



Emirates Reit

Condensed Interim Financial Statements

for the six months ended 30 June 2015
(unaudited)

Emirates REIT (CEIC) Limited

This Report contains certain 'forward-looking' statements.

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

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

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

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Report on review of interim financial information

to the shareholders of Emirates REIT (CEIC) Limited

Introduction

We have reviewed the accompanying interim balance sheet of Emirates REIT (CEIC) Limited (the "REIT") as of 30 June 2015 and the related interim statements of comprehensive income, changes in equity and cash flows for the half-year period then ended. Management is responsible for the preparation and presentation of these condensed

interim financial statements in accordance with International Accounting Standard 34, 'Interim financial reporting' as issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review

procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial

statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 as issued by the IASB.

PricewaterhouseCoopers,
Dubai, United Arab Emirates

Audit Principal – Mohamed ElBorno

4 August 2015

Condensed Interim Balance Sheet

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

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

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

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

Condensed Interim Statement of Comprehensive Income

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

Condensed Interim Statement of Changes in Equity

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

Condensed Interim Statement of Cash Flows

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

Notes to the Financial Statements

for the period ending 30 June 2015

General Information

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

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

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

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

Basis of Preparation

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

The REIT reports cash flows from operating

activities using the indirect method. Finance income received is presented within investing cash flows; finance expense paid is presented within financing cash flows.

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

Operating segments

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

Accounting Policies

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

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

Critical Accounting Estimates and Judgements

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

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

Revaluation of investment property

The REIT carries its investment properties at fair value, with changes in fair value being recognised in the statement of comprehensive income. The REIT engaged independent valuation specialists who hold recognised and relevant professional qualifications and have relevant experience in the location and type of investment properties held, to determine the fair values of investment properties as at 30 June 2015. For six of the occupied investment properties, a valuation methodology based on the capitalisation method was used by calculating the net present value of expected future earnings.

The valuation method adopted for these properties is based on inputs that are not based on observable market data. Valuation for the remaining properties was based on sales comparison method by which value of each property is derived by comparing it with prices achieved from transactions in similar properties.

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

Financial Risk Management

Financial risk factors

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

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

Liquidity risk

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

Fair value measurement

Fair Value of Financial Instruments

Financial instruments comprise financial assets and financial liabilities.

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

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

Investment Property

As at 30 June 2015, the REIT held investment properties amounting to USD 613,429,000 (30 June 2014: USD 559,653,000) and investment properties under re-development and fit-out amounting to USD 1,538,000 (30 June 2014: nil) in

the real estate portfolio which comprises of seven properties (2014: seven properties) located in Dubai, UAE.

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

Completed properties	USD'000
Balance at 1 January 2015	574,019
Transfers from property under re-development and fit out	7,880
Net unrealised gain on revaluation of investment properties	31,530
Balance at 30 June 2015	613,429
	USD'000
Balance at 1 January 2014	323,131
Acquisitions during the period	208,428
Addition to existing properties	10
Net unrealised gain on revaluation of investment properties	28,084
Balance at 30 June 2014	559,653
	USD'000
Balance at 1 January 2015	1,313
Work in progress during the period	8,105
Transfer to completed property	(7,880)
Balance at 30 June 2015	1,538
	USD'000
Balance at 1 January 2014	-
Work in progress during the period	-
Balance at 30 June 2014	-

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

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

property at 30 June 2015 was USD 613,429,395 (December 31 2014: USD 574,018,513).

The valuations were based on an individual assessment, for each property type, of both the future earnings and the required yield. In assessing the future earnings of the properties, the REIT manager took into account potential changes in rental levels from each contract's rent and expiry dates compared with the estimated current market rent, as well as changes in occupancy rates and property costs.

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

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

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

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

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

Receivables, prepayments and other assets

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

Share Capital

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

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

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

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

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

No new shares have been issued in the period.

Share Premium

Share premium includes an amount of USD 53,272,059 relating to the issue of new shares in connection with the REIT's Initial Public Offering

(IPO) and an amount of USD 7,848,986 relating to IPO costs deducted from share premium.

Dividends

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

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

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

Earnings per share (“EPS”)

Basic and diluted EPS is calculated by dividing the net profit for the period attributable to ordinary equity holders of the REIT by the weighted average number of ordinary shares outstanding during the period.

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

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

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

Zakat

Zakat is payable by the shareholders based on their share of the net assets of the REIT at the end

of every reporting period. The REIT is not liable to pay Zakat.

Related Party Transactions and Balances

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

policies and terms of these transactions are approved by the REIT Manager.

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

Related Party transactions

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

Due to related parties comprises

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

Islamic Financing

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

On 15 January 2015 Emirates REIT increased its financing with Ajman Bank PJSC to USD 50,367,546 (AED 185,000,000) resulting in the receipt of additional gross funds of USD 25,932,232 (AED 95,249,088) secured by the way of mortgage on the GEMS World Academy. The terms of the financing facility remains at a profit rate of 3 month

EIBOR + 2.5% (no minimum rate) with the full amount of the total borrowings being fully amortised over 10 years commencing from 15 January 2015.

Accounts Payables and Other Liabilities

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

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

Commitments

Capital commitments

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

Operating lease commitments – REIT as lessee

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

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

Operating lease commitments – REIT as lessee

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

Operating lease commitments – REIT as lessor

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

placed upon the REIT by entering into these leases.

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

Operating lease commitments – REIT as lessor

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

Subsequent Events

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

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

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