GDP is forecasted to grow by more than 4% during 2013, led by strong performances in both tourism and retail.

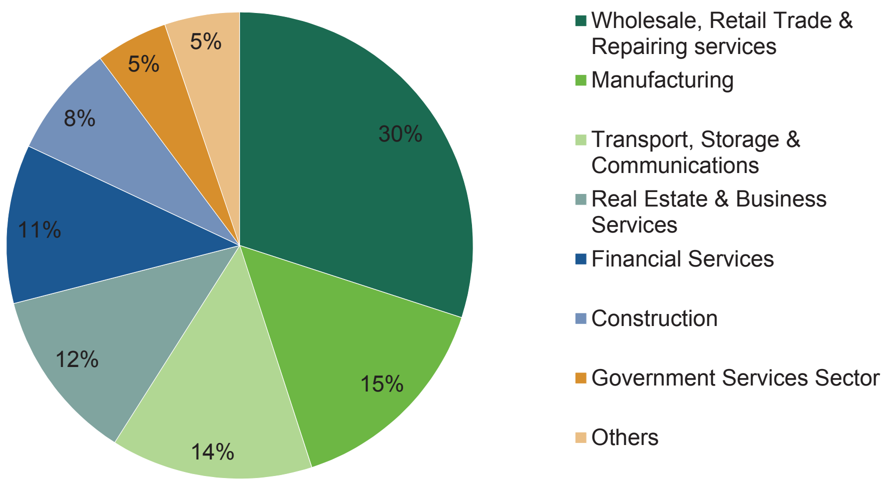
DUBAI REAL GDP BY OIL & NON-OIL SECTORS (2006 – 2012)



Source: Dubai Statistics Centre

In 2012, the wholesale, retail trade and repairing services sectors were the highest contributors to Dubai's GDP amounting to AED96.3 billion, representing a 30% share of GDP and registering a 2% increase year on year. The second highest contributor was the manufacturing sector which added AED48.8 billion, representing just over 15% of Dubai's GDP. This compared to AED43.2 billion in 2011. The third largest sector was the transport storage and communication sector which contributed AED45.7 billion accounting for 14% of the total GDP. The real estate and business services sector contributed AED39.8 billion in 2012, as compared to AED39.2 billion in 2011, accounting for 12% of the GDP of the emirate. The financial services sector contributed a total of AED35 billion in 2012 with a share of 11%, increasing 2% over 2011 figures.

DUBAI GDP CONTRIBUTION BY SECTOR AT CONSTANT PRICES (2012)

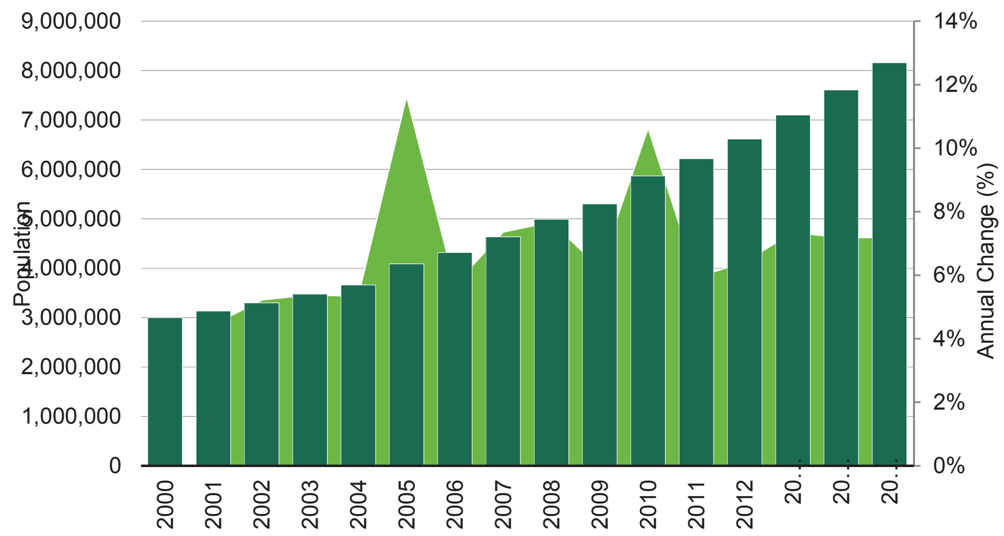


Source: Dubai Statistics Centre

UAE Historical Demographic Performance

Over the past decade the population of the UAE has increased by roughly 50% due to the influx of expatriate workers against the backdrop of rising economic activity in the country. Since 2000, the UAE population has expanded from 3.23 million to reach 6.6 million during 2012, representing an average annual growth rate of close to 6.8%.

UAE POPULATION GROWTH ESTIMATES (2000 – 2015)



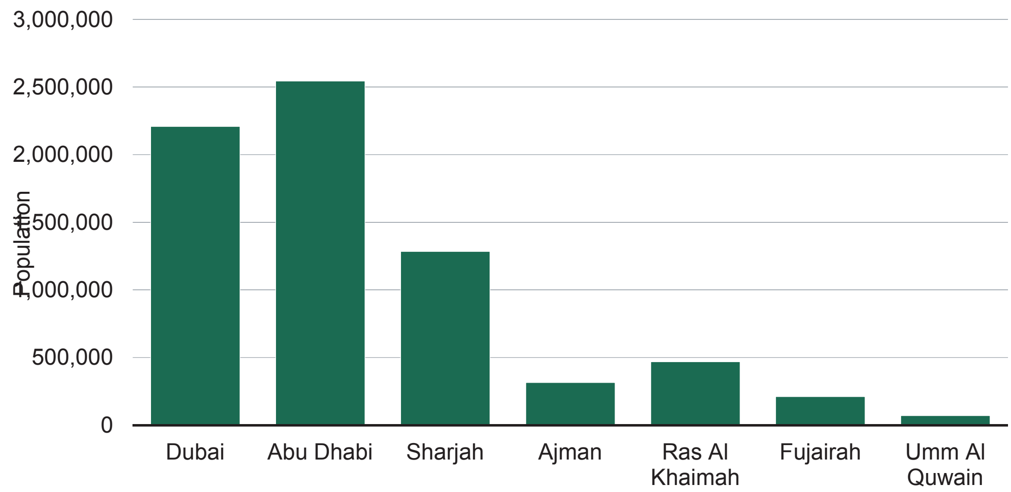
Note: Figures from 2000 to 2009 are from Ministry of Economy while figures from 2010-2012 are a combination of figures sourced from individual government agencies and CBRE estimates.

Note1: A UAE census was undertaken in the UAE during 2005 and in Abu Dhabi during 2010

Source: CBRE Research based on data sourced from different Government agencies

Approximately 74% of the UAE population is between the economically productive age group of 15 – 64 years, with 26% million residents in the dependent age groups (0-14 years and 65 & above).

UAE POPULATION BY EMIRATE ESTIMATES (2013)



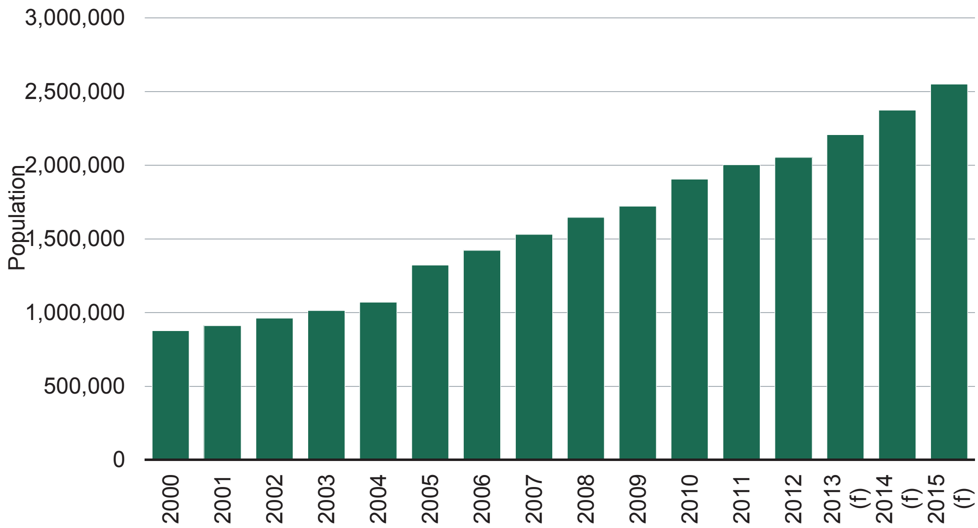
Source: CBRE Research based on data sourced from different Government agencies and estimations

Dubai Historical Demographic Performance

As with the UAE, Dubai's population has been growing steadily throughout the last decade with official population figures more than doubling since 2000. Since 2000, the total number of inhabitants has grown from 862,387 to an estimated 2.05 million at the end of 2012, averaging growth of over 8% per annum.

The population profile of Dubai has witnessed a considerable change over the past decade. Dubai's emergence and on-going popularity as a regional business hub within the GCC, has led to huge diversification of nationality and culture. Dubai's population growth has exceeded the country average over the past five years, and this trend is expected to continue going forward.

DUBAI POPULATION GROWTH ESTIMATES (2001– 2015)



Source: Dubai Statistics Centre & CBRE estimates

Dubai Property Laws

Among the seven emirates, Dubai currently has the most advanced and comprehensive property laws. Although, when compared to more mature markets, real estate laws in Dubai are relatively underdeveloped and will require further regulation in order to provide further safeguards, and to achieve higher levels of transparency.

Land Registration Law

The law relating to land registration in Dubai came into force on 1 April 2006 in the form of Law No.7 of 2006. Article 4 of the law states the right to own Real Property in the emirate shall be restricted to UAE and GCC nationals or companies owned in full by them and to public joint stock companies. Regulation No.3 of 2006 (as amended by Regulation No.1 of 2010) was subsequently published and provides that non-GCC nationals may be granted the following rights within specified plots in 23 designated areas in Dubai (additional areas have subsequently been added by the Dubai Ruler in 2010 and 2012). Pursuant to the Dubai "Land Department" policy, with effect from 1 January 2011, title to real estate in designated areas is only issued to companies registered onshore in Dubai or offshore in the Jebel Ali Free Zone:

- The right of freehold ownership without time restrictions; or
- Usufruct right or leasehold right over a Real Property for period not exceeding 99 years.

FREEHOLD LOCATIONS/PROJECTS IN DUBAI

Locations/Projects	Locations/Projects
Al Furjan	International City
Arabian Ranches	International Media Production Zone
Discovery Gardens	Jumeirah Beach Residence
Dubai Marina	Jumeirah Golf Estates
Business Bay	Jumeirah Lakes Towers
Dubailand	Jumeirah Park
Culture Village	Jumeirah Village
Dubai International Financial Centre	Lagoons
Dubai Waterfront	Meydan
Downtown Jebel Ali	Palm Jumeirah
Dubai Maritime City	Sheikh Mohammed Bin Rashid City
Downtown Burj Khalifa	Tecom C
Dubai Biotechnology & Business Park	The World Islands
Emirates Living (includes Emirates Hills, Springs, Meadows, Greens, Views)	

Source: CBRE Research

Escrow Law No. 8 of 2007

The Escrow Law relates to the escrow accounts of real estate developments and came into effect on 28 June 2007. The law applies to developers who sell off-plan and receive payments from investors or financiers before completion of the development. The law is designed to regulate payments to developers for off-plan units. It is now mandatory that funds received in relation to off-plan developments are administered through escrow accounts managed by financial institutions approved by the Land Department.

Off-plan Property Sales Law

Law No. 13 of 2008 is the law regulating the interim real estate register in the emirate of Dubai which regulates off-plan sales and mandates registration with the Land Department in Dubai. Under this law, all off-plan property sales in Dubai should be registered with the Land Department. Current RERA practice is understood to require 20% of the development to be built before Escrow is permitted or for an unconditional performance guarantee to be provided to RERA against 20% of construction cost before off-plan sales can begin.

Law No. 14 of 2008 requires all mortgages to be registered with the Land Department stipulating necessary details for registrations (e.g. size of the mortgage, value of the property being mortgaged, involved parties, repayment period and terms).

Condominium/Strata Law

Law No. 27 of 2007 came into effect on 1 April 2008. The law allows owners of units to own an 'undivided share' of common property within the development. Further, the law requires the creation of homeowner associations and sets the rules for maintenance of jointly owned property for places (e.g. lobbies and communal parks). The law also holds developers liable for building repairs and all remedial work required in resolving structural defects discovered within the property over a 10 year period from the date of issue of the completion certificate. In addition, developer liability extends to mechanical, electrical, sanitary and plumbing installations for the 12 months immediately following completion.

Rent Cap (Residential)

An update of the Dubai rent cap was issued in the form of Decree No.43/2013. According to the decree residential rental increases are to be set against average rentals as specified within the RERA index, details of which are stated below:

a) An increase of 5% if the current rent is 11-20% less than the average rent for similar property as per the RERA rent index;

b) An increase of 10% if the current rent is 21-30% less than the average rent for similar property as per the RERA rent index;

c) An increase of 15% if the current rent is 31-40% less than the average rent for similar property as per the RERA rent index; and

d) An increase of 20% if the current rent is greater than 40% less than the average rent for similar property as per the RERA rent index.

Rental Disputes Settlement Centre

Decree No. 26 of 2013 established the 'Rental Disputes Settlement Centre' which now forms part of the Land Department. The centre aims to facilitate the settlement of rental disputes for properties in Dubai and freezones within the emirate. However, the centre does not hold responsibility for the settlement of disputes that arise from financial leasing contracts or long-term rent contracts that fall under the provisions of Law No. 7 of 2006 concerning property registration in the emirate of Dubai.

Tanweer

One of the most significant laws to be proposed to date is 'Tanweer' which relates to the protection of real estate investors and developers. The regulation which has been prepared in direct consultation with industry professionals is currently in draft form awaiting approval. A summary of the main highlights of the regulation are provided below:

- Refund or replacement of a property in the case where an investor discovers a fundamental defect in the construction of the unit as well as financial penalties for late delivery;
- A contract would be considered null and void if the developer withholds information which may damage investors' interests;
- A statutory period of 10 working days from the date of signing the reservation form to cancel the contract; and
- Restricting investors/developers from selling or marketing properties prior to the registration of sale and purchase agreement with the Land Department.

Lease Terms & Payments

Retail: Average lease lengths in Dubai and the UAE are between 1-5 years. When leases come to an end, the law provides for a statutory right of renewal. In practice rents are typically paid yearly and are calculated on a square metre basis.

Landlords often request a security deposit (normally 1 to 3 month's rent) which is payable by the tenant as security for the performance of the tenants' obligations under the lease. The deposit is returned to the tenant on lease expiry, less any permitted deductions.

Agency fees typically range between 5-10% of the first year's rent, which is usually payable by the tenant.

Office: Typical lease terms are between 1-5 years. In some instances, tenants are now seeking to commit to longer leases of between 5-10 years, frequently with a tenant-only right to break at the end of the 3rd or 5th year. Rent is paid bi-annually or quarterly in advance, in the form of 2 or 4 post-dated cheques given at the start of the lease term.

Landlords often request a security deposit (normally 1 to 3 month's rent) which is payable by the tenant as security for the performance of the tenants obligations under the lease. The deposit is returned to the tenant on lease expiry, less any permitted deductions.

Agency fees typically range between 5-10% of the first year's rent, which is usually payable by the tenant.

Residential: Typical lease terms are for one year. When the lease comes to an end, the law provides for a statutory right of renewal by the tenant. Rent is paid annually, bi-annually or quarterly in advance, in the form of 1-12 post-dated cheques given at the start of the lease term.

Landlords often request a security deposit (normally 5-10% of the annual rent) which is payable by the tenant as security for the performance of the tenants obligations under the lease. The deposit is returned to the tenant on lease expiration, less any permitted deductions.

Agency fees typically range between 5-10% of the first year's rent, which is usually payable by the tenant.

Industrial: Typical lease terms are for 1-3 years. When the lease comes to an end, the law provides for a statutory right of renewal by the tenant. Rent is paid bi-annually or quarterly in advance, in the form of 2 or 4 post-dated cheques given at the start of the year.

Landlords often request a security deposit of around 5% of the annual rent from the tenant upon lease expiry to pay for any damages at the end of the lease term. The deposit should be returned to the tenant after deducting costs for any damages.

Agency fees are typically around 5% of the first year's rent, which is usually payable by the tenant.

Property Registration Fee

The Land Department has recently revised its fee structure for the registration of property (except industrial and warehouse properties) and includes registration of leasehold and usufruct interests. The law which came into effect on 6th October 2013, raised the fee to 4%, split equally between the buyer and the seller.

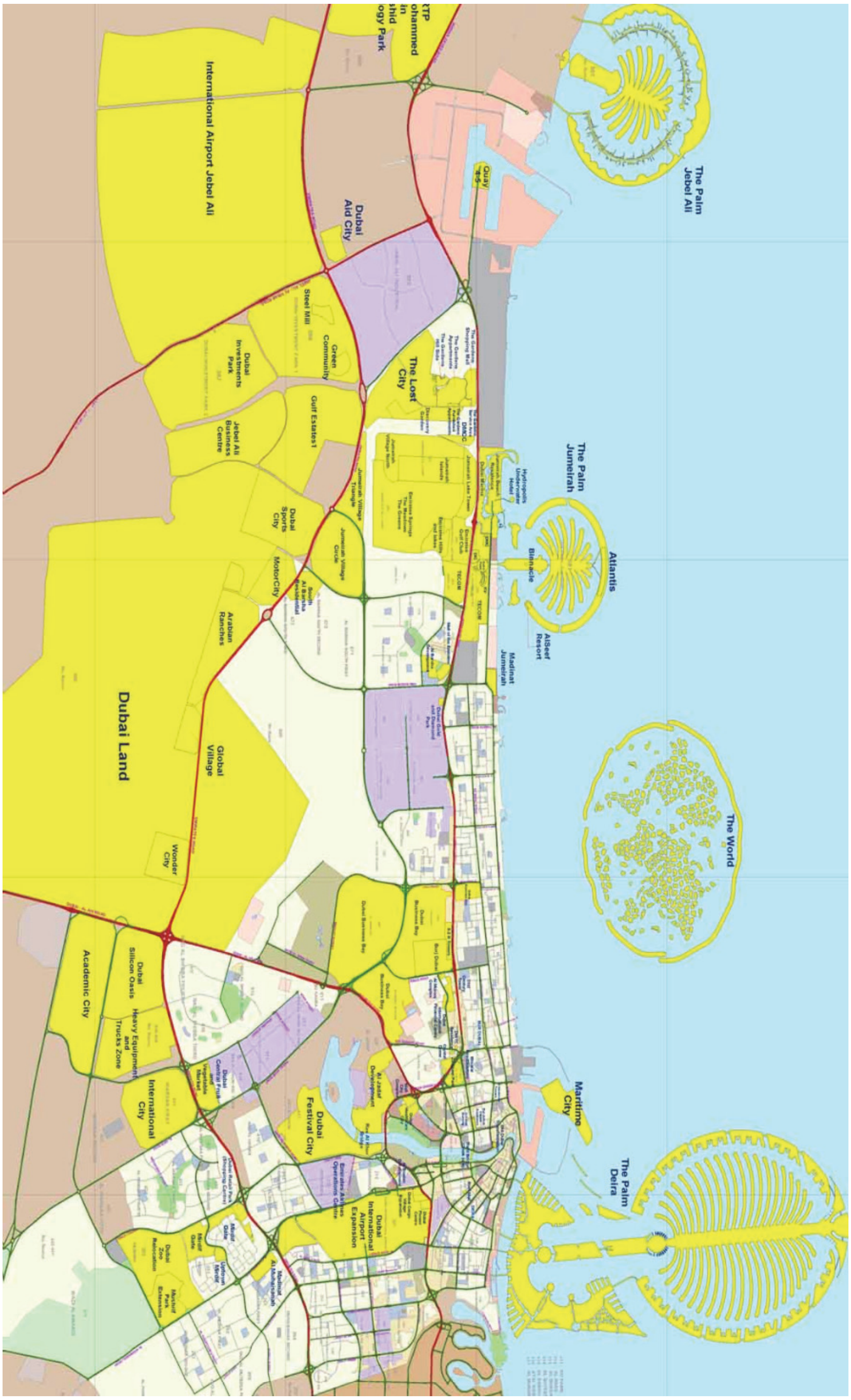
Dubai International Financial Centre

The Dubai International Finance Centre (DIFC), Dubai's financial freezone, is the only freezone in Dubai to have its own set of property laws which apply only to real estate in the DIFC. The primary property law in the DIFC is Real Property Law DIFC No. 4 of 2007 (DIFC Law 4). DIFC Law No. 4 introduced a new land registration system for the DIFC to guarantee freehold and leasehold (for a term of over one year) title to real property within the DIFC.

DIFC Law No. 4 is broadly based on the laws of England and Wales. The principal difference between ownership of real property in the DIFC and ownership of real property in Dubai generally is that non-UAE nationals are permitted to acquire freehold and leasehold interests in real property in the DIFC.

The DIFC has its own Real Property Register (and associated set of registration fees) and a Registrar who administers it. Similar to on-shore Dubai, registration of real property interests in the DIFC Property Register is conclusive evidence of ownership.

DUBAI PROJECTS MAP



Freehold areas

Source: Dubai Municipality

OFFICE MARKET OVERVIEW

Introduction

The Dubai office sector has emerged from the downturn over the last 18 months with stability found across the market. We have also seen a recovery taking place across certain sub-markets, including TECOM and the Central Business District (CBD) - which is categorised as between Trade Centre Roundabout and the First Interchange (including Emaar Square and excluding DIFC. However, the sector remains fragmented with individual properties and sub-markets performing somewhat independently from one another. This trend has been driven in part by a flight to quality which has led rents and occupancy rates to rise within the best quality buildings, as tenants have exploited favourable market conditions, securing attractive leasing deals in the best accommodations available.

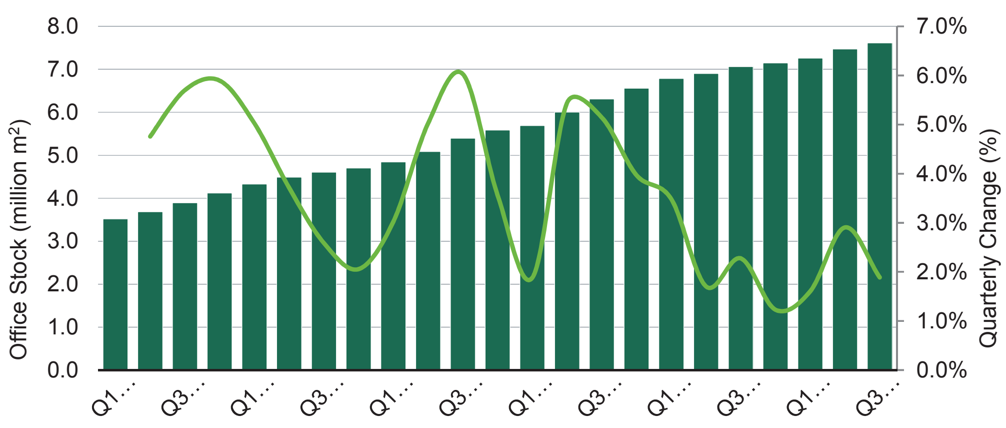
Good quality office developments around the CBD, the DIFC (managed portfolio) and some properties within TECOM area have historically attracted international corporates and local companies, by offering superior office products, complimentary facilities and amenities, and access to a more integrated commercial environment. During the last 18 months, this has resulted in the TECOM area seeing strong demand levels which in turn has led to rising occupancy rates throughout the development. Buildings managed by the TECOM Authority are now recording almost full occupancy and typically less than 5% vacancy rates. The performance of privately held properties in the TECOM area has been slightly lower with average vacancies of close to 20%, a figure that is still well below the Dubai office market wide average of 43%.

Office Stock

As of Q3, 2013, commercial office stock stands at close to 7.61 million m², rising from 7.06 million m² at the same point last year. This reflects an addition of 0.55 million m² and an increase of around 8% year on year. Since 2008, office stock has shown a CAGR of 18%, reflecting the massive level of construction activity that has taken place during the last 6 years. During this period, office inventory has nearly doubled, but despite the relative new age of much of the existing stock, the majority of office product would still not be regarded as being of genuine international Grade A quality.

In fact, a significant portion of all recently delivered office properties are compromised in some way, whether from inadequate parking, lack of on-site facilities, poor lift access, low ceiling heights or their strata ownership. The latter point in particular has made sourcing suitable office buildings a challenge for many large corporate organisations despite the current overhang of available space.

DUBAI OFFICE STOCK GROWTH (2008 – Q3 2013)



Source: CBRE Research

One of the most interesting dynamics that has emerged in the Dubai office market in recent years is differentiation made by large corporate occupiers between single ownership offices and multiple ‘strata’ style ownership. As of Q3 2013, 31% of the office inventory was designated as ‘strata’ title space. However this figure will increase significantly over the next three years as a huge influx of split ownership buildings are completed in areas such as Business Bay. The huge overhang of strata space within new freehold areas will constrain rental and occupancy growth for the least attractive office products and locations for years to come.

During the past year most office space has emerged from new master-planned developments such as Business Bay, Dubai Silicon Oasis, Jumeirah Lakes Towers (JLT) and the DIFC, with more limited inventory being completed within the older business districts around Deira, Al Garhoud and Bur Dubai.

NEW OFFICE SUPPLY (LAST 12 MONTHS)

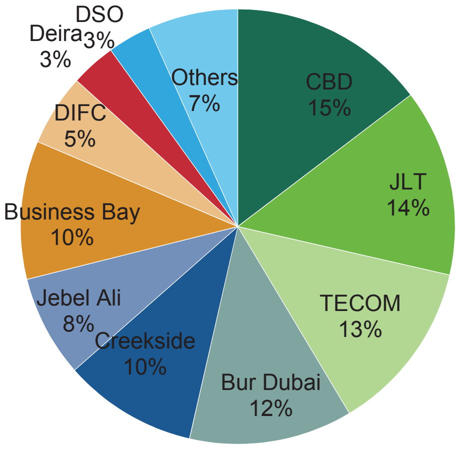
Sub-Market	New Office Supply (m^2)	New office Supply (%)
Business Bay	219,079	40%
Downtown Dubai	19,138	3%
Dubai International Financial Centre (DIFC)	62,445	11%
Sh. Zayed Road	124,822	23%
Dubai Silicon Oasis (DSO)	49,946	9%
Jumeirah Lakes Towers (JLT)	31,401	6%
Other Locations	40,818	7%

Source: CBRE Research

The CBD contributes around 15% of Dubai’s total office space. JLT which forms the Dubai Multi Commodity Centre (DMCC) freezone, offers 14% of the total existing office space with just over 1.0 million m² of space, most of which is impaired by its strata ownership title. During the period 2006-2008, most space in JLT was marketed on an off-plan basis with accommodation sold vertically and horizontally, with multiple owners across even a single floor. This makes it very difficult to lease a large office space to corporates.

Office accommodation from the prime DIFC development represents 5% of the total available supply, comprising 0.41 million m² of space. Ownership of office space in the DIFC is a mix of properties from the DIFC Authority, single held assets from private developers and strata titled accommodation. As a result, vacancy rates vary hugely dependant on the specific ownership structure of the asset and also the location within the community itself. The DIFC managed buildings, which include The Gate, The Gate Precinct and the Gate Village, are currently performing the best, whilst strata properties have the highest vacancy rates.

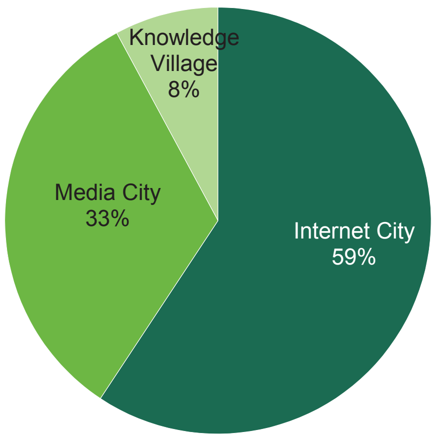
DUBAI OFFICE STOCK BY LOCATION (Q3 2013)



Source: CBRE Research

The TECOM area, which includes office space from Tecom A (Dubai Media City, Dubai Internet City, Knowledge Village), Tecom B, Dubai Outsource Zone and TECOM C, contributes 0.98 million m² of the total office supply and represents 13% of the total available space. Initial properties in the development were developed and owned by the TECOM Authority. Since then, private developers have had opportunities to develop and own properties in the area, resulting in the emergence of higher quality office space across a number of high rise towers. Total office space in the three sub-districts of Internet City, Media City and Knowledge Village measures 0.59 million m², with 59% from accommodation in Internet City, 33% from Media City, and the balance of the supply from Knowledge Village.

TECOM A OFFICE STOCK BY AREA – MEDIA CITY, INTERNET CITY & KNOWLEDGE VILLAGE (Q3 2013)



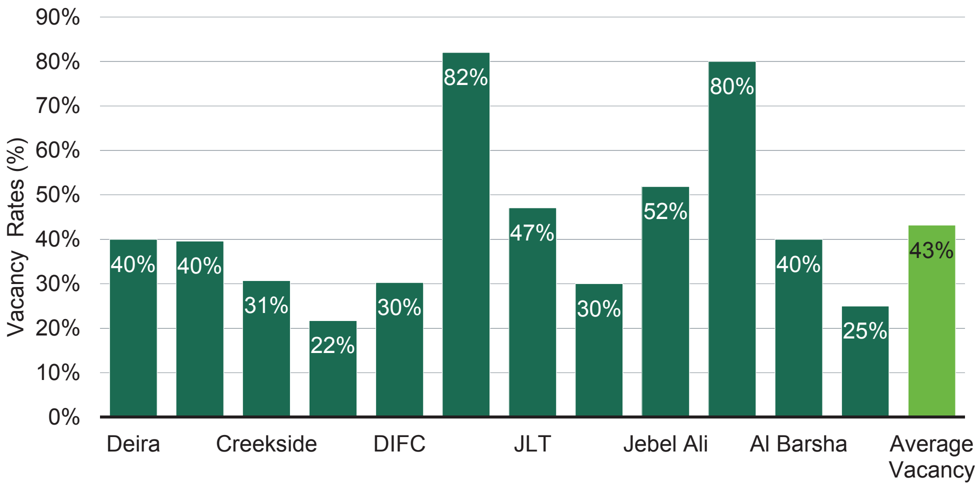
Source: CBRE Research

Office Vacancy Rates

The highest vacancy rates are currently seen in Business Bay, Silicon Oasis and the Jebel Ali/Dubai Investment Park areas due to the negative impacts of ownership structure (strata), distance/accessibility, building completion timing, inferior quality product, incomplete infrastructure, lack of facilities and amenities and on-going surrounding construction activities. Looking at the prevailing demand and volume of space under construction, average vacancy rates are likely to rise further during the course of the year.

Although the overall Dubai market is seeing a high headline vacancy rate, certain sub-markets are performing very well, reflecting the multiple tiered structure that has emerged. The level of performance is typically dictated by factors such as location, ownership title and the quality of individual properties.   This is highlighted by both the DIFC and TECOM freezones, where authority managed and single owned buildings are running at close to full occupancy, whilst strata buildings are struggling with high vacancy rates.

AVERAGE OFFICE VACANCY RATES BY SUB-MARKET AREA (Q3 2013)

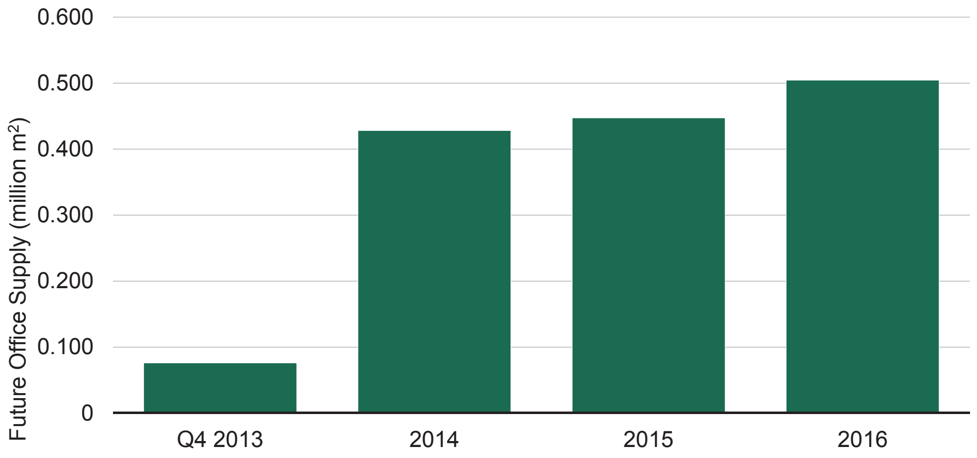


Source: CBRE Research

Office Development Pipeline

In total, close to 1.46 million m² of new office space is expected to be released into the Dubai office market from Q4 2013 through to 2016. On average Dubai will see the addition of 0.46 million m² of office space per year through 2014 to 2016. Looking at past trends we may expect that some of this supply will not come to market until 2017 as projects typically face delay.

OFFICE DEVELOPMENT PIPELINE (Q4 2013 – 2016)



Source: CBRE Research

Of the total 1.46 million m² of new office supply, around 45% is expected to be delivered in the Business Bay development. The Jebel Ali area, which includes the new Al Maktoum International Airport at Dubai World Central (DWC) and Dubai Investment Park (DIP) will contribute a further 22%. Areas with smaller contributions include TECOM and the DIFC with 6% each respectively, Dubai Silicon Oasis (DSO) with 5% and Jumeirah Lake Towers (JLT) with 4%. Other locations such as Dubailand, Meydan and non-freehold districts account for a combined 9% share of the total expected office supply.

OFFICE DEVELOPMENT PIPELINE BY SUB-MARKET AREA (Q4 2013 – 2016)

Sub-Market	New Office Supply (m^2)	New office Supply (%)
Business Bay	656,430	45%
Jebel Ali	321,644	22%
Other Locations	129,720	9%
TECOM	82,057	6%
Dubai International Financial Centre	81,080	6%
Dubai Silicon Oasis	74,358	5%
Jumeirah Lakes Towers	63,349	4%
Sh. Zayed Road	44,222	3%
Total Supply	**1,452,860**	**100%**

Source: CBRE Research

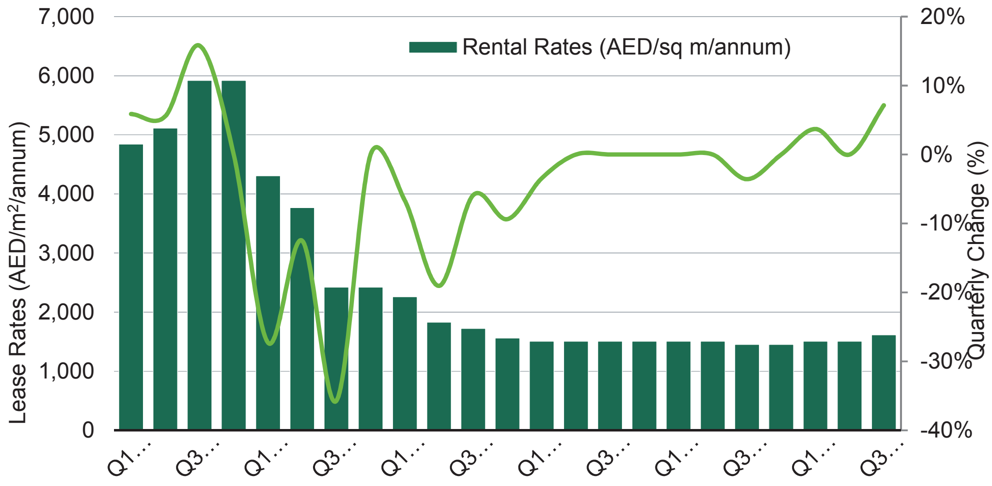
Over the past 12 months the market has seen the launch or re-launch of a number of office projects, including Dubai World Trade District (DTCD) Phase 1 that will be built close to the DIFC, One JLT which will be built in the DMCC freezone, and Bay Square in Business Bay. However, compared to other market sectors, new development activity has actually been comparatively low.

Office Rental Performance

In recent years the emergence of competitive rentals and delivery of better quality office spaces with dedicated facilities and amenities has encouraged the movement of tenants away from ageing properties, establishing a two-tiered market between new and old buildings and between the freezones and the historical business district. As such, office rentals have seen a polarised recovery with growth restricted to specific properties rather than a more universal market recovery.

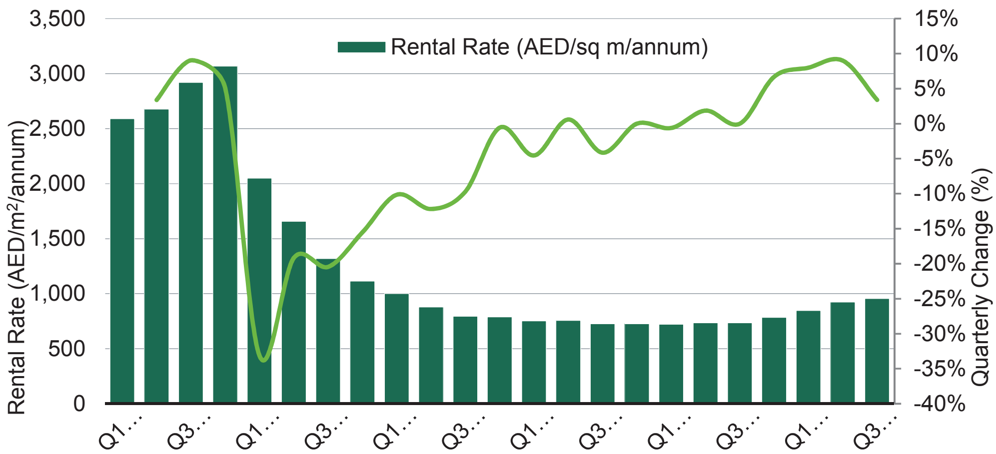
Average prime rental rates within the CBD area, but outside of the DIFC district, currently average around AED1,615/m²/annum, although some superior buildings, including the Emirates Towers, Emaar Square and the adjacent One Financial Tower, are able to command notably higher lease rates of AED2,000/m²/annum and above.

AVERAGE PRIME RENTAL RATE MOVEMENTS FOR CBD OFFICES (Q1 2008 – Q3 2013)



Source: CBRE Research

AVERAGE RENTAL RATE MOVEMENTS FOR SECONDARY OFFICES (Q1 2008 – Q3 2013)

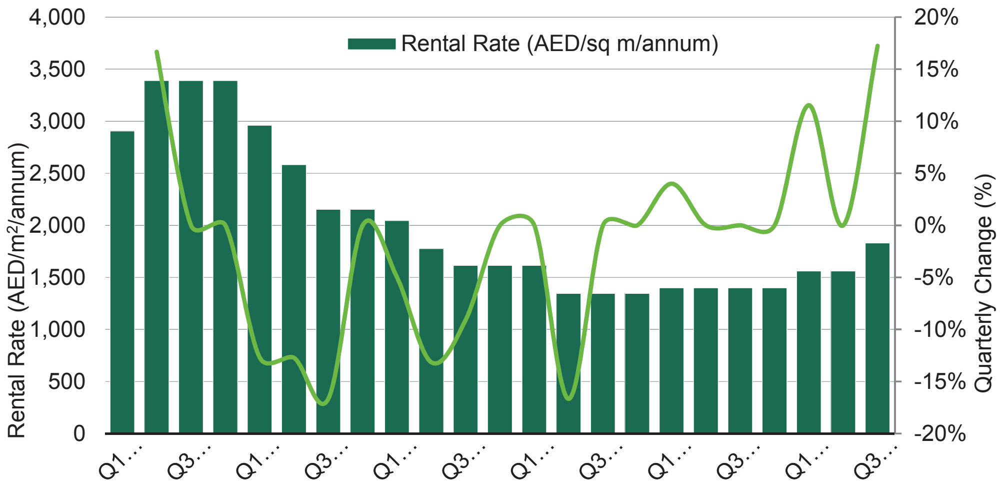


* Secondary locations include: Jumeirah Lakes Towers, Business Bay, TECOM C, Bur Dubai, Oud Metha & Al Barsha

Source: CBRE Research

Rental rates in TECOM managed buildings are governed by the TECOM Authority that controls the rents charged in the freezone matrix rather than rentals being governed by normal market forces. Current rentals range between AED1,185-1,720/m²/annum, against rates of AED1,600-2,050/m²/annum for offices within the privately managed buildings. Looking at current demand levels, high occupancy rates and the lack of pipeline supply in the TECOM area, we can expect to see rising rental rates for privately managed buildings over the next 12 months.

AVERAGE RENTAL RATE MOVEMENT FOR PRIVATELY MANAGED TECOM BUILDINGS (Q1 2008 – Q3 2013)



Source: CBRE Research

Office Market Outlook

The market is currently experiencing oversupply with delivery of new inventory comfortably outstripping demand. With around 1.46 million m² of new office supply set to be completed by the end of 2016, this trend appears likely to continue. However, whilst overall market vacancy is growing, demand for prime spaces is also rising. This is being driven by a realisation that premium products are actually already in quite short supply and the re-emergence of rental growth for good quality assets.

The fragmented nature of the Dubai market will see sustained divergence in both rents and occupancy rates, with the performance of individual sub-markets and properties dictated by occupier demand.

We expect to see a number of major leasing acquisitions completed over the next 24 months (for existing and new builds) as corporate occupiers try to secure new premises before the market rises further. Single occupancy developments will continue to set prime rates and will also see the strongest demand as issues with fractional ownership remain a barrier to occupation.

The award of the Expo 2020 should have a positive impact on the office market with rising corporate demand anticipated. We also expect to see new companies arriving in the emirate, specifically looking to service Expo related requirements, including major new infrastructure projects and other planned real estate developments.

Introduction

The retail sector has been one of the UAE's key success stories in recent years, buoyed by a rapidly expanding tourism market and underpinned by visa availability, air connections, hotel availability and the presence of major regional malls that offer access to an abundance of internationally recognised brands. According to the 2012 edition of 'How Global is the Business of Retail', the UAE ranks second only to the UK based on the number of international and domestic retailers present. In terms of ranking by city, Dubai ranks second with 53.8% of all retailers in the survey, while London holds first place attracting 55.5% of all retailers.

Future performance of the retail market will be largely dependent on three key factors; tourism growth, the rising expatriate workforce and further expansion of the economy. Together these dynamics drive the market and create additional demand for retail space.

Visitor Numbers

The positive impact of tourism growth has also been fundamental in the expansion of the UAE retail industry, with Dubai at the forefront of expansion over the past ten years. Dubai's retail growth has manifested in tandem with extensive marketing of the emirate by Dubai Tourist Commerce Marketing (DTCM) and through other successful initiatives such as Dubai Shopping Festival and Dubai Summer Surprises, which have helped to establish a retail tourism niche that attracts a large number of regional and international tourists each year. According to the World Travel and Tourism Council (WTTC) report on the economic impact of tourism, the direct contribution of Travel & Tourism to the UAE's GDP during 2012 was AED89.7 billion, accounting for 6.6% of the total GDP. Travel & Tourism also generated 158,500 jobs directly amounting to 4.7% of total employment. The figure is forecast to grow by 3.8% during 2013 to reach nearly 165,000 jobs and by 4.1% annually over the next 10 years so that by 2022 the industry will account for 245,000 jobs.

Dubai's tourism continues to experience impressive year on year growth, with more than 10 million visitors to the emirate last year, a 9.3% increase over 2011. Guest nights also grew significantly, rising 14% from 32.8 million to 37.4 million in 2012. Visitors from Saudi Arabia remain the key source of visitors with a remarkable 30% growth over 2011 figures. During H1 2013, circa 5.5 million tourists visited Dubai reflecting 11% growth from the same period last year. The top ten tourism source markets remained the same as those for the first half of 2012, with Saudi Arabia, India, UK, USA, Russia, Germany, Kuwait, Oman, China and Iran making up the top ten. Saudi Arabia remains the primary source market and reflected the highest growth in visitor arrivals at 31.6%, which translates to 710,472 tourists. Australia (ranked 13th in terms of source markets) also recorded a sizeable increase in visitor numbers, rising 24%. This is seen a direct result of the positive impact of increased flight volume resulting from the recent partnership between Emirates Airline and Qantas.

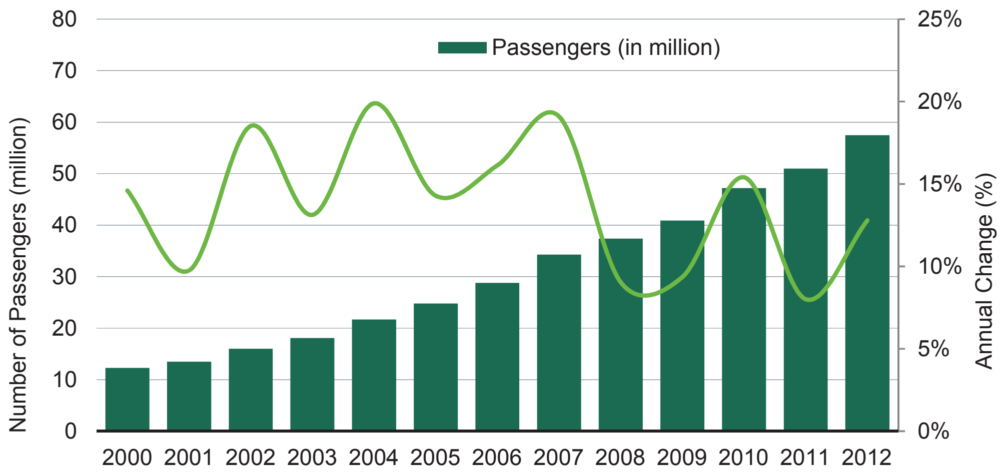
HOTEL GUESTS BY NATIONALITY (H1 2013)			
Origin	**H1 2013 Total**	**H1 2012 Total**	**Annual Growth (%)**
Other Arab Countries	478,912	386,765	23.8%
Australia	131,202	109,348	20.0%
South America	61,066	51,743	18.0%
GCC	1,672,084	1,436,742	16.4%
Europe	1,505,646	1,365656	10.3%
Africa	278,613	259,208	7.5%
Far East Asia	360,473	336.057	7.3%
South Asia	795,108	784,366	1.4%
North America, Canada & Mexico	300,273	297,338	1.0%
Total	**5,583,377**	**5,027,223**	**11.1%**

Source: DTCM

Dubai Airport

Dubai International Airport (DXB) is currently ranked as the fourth busiest airport in the world in terms of international passenger traffic and last year more than 57 million passengers travelled through the airport, where 150 airlines service 220 destinations across six continents. Led by the success of Emirates Airline, the world's fastest-growing airline, Dubai's International Airport is now poised to possibly be the world's busiest international airport by 2015. Growth in Dubai's hotel room nights in recent years has been underpinned by robust and sustained passenger growth, with the emirate becoming a major stopover destination route to Australasia and North and South America, as well as a global tourism destination in its own right. Between 2002 and 2012, passenger arrivals have increased from 16 million to 57.5 million, at a CAGR of 14% per year during this period.

DUBAI INTERNATIONAL AIRPORT TRAFFIC (2000 – 2012)



Source: Dubai Airport website/Dubai Statistics Centre/CBRE

Retail Space and Future Supply

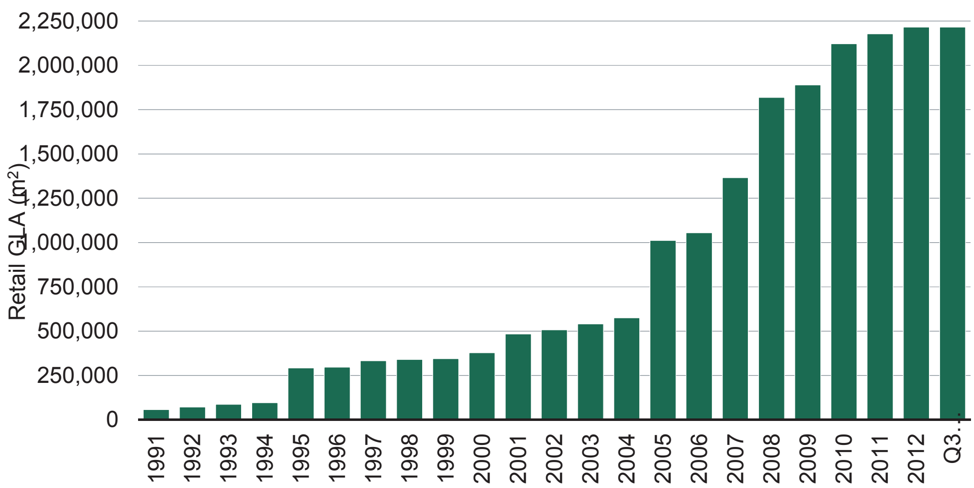
It is estimated that consumer spending accounts for approximately 70% of all economic activity in Dubai and as such retail sales have become an important indicator of economic health. Shopping centres constitute the major retail format in the UAE, accounting for approximately 60% of all retail space, with most centres located in either Dubai or Abu Dhabi.

Until 1994, retail space in Dubai registered less than 100,000 m², with much of this stock concentrated within traditional souks and small community and neighbourhood style retail centres, and typically located within densely populated residential areas around Deira and Jumeirah. The only major retail mall until this time was Al Ghurair City located in the Rigga area. In 1995 the entry of two large scale malls, in the form of Deira City Centre (Deira) and Burjuman Centre (Bur Dubai), became influential in transforming retail behaviour in the country as consumers attitudes towards mall based shopping experiences began to evolve.

Retail stock has seen very little growth during the past three years with no major mall entering the market during this time. Dubai's retail stock currently measures 2.2 million m² of gross leasable area (GLA) with an addition of just 93,000 m² since 2011.

The largest shopping malls by size are Dubai Mall, Mall of Emirates, Festival City, Mirdiff City Centre, Deira City Centre and Ibn Battuta Mall, which amongst them account for around 1.2 million m² of GLA and roughly 55% of the total organised retail supply. This figure will see an increase over the next three years as Dubai Mall and Ibn Battuta Mall undergoing expansion programs scheduled resulting in the addition of a further 90,000 m² and with Mall of Emirates to embark on a partial refurbishment, which will include new fashion and entertainment areas.

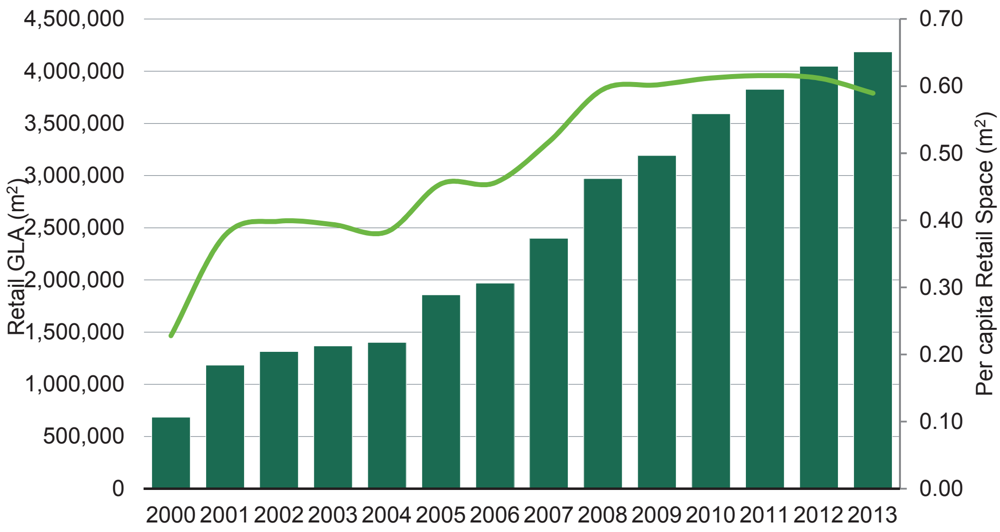
EVOLUTION OF DUBAI'S ORGANISED RETAIL SPACE GROWTH (1991 – Q3 2013)



Source: CBRE Research

As of 2013, overall per capita retail space in the UAE amounted to 0.59 m^2 (6.35 ft^2) per person, with Dubai contributing the largest volume of space. The emirate is also ranked first in per capita terms with 1.01 m^2 (10.87 ft^2) per person.

EVOLUTION OF UAE'S PER CAPITA RETAIL SPACE GROWTH (2000 – 2013)



Source: CBRE Research & Various Government Sources

In recent years, there has also been a notable rise in the supply of retail space from within mixed use facilities, with an increasing number of major mixed-use projects being developed in the emirate. In general, these facilities do not attempt to compete directly with the major malls rather they offer a more focussed retail offer that caters to demand from within the development and its surrounding areas.

PER CAPITA RETAIL SPACE – SELECTED DEVELOPMENTS ASSUMING FULL OCCUPANCY

Development	Office (m^2)	Retail (m^2)	Office Space per Worker (m^2)	Working Population	Per Capita Retail (m^2)
DIFC (Private)	184,766	23,410	12	15,397	1.52
DIFC (Authority Owned)	157,935	22,000	12	13,161	1.67
Emaar Square, Downtown Dubai	152,826	8,500	12	12,736	0.67
The Galleries, Downtown Jebel Ali	73,300	6,400	12	6,110	1.05
The Boulevard, Emirates Towers	40,000	13,000	12	3,300	3.9
Total/Average	**608,827**	**73,310**		**50,704**	**1.76**

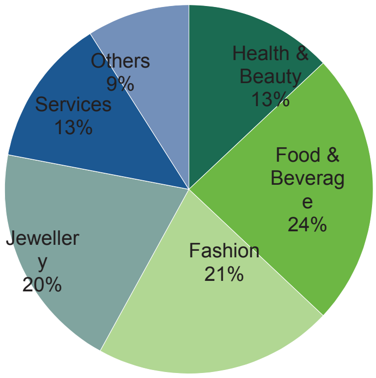
*The table above does not constitute current occupancy rates but shows the potential

Source: CBRE Research

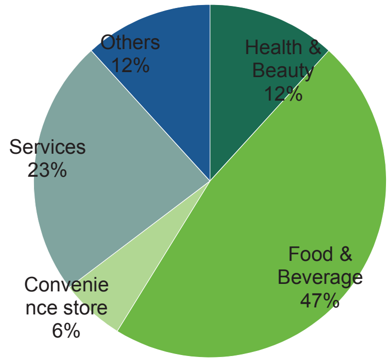
The retail mix within these mixed-use schemes tends to be comparatively narrow, focusing on meeting the day to day needs of the local population as opposed to attracting outside demand. This results in a retail mix that is orientated towards F&B and service based offerings.

RETAIL MIX

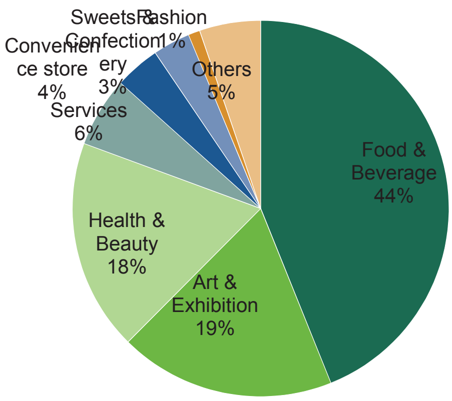
The Boulevard (Emirates Towers)



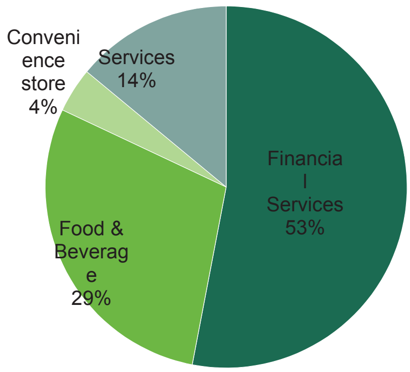
Emaar Square (Downtown Dubai)



Gate Complexes (DIFC)



The Galleries (Downtown Jebel Ali)



Around 492,000 m^2 of new retail GLA is expected to be handed over in the Dubai market during the period 2013–2017. Of the total supply, roughly 26% (126,840 m^2) is categorised as expansion space from existing malls whilst 74% (365,160 m^2) will emerge from new malls and retail centres.

FUTURE RETAIL SUPPLY (2013 – 2017)				
Shopping Mall	**Developer**	**Location**	**GLA (m^2)**	**Exp. Completion**
Al Ghurair City (Expansion)	Abdullah Al Ghurair Group	Rigga Road, Deira	34,839	Q4,2013
The Avenue – Phase 1	Meraas	Al Wasl Road	13,000	Q4,2013
The Beach	Meraas	Jumeirah Beach Residence	15,000#	2015
Dubai Mall (Exp.)	Emaar	Downtown Dubai	75,000	2015
The Pointe	Nakheel	Palm Jumeirah	136,000	2016
Ibn Battuta Mall (Exp.)	Nakheel	Jebel Ali area, Sh.Zayed Road	17,000	2016
The Palm Mall	Nakheel	Palm Jumeirah	160,000	2017[1]
Agora Mall	ARJ Group	Jumeirah	21,164	2017[1]
The Outlet Village	Meraas	Al Khail-Umm Suqeim Intersection	20,000	2017[1]
Mall of Arabia	I & M Galadari Group	Dubailand	371,600	On Hold
TOTAL			**492,003**	

CBRE estimates

Source: CBRE Research

Retail Occupancy Rates

Overall occupancy levels within the mega, super-regional and regional sized malls remain exceptionally high at over 90%, whilst those within smaller community and neighbourhood centres are found to be lower at around 85%. One of the main impacts of the financial crisis upon the local retail market was the widespread movement of tenants towards higher footfall mall formats, which came about to the detriment of strip retail facilities, mixed use properties and other non-mall formats. In part, this was a consequence of their size and also the more limited appeal of their retail offering. This resulted in an extensive repositioning of the sector with smaller retail centres typically changing their focus towards the local community, moving away from high end fashion and luxury brands and instead refocusing on the lower price point items, F&B and services.

MAJOR SHOPPING MALLS OCCUPANCY LEVELS (Q3 2013)		
Shopping Mall	**Retail GLA (m^2)**	**Estimated Retail Occupancy Rate**
The Dubai Mall	350,245	98%
Mall of the Emirates	230,500	99%
Mirdiff City Centre	196,000	95%
Deira City Centre	115,000	98%
Ibn Battuta Mall	110,050	91%

Source: CBRE Research

Demand for retail facilities within the commercial complexes emanates predominantly from the local population. Occupancy levels across these components will consequently have a significant influence on retail occupancy, with some retailers choosing to wait until other components are occupied before they will look to open their own facilities.

Occupancy rates across retail in mixed-use developments are typically lower than the major malls, averaging 80% across the selected developments. The highest occupancy rates are for spaces at the DIFC spread across The Gate, Gate Village and the Gate Precinct buildings. The prevalence of low vacancy rates in the DIFC's retail facilities are linked to the high occupancy rates in the office component, with office employment the main driver of demand. That said, the high quality F&B offerings, also provide significant appeal to outside customers during the office day, in the evenings and at the weekends. Within the retail developments analysed, the worst performing retail components was found to be in The Galleries in the Downtown Jebel Ali masterplan. The development is currently achieving occupancy levels of around 56%.

MAJOR MIXED-USE OCCUPANCY LEVELS (Q3 2013)

Development	Retail GLA (m^2)	Estimated Retail Occupancy Rate
The Boulevard	13,000	84%
Gate Complexes	22,000	92%
Emaar Square	8,500	89%
The Galleries	6,400	56%

Source: CBRE Research

Retail Rental Performance

The Middle East retail market is dominated by a select number of large trading families and franchise groups, each holding multiple brands in their portfolio which affords them significant bargaining power when negotiating with landlords. Key names in this category include groups such as Al Tayer, AlShaya, Azadea, Apparel, Landmark and Al Hokair Group. Of the 21 retail groups analysed as part of the 'How Global Is Retail' report, it was found that around 281 international brands were being handled by just seven retail groups within the GCC countries. This averages out to over 40 brands per group and shows the extent of their market dominance. As well as the franchise holder, rental rates are found to vary considerably by the size of retail outlet, location and type of offering.

TYPICAL RENTAL RATES BY SHOPPING MALL TYPE (Q3 2013)

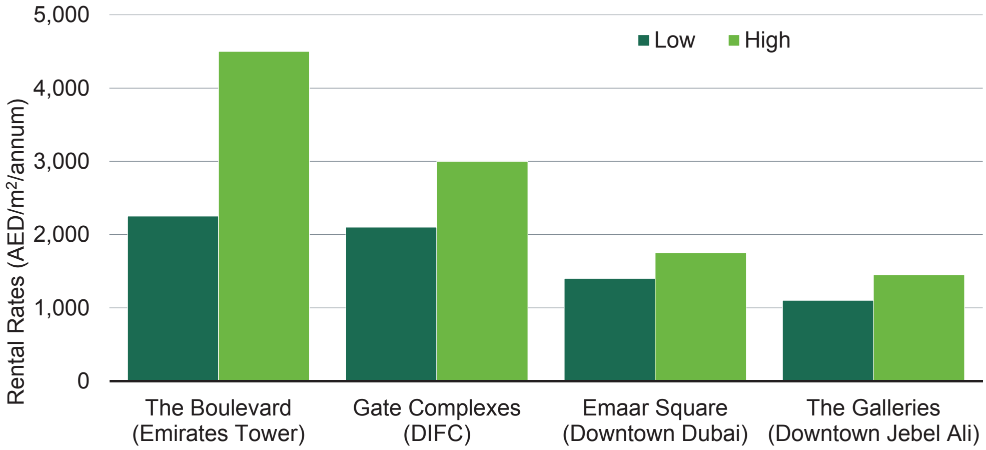
Shopping Mall Type	Line Shop (AED/m^2/annum)	Food Court (AED/m^2/annum)	Anchor (AED/m^2/annum)
Mega Malls	3,000 – 6,000	8,000 – 12,000	1,000 – 2,000
Super Regional Malls	2,000 – 6,000	7,000 – 11,000	500 – 2,000
Regional Malls	2,000 – 4,500	5,000 – 8,000	400 – 1,500

Source: CBRE Research

Rental rates for retail space in mix-used developments are typically lower than in similar mall facilities, ranging from AED1,100-4,500/m^2/annum (inclusive of service charge). The highest rentals are commanded by the Boulevard at Emirates Towers which ranges from AED2,250-4,500/m^2/annum and the DIFC (Gate Complex) DIFC which is achieving rates in the range of AED2,100-3,000/m^2/annum. Projects such as The Galleries in Jebel Ali is charging only a fraction of these rates, due principally to the lower levels of demand in the form of footfall and sales which ultimately governs where rents are set. The entry of new mega malls in Dubai from 2008 onwards exerted huge deflationary pressures to the rents of many mixed-use projects, strip malls and community centres, and that is reflected in the growing disparity between high footfall mall concepts and other retail facilities.

Lease rates across retail developments are quoted inclusive of service and community charges, with utility costs borne by the tenant. Service charges typically range from AED210-1,100/m^2/annum and amongst the four developments discussed in the previous section, the highest are for space in The Boulevard at Emirates Towers which range between AED1,000-1,100/m^2/annum, followed by DIFC wherein the service charges range between AED215-250/m^2/annum.

RENTAL RATES IN SELECTED RETAIL DEVELOPMENTS (Q3 2013)



Source: CBRE Research

Retail Market Outlook

Major retail destinations in Dubai are managing to maintain strong performances, both in terms of occupancy and rental rates. However, there does appear to be greater pressure on non-mall retail formats, with higher vacancy rates prevalent across the market. With tourism growth anticipated to continue on the back of an expanding tourism market, the outlook for organised retail looks to be strong.

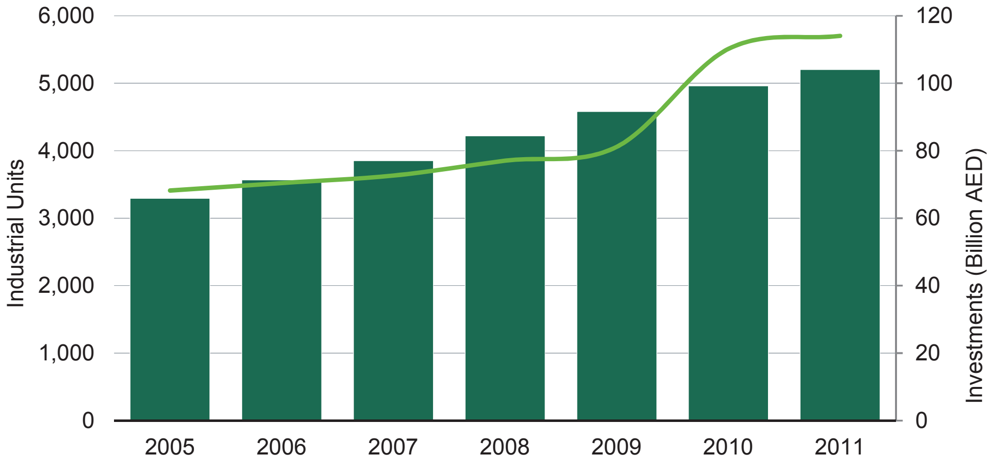
Introduction

The diversification strategy promulgated by the UAE Government, in order to reduce dependency on hydrocarbon revenues has paved the way for widespread development in the industrial sector. The location of the UAE as a central point between the east and west, the tax free environment, the initiation of freezones, investor friendly laws, and an ease of availing finance, have also been instrumental in developing the sector.

Industrial Growth

Ministry of Economy registered manufacturing establishments have increased from 3,294 units in 2005 to 5,201 units in 2011, representing a CAGR of around 7.9%. When analysed by individual emirates, the highest concentration of industrial firms is found to be Dubai which accounts for 2,062 firms and constitutes 40% of the total UAE firms. This is followed by Sharjah with 1,495 units (29%) and Ajman with 770 units (15%). In terms of their industrial focus, Dubai and the Northern Emirates are concentrated on small and medium scale industries, while neighbouring Abu Dhabi is far more focussed on the heavy industries.

UAE INDUSTRIAL INVESTMENTS & UNITS GROWTH (2005 – 2011)



Source: Industrial Sector, Ministry of Economy

As a result of Abu Dhabi's buoyant petrochemical industry and activities related to its by-products, Abu Dhabi sees the bulk of all industrial investment, receiving a total of AED66.78 billion in 2011, accounting for 59% of the country's total. The second highest recipient is Dubai which saw an investment of AED25.13 billon (22% of the total).

INDUSTRIAL SECTOR INVESTMENT BY EMIRATE (2005 – 2011)							
Emirate	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Abu Dhabi	38,552	38,614	38,922	39,809	41,933	66,013	66,781
Dubai	15,112	16,341	17,115	18,942	19,709	23,587	25,135
Sharjah	3,732	3,897	4,039	4,288	4,836	5,436	5,522
Ras Al Khaimah	3,191	3,662	4,118	4,948	5,382	5,558	5,946
Ajman	1,283	1,435	1,497	1,549	1,579	1,674	1,697
Umm Al Quwain	438	466	483	499	595	603	603
Fujairah	5,915	6,009	6,462	7,010	7,131	7,318	8,368
Total	**68,223**	**70,424**	**72,636**	**77,045**	**81,165**	**110,189**	**114,052**

Note: All figures in million Dirhams

Source: Industrial Sector, Ministry of Economy

Investments into Dubai's industrial sector originate predominantly with the local residents, with investments totalling AED25.13 billion, reflecting 87% of the total. This is followed by GCC nationals with a share of 7%, with foreign investment standing at just 6%. The Dubai government has devoted significant resources to help establish new industrial zones, diverting activity from historic industrial areas which were nearing their capacity. The emergence of new developments such as Dubai Investment Park, Dubai Industrial City, Techno Park and Dubai World Central has since provided a better platform for local investors to tap into the sector.

The UAE industrial market has a varied focus that differs from emirate to emirate across both light and heavy industries. This is also the case for investment into the industry, with Dubai seeing the largest investment into its Basic Metallic Mineral product sector, whist the UAE as a whole sees the greatest investment into the Food, Beverage and Tobacco sector.

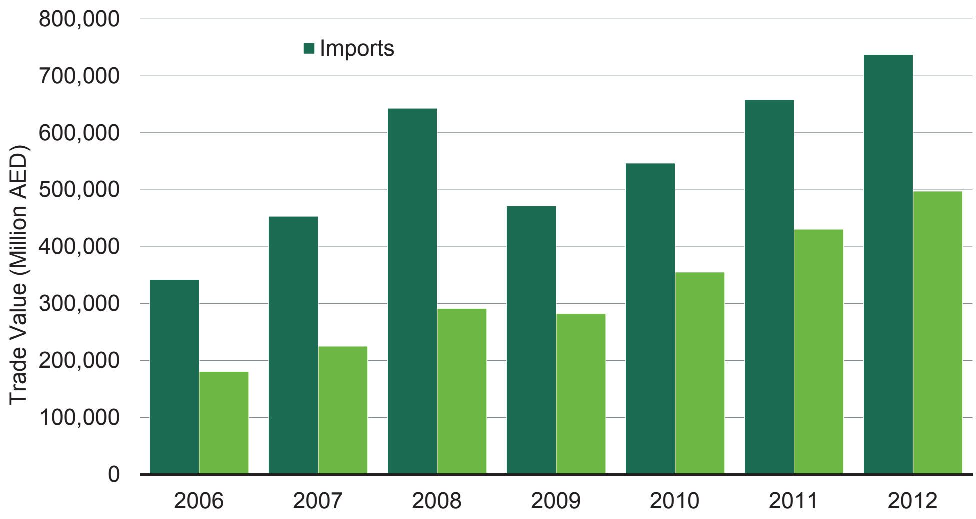
DUBAI INDUSTRIAL SECTOR INVESTMENT BY SECTOR (2011)		
Sector	**Investment (AED million)**	**% Share**
Basic Metallic Mineral Products	6,336	25.2%
Fabricated Metal & Equipment	6,155	24.5%
Non-metallic Mineral Products	4,426	17.6%
Food, Beverage & Tobacco	3,191	12.7%
Chemical & Plastic Products	2,952	11.7%
Paper products, Printing & Publishing	1,063	4.2%
Wood products including Furniture	605	2.4%
Textile, Wearing Apparel & Leather	265	1.1%
Other Manufacturing Industries	142	0.6%
Total	**25,135**	**100%**

Source: Industrial Sector, Ministry of Economy

UAE & Dubai Foreign Trade

During 2012, the foreign trade value (Imports, Exports & Re-exports) in the emirate stood at AED1,235 billion compared to AED1,089 billion in 2010, representing an increase of around 13% year on year. Of the trade value in 2012, around 60% comprises imports and the balance is contributed through both exports and re-exports. During the past six years exports and re-exports from Dubai have close to tripled, rising AED180 billion in 2006 to reach AED498 billion in 2012, growing at a CAGR of 18% during this period.

DUBAI TRADE STATISTICS (2006 – 2012)



Source: Dubai Statistics Centre

Industrial Stock

The total size of Dubai's industrial areas is estimated at around 200 million m^2 spread across 15 different industrial estates. The Jebel Ali Freezone, Dubai Industrial City and Dubai Investment Park dominate overall supply with a share of 55% of all space in the emirate.

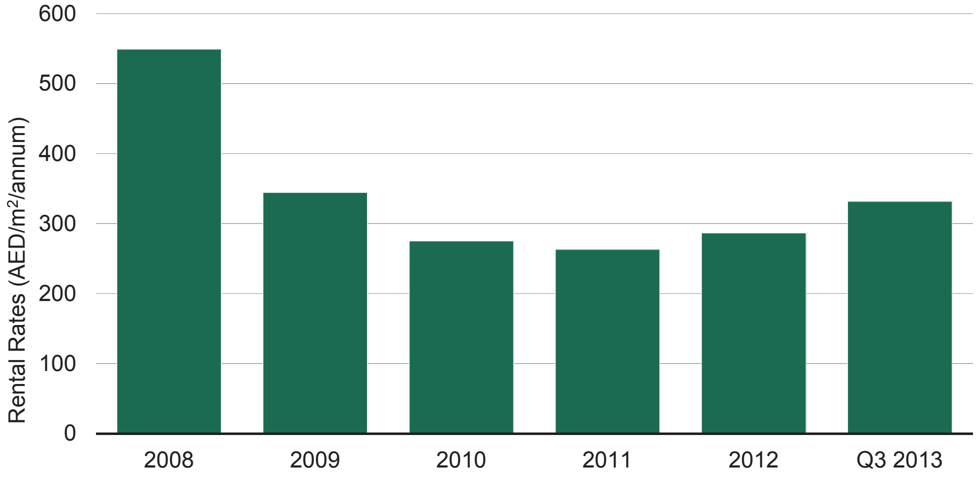
INDUSTRIAL LOCATIONS IN DUBAI		
Industrial Estate	**Operating Status**	**Industry Focus**
Dubai Investment Park	Onshore	Small-medium industry, processing units, assembly units, logistics
Dubai Industrial City	Onshore	Medium industry, processing units, assembly units, logistics
Jebel Ali Freezone	Offshore	Small-medium industry, processing units, assembly units, logistics
Technopark	Onshore/Offshore	Medium-large industry, assembly units
Dubai Logistics City	Onshore/Offshore	Small-medium industry, processing units, assembly units, logistics
Dubai Airport Freezone	Offshore	Logistics
Al Quoz Industrial Area	Onshore	Logistics, storage, small scale industries
Ras Al Khor Industrial Area	Onshore	Logistics, storage, small scale industries
Jebel Ali Industrial Area	Onshore	Logistics, storage, small scale industries
Al Aweer Industrial Area	Onshore	Logistics, Cold storages
Al Qusais Industrial Area	Onshore	Logistics, storage, processing units
Umm Ramool Industrial Area	Onshore	Logistics, storage
Al Safa Industrial Area	Onshore	Processing units
Al Khubaisi Area	Onshore	Logistics, storage
Nad Al Hamar area	Onshore	Logistics

Source: CBRE Research

Industrial Rental Performance - Warehouses

Until 2007, warehouse rental rates ranged typically between AED300-430/m^2/annum with the exception of Al Qusais Industrial Area. However, between 2007 and 2009, lease rates in Dubai experienced growth, climbing to reach rates as high as AED485-860/m^2/annum. As with other real estate segments, the industrial sector also witnessed a sharp drop against the economic slowdown, with weaker demand from existing tenants as well as increased supply negatively impacting performance. On average, rental rates dropped by around 39% from the peak, although rentals and occupancy rates are starting to climb again. As of September 2013, average lease rates for warehousing units range between AED210-430/m^2/annum, reflecting an increase of 16% over the past 12 months.

AVERAGE WAREHOUSE RENTAL RATES (2008 – Q3 2013)

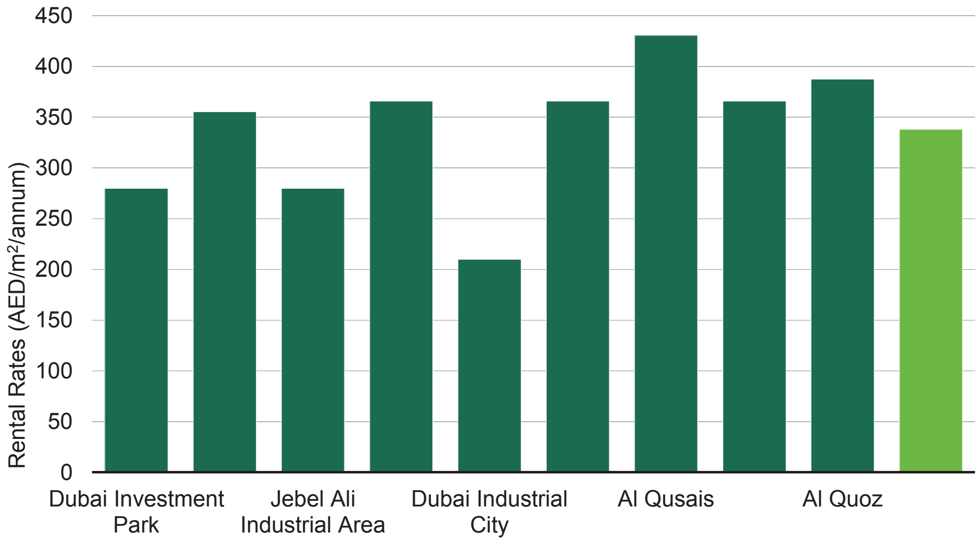


Source: CBRE Research

The highest rental rates are currently achieved for warehouse units in Dubai Airport Freezone (DAFZA) at AED1,080/m^2/annum. Limited availability and high demand from sectors such as logistics and the aerospace industry are driving rates higher. Within the on-shore industrial areas, the highest rental rates are found for warehouse units in the Al Qusais Industrial area followed by Al Quoz Industrial area. Current rental rates in Al Qusais range between AED380-485/m^2/annum while the in Al Quoz they range between AED345-430/m^2/annum.

The lowest rental rates are found for properties in Dubai Industrial City (DIC). Warehouse units in DIC that were being leased for AED430/m^2/annum during the peak are currently available for AED183-237/m^2/annum. This is a result of significant new supply of similar quality properties within other industrial locations, such as Dubai Investment Park (DIP), and also easy access to available warehouse units in DIC itself. The rates quoted below are excluding taxes. Depending on the location and ownership of the land, the taxes in the below developments range between 15-20% of the annual rent which need to be paid to relevant administrative authority.

AVERAGE WAREHOUSE RENTAL RATES BY LOCATION (Q3 2013)

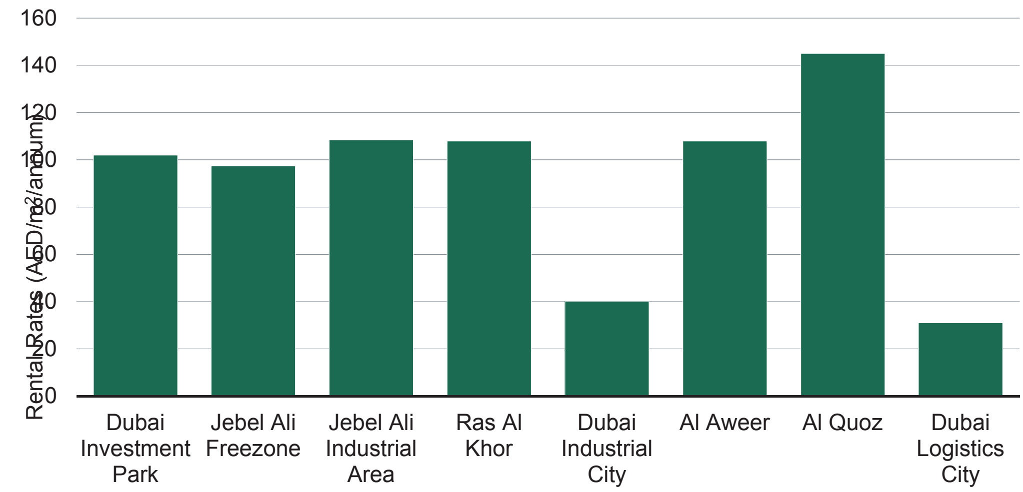


Source: CBRE Research

Industrial Rental Performance - Land

Industrial land rates in Dubai currently range between AED31-160/m^2/annum with lowest rates being offered by Dubai Logistics City and by Dubai Industrial City. The highest rates are for land in Al Quoz industrial area, with rentals from AED130-160/m^2/annum depending on the location and the size of the plot. All other industrial locations show more variation in the rates, with rentals between AED86-130/m^2/annum.

AVERAGE LAND RENTAL RATES BY LOCATION (Q3 2013)



Source: CBRE Research

Industrial Market Outlook

The industrial sector continues to play a pivotal role in shaping the UAE economy and in facilitating the nation's diversification strategy. Recent reports have suggested that the UAE Government is considering 100% foreign ownership of companies within some specific sectors. However, no official law has been passed to date. Any such adjustment to the ownership laws could see a major impact on local business resulting in increased demand for new company entrants which in turn would positively impact on the real estate market of the emirate.

With economic expansion expected to continue in the short term at least we can expect to see a steady improvement in the industrial sector over the next 12 months, with rising rents and occupancy rates for the best quality products and locations.

EDUCATION MARKET OVERVIEW

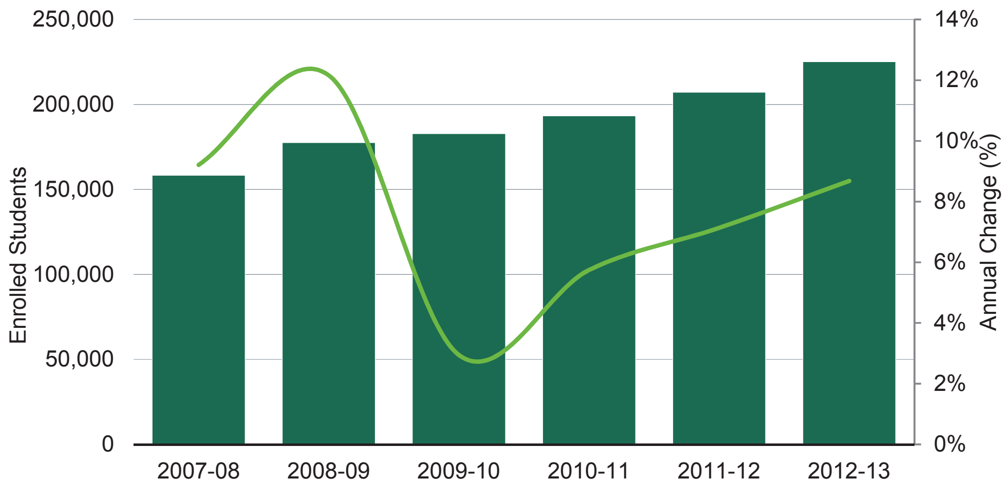
Education facilities in the UAE are operated under a number of different arrangements depending on the appetite of the land owner and the preference of the school. This includes management agreements, land leases or building leasing.

Private education plays a pivotal role in the Dubai education sector and currently accounts for an 88.7% share of the total student enrolment. This represents the 225,099 students that were registered for the 2012 academic year, a figure that increased 8.7% year on year.

Over the last decade, the Dubai and UAE governments have invested heavily into social infrastructure, including development of new education facilities and significant improvement made to the wider education environment. This strategy remains highly evident today with 26% of Dubai's 2013 fiscal budget being allocated towards the development of social infrastructure across healthcare, education, housing and community development.

To further develop the education and human resources sectors, the Dubai government setup a separate entity called the 'Knowledge and Human Development Authority' (KHDA). Its role is to monitor, develop and improve the education and human resources sectors. Initiatives such as the creation of KHDA, investor friendly regulations, and the formation of specific education freezones have all helped to development the sector in recent years.

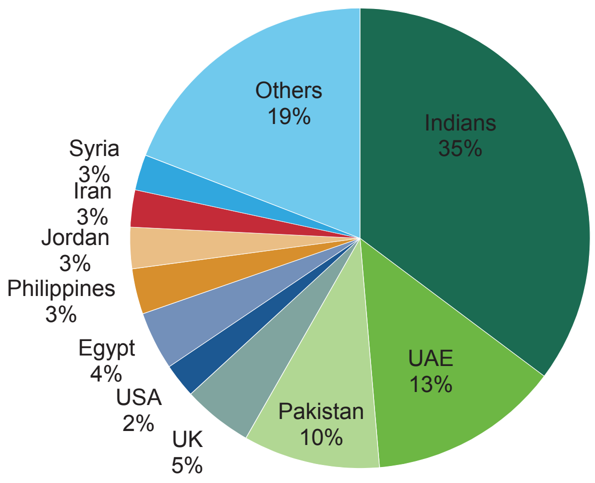
PRIVATE SCHOOLS STUDENTS GROWTH (2007 – 2013)



Source: CBRE Research

During the 2012-13 academic year students from 177 nationalities enrolled for education in Dubai's private schools with 45% from India and Pakistan. The number of UAE national students enrolled in private schools currently stands at 30,044 students (13% of the total private students), reflecting the relative low representation by the national population as a result of their preference for public sector schools.

PRIVATE SCHOOLS STUDENTS BY NATIONALITY (2012/2013)



Source: CBRE Research

The massive influx of quality workforce into the country over the past 10 years has exerted significant pressure to education infrastructure, influencing widespread development of new facilities to meet the growing demand for places. Over the past six years a total of seventeen new schools have been added to the private schools list, averaging just over three new schools per year. However, despite the growth in private education infrastructure, many parents continue to struggle enrolling children in desired schools. The majority of the established educational institutions in Dubai build their own premises, with new market entrants more often renting schools for long lease periods.

According to the KHDA report, around 22% of the total school premises in Dubai are owned by just four groups, with GEMS Education leading the sector with 19 schools. GEMS accommodate 25% of all private students, followed by Taaleem with seven schools and a 1.8% student share. Innoventures Group manages four schools with a 2.3% student share while the Indian High School Group manages three schools with a share of 4.9% of the total students.

PRIVATE SCHOOLS GROWTH IN DUBAI (2007 – 2013)

Source: CBRE Research

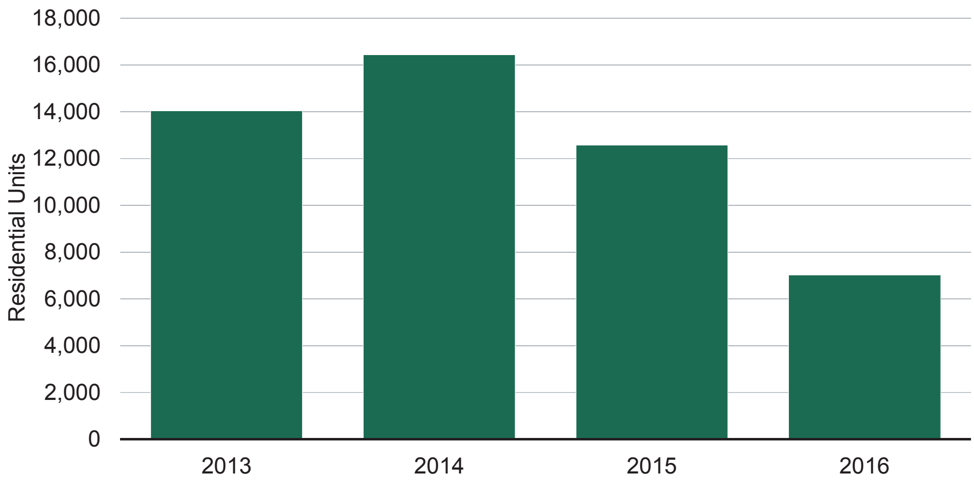
As per the latest KHDA estimates, the private sector education in Dubai is now worth around AED4.1 billion, representing 1% of the total GDP of the emirate. With a positive economic outlook, growth in the expatriate population is forecast to continue and even to expand further in the coming years, driving new demand for the development of private schools. Looking at the current growth in enrolment and the anticipation for growth in the quality workforce, the education sector appears to have room for further expansion. This opportunity will encourage the entry of new players into the market in the coming years, increase competition and ultimately benefiting the market as a whole.

RESIDENTIAL MARKET OVERVIEW

The residential property sector in Dubai has emerged from the worst of the downturn, posting a strong recovery over the past 24 months. This has been reflected in the increasing number of off-plan sales launches that have been witnessed during 2012 and during the first nine months of 2013. This shift in strategy by local developers is testament to the renewed confidence that is currently flowing through the Dubai market, in what is now a broad based recovery with sales and rental growth occurring universally. This follows on from an initial fragmented performance period that was dominated by established residential locations.

Approximately 50,000 new residential units (apartments and villas) could enter the market in Dubai during the period 2013 to 2016, provided that construction delays are minimal. Of the total residential units, apartments constitute the majority share with 86% whilst villas represent the balance. Much of the upcoming supply is expected from secondary and tertiary locations, with 26% of all apartments units to be delivered in Dubailand, 7% from Jumeirah Village Circle and 11% from Business Bay. In terms of prime areas, the Downtown Dubai development is expected to add around 4,420 apartments representing 10% of the total new apartment supply, whilst Dubai Marina will add 2,890 units.

EXPECTED FUTURE RESIDENTIAL SUPPLY (2013 – 2016)



Source: CBRE Research

The residential market has been steadily improving over the past 24 months and is expected to maintain its forward momentum over the course of 2013 and into 2014, with a growing number of companies committed to expanding their headcount as they look to capitalise on positive economic conditions and new opportunities that are arising within the wider Middle East region. The majority of existing demand remains directed towards ready to move in properties across premium locations of Downtown Dubai, Emirates Living, Palm Jumeirah and Dubai Marina, which has witnessed a sharp rise in rental and capital values over the past 12 months. However, recent off-plan sales have also seen significant demand, with considerable hype surrounding recent Emaar developments. Secondary locations have also seen a rapid rise in prices and leasing rates over the past 12 months, driven by requirements for greater affordability.

INVESTMENT MARKET OVERVIEW

Introduction

Over the past 24 months there has been rising investment demand forming in the UAE, predominately focussing on Dubai. The demographic of investors has been varied, including local private investors, High Net Worth Individuals (HNWIs), Regional Property Funds and even some European pension funds. Predominantly all groups have had a common focus, to secure prime income producing assets with long term lease profiles.

A lack of available investment grade assets and the prevalence of short term leases have restricted most investors from being able to purchase without taking a risk on potential letting voids. Whilst the market has seen a rise in liquidity, bank terms still vary depending on the individual risk appetite, with some still reluctant to overexpose themselves unless assets are sufficiently underpinned by long term corporate tenants.

After a period of inactivity in the development market, there are now an increasing number of new projects being launched, highlighting an improvement in sentiment and a return of liquidity. This is being driven by the country's political stability amidst unrest in other parts of the region, emphasising Dubai's growing stature as a safe haven investment location. As the market has stabilised we have also seen a return of corporate interest, denoting a turning point for the market as a whole. Whilst investor appetite remains predominately focused on prime assets, there are a number of funds seeking alternative assets. With limited availability of prime stock, investors are now more actively seeking investments with potential for appreciation through active management.

REITs & Property Funds

The REIT and Property Fund markets in the Middle East region are still in their infancy with only a handful of known entities currently operating. Of those that are operational only a small number actually appear to be active in the market in making asset purchases, reflecting the challenge faced by many investors in securing suitable investment product.

SELECT PROPERTY FUNDS IN THE MIDDLE EAST

Name of Entity	Country of Origin	Parties	Set-Up
Emirates REIT	UAE	Various	2010
Inovest REIT	Bahrain	Not known	2009
Mahrab Tower REIT	Kuwait	Munshaat Real Estate Projects Company	2007
The Arabian Real Estate Investment Trust (AREIT)	UAE	HSBC and Daman	2006
NBAD REIT	UAE	NBAD / Gulf Investment Corp	2012

Note: this list is not meant as an exhaustive list and includes only entities that are known to CBRE

Source: CBRE Research

Real Estate Transactions

The following table covers real estate transaction numbers and volumes in Dubai as provided by Reidin.

REAL ESTATE TRANSACTIONS (2012 – 2013)

	2012		2013	
	Transactions (numbers)	Value (million AED)	Transactions (numbers)	Value (million AED)
Residential	16,303	21,723.03	17,993	35,661.38
Office	2,137	2,715.33	1,353	1,882.58
Retail	18	17.06	17	29.82
Land	5,621	75,069.32	4,804	66,075.36
TOTAL	**24,079**	**99,524.74**	**24,167**	**103,649.14**

Note:

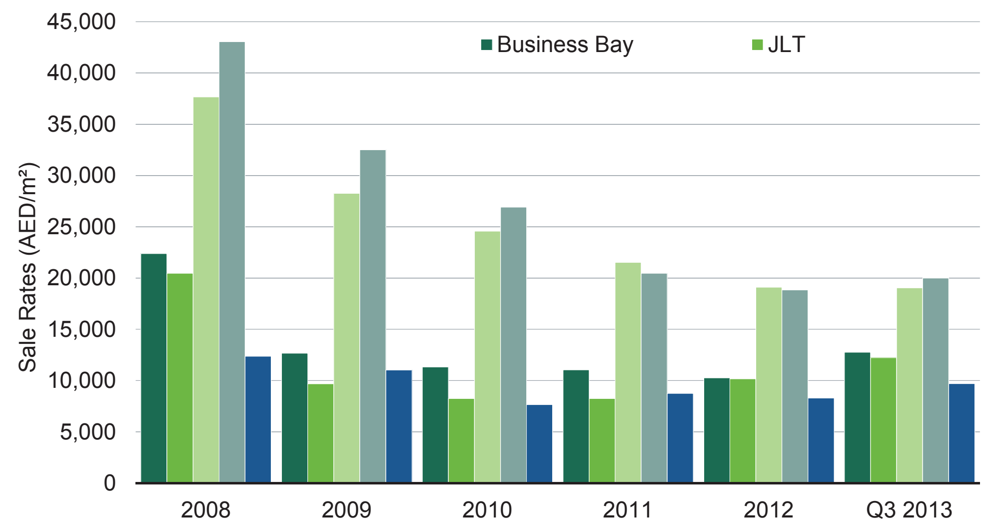
1. Figures for 2013 are as of 5th November 2013
2. Our analysis of the data set appears to show that some villa properties have been registered under land.

Source: Reidin & CBRE Research

Office Sale Rates

Whilst there has been increasing leasing activity during the past 18 months, demand for strata offices in freehold office locations such as DIFC, Business Bay, JLT and Tecom C has remained relatively week. However, despite the lack of demand, capital values are starting to slowly increase. Within our selected freehold developments, the highest sale rates are found for office properties in the Downtown Dubai area with rates of AED18,000-22,000/m² followed by DIFC at AED17,000-21,000/ m²/annum.

OFFICE SALE RATES IN SELECTED DEVELOPMENTS (Q3 2013)

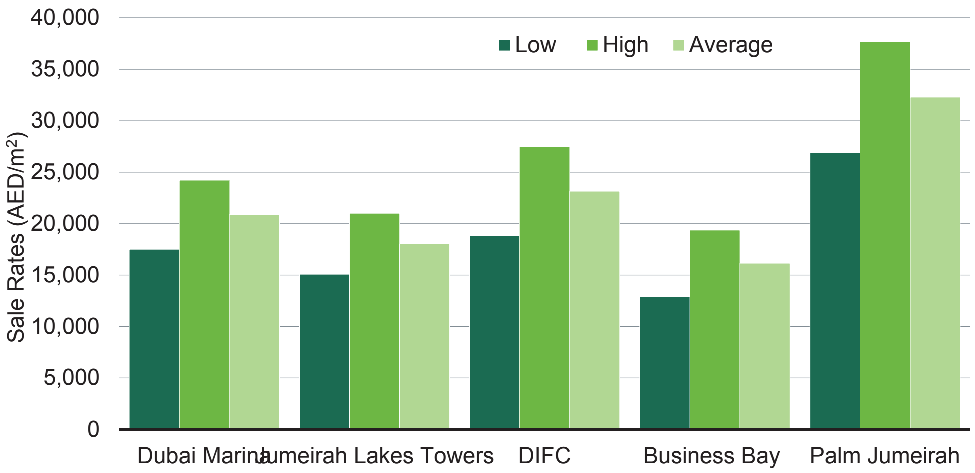


Source: CBRE Research

Retail Sale Prices

There is no known precedent for the sale of retail malls /centres in Dubai or the UAE, with such assets held by prominent local families who by their nature are long term holders of real estate and land rather than sellers. Retail transactions have only been noted within individual retail spaces in select freehold locations of Dubai. Sale rates vary by development, size, location and catchment area.

RETAIL SALE RATES IN SELECTED DEVELOPMENTS (Q3 2013)



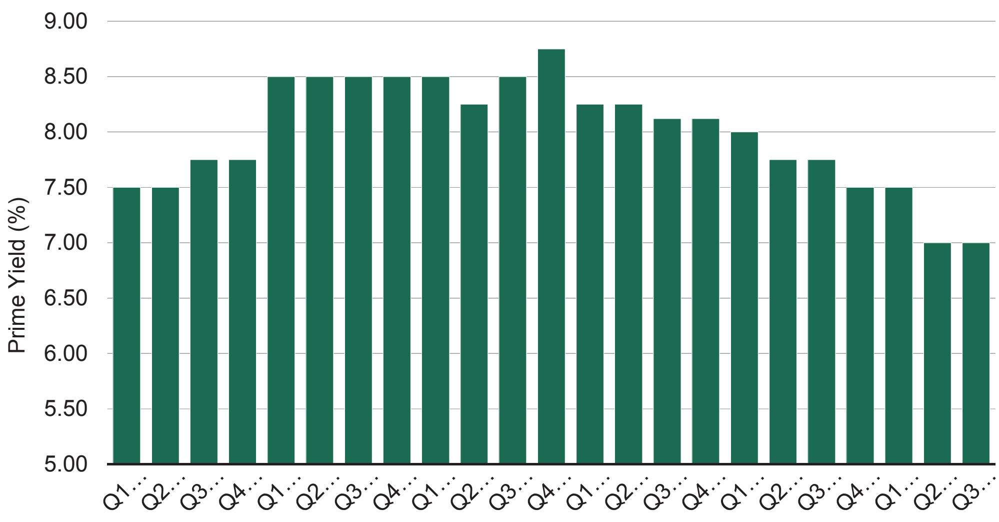
Note: Above sales prices are for single retail units only

Source: CBRE Research

Dubai - Prime Office Yields

Prime office yields remained stable during 2009, before moving out during 2010 as yields reached 8.75%. This was largely due to a lack of available investment grade stock and reluctance by owners to sell quality products. Since the end of 2010, prime office yields have been contracting. This has emerged as occupancy and rental rates in select prime properties have started to increase, leading to a general hardening of yields down to 7.0%. As rental rates improve further over the next 12 months and as occupancy rates move higher in premium assets, we can expect to see prime yields compress.

PRIME OFFICE YIELD MOVEMENT (2008 – Q3 2013)



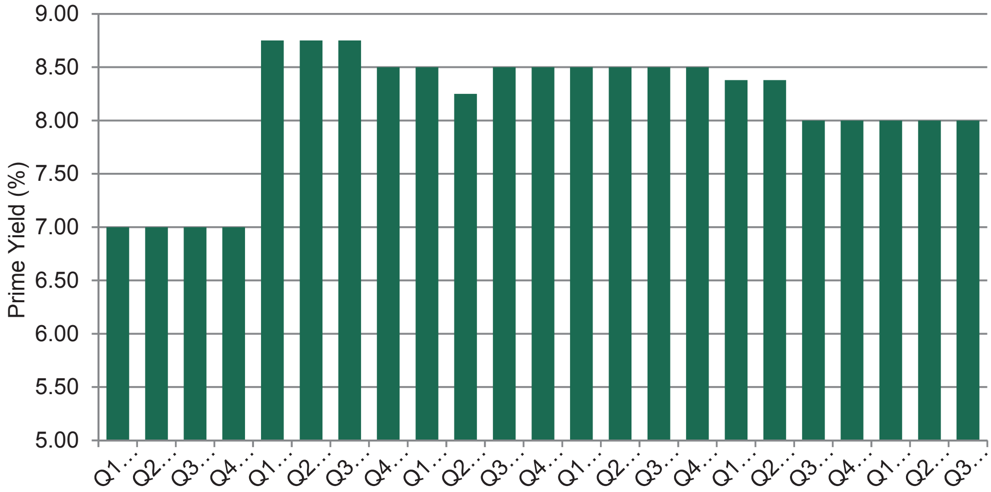
Source: CBRE Research

Dubai - Prime Retail Yields

Of all real estate segments in the UAE, retail malls are found to be the least traded assets, reflecting the constraints of the land ownership for most mall facilities, as well as the mentality of owners as holders of property. Major land owners, trading families and developers such as Majid Al Futtaim (MAF), Al Futtaim Group Real Estate (AFGRE), Al Ghurair, Landmark, Emaar and Nakheel, do not have a history of selling their assets once operational, instead they choose to hold so that they benefit from the income. As such we are not aware of any sale of a major retail asset during the past five years. However, there have been sales of single retail units and bulk units as part of mixed use schemes, although even this market is quite limited.

Prime retail yields for malls fell during 2009 and 2010 before eventually stabilising during 2011. Since the final quarter of 2011, yields have tightened by 50 basis points reaching to 8.0% during Q3, 2012. The prime yield has since remained steady, with no movement over the past year.

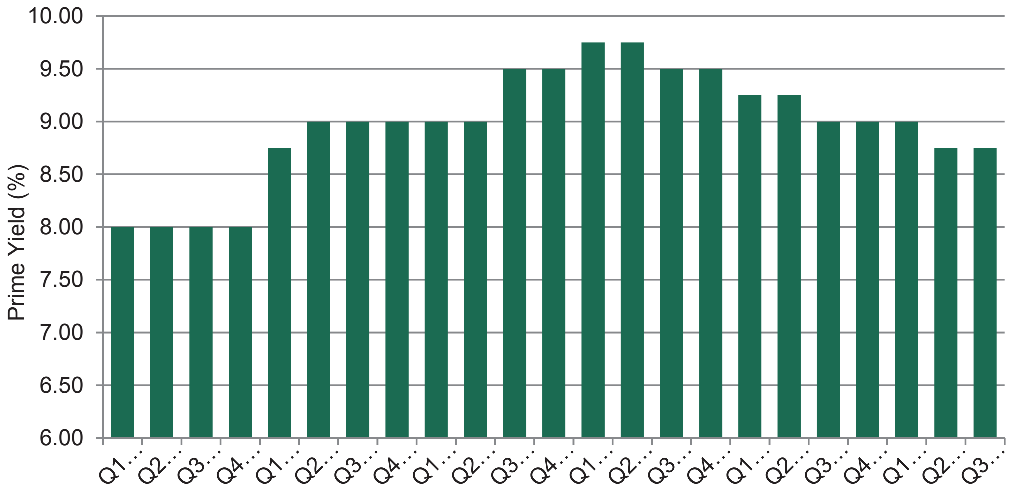
PRIME RETAIL MALL YIELD MOVEMENT (2008 – Q3 2013)



Source: CBRE Research

Yield movements for prime street retail have seen more movement, with contraction of 100 basis points recorded since the middle of 2011. Yields are now calculated at 8.75%, 75 basis points higher than for prime malls.

PRIME STREET RETAIL YIELD MOVEMENT (2008 – Q3 2013)

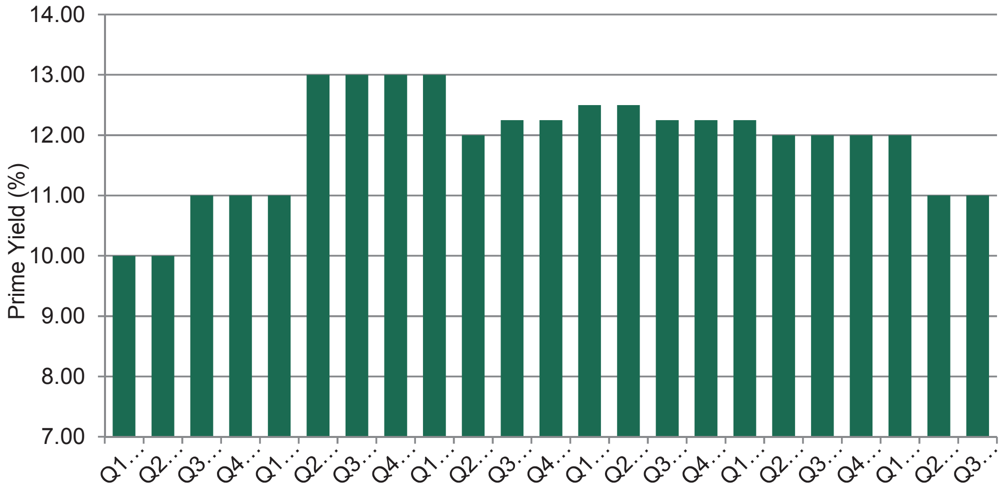


Source: CBRE Research

Dubai - Prime Industrial Yields

Prime industrial yields have been tightening since the start of 2011, with rates compressing from 12.5% to 11.0% as of Q3, 2013. The recovery in yields has taken place in tandem with the recovery in the local economy, with a steady improvement in the industrial sector amidst a stronger performance from the manufacturing sector.

PRIME INDUSTRIAL YIELD MOVEMENT (2008 – Q3 2013)



Source: CBRE Research

FUTURE DEVELOPMENTS

Expo 2020

The award of the Expo 2020 is expected to allow Dubai to push ahead with a number of major infrastructure projects, including the proposed Purple Metro line that would link Dubai International Airport with Al Maktoum International Airport in Jebel Ali, as well a host of other planned improvements.

The event will open a new window to the world to promote the emirate's growing status as a global city with world-class infrastructure. Importantly, it will also help to drive demand in the emirate's property sector, by helping to reach new markets and ultimately increasing Dubai's global reach.

The emirate's property market is largely dependent on the migrant expatriate population, which constitute around 90% of the Dubai population. A further influx of workers is now expected over the next seven years as new employment is generated around major infrastructure and development projects. Initially, we expect rising demand for residential property which has already seen a jump in rental rates over the past 24 months. However, there would also be a direct impact on the hospitality, industrial and commercial market as more companies arrive in the emirate to service related requirements.

Al Maktoum International Airport – Dubai World Central

The first phase of the Al Maktoum International Airport at Dubai World Central (DWC) is already operational, with capacity to handle around 600,000 tonnes of cargo per annum, operating 24 hours a day on a A380-compatible 4.5 km runway. As of October 2013, passenger operations have also commenced.

Phase 2 of the airport is also now under development and will include three additional terminals. This is expected to increase the total cargo capacity to around 1.4 million tonnes per annum. The groundwork for an exhibition area designated as the new permanent home of the Dubai Airshow is also progressing. Upon full completion, DWC could become the world's largest airport with a capacity of 160 million passengers and 12 million tonnes of cargo per annum.

The airport is the focal point of the DWC mixed-use development, comprising six clustered zones; including Dubai Logistics City (DLC), Commercial City, Residential City, Aviation City and the Golf City.

Major Projects Announced

Over the last 24 months a number of new projects have been launched or re-launched including masterplan developments such as Mohamed Bin Rashid City, The Lagoons and Deira Island. A list of selected developments is provided below.

MAJOR PROJECT ANNOUNCEMENTS				
Development	**Land Area**	**Uses**	**Known Components To Date**	**Developer (s)**
Mohamed Bin Rashid City (Phase 1)	4.4 million m^2	Residential	1,500 villas Retail Mall Theme Park	Meydan Sobha Developers
Dubai Hills	11.0 million m^2	Residential	Villas	Emaar & Dubai Holdings
The Hills		Residential	400 Apartments	Emaar
Akoya	2.4 million m^2	Residential	8,000 Apartments / Villas Golf Course Hotel	Damac
Dubai Canal Project	3.7 million m^2		3 km Canal 4,500 Apartments 44 Townhouses 19 Villas 65,000 m^2 Offices 37,000 m^2 Retail Sports Centre Public Park	Meydan & Meraas
The Lagoons	6.0 million m^2	Mixed-uses	Mixed-use towers Residential towers Hotels Marinas	Emaar & Dubai Holdings
Warsan Villas		Residential	942 Townhouses	Nakheel
Deira Island	16.0 million m^2	Mixed-uses	1,400 retail units 250 key hotel 30,000 capacity stadium	Nakheel

Source: CBRE Research

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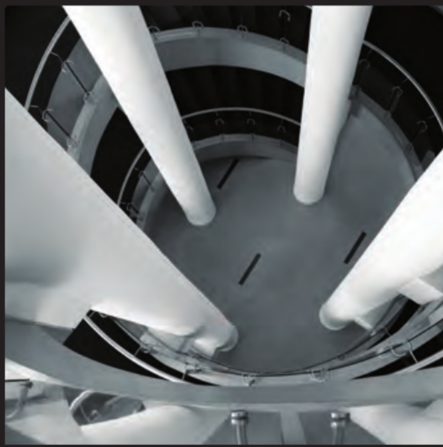


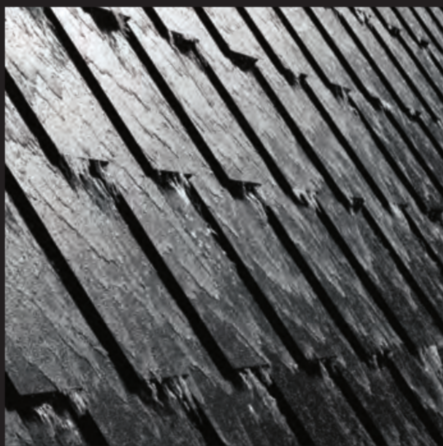

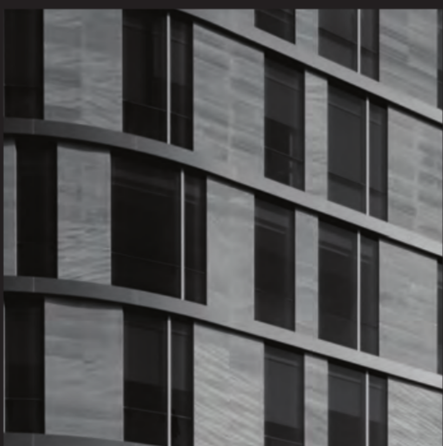
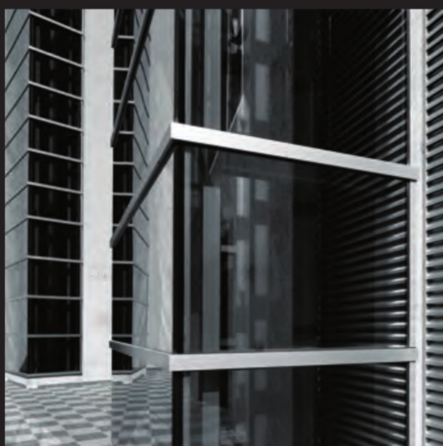
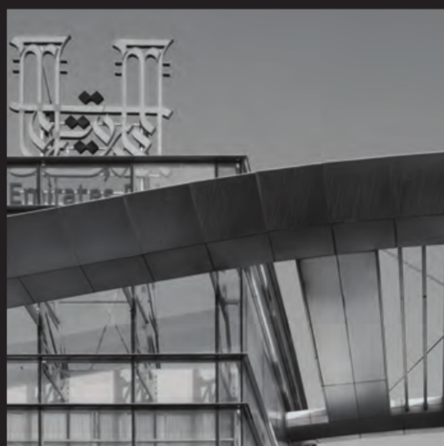

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