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This document comprises a prospectus (“**Prospectus**”) relating to ENBD REIT (CEIC) Limited (the “**Fund**”) which 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 No. 2 of 2010 (“**CIL**”), the Collective Investment Rules module of the DFSA Rules (“**CIR**”), the Markets Law DIFC Law No. 1 of 2012 (the “**Markets Law**”), the Markets Rules module of the DFSA Rules (“**Markets Rules**”) and the Dubai International Financial Centre (“**DIFC**”) Companies Law No. 2 of 2009 (as amended) (the “**Companies Law**”). The Fund is categorised under the CIL as a Public Fund and the CIR as a Domestic Fund, an Islamic Fund, a Property Fund and a Real Estate Investment Trust (REIT).

ENBD REIT (CEIC) LIMITED

(a closed-ended investment company with limited liability registered in the DIFC with number 2209)

Offer of 94,594,595 Shares and Admission to the Official List of Securities of the DFSA and Admission to trading on Nasdaq Dubai Offer Price: US\$ 1.11 per Share

This Prospectus relates to the Offer by the Fund Manager for and on behalf of the Fund of 94,594,595 new shares (“**New Shares**”), with no par value each in the capital of the Fund (the “**Shares**”). The New Shares are being offered in and from the DIFC pursuant to the Market Rules of the DFSA and Part 7 of the CIR.

Prior to the Admission the Fund was re-domiciled from Jersey by way of a distribution in specie of the shares in the Fund to the holders of the Emirates Real Estate Fund (Jersey) share classes of Emirates Funds Limited (“**EFL**”), a collective investment fund situated in Jersey (which at the time of the distribution in specie was the sole shareholder of Emirates Real Estate Fund (Jersey)).

Prior to the Admission 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 **ENBDREIT**. It is expected that Admission will become effective and that trading in the Shares will commence on or about 23 March 2017 (the “**Admission Date**”). Payment for and delivery of the Shares is expected to be made through the book entry facilities of the Central Securities Depository operated by Nasdaq Dubai on or about 23 March 2017 (the “**Closing Date**”). There will be no conditional dealings in the Shares prior to Admission.

This Prospectus has been approved by the DFSA. The DFSA does not accept any responsibility for the content of the information included in the 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 and has not determined whether they are Shari’a compliant. 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. Investors should read this document in its entirety. In particular, your attention is drawn to the “Risk Factors” section of this Prospectus for a discussion of the risks that should be considered in connection with any investment in the Shares.

The distribution of this Prospectus in certain jurisdictions may be restricted by law. Accordingly, neither this Prospectus nor any advertisement may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or a solicitation of an offer to buy or subscribe to Shares or other securities 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, the Republic of Ireland, 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, the Republic of Ireland, 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, the Republic of Ireland, Kuwait, the Republic of South Africa or Japan or to any national, citizen or resident of Canada, Australia, Qatar, the Republic of Ireland, 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.

No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been so authorised by the Fund or the Directors. The Fund will comply with its obligation to publish a supplementary prospectus containing further updated information if so required by law or by any regulatory authority but assumes no further obligation to publish additional information.

Each of Emirates NBD Capital Limited (“**EMCAP**”), as Listing Advisor and EFG Hermes UAE Limited (“**EFG**”) and EMCAP as Joint Global Coordinators and Joint Bookrunners (together the “**Banks**”), is acting solely for the Fund Manager and no one else in connection with the Admission and will not regard any other person (whether or not a recipient of this document) as its client in relation to the Admission and will not be responsible to anyone other than the Fund Manager for providing the protections afforded to its clients nor for providing advice in connection with the Admission or any other matter referred to in this document. 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.

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

EMIRATES NBD CAPITAL LIMITED

*Joint Global Coordinator
Joint Bookrunner and Listing Advisor*

EFG HERMES UAE LIMITED

*Joint Global Coordinator
Joint Bookrunner*

SHUAA CAPITAL PSC

Co-Lead Manager

Khalij Islamic

Shari’a Advisor to the Fund

This Prospectus is dated 20 March 2017

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 the Fund Manager in accordance with the CIL, CIR and the 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 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 Law No. 1 of 2012 (as amended) (the “**Markets Law**”) and has been filed with the DFSA.

To the best of the knowledge and belief of each of the Directors and Fund Manager (together, the “**Responsible Persons**”) this Prospectus complies with the CIL, the CIR and the Market Rules and the Responsible Persons accept responsibility for the information contained in this Prospectus. The information contained in this Prospectus is, to the best of the knowledge of the Responsible Persons (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 Responsible Persons or 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, 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 Responsible Persons or the Banks have authorised anyone to provide prospective investors with information different from that contained in this Prospectus.

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.

Other than pursuant to the Offer, neither the Fund nor the Fund Manager is offering any Shares or any other securities in connection with the Admission, and this Prospectus does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer or invitation to subscribe for or buy any Shares or any other securities in any jurisdiction. The Shares will not be generally made available or marketed to the public in the DIFC or any other jurisdiction in connection with the Offer or the Admission.

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.

None of the Responsible Persons, the Banks or 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.

Selling and Transfer 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, 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:

- (i) Such person is, or at the time the Shares are acquired will be, the beneficial owner of such Shares and:
 - (a) 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; (b) is not an affiliate of the Fund or a person acting on behalf of such an affiliate; and (c) 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.
- (ii) 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.
- (iii) 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.
- (iv) Any Shares sold or acquired in contravention of the transfer provisions contained in the Articles are subject to the mandatory redemption and transfer provisions as provided in the Articles.
- (v) The Responsible Persons 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 institutional investors in and from the DIFC in accordance with the 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.

UAE

This Prospectus may not be distributed in the UAE and 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, including but not limited to the Security and Commodities Authority (“SCA”) board of directors decision 9 of 2016. 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. 2 of 2015 (as amended) or otherwise.

The SCA has not approved the promotion of the Fund in the UAE. 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 the 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 Responsible Persons.

Foreign ownership restrictions

UAE law limits non-UAE and non-GCC nationals from holding over a certain percentage stake in UAE onshore companies and for owning real estate in various areas in the UAE. Although the Fund currently holds interests in real estate in free zones, where foreign ownership is permitted in accordance with UAE law, it may wish to acquire onshore properties in areas currently reserved for ownership by UAE or GCC nationals in the future should UAE laws change in this regard. As such the Fund's constitutional documents contain certain provisions that give Directors the discretion to limit the ability of non-UAE and non-GCC persons to own Shares in the Fund in order to enable the Fund to fall within potential future laws in relation to the ownership of real estate.

Although not applicable at the time of Admission, if the Directors impose any foreign ownership restrictions following Admission, the Fund intends to use the Company Announcement Platform automatic system ("CANDI") of Nasdaq Dubai which will have the ability to 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 the Fund's share capital owned by non-UAE or non-GCC persons reaches certain thresholds. Furthermore, the Articles 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 factor "*Shares may be subject to limits on foreign ownership*" in 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 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. Neither the Fund nor the Fund Manager is authorised or regulated by the 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 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); and (v) persons specified in rules made by the FCA under section 238(5) of the 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 (v) 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. 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 must: (i) have signed in the 12 months prior to the date on which this Prospectus is received by them a statement in the prescribed form; and (ii) have a current certificate in writing signed by an Authorised Person to the effect that the person 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, 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 or of incurring additional liability 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.

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

No action has been or will be taken that would permit a public offering of the Shares in the Kingdom of Saudi Arabia. Any investor in the Kingdom of Saudi Arabia (a “**Saudi Investor**”) who acquires the Shares pursuant to the Offer should note that it is a private placement pursuant to Article 11 or Article 12 of the Offers of Securities Regulations issued by the Board of the Capital Market Authority pursuant to its Resolution number 2-11-2004, dated 20/8/1425H (corresponding to 4/10/2004G), as amended (the “**Offers of Securities Regulations**”).

Each of the Banks has represented and agreed that any offer of the Shares to a Saudi Investor will comply with the Offers of Securities Regulations.

The Offer in the Kingdom of Saudi Arabia is therefore exempt from the “public offer” requirements of the Offers of Securities Regulations but is subject in the Kingdom of Saudi Arabia to the following restrictions on secondary market activity pursuant to Article 18 of the Offers of Securities Regulations:

- (a) a Saudi Investor (a “**transferor**”) who has acquired the Shares pursuant to a private placement may not offer or sell such Shares or part thereof to any person (a “**transferee**”) unless: (i) the offer or sale is made through an authorised person duly licensed by the Capital Market Authority; and (ii)(A) the price to be paid by the transferee for such Shares in any one transaction equals or exceeds Saudi Riyals 1 million; (B) the Shares are offered or sold to a sophisticated investor (as defined in the Offers of Securities Regulations); or (C) the Shares are being offered or sold in such other circumstances as the Capital Market Authority may prescribe;
- (b) if the requirements in paragraph (a)(ii)(A) cannot be fulfilled because the price of the Shares being offered or sold to the transferee has declined since the date of the original private placement, the transferor may offer or sell the Shares to the transferee if their purchase price during the period of the original private placement was equal to or exceeded SAR 1 million or an equivalent amount;
- (c) if the requirements in paragraph (b) cannot be fulfilled, the transferor may offer or sell the Shares if he/she sells his/her entire holding of the Shares to one transferee; and
- (d) the provisions of paragraphs (a) to (c) shall apply to all subsequent transferees of the Shares.

This Prospectus may be distributed in the Kingdom of Saudi Arabia only to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority.

The Capital Market Authority does not make any representation 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 purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this Prospectus you 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, 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.

Lebanon

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any Shares in the Fund in the Lebanese territory, nor shall it (or any part of it), nor the fact of its distribution, form the basis of, or be relied on in connection with, any subscription.

The Fund has not been, and will not be, authorised or licenced by the Central Bank of Lebanon and its Shares cannot be marketed and sold in Lebanon. No public offering of the Shares is being made in Lebanon and no mass-media means of contact are being employed. This Prospectus is aimed at institutions and sophisticated, high net worth individuals only, and this Prospectus will not be provided to any person in Lebanon except upon the written request of such person.

Recipients of this Prospectus should pay particular attention to the section titled “Risk Factors” in this Prospectus. Investment in the Shares is suitable only for sophisticated investors with the financial ability and willingness to accept the risks associated with such an investment, and said investors must be prepared to bear those risks.

Jordan

Any marketing of the Shares to Jordanian investors shall be done by way of private placement only. The Shares are being offered in Jordan on a cross border basis based on one-on-one contacts to no more than 30 potential investors and accordingly the Shares will not be registered with the Jordanian Securities Commission and a local prospectus in Jordan will not be issued.

Oman

This Prospectus does not constitute a public offer of securities in the Sultanate of Oman, as contemplated by the Commercial Companies Law of Oman (Royal Decree No. 4/1974) or the Capital Market Law of Oman (Royal Decree No. 80/1998) and Ministerial Decision No.1/2009 or an offer to sell or the solicitation of any offer to buy non-Omani securities in the Sultanate of Oman.

This Prospectus is strictly private and confidential. It is being provided to a limited number of sophisticated investors solely to enable them to decide whether or not to make an offer to the Fund to enter into commitments to invest in the Shares outside of the Sultanate of Oman, upon the terms and subject to the restrictions set out herein and may not be reproduced or used for any other purpose or provided to any person other than the original recipient.

Additionally, this Prospectus is not intended to lead to the making of any contract within the territory or under the laws of the Sultanate of Oman. The Shares subject to this Prospectus, or any offering material relating to the Shares may not be marketed or distributed to any person in Oman other than by an entity licensed to market non-Omani securities by the Capital Markets Authority of Oman, and then only in accordance with any terms and conditions of such licence.

The Fund is incorporated and existing under the laws of the DIFC. The Capital Market Authority of Oman and the Central Bank of Oman take no responsibility for the accuracy of the statements and information contained in this Prospectus or for the performance of the Fund with respect to the Shares nor shall they have any liability to any person for damage or loss resulting from reliance on any statement or information contained herein.

Bahrain

The Shares have not been offered or sold, and will not be offered or sold to any person in the Kingdom of Bahrain except on a private placement basis to persons who are “accredited investors”.

For this purpose, an “accredited investor” means:

- (i) an individual holding financial assets (either singly or jointly with a spouse) of US\$ 1,000,000 or more;
- (ii) a group, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than US\$ 1,000,000; or
- (iii) a government, supranational organisation, central bank, other national monetary authority, or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

Sweden

Historical performance is not a guarantee for future performance. Investments made in the Fund may decrease as well as increase in value, and it cannot be guaranteed that your initial investment will be returned in its entirety.

This Prospectus has not been approved by or registered with the Swedish Financial Services Supervisory Authority (*Finansinspektionen*) pursuant to the Swedish Financial Instruments Trading Act (Lagen 1991:980 om handel med finansiella instrument). Accordingly, the Shares may only be marketed in Sweden in circumstances that will not result in a requirement to prepare a prospectus pursuant to the Swedish Financial Instruments Trading Act.

The Fund is not an investment fund (*Fondföretag*) for the purpose of the Swedish Investment Funds Act (Lag 2004:46 om investeringsfonder) and has therefore not been, nor will it be, approved, registered or supervised by the Swedish Financial Supervisory Authority (*Finansinspektionen*) pursuant to the Swedish Investment Funds Act.

Prospective investors should not construe the contents of this Prospectus as legal or tax advice. This Prospectus has been prepared for marketing purposes only and should not be understood as investment advice.

Finland

This Prospectus is being distributed to a limited number of pre-selected professional investors in the Republic of Finland. The Shares may not be offered or sold, directly or indirectly, to any resident of the Republic of Finland or in the Republic of Finland, except pursuant to applicable Finnish laws and regulations. Specifically, the Shares may not be offered or sold, directly or indirectly, to any resident of the Republic of Finland or in the Republic of Finland, other than to professional investors, as defined in the Investment Funds Act of Finland, any may not be offered or sold, directly or indirectly, to the public in the Republic of Finland.

Norway

The Fund is not an investment fund as defined in the Norwegian Investment Funds Act of 25 November 2011 and has neither been registered with or approved by the Norwegian authorities as an investment fund, nor has it been registered under the public offer rules in the Securities Trading Act of 29 June 2007. In addition, the Fund has not been, nor will be, registered or approved by the Financial Supervisory Authority of Norway (*Finanstilsynet*) and is thus not under public supervision in Norway. Each investor should carefully consider individual tax issues before investing in the Fund. The recipient of this Prospectus must not copy or in any other way transmit its contents to any other person.

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.

Approval of this Prospectus

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 Markets Law as well as Section 2.6.2 of the Markets Rules and has been filed with the DFSA. It is not a prospectus for the purposes of Section 12(a)(2) of the US Securities Act or any other provision of, or any rule under, the US Securities Act. This Prospectus is not a prospectus for purposes of the EU Prospectus Directive (Directive 2003/71/EC).

Potential Conflicts of Interest

The Fund Manager and the Listing Advisor are both ultimately wholly owned by Emirates NBD PJSC (“**Emirates NBD**”) and part of Emirates NBD’s group of companies (“**Emirates NBD Group**”), which is one of the largest banking groups in the Middle East and North Africa region (“**MENA Region**”) by assets with total assets of approximately US\$ 121 billion as at 30 September 2016, and each of the Fund Manager and the Listing Advisor may procure or rely on certain services from Emirates NBD Group members from time to time. The Fund Manager and the Listing Advisor maintain segregated management (and segregated reporting lines to Emirates NBD) and they occupy separate premises. In addition, the Fund Manager has a board of directors comprising of five (5) directors and the Listing Advisor has a separate board comprising three (3) directors. There is no overlap between the members of the board of directors of the Fund Manager and that of the Listing Advisor. Each of the Fund Manager and Listing Advisor are also subject to the Emirates NBD Group’s conflict of interest policy, which addresses the identification and management of conflicts of interest.

The Mudarabah Facility (as defined below) is financed by Emirates NBD - Al Watani Al Islami (“**Emirates NBD - AWAI**”), a financing department of Emirates NBD carrying out certain Islamic banking activities. In addition, the Fund Manager and the Listing Advisor and/or their respective affiliates have in the past engaged, and may in the future, from time to time, engage in investment banking, financial advisory, commercial banking, and ancillary transactions in the ordinary course of their business with the Fund or any parties related to the Fund, in respect of which they may, in the future, receive fees and commissions, and in respect of which sharing of information is restricted for reasons of confidentiality by internal procedures or by rules and regulations, including those issued by the DFSA. As a result of these transactions, these parties may have interests that may not be aligned, or could possibly conflict with the interests of investors and the Fund.

Each of Emirates NBD and EIB (both of which are members of the Emirates NBD Group) acts as a nominee on behalf of certain of the beneficial owners of shares in the Jersey Fund and has provided financing to certain of the beneficial owners of shares in the Jersey Fund to acquire their shares in the Jersey Fund.

Emirates NBD directly holds 1.73% of the Shares. Indirectly, in its capacity as a nominee, Emirates NBD holds 41.07% of the Shares on behalf of 152 Pre-Admission Shareholders pursuant to a customary nominee arrangement.

EIB indirectly, in its capacity as a nominee, holds 20% of the Shares on behalf of 169 Pre-Admission Shareholders pursuant to a customary nominee arrangement.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The Fund was incorporated on 18 July 2016 as a wholly owned subsidiary of the Jersey Fund, and did not exist prior to that date. Historically the Fund’s assets were held by the Jersey Fund and as a result, the Fund’s financial history does not include the performance of the assets as managed by the Fund Manager through the Jersey Fund. Consequently, the special purpose audited financial statements of the Fund included in this Prospectus reflect what the Fund’s financial results of operations, financial position and cash flows might have been had the Fund operated as the Jersey Fund during the periods presented. The special purpose audited financial statements present historical financial information relevant to the Fund.

In order to assist investors in making an informed assessment of the assets and liabilities of the Fund, this Prospectus includes special purpose audited financial statements of the Jersey Fund and the Fund as at and for the 12-month periods ended 31 December 2013 and 31 December 2014, as at and for the 15-month period ended 31 March 2016 and as at and for the six-month period ended 30 September 2016 (together, the “**Financial Statements**”) in Appendix 1. All financial information included in this Prospectus that relates to periods other than those of the Financial Statements is unaudited and has been extracted from management accounting records of the Fund or the Jersey Fund (as the case may be). The comparative information relating to the six-month period ended 30 September 2015, for example, is unaudited.

The Properties were valued as at 30 September 2016, and this Prospectus includes figures describing the Fund’s operations as at 30 September 2016. This assumes that the assets of the Jersey Fund were transferred to the Fund prior to that date notwithstanding that the transfer of the assets of the Jersey Fund to the Fund took place between October 2016 and December 2016.

The Fund has prepared its Financial Statements in US\$ which is the Fund’s functional and presentation currency under International Financial Reporting Standards (“**IFRS**”). The Prospectus includes a “*Selected Financial Information*” section, which sets out selected financial information of the Fund as at, and for the six-month period ended 30 September 2016, the 15-month period ended 31 March 2016, the 12-month period ended 31 December 2014 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.

In making an investment decision, investors must rely upon examination of the Responsible Persons, the Fund 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.

KPMG Channel Islands Limited was the auditor of the Jersey Fund on incorporation. In 2006 Ernst & Young LLP became the auditor of the Jersey Fund. KPMG LLP was appointed as the auditor of the Fund on 5 December 2016.

Rounding

Certain figures contained in this Prospectus, including financial information, 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.

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 UAE. 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 and certain UAE dirham amounts to US Dollar 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 current members of the board of directors and senior management of the Fund and Fund Manager named in this Prospectus reside in the UAE except for Mark Edward John

Creasey. Not all of their respective assets may be located in the UAE. In this respect, it may not be possible to: (i) effect service of process upon any of the directors and executive officers to the extent they are based outside of the UAE; and (ii) enforce, in court judgments obtained in courts of a jurisdiction other than the DIFC or the UAE, as the case may be, against the Fund, the Fund Manager, the Directors 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 and arbitration awards ratified by the DIFC courts against Directors, the Fund Manager Directors or the respective officers or senior management of the Fund or the Fund Manager that are located outside of the DIFC or Dubai.

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 Portfolio*”, “*Operating and Financial Review*” and “*Market Research Report*”. The statements contained in this Prospectus that are not factual historic statements 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. The 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:

- (i) the impact of increased competition on the Fund's ability to source and make investments;
- (ii) fluctuations in the real estate markets in which the Fund operates and the resulting impact on the value of the Portfolio and the rental income the Portfolio produces;
- (iii) the Fund's ability to realise one or more of the Properties for a particular price at a particular time, given the relative illiquidity of real estate as an asset class;
- (iv) the Fund's exposure to risks associated with seeking financing or maintaining sufficient working capital to fund maintenance and/or refurbishment of the Properties and future acquisition in light of the regulatory limitation on the amount of debt the Fund may incur;
- (v) the availability of insurance against certain catastrophic losses and losses in excess of insurance proceeds;
- (vi) potential changes to the political, regulatory, economic and social environment in which the Fund and the Fund Manager operate and their ability to adapt to those changes; and
- (vii) the Fund's dependence on the Fund Manager, its key personnel, use of intellectual property and its relationship with Emirates NBD.

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 CIL, the Market Rules or the CIR. None of the Responsible Persons make 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.

None of the Responsible Persons or the Banks can give any assurance or accept any liability for the accuracy of the opinions set forth herein or as to the actual occurrence of any predicted developments. Accordingly, Shareholders should not rely on the forward-looking statements in this Prospectus and Shareholders are strongly advised to read this Prospectus in its entirety.

THIRD-PARTY INFORMATION: MARKET AND INDUSTRY

This Prospectus contains historical market data and industry forecasts, which have been obtained from industry publications, market research and other publicly available information, including the 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 as produced by CBRE Dubai LLC and CBRE (DIFC) Ltd (together, "**CBRE**"). 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.

VALUATION REPORT

All real estate market values presented herein are from the report of CBRE (the "**Valuation Report**"), an External Valuer (as defined in the RICS Valuation—Professional Standards January 2014), dated the date of this Prospectus and based on the valuation as at 30 September 2016 (the "**Valuation Date**"). The

Responsible Persons confirm that there has been no material change in Market Value (as defined in the Valuation Report) of the Properties between the Valuation Date and the date of the Prospectus.

For the avoidance of doubt, CBRE has valued the individual real estate assets only and has not established the combined or total value of the Portfolio if all or part of the Portfolio was to be marketed simultaneously, either in lots or as a whole.

The Valuation Report is included as Appendix 2 to this Prospectus. The value of a property or Development Property project as assessed by CBRE is the estimated amount for which such property or Development Property project should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion ("**Market Value**"). CBRE valued seven properties. Each Property has been valued on the basis of Market Value in accordance with the appropriate sections of both the current RICS Valuation—Professional Standards (January 2014) and International Valuation Standards (IVS). This is an internationally accepted basis of valuation. The valuations and a complete discussion of the valuation methodology and other assumptions, methodologies and qualifications are contained in the Valuation Report and elsewhere in this Prospectus. See "*Appendix 2: Independent Property Valuation Summary Reports*".

In addition to the valuation as at 30 September 2016, a subsequent valuation of the Properties was undertaken by CBRE of the Properties on the basis set out above as at 30 October 2016, which was used as part of the calculation of the respective price at which shares in the Jersey Fund were redeemed ("**Redemption Price**"). According to investor disclosures to the Fund Manager approximately 78 investors redeemed shares in the Jersey Fund as follows: (i) 28 investors on the 3 October 2016 on the basis of the 30 September 2016 valuation; and (ii) 50 investors on the 31 October 2016 on the basis of the 30 October 2016 valuation (together the "**Redemptions**") prior to the re-domiciliation of the Jersey Fund to the DIFC ("**Re-Domiciliation**").

For further detail on the Re-Domiciliation see "*The Jersey Fund and the Re-Domiciliation*".

WEBSITE

None of the information on the Fund's website, www.emiratesnbderef.com, www.enbdreit.com, or the Fund Manager's website, www.emiratesnbd.com/assetmanagement, or any sub-domain website is incorporated by reference into this Prospectus.

Prospective investors should only rely on the information that is provided in this Prospectus (which includes its appendices). No other documents or information, including the contents of the Fund or Fund Manager's websites or of websites accessible from hyperlinks on those websites, or websites of the Fund or Fund Manager's subsidiaries, joint ventures or associates, form part of, or are incorporated by reference into, this Prospectus and Shareholders should not rely on such information.

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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. Investors should read the entire Prospectus with its appendices, including the Financial Statements and related notes, before making any decision to invest in the Shares and investors should consider the information set forth under the heading “*Risk Factors*” in this Prospectus.

Overview

The Fund is a closed-ended investment company that was incorporated by the Fund Manager to invest in a diversified portfolio of Shari’a-compliant real estate assets in the UAE. The Fund has an unlimited duration and was established in the DIFC by the Fund Manager on 18 July 2016 under the Companies Law with the name “Emirates Real Estate Fund Limited” and with registration number 2209. The Fund subsequently changed its name to “ENBD REIT (CEIC) Limited”. The Fund is categorised under the CIL as a Public Fund and under the CIR as a Domestic Fund, an Islamic Fund, a Property Fund and a Real Estate Investment Trust (REIT).

The Assets were transferred to the Fund from the Jersey Fund between October 2016 and December 2016. The Jersey Fund was established as an open-ended investment fund in Jersey, as one of a number of sub-funds of Emirates Funds Limited (“EFL”) an umbrella fund company. The Jersey Fund was established to allow the Fund Manager’s investors to participate in the UAE real estate market in a Shari’a-compliant manner. Please refer to the “*The Fund, Strategy and Investment Objectives*” section of this Prospectus.

The Fund is managed by the Fund Manager, which was incorporated in the DIFC as a company limited by shares on 8 August 2006 under the Companies Law with registration number 0224. The Fund Manager has an authorised and issued share capital of US\$ 10,000,000, all of which is paid up.

The Fund Manager was granted a Category II licence by the DFSA on 10 August 2006. The licence permits the Fund Manager to undertake the financial services of: (i) advising on financial products or credit; (ii) arranging credit or deals in investments; (iii) arranging custody; (iv) dealing in investments as agent; (v) dealing in investments as principal; (vi) managing assets; (vii) providing fund administration; (viii) managing a collective investment fund; (ix) operating an Islamic window; (x) conducting Islamic financial business by operating an Islamic window, (xi) carrying on authorised financial services with or for retail clients; and (xii) holding or controlling client assets.

The Fund’s Portfolio

The Fund’s current Portfolio consists of the following Properties:

- Al Thuraya 1;
- Burj Daman;
- DHCC 49;
- DHCC 25;
- Binghatti Terraces;
- Arabian Oryx House; and
- Remraam.

The Fund’s Portfolio currently comprises seven Properties, all of which are located in Dubai in the commercial and residential sectors. As at 30 September 2016 a significant portion of the Fund’s annualised rental income (comprising 58.2%) was generated from three Properties: Al Thuraya Tower 1, Binghatti Terraces and Arabian Oryx House. As at 30 September 2015, 57.1% of the Fund’s annualised rental income was generated from the three properties: Al Thuraya Tower 1, DHCC 49 and DHCC 25. For more detail on the Properties please see “*The Fund’s Portfolio*” section of this Prospectus.

Investment Objective

The Fund aims at investing in Shari’a-compliant and predominantly income generating real estate with a primary focus on the UAE. The Principal Investment Objective is to provide investors with: (i) a regular

source of income (by way of annual dividends of at least 80% of its net audited annual income in accordance with the CIR); and (ii) capital appreciation.

Key Strengths

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

- *A high quality diversified Portfolio with strategic locations in Dubai*

The Fund currently owns or has an economic interest in four developed commercial properties and three developed residential properties in Dubai. Please refer to “*The Fund’s Portfolio*” section of this Prospectus for a detailed overview of the Properties.

Included in the current Portfolio are a number of high quality office properties located in prime locations in Dubai such as the Dubai Media City (TECOM) (one of the first free zones in Dubai), DIFC (a regional financial hub with multinational tenant base including a number of well-known and reputable organisations) and DHCC (a specialised healthcare area with close proximity to a number of healthcare providers). Previously, the Jersey Fund owned certain properties in Sharjah, however these properties were sold and the Fund Manager has shifted the focus of the Fund to the areas of Dubai designated for foreign investment, with a view to exploring investments in other high yielding Emirates, such as areas of Abu Dhabi. In Dubai, the Fund Manager focuses on select historically established free zones (such as Dubai Media City (TECOM), DIFC and DHCC) that have exhibited strong growth prospects.

As at 30 September 2016, and based on the market valuations of the properties as carried out by the third-party independent valuers, 67.3% of the Portfolio is comprised of commercial offices while 32.7% of the Portfolio is comprised of residential property.

The seven Properties currently in the Portfolio are generally diversified in terms of their type of use and their location within free zones in Dubai. The Fund Manager believes that the diversified uses of the Properties helps to reduce the impact of risks of local real estate market fluctuations. The Fund Manager believes that the individual properties and the Portfolio as a whole possess strong income profiles owing to the generally high levels of current occupancy and utilisation (with limited exceptions in respect of newer Properties) and a relatively high degree of tenant commitments with commercial properties having WAULTs of 2.5 years (as at 30 September 2016). Residential properties tend to carry a lower WAULT and the Fund’s residential properties carry a WAULT of 0.65 years (as at 30 September 2016). As at 30 September 2016, the total Portfolio generated a Passing Income of approximately AED 93.6 million (approximately US\$ 25.48 million) and the Portfolio generated a Passing Income Yield of 8.5%¹.

The Fund Manager intends to explore further diversifying the Fund’s Portfolio by potentially investing in: (i) Emirates other than Dubai including, in particular, the areas of Abu Dhabi designated for foreign investment; and (ii) real estate sectors other than office, residential and retail properties including, but not limited to, educational facilities, healthcare facilities, community retail, industrial logistics centres, data centres, infrastructure, warehouses, hospitality, storage and car parking or any other sector that the Fund Manager believes may be attractive from time to time. Increased diversification may enhance the Fund’s Portfolio by providing further exposure across a range of real estate sectors with the aim of enhanced and more stable returns.

- *Extensive network of existing and potential tenants operating across a broad range of industries*

The Fund currently has a large network of relationships with existing and potential tenants in the UAE. Key tenants in the Fund’s commercial portfolio represent a wide range of industries including telecoms, hospitality, and medical as well as legal, media and marketing services. The Fund currently has a strong residential tenant base, with more than 120 tenants (including individuals and corporates) across its three residential properties, representing an average occupancy rate of 96.6%² as at 30 September 2016.

¹ This figure assumes that 100% of Binghatti Terraces is leased as it current benefits from a rent guarantee that is in effect until July 2017.

² This figure assumes that 100% of Binghatti Terraces is leased as it current benefits from a rent guarantee that is in effect until July 2017.

- ***Demonstrable performance track record, consistent dividend distribution and steady increase in NAV per share***

The Jersey Fund, the predecessor to the Fund, had, since its inception in 2005, largely achieved its overall investment objectives of providing its investors with: (i) a regular and stable source of income by paying semi-annually an interim dividend following the end of the relevant six-month period in June and a final dividend following the end of the relevant six-month period ending December; and (ii) long-term capital appreciation in net asset value per unit since inception. For more information on the historic net asset value of the Jersey Fund see “*The Jersey Fund and the Re-Domiciliation*”.

The Jersey Fund distributed dividends per share of US\$ 0.1998 for the six-month period ended 30 June 2016 to Income Share class holders, which equates to an Annualised Dividend Yield of 5.75%. The net asset value per share of the Jersey Fund since 30 September 2011 increased by 4.8% over the last 12-month period ended 30 September 2016, 57.5% over the last five years (September 30) and 32.1% since inception. It should be noted that this period included the global financial crisis where significant falls in the values of real estate assets were generally seen across a number of global markets. The Fund Manager will continue to seek and 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.

- ***Emirates NBD Asset Management—reputable manager***

The Fund Manager is considered a prominent asset manager in the region with US\$ 3.5 billion of assets under management as at 30 September 2016, spread across actively managed in-house funds as well as discretionary portfolios. The Fund Manager is part of the Emirates NBD Group which is one of the largest banking groups in the MENA Region by assets with total assets of approximately US\$ 121 billion as at 30 September 2016. Emirates NBD, the holding company of the Fund Manager, is publicly listed on the DFM and is majority-owned by the Government of Dubai (which, through the Investment Corporation of Dubai, currently owns a 55.8% interest in the share capital of Emirates NBD). In addition to the Emirates NBD Group’s credibility and reputation in the local market, its broad presence in the UAE and growing focus on opportunities in the wider region has historically helped the Fund benefit from: (i) wider visibility as to the relevant real estate markets; (ii) relationships with Emirates NBD Group’s banking clients which allow for the sourcing of ‘off-market’ opportunities; (iii) access to favourable financing terms; and (iv) Emirates NBD Group’s strong relationships with local regulatory bodies.

- ***Fund Manager’s experienced and committed real estate team***

The Fund Manager’s real estate team, which managed the Jersey Fund prior to the Re-Domiciliation (since July 2005), and currently manages the Fund, consists of an experienced management team with extensive experience in real estate portfolio management and property investment and knowledge of acquiring, owning, managing, leasing and repositioning real estate assets. The Fund Manager is an award winning asset manager in the region with strong relationship with different service providers and has received the following awards: (i) Real Estate Fund of the Year (MENA Fund Manager Performance Awards 2015); (ii) Real Estate Fund of the Year (MENA Fund Manager Performance Awards 2016); (iii) Best Real Estate Fund UAE (International Finance Magazine 2015); and (iv) Best Real Estate Fund (Islamic Business & Finance Awards 2013).

The Fund Manager’s team, currently led by Tim Rose and Anthony Taylor, has experienced a number of property sector cycles in the UAE and has, accordingly, demonstrated its capabilities to the Fund’s investors, property buyers and sellers, tenants and banks.

The Fund Manager proactively sources and evaluates new investment opportunities with a rigorous focus on: (i) governance; (ii) timely execution of transactions; (iii) acquisition financing and liquidity management; (iv) overall leasing management including thorough review and enhancement of existing lease contracts and tenant relations; (v) diligent property management; (vi) value enhancement of properties through refurbishment and renovation; and (vii) prudent financial oversight of rental income, property and Fund expenses.

The Fund’s investment strategy is exemplified by the management team’s successful historical track record and its historical ability to maintain a relatively diversified portfolio, consistently growing its net asset value and sustaining dividend distribution through the efficient management controls put in place in respect of the Portfolio.

- ***Experienced boards and committees***

Members of the Fund's governing bodies, including members of the Fund Manager's board and committees have a track record of local and international experience within their respective specialties that range from engineering, investment management, Shari'a, real estate valuation, accounting and finance as well as legal and compliance.

- ***A larger established investor base comprising institutional and high net worth individuals with a long term outlook***

The Fund's top ten Pre-Admission Shareholders owned 68.7% of the Shares prior to Admission. Pre-Admission Shareholders are comprised of primarily institutional investors and family offices, some of whom have been with the Fund (through the Jersey Fund) for years. The Jersey Fund attracted large institutional capital in the last 36 months and the investor profile has evolved from a smaller 'semi-retail' client base and high net worth individuals to a larger institutional investor base. Please refer to the heading "*Background—Jersey Fund*" in the "*The Jersey Fund and the Re-Domiciliation*" section of this Prospectus. The shareholder of the Fund Manager retains a position in the Fund and provided initial capital to the Jersey Fund in 2005.

- ***Focus on single ownership properties***

For the most part the Fund holds single/sole ownership interests in each of the Properties. This allows the Fund to effectively control, in so far as applicable rules and regulations permit, the quality of each Property, its maintenance, and eventual disposal without having to cater to minority shareholders or co-owners of space in the relevant buildings. This position will likely also benefit the Fund by attracting corporate tenants as the Fund is able to offer large contiguous leasable areas (which, to date, have been less readily available in the areas of the UAE targeted by the Fund than smaller spaces).

The Fund will continue to focus on ownership of entire buildings so that it maintains its ability to attract corporate tenants on attractive commercial terms.

- ***Pipeline opportunities***

Leveraging off of its relationships, the Fund Manager has currently identified a significant pipeline of opportunities with the following characteristics: (i) they are located in the UAE (primarily Dubai or Abu Dhabi); (ii) they have a minimum value of approximately US\$ 30 million per asset; and (iii) they potentially offer target net yield of 7.5% to 9%. Some of these opportunities fall within relatively high yielding sectors such as industrial and education. The pipeline opportunities that have been identified include both market and 'off-market' opportunities.

Key Strategies

The Fund has been established with the main investment objective of generating income returns and capital appreciation from real estate assets. The Fund aims to regularly distribute a dividend with a target of achieving a return of 7.5% per annum or more. The Fund Manager will manage the Assets with a focus on enhancing and maintaining the value of the Assets. The Fund Manager intends to increase the size of the Portfolio so that the Fund can benefit from economies of scale across the Portfolio and from the reduced rates applied to the Fund Manager's management fee as the size of the Fund increases. The Fund's investment strategy is designed to take advantage of current and projected market conditions within the UAE and the wider MENA Region. The Fund Manager believes that steady economic growth in the UAE will set the stage for continued improvement in the UAE's real estate market. It is envisioned that acquisitions and other investment opportunities will be particularly compelling due to: (i) the UAE's economic growth; (ii) the perceived availability of debt and equity financing; and (iii) the Fund Manager's belief that the level of supply of new investment-grade real estate assets in the UAE is limited. For further information on the UAE real estate market, please refer to the "*UAE Property Market Overview*" section of this Prospectus.

The Fund plans to achieve its objectives through the following strategies:

- (i) Prudent acquisitions with a focus on achieving diversification

The Fund intends to acquire, own and operate properties in a wide range of sectors, including commercial and residential sectors within the UAE. This market has historically had high barriers to entry, is supply-

constrained, exhibits suitable economic characteristics and has a diverse pool of prospective tenants who demand high-quality real estate. The Fund seeks to acquire properties that will command sufficient rental rates and aims to maintain high occupancy levels and to capitalise on specific real estate opportunities that complement its existing portfolio.

(ii) Active asset management and enhancement

Through active asset management, the Fund seeks to increase (or maintain) occupancy levels and achieve high tenant retention to improve the rental growth and potentially increase overall yields and returns to investors. The Fund Manager intends to maintain a team to manage the Fund and may, with the consent of the Directors (as appropriate), outsource specialised activities to competent professional external firms as and when required. The Fund Manager may add to its current activities by conducting internal management and development functions in the future, subject to regulatory requirements and approvals.

(iii) Capital and risk management

The Fund Manager will endeavour, as far as market conditions permit, to:

- a. maintain a strong and robust balance sheet;
- b. employ an appropriate mix of debt and equity in financing acquisitions and asset enhancement projects to achieve sufficient cash flow coverage of the Fund's financing obligations;
- c. secure diversified funding sources to access both financial institutions and capital markets; and
- d. optimise its cost of debt financing through regular review of existing facilities and negotiations.

Risk Factors

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

- the impact of increased competition on the Fund's ability to source and make investments;
- fluctuations in the real estate markets in which the Fund operates and the resulting impact on the value of the Portfolio and the rental income the Portfolio produces;
- the Fund's ability to realise one or more of the Properties for a particular price at a particular time, given the relative illiquidity of real estate as an asset class;
- the Fund's exposure to risks associated with seeking financing or maintaining sufficient working capital to fund maintenance and/or refurbishment of the Properties and future acquisition in light of the regulatory limitation on the amount of debt the Fund may incur;
- the availability of insurance against certain catastrophic losses and losses in excess of insurance proceeds;
- the Fund's dependence on the Fund Manager, its key personnel, use of intellectual property and its relationship with Emirates NBD; and
- potential changes to the political, regulatory, economic and social environment in which the Fund and the Fund Manager operate and their ability to adapt to those changes.

Historical Financial Information

Statement of comprehensive income

The table below sets out the statement of comprehensive income relating to the Fund for the 12-month periods ended 31 December 2013 and 31 December 2014, the 15-month period ended 31 March 2016 and the six-month period ended 30 September 2016.

Statement of Comprehensive Income (US\$ '000)	12 months ended 31 December 2013	12 months ended 31 December 2014	15 months ended 31 March 2016	six months ended 30 September 2016	six months ended 30 September 2015 (Unaudited)
Rental income	25,406	25,185	35,641	13,758	14,571
Profit share	191	64	673	543	91
Unrealised gain/ (loss) on investment properties, net	16,649	25,039	8,050	(268)	(169)
Realised gain on investment properties, net	139		1,227	329	—
Gain on financial assets at fair value through profit or loss, net	23	74	32	—	—
Total income	42,207	50,362	45,623	14,363	14,493
Property expenses	7,608	7,297	9,775	4,042	4,911
Property valuation cost	68	89	100	50	43
Ijarah expenses	1,454	1,004	158	35	65
Management fees	3,568	4,355	7,699	3,172	2,986
Administration fees	215	262	411	194	163
Performance fees	3,017	4,213	218	—	108
Custodian fees	239	266	340	275	146
Auditors' fees	35	86	88	40	33
General expenses	333	138	548	139	233
Legal and professional fees	27	437	969	(262)	81
Movement in provision for doubtful debts	148	(327)	(112)	(211)	(184)
Total operating expenses	16,711	17,820	20,195	7,474	8,586
Distributions to holders of Participating Shares	10,891	9,788	25,319	9,929	8,034
Changes in net assets attributable to Participating Shareholders	14,805	22,753	108	(3,040)	(2,126)
Basic earnings per share (US\$)	0.76	0.83	0.36	0.23	0.14

Statement of financial position

The table below sets out the statement of financial position of the Fund for the 12-month periods ended 31 December 2013 and 31 December 2014, the 15-month period ended 31 March 2016 and the six-month period ended 30 September 2016.

Statement of Financial Position (US\$ '000)	12 months ended 31 December 2013	12 months ended 31 December 2014	15 months ended 31 March 2016	six months ended 30 September 2016
ASSETS				
Non-current assets				
Investment properties	216,651	278,987	336,962	313,975
Current assets				
Islamic deposits and receivables	15,521	68,063	50,472	105,323
Financial assets at fair value through profit or loss . .	1,121	1,125	—	—
Profit share receivable	27	12	202	144
Trade and other Receivables	2,606	3,086	3,251	2,435
Cash and cash equivalent	5,286	24,079	77,646	4,372
Total current assets	24,560	96,364	131,570	112,274
Total assets	241,211	375,352	468,531	426,249
LIABILITIES & EQUITY				
Current liabilities				
Trade and other payables	9,924	10,774	10,076	12,667
Ijarah payable	3,948	—	—	—
	13,872	10,774	10,076	12,667
Non-current liabilities				
Ijarah payable	19,993	3,658	2,723	2,723
Total liabilities	33,865	14,432	12,799	15,390
Net Assets attributable to Participating Shareholders	207,346	360,920	455,733	410,809
EQUITY				
Share capital	—	—	—	50
Total equity	—	—	—	50
Total Equity & Liabilities	241,211	375,352	468,531	426,249

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 12-month periods ended 31 December 2013 and 31 December 2014, the 15-month period ended 31 March 2016 and the six-month period ended 30 September 2016.

Statement of Cash Flows (US\$ '000)	12 months ended 31 December 2013	12 months ended 31 December 2014	15 months ended 31 March 2016	six months ended 30 September 2016	six months ended 30 September 2015 (Unaudited)
Cash flows from operating activities					
Change in net assets attributable to Participating Shareholders	14,805	22,753	108	(3,040)	(2,126)
Adjustments for:					
Unrealised gain on investment properties, net	(16,649)	(25,039)	(8,050)	268	169
Profit share	(191)	(64)	(673)	(543)	(91)
Gain on financial assets at fair value through profit or loss, net	(23)	(74)	(32)	—	—
Realised (gain) / loss on investment properties, net	(139)	—	(1,227)	(329)	—
Movement in provision for doubtful debts	148	(327)	(112)	(211)	(184)
Distributions payable	10,891	9,788	25,319	9,929	8,034
Ijarah costs	1,454	1,004	158	35	65
	<u>10,296</u>	<u>8,041</u>	<u>15,492</u>	<u>6,108</u>	<u>5,866</u>
Changes in:					
Trade and other receivables	693	847	(1,053)	1,027	1,650
Trade and other payables	(1,400)	850	(698)	2,591	(1,416)
Net cash flows generated from operating activities	9,589	9,738	13,741	9,726	6,100
Cash flows from Investing Activities					
Acquisition of /additions to properties	(383)	(37,297)	(95,486)	(43,369)	(94,257)
Proceeds from disposal of properties	19,464	—	46,789	65,418	—
Changes in Islamic deposits and Receivables	22,283	(52,542)	17,591	(54,851)	(5,013)
Changes in Financial Assets at Fair Value through profit or loss	(1,121)	(4)	1,125	—	—
Profit share received	311	153	515	601	36
Net cash flows (used in) / generated from Investing activities	40,554	(89,690)	(29,467)	(31,202)	(99,234)
Cash flows from financing activities					
Proceeds from issuance of Participating Shares	59,551	163,900	117,818	1,548	59,559
Payments on redemption of Participating Shares	(92,237)	(34,079)	(22,114)	(43,382)	(13,391)
Distributions paid	(10,891)	(9,788)	(25,319)	(9,929)	(8,034)
Repayment of Ijarah	(3,948)	(20,283)	(3,658)	—	—
Drawdown of Ijarah	—	—	2,723	—	—
Costs paid on Ijarah	(1,454)	(1,004)	(158)	(35)	(65)
Net cash flows generated from / (used in) financing activities	(48,978)	98,745	69,292	(51,798)	38,069
Net increase in cash and cash equivalents for the period/year	1,164	18,793	53,567	(73,274)	(55,066)
Cash and cash equivalents at the beginning of the period/year	4,122	5,286	24,079	77,646	87,133
Cash and cash equivalents at the end of the period/year	<u>5,286</u>	<u>24,079</u>	<u>77,646</u>	<u>4,372</u>	<u>32,068</u>

Non-cash transactions:

159,756,745 Shares (being 62.8% of the issued share capital of the Fund) were issued in consideration of the transfer to the Fund of the Properties and US\$ 5,774,148.05 in cash in connection with the Re-Domiciliation.

Recent Developments

Since 30 September 2016, there have been recent material developments in the Jersey Fund and the Fund's operations as follows:

- (a) redemptions from 28 investors as at 3 October 2016, in the value of US\$ 62.54 million across all share classes of the Jersey Fund and a further redemption from 50 investors as at 31 October 2016, in the value of US\$ 154.36 million across all share classes of the Jersey Fund;
- (b) to improve the capital structure of the Fund and in order to facilitate the payment of the abovementioned redemptions the Fund executed a Mudarabah Facility and drew down AED 410 million (US\$ 111.63 million). Please refer to "*Financing—Mudarabah Facility*" in the "*General Information*" section and to the "*Risk Factors*" section of this Prospectus;
- (c) since 31 December 2016, the Jersey Fund declared a dividend of US\$ 4,331,638 on 25 January 2017 and the Fund submitted a draw down request for an additional amount of AED 20 million (US\$ 5,445,140) on the Mudarabah Facility on 31 January 2017 bringing the total indebtedness to AED 430 million (US\$ 117.07 million). The 31 December 2016 NAV adjusted for the January 2017 dividend and Mudarabah Facility drawdown only, prepared in accordance with IFRS, is US\$ 191,768,260 (based on unaudited management accounts). Please see the "*Capitalisation and Indebtedness*" section for more detail; and
- (d) as at 1 January 2017, the Fund has improved Portfolio occupancy by successfully executing lease agreements in Burj Daman and DHCC 49.

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 “Use of Proceeds” sections of this Prospectus.

Fund Name ENBD REIT (CEIC) Limited

Fund Address 8th Floor East Wing, DIFC, The Gate Building, P.O. Box 506578, Dubai, UAE

Issuer The Fund is a closed-ended investment company that was incorporated by the Fund Manager to invest in a diversified portfolio of Shari’a-compliant real estate in the UAE. It has an unlimited duration and was established in the DIFC by the Fund Manager on 18 July 2016 under the Companies Law with the name “Emirates Real Estate Fund Limited” with registration number 2209. The Fund subsequently changed its name to “ENBD REIT (CEIC) Limited”. The Fund is categorised under the CIR as a Public Fund, Domestic Fund, Islamic Fund, Property Fund and a Real Estate Investment Trust (REIT).

The Assets were transferred to the Fund from the Jersey Fund between October 2016 and December 2016. The Jersey Fund was established as an open-ended investment fund in Jersey, as one of a number of sub-funds of EFL an umbrella fund company. The Jersey Fund was established to allow the Fund Manager’s investors to participate in the UAE real estate market class in a Shari’a-compliant manner. Please refer to the “*The Fund, Strategy and Investment Objectives*” section of this Prospectus.

Investment Objective By investing in Shari’a-compliant, predominantly income generating real estate, with a primary focus on the UAE, the Principal Investment Objective is to provide investors with: (i) a regular source of income (by way of annual dividends of at least 80% of its net audited annual income in accordance with the CIR); and (ii) capital appreciation.

Investment Restrictions The Fund has the following restrictions on the permitted composition of the Fund’s investment portfolio, pursuant to the CIR and the Articles:

- investments made by the Fund must be made on a Shari’a-compliant basis as determined by the Fund’s Shari’a Supervisory Board;
- the Fund is focused on investing in real estate, property related assets, units of other property funds, cash and government and public securities;
- any investment in cash, government and public securities may not exceed 40% of the Fund’s investments;
- there is no limitation on the total investment by the Fund, as a percentage of the NAV, in any individual asset or any single Emirate or country subject to restrictions in relation to Development Properties;
- any investment made in respect of Development Property will only be undertaken where the total contract value of the Development Property does not exceed 30% of the NAV;
- the Fund will not, as a result of the investment restrictions, be required to dispose of the whole or any part of an investment due to subsequent changes in value of its investments or investment concentration;

- where the Fund is investing in a corporate entity, the Fund may not invest in any such entity in which the liability of shareholders is not limited; and
- where a joint ownership arrangement is entered into, the Fund must have a majority stake or holding in respect of that arrangement, that is, more than 50% ownership and control of each property at all times.

Directors The Fund has three directors, namely: (i) Tariq Abdulqader Ibrahim Bin Hendi; (ii) Mark Edward John Creasey; and (iii) David Jonathan Marshall. Tariq Abdulqader Ibrahim Bin Hendi is the Fund's only executive director.

Fund Manager Emirates NBD Asset Management Limited is a company limited by shares incorporated in the DIFC as "Emirates Financial Services International Limited", having changed its name first to "Emirates Investment Bank International Limited" on 8 October 2006 and then to "Emirates Investment Services Limited" on 6 March 2007. The Fund Manager adopted its current name, "Emirates NBD Asset Management Limited", on 10 December 2009.

The Fund Manager is wholly owned by Emirates NBD PJSC, a company listed on the Dubai Financial Market ("DFM").

Fund Manager Directors The Fund Manager has five directors, namely (i) Mohamed Hamad Obaid Khamis Al Shehi; (ii) Aazar Ali Khwaja; (iii) Suvobroto Sarkar; (iv) Gary Anthony Dugan; and (v) Tariq Bin Hendi.

Fund Management Fees *Management Fee* - The Fund Manager is entitled to receive from the Fund a Fund Management Fee based on the Net Asset Value per annum subject to a reduced fee scale as follows: (i) a fee of 1.5% for a NAV up to and including US\$ 550 million; (ii) a fee of 1.25% of the amount by which the NAV exceeds US\$ 550 million and up to and including US\$ 1,000 million; and (iii) a fee of 1% of the amount by which the NAV exceeds US\$ 1,000 million.

Until 80% of the proceeds of the Offer have been invested by the Fund, that part of the Fund Management Fee that corresponds to the Offer proceeds element of the NAV will be reduced by 50%.

Performance Fee - The Fund Manager is entitled to receive from the Fund a Performance Fee of 10% above a 7% on the total return to investors calculated on a change in NAV per Share (with the right to dividend), with a High-water Mark rebased every 12 months upwards, provided that, no Performance Fee shall be payable in respect of an increase in NAV per Share from an amount below the High-water Mark up to an amount which is still below or equal to the High-water Mark.

Transaction Fee - 1% of the transaction value on transactions up to US\$ 30 million and 0.50% of the transaction value on transactions over US\$ 30 million.

Former Fund Management Fees in relation to the Jersey Fund

The above Management Fee and Performance Fee have been amended in favour of investors from the previous fee structure applicable to the Jersey Fund which were:

Management Fee - The Fund Manager was entitled to receive from the Jersey Fund a fund management fee of 1.5% on gross asset value of the Jersey Fund per annum. The reference to gross asset value as opposed to net asset value leads to higher fees being payable than are anticipated to be paid going forward.

Performance Fee - The Fund Manager was entitled to receive from the Jersey Fund a Performance Fee of 20% above a 7% hurdle rate with no high-water mark. This meant that the Fund Manager was paid without reference to the highest net asset value of the Jersey Fund to date. Previously, this meant that Performance Fee was payable in respect of any increase in net asset value, even one below the highest net asset value of the Jersey Fund.

Transaction Fee - up to 2% of sale price payable on the acquisition or disposal of Property. There was no reduction in transaction fee for high value acquisitions or disposals (for example, in relation to properties worth over US\$ 30 million).

Fees for Additional Services . In the event that additional services are provided by the Fund Manager as set out below the following fees will be payable.

Building Management Fee - an annual fee in an amount up to 5% of the gross contractual income for the Properties managed by and payable to any third party provided that the total building management fee payable to the Fund Manager, in the event that the Fund Manager provides these services exclusively in relation to any single Property, does not exceed 3% of the gross contractual income on that Property. In the event that the Property is vacant or substantially vacant, a notional gross contractual income can be used to determine the fee until the Property is fully leased.

Development Fee - 2% of the total development cost of a Property: 50% of the Development Fee shall be payable at (i) the time of acquisition of the Property or (ii) at the time of the Directors' approval to the redevelopment of an existing Property. The remaining 50% is a contingent fee payable upon completion of the development, provided that, and only when, the development has resulted in an increase in the market value of the developed Property as determined by the Fund's independent valuer.

Fund Real Estate Portfolio . . The Portfolio consists of the following seven Properties which are all based in Dubai: (i) Al Thuraya Tower 1; (ii) Burj Daman; (iii) DHCC 49; (iv) DHCC 25; (v) Binghatti Terraces; (vi) Arabian Oryx House; and (vii) Remraam.

Please refer to the "The Fund's Portfolio" section of this Prospectus.

Governance The Fund Manager has created a number of committees and boards in compliance with the CIR: (i) the Oversight Committee (to supervise the activities of the Fund Manager for the Fund in accordance with the CIL and the CIR); (ii) the Investment Committee (to consider and, where appropriate, confirm it has no objection to each investment); and (iii) the Shari'a Supervisory Board (to provide on-going and continuous supervision of, and adjudication in, all Shari'a matters for the Fund).

Service Providers Valuer - CBRE
Administrator - Apex Fund Services (Dubai) Ltd
Auditor - KPMG LLP
Custodian - Apex Fund Services (Guernsey) Ltd
Registrar - Nasdaq Dubai
Shari'a Advisor to the Fund Manager - Khalij Islamic

Share Capital	<p>Prior to Admission, the Fund has an issued share capital of US\$ 191.77 million comprising 159,806,745 fully paid Shares each with no par value. Following completion of the Offer and assuming full subscription of all the Shares offered pursuant to the Offer the issued share capital of the Fund will be US\$ 296.77 million comprising 245,401,340 fully paid Shares each with no par value. The Shares are the only class of shares that the Fund has in issue. The Shares rank <i>pari passu</i> with each other Share and entitle holders to vote at general meetings and to receive dividends and distributions.</p> <p>For further information, please refer to the “<i>General Information</i>” section of this Prospectus.</p>
Shareholders	As at Admission the Pre-Admission Shareholders hold legal or beneficial interest in 159,806,745 Shares comprising 65.1% of the Shares in the Fund.
The Offer	<p>94,594,595 New Shares are being offered in the Fund by the Fund Manager, for and on behalf of the Fund, in the Offer in or from the DIFC pursuant to the Market Rules. The issue of New Shares was approved by the resolution of the sole shareholder of the Fund before the distribution of the dividend in specie.</p> <p>On Admission, a minimum of 25% of the Shares will be in public hands.</p>
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 New Shares is US\$ 1.11 per Share.
Net asset value per share . . .	<p><i>As at 30 September 2016 (as provided by the Administrator)</i></p> <ul style="list-style-type: none"> • Income Shares: US\$ 6.8173 • Accumulation Shares: US\$ 12.9248 • Dirham Shares: AED 8.4672 (US\$ 2.3053) <p><i>As at 30 October 2016 (as provided by the Administrator)</i></p> <ul style="list-style-type: none"> • Income Shares: US\$ 6.8250 • Accumulation Shares: US\$ 12.9393 • Dirham Shares: AED 8.4767 (US\$ 2.3078)
Working Capital	The Responsible Persons are 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
Valuation Policy	Valuation is undertaken quarterly, with the Net Asset Value being calculated by the Administrator. The NAV per Share will be announced and disseminated via the CANDI system or such other regulatory news services as may be mandated by the DFSA and will represent the total equity of the Fund calculated in accordance with IFRS divided by the total number of Shares outstanding at the relevant date.
Minimum Holding Amount . .	The minimum number of Shares that a Shareholder may hold in the Fund is one Share.
Joint Global Coordinators and Joint Bookrunners . . .	EMCAP and EFG
Underwriters	EFG, EFG Hermes Promoting and Underwriting S.A.E., EMCAP and Emirates NBD

Listing Advisor EMCAP has been appointed by the Fund and the Fund Manager, for and on behalf of the Fund, as the Fund's listing advisor in connection with the Admission and the Offer.

Dividends and Distribution

Policy The Fund will distribute to Shareholders by way of dividend at least 80% of its audited net income each Financial Year subject to the restrictions referred to in the “*Dividends and Dividend Policy*” section of this Prospectus.

Leverage The Fund is currently permitted to procure debt financing up to 50% of the GAV, provided that such financing is Shari'a-compliant. As at 31 December 2016 and 30 September 2016, the Fund's debt financing as a percentage of GAV was 36.3% and 0.7% respectively. The adjusted GAV as at 31 December 2016 was 37.9%³. Please refer to the “*Capitalisation and Indebtedness*”, “*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\$ 105.0 million 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 “*General Information*” section of this Prospectus.

The Fund Manager intends to use the balance of the net proceeds of the Offer US\$ 100.7 million, to fund acquisitions of real estate assets in the UAE and improvements of existing Properties. Please refer to the “*Use of Proceeds*” section of this Prospectus.

Lock-in Shares held by 50% of the Pre-Admission Shareholders are subject to a lock-in of six months following the date of Admission.

Pursuant to such lock-in arrangement(s), each applicable Shareholder has agreed with the Fund and the Banks, for the duration of the restriction(s), not to:

- (i) directly or indirectly in any way sell, transfer or dispose of any Shares (or agree to do so); or
- (ii) enter into any arrangement with the same economic effect (or agree to do so).

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 Articles contain provisions that allow the Directors to limit the ownership rights of non-UAE and/or non-GCC persons. This limitation is subject to suspension or cancellation at the sole discretion of the Directors. Arrangements have been put in place with Nasdaq Dubai to ensure that, so far as is practicable, these ownership requirements are monitored if and when they become applicable.

Where Share transfers result, or are liable to result, in the Fund's ownership requirements being breached, the Articles 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.

³ Unaudited figure based on management accounts calculated as per IFRS.

Under the Articles, 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 US securities laws. 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 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 impact of increased competition on the Fund’s ability to source and make investments; (ii) fluctuations in the real estate markets in which the Fund operates and the resulting impact on the value of the Portfolio and the rental income the Portfolio produces; (iii) the Fund’s ability to realise one or more of the Properties for a particular price at a particular time, given the relative illiquidity of real estate as an asset class; (iv) the Fund’s exposure to risks associated with seeking financing or maintaining sufficient working capital to fund maintenance and/or refurbishment of the Properties and future acquisition in light of the regulatory limitation on the amount of debt the Fund may incur; (v) the availability of insurance against certain catastrophic losses and losses in excess of insurance proceeds; (vi) the Fund’s dependence on the Fund Manager, its key personnel, use of intellectual property and its relationship with Emirates NBD; and (vii) potential changes to the political, regulatory, economic and social environment in which the Fund and the Fund Manager operate and their ability to adapt to those changes.

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 and to Nasdaq Dubai for the Shares to be traded on Nasdaq Dubai under the symbol “**ENBDREIT**”. 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 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 the 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 Depository (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.

Underwriting Agreement

EFG, EFG Hermes Promoting and Underwriting S.A.E., EMCAP and Emirates NBD (together referred to in their various roles as the “Underwriters”), the Fund and the Fund Manager have entered into the Underwriting Agreement. Pursuant to the Underwriting Agreement, each of the Underwriters agreed, subject to certain conditions, to seek subscribers for the New Shares in the Offer. Each of the Underwriters agreed, subject to certain conditions, in the event of the failure of any subscriber who has signed a subscription form and indicated its agreement to subscribe through or with such Underwriter to fulfil its commitments to subscribe for New Shares, to subscribe itself, or cause one of its affiliates (including Emirates NBD in the case of EMCAP and EFG Hermes Promoting and Underwriting S.A.E. in the case of EFG) to subscribe, for such New Shares (up to such Underwriter’s agreed portion of the New Shares).

Underwriting Agreement Fees

Up to 3% of the gross proceeds of the Offer divided between EMCAP and EFG on Admission.

Up to 0.5% of the amount of the gross proceeds attributed to investors procured by SHUAA, in respect of the Offer allocated to SHUAA on Admission.

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.

Shari'a-Compliant Financing . The Fund may guarantee loans made in respect of an investment and borrow money on a Shari'a-compliant basis, as determined by the Shari'a Supervisory Board, for the purpose of: (i) covering expenses of the Fund (including the Fund Manager fee and performance fee) and organisational expenses; and (ii) funding investments—provided that, such outstanding financing by the Fund shall not, in the aggregate, exceed 50% of the GAV. The Fund may pledge any or all of the Assets as security for any such financing.

Mudarabah Facility and Mortgages

The Fund entered into the Mudarabah Facility totalling AED 700 million (US\$ 190.58 million) with Emirates NBD - AWAI in December 2016.

In connection with the Mudarabah Facility certain security interests have been granted in case of default, including the following registered mortgages:

1. a 25-year registered mortgage granted by Emirates Real Estate Fund Limited over the real estate and buildings at Plot 14, Municipality Number 382 - 696, located in Al Sufouh Second, (Al Thuraya Tower 1) for AED 300,000,000 (US\$ 81.68 million);
 2. a 25-year registered mortgage granted by Arabian Oryx Property SPV 1 Limited in relation to Plot 106, Municipality Number 383 - 241 Al Thanyah First, (Arabian Oryx House) for AED 70,000,000 (US\$ 19.06 million);
 3. a 25-year registered mortgage granted by Dana Property SPV 4 Limited in relation to Plot 1216, Municipality Number 626 - 334, Nadd Hessa, (Binghatti Terraces) for AED 50,000,000 (US\$ 13.61 million);
 4. a 25-year registered mortgage granted by Emirates Real Estate Fund Limited in relation to Plot 26, Municipality Number 315 - 235, Umm Hurair Second, (DHCC 25) for AED 80,000,000 (US\$ 21.78 million);
 5. a 25-year registered mortgage granted by Emirates Real Estate Fund Limited in relation to Plot 29, Municipality Number 315 - 253, (DHCC 49) for AED 100,000,000 (US\$ 27.23 million);
 6. a 25-year registered mortgage granted by Camel Property SPV 3 Limited in relation to Plot 43, Al Hebiah Fifth, (Building No. 53 - Al Ramth 57 and Building No, 54 - Al Ramth 59), (Remraam) for AED 50,000,055 (US\$ 14.97 million);
 7. a 25-year registered mortgage granted by Blanford Fox Property SPV 2 Limited over the caveat registration related to Plot C1502, DIFC (Burj Daman) totalling AED 20,000,000 (US\$ 5.45 million);
 8. a 25-year registered mortgage granted by Blanford Fox Property SPV 2 Limited over the caveat registration related to Plot C1401, DIFC (Burj Daman) totalling AED 40,000,000 (US\$ 10.89 million); and
 9. a 25-year registered mortgage granted by Blanford Fox Property SPV 2 Limited over the caveat registration related to Plot C1001, DIFC (Burj Daman) totalling AED 40,000,000 (US\$ 10.89 million),
- (together the “Mortgages”).

The Mortgages in 1-5 above are in the process of being amended from the old to the current name of the Fund. Security guarantees have also been granted by Camel Property SPV 3 Limited, Arabian Oryx Property SPV 1 Limited, Dana Property SPV 4 Limited and Blanford Fox Property SPV 2 Limited.

The rental proceeds from the Properties have also been assigned by the following entities (as the “**Owners**”) pursuant to the following deeds of assignment by:

1. Arabian Oryx Property SPV 1 Limited in relation to Plot No. 106, Municipality No, 383-421, Al Thanyah First, Dubai;
2. Blanford Fox Property SPV 2 Limited in relation to Unit No. C 1001, Burj Daman, DIFC;
3. Blanford Fox Property SPV 2 Limited in relation to Unit No. C 1401, Burj Daman, DIFC;
4. Blanford Fox Property SPV 2 Limited in relation to Unit No. C 1502, Burj Daman, DIFC;
5. Camel Property SPV 3 Limited in relation to Plot 43, Municipality Number 683-847, Building No. 53, Building Name: Al Ramth 57, Al Hebiah Fifth;
6. Camel Property SPV 3 Limited in relation to Plot 43, Municipality Number 683-847, Building No. 54, Building Name: Al Ramth 59, Al Hebiah Fifth;
7. Dana Property SPV 4 Limited in relation to Plot 1216, Municipality No. 626-334, Nadd Hess, Dubai;
8. The Fund in relation to Plot. No 26, Umm Hurair Second, Dubai;
9. The Fund in relation to Plot. No 29, Umm Hurair Second, Dubai;
and
10. The Fund in relation to Plot No. 14, Municipality No. 382-696, Al Sufouh Second, Dubai,

(together, the “**Assignment Deeds**”).

General Information The security identification numbers of the Shares offered hereby are as follows:

Shares ISIN: AEDFXA1CN004.

Nasdaq Dubai Share Trading Symbol: ENBDREIT.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND OFFER STATISTICS

Expected timetable of principal events

<u>Event</u>	<u>Time and date</u>
Completion of the Re-Domiciliation	19 March 2017
Announcement of Offer Price and allocation	20 March 2017
Publication of final Prospectus (including Offer Price)	20 March 2017
Admission of Shares to the Official List	23 March 2017
Admission of Shares to trading on Nasdaq Dubai	23 March 2017
Payment for and allotment, issue, delivery and settlement of Shares	23 March 2017
First trading date on Nasdaq Dubai	23 March 2017

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

Offer statistics

<u>Offer Statistics</u>	
Offer Price	US\$ 1.11
Number of Shares in issue following the Offer	254,401,340
Percentage of the enlarged issued Share capital in the Offer	34.4%
Estimated net proceeds of the Offer receivable by the Fund	US\$ 100,668,142
Market capitalisation of the Fund at the Offer Price	US\$ 282,385,487

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 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. This Prospectus contains forward-looking statements that contain risks and uncertainties. Please refer to the section entitled "Forward-Looking Statements" on page ix of this Prospectus in connection with your consideration of the risk factors and other important factors that may affect future results 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.

General Risks Related to the Fund

No assurance of investment return

The Fund Manager cannot provide any assurance whatsoever that it will be able to choose, make and realise investments in any particular property or portfolio of properties. There can be no assurance that the Fund will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of properties and transactions described herein. There can be no assurance that any investor will receive any distribution from the Fund. Partial or complete sales, transfers or other dispositions of investments which may result in a return of capital or the realisation of gains, if any, are generally not expected to occur for a number of years after an investment is made. Accordingly, an investment in the Fund should only be considered by persons for whom a speculative, illiquid and long-term investment is an appropriate component of a larger investment program and who can afford a loss of their entire investment.

Past activities of investment entities associated with the Fund, including the Jersey Fund or the Fund Manager, provide no assurance of future success. In considering the performance information contained herein, prospective investors should bear in mind that past or estimated performance is not a guarantee, projection or prediction and is not necessarily indicative of future results. There can be no assurance that estimated returns will be achieved, that the Fund will achieve comparable results, that the returns generated by the Fund will equal or exceed those of other investment activities of the Fund Manager or its affiliates or that the Fund Manager or the Fund will be able to implement its investment strategy or achieve its investment objectives. Prospective investors should note that the performance of the Fund will likely be, and the performance of the Jersey Fund has been, affected by macroeconomic forces. Accordingly, prospective investors should attach correspondingly qualified consideration to such investment performance information.

Highly competitive market for investment opportunities

The activity of identifying, sourcing, completing and realising attractive real estate investments is highly competitive and involves a high degree of uncertainty. The availability of investment opportunities generally will be subject to market conditions. In particular, in light of changes in market conditions, certain types of investments may not be available to the Fund on terms that are as attractive as the terms on which opportunities were available to the Jersey Fund. The Fund will be competing for investments with many other real estate investment vehicles, as well as individuals, financial institutions (such as mortgage banks, pension funds and real estate investment trusts) and other institutional investors. 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 faces competition from other REITs. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of investment opportunities available to the Fund and adversely affecting the terms upon which investments can be made. The Fund may incur bid, due diligence or other costs on investments which may not be successful. As a result, the Fund may not recover all of its costs, which would adversely affect returns. There can be no assurance that proprietary opportunities will be available to the Fund or that the Fund will be able to successfully implement its sourcing strategy. Purchasers of the Shares will be dependent upon the judgment and ability of the Fund Manager in sourcing transactions and investing and managing the capital of the Fund.

There can be no assurance that the Fund will be able to locate, consummate and exit investments that satisfy the Fund's target size range, rate of return objectives or realise upon their values or that it will be able to invest fully its committed capital. The Fund Manager expects competition among asset management firms and other participants in real estate-related businesses to continue to increase. In such an environment, the sourcing and execution of transactions for the Fund, whether on a proprietary basis or otherwise, would become more challenging. To the extent that the Fund encounters competition for investments, returns to investors may decrease.

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

The Fund was incorporated on 18 July 2016 and, therefore, as a new undertaking, it has a limited trading and operating history for potential investors to evaluate its business and likely performance. The nature of, and risks associated with, the Properties may differ substantially from those investments and strategies undertaken historically by the Fund Manager (in its capacity as Delegate Investment Manager of the Jersey Fund) or by the Jersey Fund.

The past results and performance of the Jersey Fund (incorporated on 9 June 2005) and the Fund may not be indicative of its future results and should not be compared to return on equity information provided by other companies. 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 Net Asset Value per Share, achieved by the Jersey Fund, the Fund 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 Jersey Fund's past results and performance may not be directly comparable to the Fund's future results. The Jersey Fund generated its revenue for the periods ended 31 December 2013, 31 December 2014, 31 March 2016 and 30 September 2016 from Properties in Dubai and Sharjah but the Fund currently only holds Properties in certain free zones of the Emirate of Dubai. For example, the leasehold relating to Binghatti Terraces, which was acquired in May 2016, currently represents 42% of the Fund's residential Portfolio's NLA. However, the income contribution of Binghatti Terraces is not fully captured in the Jersey Fund's financial performance for the 12-month period ended 30 September 2016. The Jersey Fund's results from previous periods (prior to the Binghatti Terraces acquisition) are not and will 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.

Restrictions on ownership of property in the UAE and MENA Region

The Fund is only permitted to acquire certain types of real estate in the UAE and MENA Region. As the Fund will not be wholly owned by UAE/GCC nationals, it must adhere to each Emirate's specific rules and regulations regulating property ownership. For example, in accordance with applicable laws as at the date of this Prospectus, 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 designated for foreign investment (some of these investment areas are also free zones). Similarly, a foreign

person may not acquire freehold title to property in Dubai except in certain areas designated by law for foreign investment. Therefore, if acquisition opportunities arise outside of certain designated geographical areas and free zone areas, 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 certain designated geographical areas and free zone areas, which may mean the Fund continues to be exposed to the risks associated with holding assets that are concentrated in one or few geographical area(s), which may in turn have a material adverse effect on the Fund's business prospects and results of operations. For further information, please refer to the risk factor below entitled "*The Fund's revenue is currently entirely dependent on assets located in the free zones of the Emirate of Dubai in the UAE*".

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

All of the Fund's assets are currently located in free zones in the Emirate of Dubai. 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, the UAE and the MENA Region 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. A decline in Dubai's economy could have a material adverse effect on the Fund's business, financial condition and results of operations.

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 key 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. For example, occupancy rates in Burj Daman are currently low, and if occupancy is not increased, this may affect the profitability of the Fund. 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 Properties will depend on the Properties' ability 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 (for example, in relation to the replacement of plant and machinery), 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.

The Fund's investments are and may continue to be concentrated and are subject to risk of default of key tenants and other tenants

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 in which it may be invested as regards: (i) property-related assets which are not traded or dealt on markets as provided for in the Articles; (ii) a single property that is not a Development Property; (iii) properties which are vacant; (iv) properties which are subject to a mortgage; or (v) assets in a particular jurisdiction.

Furthermore, the Fund's Portfolio currently comprises only seven Properties, all of which are located in Dubai in the commercial and residential sectors. As at 30 September 2016, a significant portion of the Fund's annualised rental income (58.2%) is currently generated from three Properties: Al Thuraya Tower 1, Binghatti Terraces and Arabian Oryx House. As at 30 September 2015, 57.1% of the Fund's annualised rental income was generated from the three properties: Al Thuraya Tower 1, DHCC 49 and DHCC 25. 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.

Some of the Properties are leased entirely by a single tenant. 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 Properties that it leases. If a key tenant vacates or terminates its lease or if a key tenant of other tenants default and/or seek to renegotiate lease terms 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.

No units in Binghatti Terraces are currently leased and its rent guarantee expires in July 2017

Binghatti Terraces is currently unlet. The Fund Manager is currently sourcing a single occupier for Binghatti Terraces. After six months from the commencement of the rental guarantee, the Fund Manager will consider leasing to the wider market and individual tenants. The property was acquired with a one-year rent guarantee, which guarantees rental income of at least AED 14,500,000 (US\$ 3.95 million) for the period of 12 months following the completion date of the property (being 26 July 2016). There is a risk that the Fund Manager may be unable to secure new tenant(s) for the property prior to the expiry of this guarantee. If upon expiry of this guarantee the Fund Manager is unable to secure new tenant(s) as anticipated there is a risk that the Fund's rental income and the value of Binghatti Terraces could fall.

Binghatti Terraces is a new-build property and is thus more likely, relatively speaking, to be subject to snagging items and/or latent and inherent defects

Binghatti Terraces is a new-build property. The completion date of the property was 26 July 2016. As the property is a new-build and has not yet been tenanted or otherwise occupied, there is a risk that there may be snagging items and/or latent and inherent defects in the design and construction of the property, which may not come to light until after the property is tenanted and occupied. The property is subject to a 12-month defects liability period during which the developer is contractually obligated to rectify, repair or replace any defective works. The purchaser has retained from the purchase price an amount of US\$ 1.36 million as security for the performance of the developer's obligations thereunder, which it is entitled to hold until the expiry of the liability period. However, there is a risk that any defective works may not come to light until after the expiry of the defects liability period and/or that the purchaser may not be able to enforce the developer's obligations and/or that amount of the performance security may not be sufficient to cover the cost of any such works.

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

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.

Although the Fund has plans to diversify into other property sectors such as healthcare, as all of the Properties are currently either: (i) commercial real estate assets (which include office and retail real estate assets); or (ii) residential 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 residential real estate market assets have been adversely impacted by the global financial crisis in 2008 to 2009, its after-effects and the more recent decrease in oil prices. Real estate values substantially declined (albeit with significant recovery occurring between the financial crisis and the more recent decrease in oil prices). The value of real estate may decline again, and those reductions could be substantial.

Declines in the performance of the commercial and/or residential 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.

Fluctuations in utility costs and municipality fees

The Fund has no control over the rates charged for utilities. The Assets are in Dubai where there may be a sole provider for each utility. The relevant authorities in Dubai have a high degree of discretion and may act selectively and/or arbitrarily increase such costs or discontinue services with little or no notice. In particular, district cooling providers enjoy a monopoly in certain 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.

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. 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.*"

Real estate valuation is inherently subjective and uncertain

The valuation of real estate made by a real estate valuer appointed by the Fund from time to time in accordance with the CIR ("**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 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. While all reasonable efforts have been taken by the Directors to appoint reputable and qualified Valuers, who are employing formulaic and industry-recognised methodology, there is no assurance that the value ascribed will be that realised.

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.

Real estate assets are relatively illiquid as an asset class, 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 is subject to the TECOM Standard Terms and Conditions in respect of Al Thuraya Tower 1 and Arabian Oryx House, 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 Creative Clusters Authority Free Zone (the "**TECOM Standard Terms and Conditions**"), in which Al Thuraya Tower 1 and Arabian Oryx House 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 Al Thuraya Tower 1 and Arabian Oryx House. 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 consent in a timely manner.

The Fund is subject to the TECOM PMLA in connection with Al Thuraya Tower 1, which may restrict the Fund's ability to manage Al Thuraya Tower 1 actively

The Fund is party to a property management and leasing agreement with TECOM Investments which was assigned to the Fund by EIB in November 2016 as part of the cancellation of the previous Ijara registered over Al Thuraya Tower 1 in favour of EIB (the "**TECOM PMLA**"). The TECOM PMLA is not a conventional property management or property leasing agreement as further described below with respect to the rights of TECOM Investments. However, it 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 Al Thuraya Tower 1 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 Al Thuraya Tower 1 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 Al Thuraya Tower 1 and 50% of the service charges payable by the tenants of units in Al Thuraya Tower 1.

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 Al Thuraya Tower 1; 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 Al Thuraya Tower 1 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 Al Thuraya Tower 1 which may have an effect on the returns for Al Thuraya Tower 1. 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 Al Thuraya Tower 1, and accordingly, should the Fund need or wish to dispose of Al Thuraya Tower 1, 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 procures financing from financial institutions to fund its investments, which exposes the Fund to risks associated with financing

The Fund may fund the acquisition, improvement and/or maintenance of properties, in part, through financings. As part of the Fund's financing arrangements, security arrangements have been granted by the Fund to Emirates NBD. 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 impact the availability of 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 Assets is declining, the use of financings by the Fund may exacerbate any falls in 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.

The Fund's interests in the Properties are subject to registered mortgages and mortgage-related securities in connection with the Mudarabah Facility

In connection with the Mudarabah Facility, certain security interests have been granted to Emirates NBD - AWAI, including the following registered mortgages: (i) a 25-year registered mortgage granted by Emirates Real Estate Fund Limited over the real estate and buildings at Plot 14, Municipality Number 382 - 696, located in Al Sufouh Second, (Al Thuraya Tower 1) for AED 300,000,000 (US\$ 81.68 million); (ii) a 25-year registered mortgage granted by Arabian Oryx Property SPV 1 Limited in relation to Plot 106, Municipality Number 383 - 241 Al Thanyah First, (Arabian Oryx House) for AED 70,000,000 (US\$ 19.06 million); (iii) a 25-year registered mortgage granted by Dana Property SPV 4 Limited in relation to Plot 1216, Municipality Number 626 - 334, Nadd Hessa, (Binghatti Terraces) for

AED 50,000,000 (US\$ 13.61 million); (iv) a 25-year registered mortgage granted by Emirates Real Estate Fund Limited in relation to Plot 26, Municipality Number 315 - 235, Umm Hurair Second, (DHCC 25) for AED 80,000,000 (US\$ 21.78 million); (v) a 25-year registered mortgage granted by Emirates Real Estate Fund Limited in relation to Plot 29, Municipality Number 315 - 253, (DHCC 49) for AED 100,000,000 (US\$ 27.23 million); (vi) a 25-year registered mortgage granted by Camel Property SPV 3 Limited in relation to Plot 43, Al Hebiah Fifth, (Building No. 53 - Al Ramth 57 and Building No, 54 - Al Ramth 59), (Remraam) for AED 50,000,055 (Fifty million and fifty-five dirhams) (US\$ 13.61 million); (vii) a 25-year registered mortgage granted by Blanford Fox Property SPV 2 Limited over the caveat registration related to Plot C1502, DIFC (Burj Daman) totalling AED 20,000,000 (US\$ 5.45 million); (viii) a 25-year registered mortgage granted by Blanford Fox Property SPV 2 Limited over the caveat registration related to Plot C1401, DIFC (Burj Daman) totalling AED 40,000,000 (US\$ 10.89 million); and (ix) a 25-year registered mortgage granted by Blanford Fox Property SPV 2 Limited over the caveat registration related to Plot C1001, DIFC (Burj Daman) totalling AED 40,000,000 (US\$ 10.89 million) (together, the “**Mortgages**”). The Mortgages in (i) to (v) above are in the process of being amended from the old to the current name of the Fund.

The Mortgages are subject to the terms of the Mudarabah Facility. If the Fund fails to pay any amounts under the Mudarabah Facility when due, Emirates NBD - AWAI can enforce the Mortgages in accordance with Dubai’s Mortgage Law No. 14 of 2008 and take ownership of the Properties. Such enforcement action may materially adversely impact the Fund’s business prospects and results of operations and would also pose a risk to the continuity of the Fund.

Covenants provided by the Fund in connection with the Mudarabah Facility restrict the Fund

The repayment obligations under the Mudarabah Facility may exaggerate changes in: (i) the NAV per Share; and (ii) the return on the Fund’s Portfolio. The Mudarabah Facility also attracts certain costs payable by the Fund such as profit, expenses and fees, including legal expenses and security registration fees. These costs may reduce the Fund’s return. Furthermore, the Mudarabah Facility has a profit rate of three-month EIBOR + 2.5%. Should there be a material increase in the three-month EIBOR this would increase the profit paid by the Fund in relation to the Mudarabah Facility which would have a net-income reducing effect. The Fund does not have any hedging or mitigation mechanisms in place to mitigate the risk of future increases in EIBOR.

The Fund’s obligations under the Mudarabah Facility may cause the Fund to liquidate positions at times when it may not be advantageous to do so in order to satisfy its obligations. If the Fund is unable to meet its repayment obligations under the Mudarabah Facility, this could have a material adverse effect on the Fund’s business, prospects, financial condition and results and operations and could, ultimately, lead to the insolvency of the Fund.

Pursuant to the Mudarabah Facility, Emirates NBD - AWAI (acting as the “*Rab Al Maal*”) may require the Fund (acting as the “*Mudarib*”) to repay the facility in full at any time if the returns are not in line with the investment plan. The Mudarabah capital needs to be applied in accordance with the terms of the investment plan.

The Fund gives certain representations to Emirates NBD - AWAI pursuant to the Mudarabah Facility that extend for the period of the Mudarabah Facility, and the Fund represents that all information is current and accurate. There are information undertakings in respect of financial statements (i.e. annual and half-yearly accounts). Therefore, the Fund needs to ensure that the information provided upfront is updated on a regular basis. The Fund also needs to provide the Emirates NBD - AWAI with certain specified financial information, including balance sheets, profit and loss statements and audited accounts. There are various financial covenants which are to be tested, including net worth, leverage, gearing and finance costs. Failure to meet the requirements of these covenants could lead to Emirates NBD - AWAI terminating the Mudarabah Facility and seeking immediate repayment in full of any outstanding obligations.

There are further general restrictions on the Fund, for example, the Fund is not permitted to change its Financial Year or to make any changes in its management or its Directors. Further, the Fund is not permitted to grant any guarantees or security or to make any disposals out of the ordinary course of business (defined as “the purchase and sale of investments in securities and real estate”) without the consent of Emirates NBD - AWAI.

The Mudarabah Facility is also subject to Emirates NBD - AWAI's general terms and conditions. Provisions of note include the following:

- (i) Standard uncommitted facilities entered into with corporate banking customers are subject to review and amendment by Emirates NBD - AWAI (without the consent of the Fund) at all times.
- (ii) The Fund is required to provide a feasibility study before each utilisation and financial results on quarterly basis.
- (iii) Emirates NBD - AWAI can modify the reference rate during an interest period if it increases by 12.5 basis points or more after the rate setting date and standard bank tariffs may be varied by Emirates NBD - AWAI from time to time.
- (iv) The Fund is required to keep Emirates NBD - AWAI informed with respect to its debt to equity ratio.
- (v) The Fund grants a right of first refusal to Emirates NBD - AWAI to provide ancillary facilities.
- (vi) An event of default shall occur immediately if the customer breaches any of the covenants specified therein.
- (vii) Emirates NBD - AWAI has a right of set-off at any time whether before or after demand under the Mudarabah Facility and without notice.
- (viii) Emirates NBD - AWAI may at any time, and without notice, combine and consolidate all or any of the accounts held in the name of the Fund.

For further information, please see "*Financing Mudarabah Facility*" in the "*General Information*" section of this Prospectus.

Covenants provided by the Fund in connection with other credit facilities may restrict the Fund

In addition to the Mudarabah Facility, the Fund may enter into other facilities, subject to the terms of the Mudarabah Facility. The credit facilities that the Fund and its subsidiaries may enter into will likely contain covenants requiring the Fund and its subsidiaries, among other things, to maintain financial ratios and meet financial tests that may restrict the ability of the Fund to incur indebtedness (with specified exceptions), engage in acquisitions, make distributions, create or allow liens, or perform material alterations, renovations or refurbishment to properties without the lender's consent. The restrictive covenants in the credit facilities and any subsequent credit agreements may limit the Fund's ability to expand the Portfolio, and the ability of the Fund to comply with these provisions and to repay or refinance the credit facilities or other indebtedness may be affected by events beyond the Fund's control. Failure to comply with any of the covenants included in the credit facilities and any subsequent credit agreements would result in an event of default, permitting the lender to accelerate the maturity of the indebtedness. This acceleration could also result in the acceleration of other indebtedness that the Fund may have outstanding at that time.

The Fund's ability to pursue growth through acquisitions may be limited by its ability to incur additional debt and its status as a REIT

The Fund may not be able to pursue asset growth through acquisitions solely from cash generated from its operating activities. Pursuant to the CIR, the Fund is required 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's status as a REIT generally imposes a higher regulatory burden on the Fund Manager than that relating to a fund that is not classified as a REIT and challenges by regulatory and governmental authorities in relation to the Fund's compliance with applicable laws and regulations and could have a material adverse effect on the Fund's business, financial condition, results of operations and/or prospects.

The leases associated with the Fund's Property have shorter weighted-average durations, and some leases have tenant break clauses which may expose the Fund to loss

The Fund's weighted-average unexpired lease term ("WAULT") is 1.9 years as at 30 September 2016. This WAULT figure is considered to be below typical international averages for similar real estate investment funds in international markets. The real estate market in Dubai is generally characterised by low WAULTs because tenants prefer to reduce their commitments to long-term liabilities by entering into shorter-term leases. In addition, the WAULT figure in respect of the Fund includes the one-year lease guarantee relating to Binghatti Terraces. There may be a greater risk with leases of shorter durations (particularly in a generally falling rental market, in which tenants may be able to secure alternative premises more cheaply) that tenants will not renew tenancies. This could have a detrimental effect on the Fund. Also, certain of the leases (including a number of those entered into at Al Thuraya Tower 1 and Burj Daman) have tenant break clauses pursuant to which the tenant is entitled (subject to compliance with certain conditions) to terminate the lease prior to the expiry of its term. Tenants may be more likely to exercise break rights in a generally falling rental market, in which they may be able to secure alternative premises more cheaply. If tenants were to exercise their break rights, this could have a detrimental effect on the Fund.

Some of the leases associated with the Fund's Property have expired

Some of the leases associated with the Fund's Property have expired without being renewed but with the tenant remaining in occupation.

As further discussed below, the tenancy laws, rules and regulations of the Emirate of Dubai (outside the DIFC but including Dubai's other free zones) (the "**Applicable Tenancy Laws**") provide that, 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. In addition, under the Applicable Tenancy Laws, if the lessor has not issued the requisite notice of termination to the lessee 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. As such, to the extent that tenants have remained in occupation of the Fund's non-DIFC properties without objection following expiry of the lease term, then their leases may be deemed to have been renewed on the same terms and conditions (and at the same rents) for further periods. In addition, unless those tenants are in breach (or one of the other grounds for evicting a tenant during a lease term can be established), then the Fund is unlikely to be able to evict them from the leased premises (or to amend the terms and conditions of lease, including the rent) during the extended/renewed lease term.

The majority of the leases associated with the Fund's Property have not been registered

In Dubai, the law requires that all leases of Real Property (as defined below) must be registered (although in practice, non-registration is not uncommon). The Fund is currently in the process of registering all of the leases it has entered into with its tenants. However, the majority of the leases that have been entered into with tenants have not yet been registered. There are various risks associated with non-registration, including the fact that, in Dubai, courts and tribunals will often refuse to hear a case relating to an unregistered lease. As such, if there are disputes relating to the Fund's unregistered leases, the Fund may be unable to bring a claim against the defendants unless and until the relevant lease has been registered (and any registration fees and non-payment penalties have been paid).

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:

- (i) failure by such third-party contractors to perform their contractual obligations;
- (ii) insolvency of such third-party contractors;
- (iii) the inability of the third-party contractors to retain key members of staff;
- (iv) cost overruns in relation to the services provided by the third-party contractors;

- (v) 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;
- (vi) 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
- (vii) 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 properties that require development or refurbishment

The Fund has previously invested in Properties which offer an opportunity for development in order to produce higher returns for Shareholders. Refurbishment work may be 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.

The laws, rules and regulations that are applicable to the Properties within the Fund's Portfolio contain provisions that are generally favourable to lessees and may restrict the ability to increase rental rates

The Fund enters into leases with tenants in respect of the Properties in the Fund's Portfolio. 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, by the DLD or by the Dubai Real Estate Regulatory Agency ("RERA"). RERA regulations do not apply in the DIFC; however, the rents chargeable in relation to Burj Daman may be subject to other constraints. In addition, under the Applicable Tenancy Laws, if the lessor has not issued the requisite notice of termination to the lessee 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 documentation governing the disposal of the investment. 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. The Fund and its Properties may, in the ordinary course of business, be subject to litigation

from time to time. The outcome of any such proceedings may materially adversely affect the Fund and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of management's time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

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.

Availability of insurance against certain catastrophic losses and losses in excess of insurance proceeds and insurance premiums related to fire risk in connection with materials used in cladding or other construction materials

Certain losses of a catastrophic nature, such as wars, earthquakes, typhoons, terrorist attacks, or other similar events, may be either uninsurable or insurable at such high rates that to maintain such coverage would cause an adverse impact on the related investments. In general, losses related to terrorism are becoming harder and more expensive to insure against. Some insurers are excluding terrorism coverage from their all-risk policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums, which can greatly increase the total costs of casualty insurance for a property. 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.

As a result, all investments may not be insured against terrorism or certain other risks. If a major uninsured loss occurs, the Fund could lose both invested capital in, and anticipated profits from, the affected investments. 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.

Property insurance premiums may be very high in relation to buildings with cladding or other construction materials that pre-date 2013. Certain construction materials were banned in Dubai in 2013 due to concerns regarding flammable constituents. Two buildings in the Fund's Portfolio: (i) Al Thuraya Tower 1; and (ii) Arabian Oryx House are subject to higher insurance premiums for this reason. Al Thuraya Tower 1 is currently the Fund's biggest asset, and any fire damage to this building could have a material adverse impact on the Fund and its operations. As of 1 October 2016, the insurance premium payable in connection with these buildings doubled but remains below 0.1% of the insured value of each Property. Future acquisitions may also be subject to higher insurance premiums, which would have an adverse effect on the revenue generated by the Portfolio.

Risk of limited number of investments and lack of diversity

The Fund expects to participate in a large number of investments. However, there can be no assurance that the Fund will successfully find and execute what it believes will be an appropriate number of investments, and the Fund may therefore participate in a limited number of investments and, as a consequence, the aggregate return of the Fund may be substantially adversely affected by the unfavourable performance of even a single investment. Investors have no assurance as to the degree of diversification in the Fund's investments, either by jurisdictions, sector or asset type. In addition, in transactions where the Fund Manager intends to refinance all or a portion of the capital invested, there will be a risk that such refinancing may not be completed, which could lead to increased risk as a result of the Fund having an unintended long-term investment and/or reduced diversification. The investments are expected to be concentrated in the real estate and related industries. Concentration in a single industry may involve risks greater than those generally associated with more diversified funds, including significant fluctuations in returns.

Market conditions may fluctuate

The real estate industry generally and the success of the Fund's investment activities in particular will both be affected by general economic and market conditions, as well as by changes in applicable laws, trade

barriers, currency exchange controls, and national and international political and socioeconomic circumstances in respect of the countries in which the Fund may invest. These factors may affect the level and volatility of securities prices and the liquidity of the Fund's investments, which could impair the Fund's profitability or result in losses. In addition, general fluctuations in the market prices of assets, securities and interest rates may affect the Fund's investment opportunities and the value of the Fund's investments. The Fund's financial condition may be adversely affected by a significant economic downturn, and it may be subject to legal, regulatory, reputational and other unforeseen risks that could have a material adverse effect on the Fund's businesses and operations. Any of the foregoing events could result in substantial or total losses to the Fund in respect of certain investments, which losses will likely be exacerbated by the presence of leverage in an investment's capital structure.

The 2008 to 2009 global recession (aspects of which may or not have entirely ended) was prolonged and serious. The recent decrease in oil prices has also impacted economies in the MENA Region. To the extent that current conditions continue (or even worsen), this may have a further adverse impact on the availability of credit to businesses generally and further contribute to an overall weakening of the GCC and global economies. Persisting low oil prices could adversely affect financial resources and the ability to make principal and interest payments on, or refinance, outstanding debt when due. In the event of such defaults, the Fund could lose both its invested capital and any anticipated profits from the affected portfolio companies. Such marketplace events have also impacted the availability and terms of financing for leveraged transactions. The inability of market participants to access capital to invest in land or buildings, whether freehold or leasehold, where the unexpired term of any lease (at the date of acquisition) exceeds 20 years ("**Real Property**") restricts the ability to sell or liquidate investments and to refinance them. The Fund's ability to generate attractive investment returns for its investors may be adversely affected to the extent the most recent recession and its attendant adverse effects continue beyond the anticipated holding periods underwritten of the Fund's investments.

Furthermore, the Fund's strategy in some investments may be based, in part, upon the premise that real estate or real estate-related assets will be available for purchase by the Fund at prices that the Fund Manager considers favourable. The Fund's strategy in some investments may also rely, in part, upon more favourable market conditions developing prior to the investment's realisation or the continuation of existing market conditions (including, for example, supply and demand characteristics). No assurance can be given that real estate or real estate-related assets can be acquired or disposed of at favourable prices or that the market for such assets will remain stable or, as applicable, recover or improve, since this will depend, in part, upon events and factors outside the control of the Fund Manager. In addition, there can be no assurance that current market conditions may not deteriorate further during the life of the Fund, which could have a materially adverse effect on the Assets. Actual or perceived trends in real estate markets do not guarantee, predict or forecast future events, which may differ significantly from those implied by such trends.

The Fund's investment strategy and the availability of opportunities satisfying the Fund's risk-adjusted return parameters relies in part on the continuation of certain trends and conditions observed in the financial and real estate markets and, in some cases, the improvement of such conditions. Trends and historical events do not imply, forecast or predict future events and, in any event, past performance is not necessarily indicative of future results. The Fund Manager's expectations are based on various assumptions. There can be no assurance that the assumptions made or the beliefs and expectations currently held by the Fund Manager will prove correct, and actual events and circumstances may vary significantly. Any change to the assumptions, however minor, or any failure of assumptions to prove correct or the occurrence of unanticipated events or circumstances, will alter the outcome of the Fund Manager's analysis.

Political, economic and social instability and unrest in the MENA Region

The Fund operates principally 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, adverse weather conditions 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, Libya and Yemen. 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.

Volatility of oil prices and recent fall in oil prices

Economies 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 GCC 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 Organisation of Petroleum Exporting Countries; 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.

The price of oil fell significantly in 2015 with some subsequent recovery, albeit to levels below the 2014 prices. Should there be a prolonged 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.

Financial market fluctuations may impact the Fund's investments

General fluctuations in interest rates and the market prices of securities and other assets may adversely affect the value of the Fund's investments. Instability and volatility in interest rates and the securities markets may also increase the risks inherent in the Fund's investments. The ability to refinance debt may depend on the ability to sell new securities in the debt and equity markets or to borrow from banks or otherwise, which may not be achievable on favourable terms or at all. A deterioration of the global debt markets, any possible future failures of financial services companies or a significant rise in market perception of counterparty default risk will likely significantly reduce investor demand and liquidity for investment-grade, high-yield and senior bank debt, which, in turn, is likely to lead some banks and other lenders to be unwilling or significantly less willing to finance new investments or to only offer financing for investments on less favourable terms than had been prevailing in the past. The Fund's ability to generate attractive investment returns may be adversely affected to the extent the Fund is unable to obtain favourable financing terms for its investments. In the event that the Fund is unable to obtain debt financing for potential acquisitions or can only obtain debt at an increased interest rate or on unfavourable terms, the Fund may have difficulty completing otherwise profitable acquisitions or may generate profits that are lower than would otherwise be the case, either of which could lead to a decrease in the investment income earned.

Investments in land may not generate income

As part of the Fund's investment strategy, the Fund may acquire properties, which are undeveloped, or invest in land assets that will not produce income to the Fund upon acquisition. The returns from the investment by the Fund in undeveloped and underdeveloped land will depend on, among other factors, the Fund's ability to successfully develop projects and operate such completed projects as income-producing assets and/or to sell and dispose of the completed projects. There can be no assurance that the completed projects will produce income to the Fund or that the completed projects will be able to be sold by the Fund for a profit.

The Fund may be subject to development risks

The risks in building and successfully marketing a new development include, but are not limited to: (i) delays in timely completion of works; (ii) cost overruns; (iii) poor quality workmanship; (iv) inability to generate lease agreements to forecast levels; and (v) force majeure. New project commencement also carries other risks such as the receipt of zoning, occupancy and other required governmental approvals and permits and development costs in connection with projects that are not pursued to completion. As the Fund will invest directly and indirectly in certain construction and Development Properties, the successful completion of such projects will have a direct and significant impact on the value of the Shares.

Increase in construction costs could impact development projects

The construction costs for a large-scale property development may exceed forecasts for various reasons including, but not limited to, delays due to industrial disputes, disputes with sub-contractors, an increase in the cost of building materials, equipment and labour, inclement weather and unforeseen problems and circumstances.

If possible, cost overruns will be mitigated by entering into lump-sum, fixed time and price construction contracts with contractors with appropriate provisions made for contingencies. However, there is no assurance that the mitigating measures undertaken will be able to eliminate the risk of incurring substantial cost overruns that result in losses to investors. Further, even if appropriate due diligence is conducted by the Fund Manager and the project developers in selecting contractors, the quality of workmanship by such contractors may negatively affect the subsequent sale of the properties. In such instances, recourse to the contractors may be limited.

The Fund may be exposed to infrastructure risks

For the Development Properties, the Fund will be relying on the relevant government, master developers and municipalities for providing the necessary infrastructure to the development sites, including sewage, electricity, water and roads. If the relevant government, master developer and municipality do not complete the infrastructure projects in a timely fashion or as expected, this could delay the Fund's ability to complete or operate the properties and could detrimentally affect the performance of the Fund.

Furthermore, for existing and developed Properties, new infrastructure works may be undertaken in the vicinity, and/or the existing infrastructure changed, which could have an adverse effect on the income generated by the Properties.

Labour shortages may restrict development projects

Labour shortages and lack of service providers in the relevant jurisdictions could restrict the Fund's ability to develop projects and/or operate income-producing properties and could result in increased labour costs that reduce the Fund's profits.

The Fund is subject to residential market risks

The Fund is subject to risks associated with the residential industry, including the level of mortgage interest rates, which may encourage tenants to purchase rather than lease, and housing and governmental programs that provide assistance and rent subsidies to tenants. If the demand for multi-family properties is reduced, income generated from the Fund's multi-family residential properties and the underlying value of such properties may be adversely affected.

In addition, certain jurisdictions in which the Fund holds Assets, including Dubai, regulate the relationship of an owner and its residential tenants. Commonly, these laws require a written lease, good cause for eviction, disclosure of fees and notification to residents of changed land use, while prohibiting unreasonable rules, retaliatory evictions and restrictions on a resident's choice of landlords. A few jurisdictions may offer more significant protection to residential tenants, which could have a materially adverse effect on the results of the Fund's operations.

Investment in troubled assets may involve additional risks

The Fund may make investments in nonperforming, underperforming or other troubled assets which involve a degree of risk and are experiencing or are expected to experience severe financial difficulties with the intention of improving the asset's performance. The Fund may not be able to achieve improved performance. Under certain circumstances, investments subject to certain applicable insolvency laws are subject to additional potential liabilities and risks which may adversely impact the Fund's investment performance.

The Fund may acquire less than 100% control of certain 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) 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 to hold more than 50% ownership in, and control of, such investments, these joint venture arrangements may expose the Fund to the risk that:

- (i) third-party owners become insolvent or bankrupt or fail to fund their share of any capital contribution which might be required;
- (ii) 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;
- (iii) 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;
- (iv) 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;
- (v) 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;
- (vi) 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
- (vii) 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 an 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 work 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 work 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 work.

Physical damage to the Properties resulting from fire, earthquakes, inclement weather 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. 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 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 guidelines. Shari'a guidelines limit, 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-compliant 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 in to which it can enter.

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

If the Fund elects to raise additional funding in the future by issuing new Shares the Fund's existing investors may be diluted to the extent that they do not acquire such additional Shares. 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.

Risks relating to the Jersey Fund

There may be risks relating to cross-contamination

EFL is established as an umbrella fund (being a single entity with numerous sub-funds) and, accordingly, EFL is a single legal entity which is segregated into sub-funds as a function of its articles of association. Each sub-fund in EFL (including the Jersey Fund) holds its own assets for the benefit solely of the relevant share classes of that sub-fund. Each sub-fund feeds into a specific SPV in order to ring-fence the assets of that sub-fund. Whilst this type of structure is recognised in Jersey and there have been no cases in which the segregation of assets in this manner has been successfully challenged, the umbrella structure is one provided for under the articles of association of the relevant umbrella fund and not by law. Such a sub-fund may operate, or have assets held on its behalf, or be subject to claims in other jurisdictions which may not necessarily recognise the effectiveness or legal efficacy of such segregation.

There can be no guarantee that the courts of any jurisdiction outside of Jersey will respect the limitations on liability associated with umbrella fund structures of this nature. Should another sub-fund of EFL be subject to litigation in a foreign jurisdiction, the claimant may seek to attack the assets of the Jersey Fund on the basis that the segregation of assets is not legally recognised in the relevant jurisdiction. If such a claim were to relate to the time before the Re-Domiciliation and the assets of EFL were not deemed to be segregated (namely they are deemed to be cross-contaminated), then there could be an action to set aside the distribution in specie that was part of the Re-Domiciliation or an action against the Pre-Admission Shareholders. If such an action was to prevail this would be likely to have a material adverse effect on the Fund and the price at which the Shares trade. The Responsible Persons view this as a remote possibility, are not aware of any such litigation and believe that the risk of such cross-contamination will not be material.

There may be risks relating to the dividend distribution in respect of the Re-Domiciliation

The Re-Domiciliation was effected by way of distribution in specie by the Jersey Fund of the shares. The Companies (Jersey) Law 1991 provides that if a distribution or part of a distribution made by a company to one of its members is made in contravention of the law (for example, the distribution results in the company not being able to discharge its liabilities as they fall due) and at the time of the distribution the member knows or has reasonable grounds for believing that it is so made, the member is liable:

- (i) to repay it or the part of it to the company; or
- (ii) if a distribution was made otherwise than in cash, to pay to the company a sum equal to the value of the distribution or the part of it at that time.

The member is under no obligation to make enquires as to the lawfulness of the distribution. Should the member know that the distribution had been made unlawfully the member may be required to repay the distribution to the company. This could have the effect of reversing part or all of the distribution in specie by the Jersey Fund of the shares. The Jersey Fund directors mitigated this risk by producing a solvency statement and resolution approving the distribution.

Risks relating to the Fund Manager

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

The Fund Manager is wholly owned by Emirates NBD. Emirates NBD is partly owned by several entities linked to the Government of Dubai and the Ruler of Dubai. The Government of Dubai, through the Investment Corporation of Dubai, currently owns a 55.8% interest in the share capital of Emirates NBD. The supreme audit institution of Dubai, being the Financial Audit Department (“FAD”) 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 FAD 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 Dubai Government holds an interest of 25% or less (and where a decision is issued by the FAD, 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 FAD.

The Fund Manager must, and does, comply fully with requests for information and/or documentation made by the FAD. The Fund Manager 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 Government audit must fulfil all requests of the FAD 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 FAD’s instructions and/or concealing any fact or detail from the FAD. In light of the potential criminal implications that may arise if the Fund or the Fund Manager refuses to cooperate with the FAD’s requests and instructions, the Fund Manager intends to continue to provide all such information and documentation as requested by the FAD. 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 Manager controls the Fund and there are restrictions on the ability of the Fund and the Shareholders to remove the 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 in its capacity as 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).

The Fund Management Agreement can only be terminated by the Fund in the event of:

- (i) the Fund Manager going into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved by the Fund) or being unable to pay its debts or committing any act of bankruptcy or if a receiver is appointed over any of the Assets or an event having equivalent effect;
- (ii) the disqualification and or amendment to the regulatory status of the Fund Manager which prohibits it from providing all or part of the services described in the agreement or acting as Fund Manager;
- (iii) the Fund Manager or any Fund Manager Director is convicted of fraud or any similar offence in connection with acts in respect of the Fund (save where financial loss resulting directly from the fraud is remedied by the Fund Manager without delay following such conviction); or
- (iv) a material breach by the Fund Manager caused by the gross negligence, gross misconduct or wilful default of the Fund Manager, provided that: (a) where such material breach is incapable of remedy the agreement terminates on the date which is one month after the Fund Manager's receipt of a written notice of termination provided that the Fund may unilaterally, by giving written notice to the Fund Manager, postpone the date of termination of the Fund Management Agreement by one or more successive one-month periods, until such time as the Fund appoints a new fund manager of the Fund; (b) where such material breach is capable of remedy, in the event the material breach is not fully remedied within three months following the date of receipt by the Fund Manager of the Termination Notice, the Fund Management Agreement terminates on the date immediately following the expiry of such remedy period, provided that the Fund may unilaterally, by giving written notice to the Fund Manager, postpone the date of termination of the Fund Management Agreement by one or more successive one-month periods, until such time as the Fund appoints a new fund manager of the Fund; and
- (v) 85% of the Shareholders resolving to terminate the Fund Management Agreement in accordance with the Articles with two years' prior written notice.

For more information on the Fund Management Agreement please see the “*General Information*” section of this Prospectus. If the arrangement with the Fund Manager was terminated, there can be no guarantee that the replacement fund manager will be as experienced as the Fund Manager. 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.

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 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, its key personnel and its relationship with Emirates NBD

In accordance with the Fund Management Agreement, the Fund Manager is responsible for the management of the Fund's Portfolio. The Fund will rely upon, and its success will depend in part on, the Fund Manager, its personnel, services and resources. For example, the Fund Manager benefits directly, and the Fund benefits indirectly, from the relationship the Fund Manager has with its shareholder, Emirates NBD. The direct and indirect opportunities and potential risks that these entities and individuals

present, and the influence they can exert in terms of contacts, reputation and public relations, may be important or indirectly relevant 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 Timothy Rose, Anthony Taylor, Muhammad Asif Siddique and Julia Ward-Osseiran. 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 control of the Responsible Persons such as their financial performance or the Fund Manager 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 only holds a bare licence for the use of the “ENBD” mark and other related marks and rights

Emirates NBD is the owner of the “ENBD” and “Emirates NBD” trademarks and logos and all related registered and unregistered intellectual property rights relating to them (the “Marks”). Emirates NBD and the Fund Manager have consented to the Fund’s current use of the Marks. That said, the Fund does not hold a formal written licence to use the Marks, and as a result any right to use the Marks is terminable immediately upon notice. In the event that the Fund Manager was to cease to be the fund manager of the Fund, the right of the Fund to use the Marks would cease. Furthermore, it is possible that Emirates NBD may terminate the right of the Fund to use the Marks whilst the Fund Manager remains the manager of the Fund, although the Directors believe that this is highly unlikely. In the event that the Fund was no longer allowed to use the Marks it would have to undertake a significant re-branding exercise. The Fund Manager has agreed to indemnify the Fund in respect of any losses incurred as a direct result of Emirates NBD terminating the right of the Fund to use the Marks whilst the Fund Manager is the manager of the Fund. The loss of use of the Marks and any connected re-branding exercise may have a material adverse effect on the Fund and its business.

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, the 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, the Islamic Finance Rules (“IFR”) and other legislation and rules applicable to funds and fund managers in the DIFC. The Fund’s status as a REIT subjects the Fund and the Fund Manager to additional rules and regulatory obligations. In the course of the Fund Manager’s ongoing, ordinary course engagement with the DFSA as its primary regulator, the DFSA may identify matters requiring improvement in the Fund Manager’s risk management, internal controls and other areas.

If the DFSA were to impose sanctions on the Fund or the Fund Manager in respect of any regulatory breaches that may be identified from time to time in the 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.

Risks relating to Dubai, the UAE and the MENA Region

Introduction of value added tax

Although the UAE does not currently impose value added tax ("VAT") on the sale of goods or services, this is expected to change. Although the GCC's framework agreement in relation to VAT has not been published yet, indications are that VAT will be implemented in the UAE at a rate of 5% beginning on 1 January 2018. It is anticipated that taxation will be expanded towards the service industry (e.g. advisory services, portfolio management, etc.). It is still uncertain how VAT will be applied in the UAE's free zones, subject to confirmation in the VAT legislation to be released. The introduction of VAT could have a widespread economic impact by, for example, reducing the levels of disposable income of investors and individuals who are end-users, which could negatively impact the demand for the Assets. Accordingly, it is difficult to assess the effect of a new VAT system on the business, financial condition and results of operations and prospects of the Fund at this time; however investors should be aware that such effects could have an adverse impact on the Fund's business.

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 (in addition to VAT)), 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.

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 lacking in 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.

Shareholders in countries with currencies other than the US Dollar face additional investment risk from currency exchange rate fluctuations in connection with their holding of Shares.

The Shares will be quoted only in US Dollars and any future payments of dividends on the Shares will be denominated in US Dollars. The foreign currency equivalent of any dividend paid on the Shares or received in connection with any future sale of the Shares could be adversely affected by the depreciation of the US Dollar against such other currency.

Risks relating to the Shares

Shares may trade at discount to NAV

It is possible that the price at which Shares are offered to new investors in the fundraising will be at a discount to NAV. The share price of a listed real estate investment trust (REIT) can trade at a premium or a discount to the NAV. Depending on the value investors acquire Shares, if the share price is trading at a discount to NAV, investors selling their shares may receive an amount less than originally invested.

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, 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

The Fund's ability to pay dividends in the future is dependent on its ability to operate profitably and to generate cash from the Fund's operations. The Fund and the Fund Manager cannot guarantee that it will be able to pay dividends on the Shares on a regular basis in the future. In addition, payment of dividends depends on the Fund's earnings, its financial condition and other factors as the Fund Manager deem relevant from time to time. The Fund cannot guarantee that the business will generate sufficient cash flow from operations to enable the Fund to make distributions on the Shares, pay the Fund's indebtedness or fund the Fund's other liquidity needs. There can be no assurance as to the level and/or payment of any future dividends or any distributions by the Fund.

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

Following Admission, 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.

Shares may be subject to limits on foreign ownership

Pursuant to the Articles, the Directors have the discretion to impose restrictions on foreign ownership of Shares and require that Shareholders comprise a minimum percentage of UAE and/or GCC nationals (with such percentage to be determined by the Directors). If such a restriction is imposed and the foreign ownership threshold is exceeded, a Shareholder may be required to transfer its Shares such that the minimum percentage of UAE and/or GCC national ownership is complied with. In addition, the Fund and or the Fund Manager may, without further recourse to the Shareholder (save for any value it may receive in connection with the disposal), take such action with the trading and settlement of the Shares to ensure that the minimum Shareholder percentage of UAE and/or GCC nationals is met. Depending on the timing of such a mandatory transfer to a third party (in compliance with the Directors' imposition of UAE and/or GCC ownership requirements) a Shareholder may have to dispose of relevant Shares at a value below an anticipated sale price and/or below the price the Shareholder acquired the relevant 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 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 impose certain restrictions on transfers and also contain certain mandatory redemption provisions.

Risks relating to Nasdaq Dubai

Nasdaq Dubai is a relatively new market and there can be no assurance to investors as to the future level of liquidity of the Shares

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 2016, there were eight equity securities, 56 Sukuk, 19 bonds and two funds listed on Nasdaq Dubai and 36 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\$ 105.0 million before the deduction of commissions and other fees and expenses up to a total of approximately US\$ 4.3 million 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\$ 100.7 million), to fund acquisitions of real estate assets in the UAE and improvements of existing Properties.

Leveraging off of its relationships the Fund Manager has currently identified a significant pipeline of opportunities with the following characteristics: (i) they are located in the UAE (primarily Dubai or Abu Dhabi); (ii) they have a minimum value of approximately US\$ 30 million per asset; and (iii) they potentially offer target net yield of 7.5% to 9%. Some of these opportunities fall within relatively high yielding sectors such as industrial and education. These pipeline opportunities that have been currently identified include both market and 'off-market' opportunities.

The Fund has signed non-binding 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.

DIVIDENDS AND DIVIDEND POLICY

The following table sets out certain information regarding final and interim dividends declared and paid by the Jersey Fund to the Income Share class holders (the only class of shares in relation to the Jersey Fund providing a right to dividends):

Type of dividend and relevant financial year	Dividend (US\$)	Dividend/Income Share (US\$)
Interim dividend for 2014	5,366,944	0.1857
Final dividend for 2014	7,874,652	0.2001
Interim dividend for 2015	8,033,844	0.2017
Final dividend for 2015	9,410,543	0.2011
Interim dividend for 2016	9,929,315	0.1998

Under the Articles, the payment of dividends is subject to the recommendation of the Directors and approval by the Shareholders.

Under the CIR, the Fund is obliged to distribute 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) and is under an obligation to pay an annual or final dividend.

Under the CIR, if the Fund, as a REIT, holds any Properties through one or more SPVs, the Fund Manager must ensure that each SPV distributes to the Fund all of its income as permitted by the laws and regulations of the jurisdiction where the SPV is established.

The Oversight Committee assesses and recommends whether any: (i) revaluation surplus; or (ii) gains on the disposal of Real Property, is to form part of net income for distribution to Shareholders in accordance with CIR 13.5.2(2).

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 each 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 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 will be entitled to any dividends declared and paid if the relevant record date is on or after the Closing Date.

CAPITALISATION AND INDEBTEDNESS

The following table sets out the Fund's cash and cash equivalents, indebtedness and total capitalisation, as at: (i) 30 September 2016; (ii) 31 December 2016; (iii) 31 December 2016, as adjusted to reflect material changes following 31 December 2016 but prior to Admission; and (iv) following Admission adjusted for proceeds of the Offer.

All information set out in the table other than as at 30 September 2016 is based on unaudited management accounts prepared in accordance with IFRS.

The following table should be read together with the “*The Fund, Strategy and Investment Objectives*”, “*Selected Financial Information*”, the “*Operating and Financial Review*” sections and the Financial Statements 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 the dates provided.

(US\$ '000s)	As at 30 September 2016	As at 31 December 2016	Adjusted 31 December 2016	Following Admission
	Actual (audited)	Actual (unaudited)	Adjusted following dividend payment and Mudarabah Facility draw down only (unaudited)	Adjusted following net proceeds of the Offer (unaudited)
Cash and cash equivalents	4,372	4,286	5,399 ⁽⁴⁾	106,067
Islamic Deposits	105,323	Nil ⁽²⁾	Nil	Nil
Indebtedness	2,723 ⁽¹⁾	111,625 ⁽³⁾	117,071 ⁽⁵⁾	117,071
Total shareholders' equity	410,809	196,100	191,768 ⁽⁶⁾	292,436
Total capitalisation⁽⁸⁾	413,532	307,725	308,839 ⁽⁷⁾	409,507

(1) This figure reflects the Fund's indebtedness pursuant to the Ijara Agreement 2015 as at 30 September 2016. The Ijara Agreement 2015 was settled and cancelled in October 2016.

(2) The Islamic Deposits were used to facilitate the Redemptions.

(3) This figure reflects the Fund's draw down of AED 410 million (US\$ 111.63 million) on the Mudarabah Facility as at 31 December 2016 to facilitate the payment of the Redemptions.

(4) This figure reflects the Fund's additional draw down of AED 20 million (US\$ 5,445,140) on the Mudarabah Facility on 26 February 2017 and payment of the dividend declared by the board of directors of the Jersey Fund of US\$ 4,331,638 on 25 January 2017.

(5) This figure reflects the Fund's additional draw down of AED 20 million (US\$ 5,445,140) on the Mudarabah Facility on 26 February 2017.

(6) This figure reflects the declaration by the board of directors of the Jersey Fund of a dividend of US\$ 4,331,638 on 25 January 2017.

(7) The 31 December 2016 NAV and total capitalisation is adjusted only for the payment of dividend of US\$ 4,331,638 declared on 25 January 2017 and the additional draw down of AED 20 million (US\$ 5,445,140) on the Mudarabah Facility on 26 February 2017.

(8) The total capitalisation is equal to total financial indebtedness plus shareholders' equity.

NET ASSET VALUE PER SHARE

The Fund has appointed Apex Fund Services (Dubai) Limited as the independent administrator of the Fund. Pursuant to the terms of the Administration Agreement, Apex Fund Services (Dubai) Limited is responsible for determining the Net Asset Value. Previously, the Jersey Fund had commissioned State Street Fund Services (Jersey) Limited as independent administrator of the Jersey Fund to calculate the net asset value per share. Prior to the Jersey Fund's suspension of dealing in 2009, the net asset value per share was calculated on a monthly basis; thereafter net asset value per share was calculated on a quarterly basis. Following Admission, the Net Asset Value per Share will be calculated and announced on a quarterly basis or at such other frequency as is required by the DFSA Rules. The Fund may, from time to time, instruct the Administrator to calculate Net Asset Value per Share at additional times if it is determined that is appropriate to do so. The Net Asset Value per Share will be announced and disseminated via the CANDI system or such other regulatory news services as may be mandated by the DFSA. If for any reason, the Administrator is unable to determine the NAV on any relevant date, the Fund Manager may suspend the calculation of the NAV in accordance with the DFSA Rules and the Articles. No issue of Shares in the Fund may take place during any period when the calculation of NAV is suspended unless such calculation is not required for the issue of such Shares and the issue would not be in breach of the DFSA Rules. The period of any suspension of calculation of NAV may not exceed 28 days. The Fund Manager will notify the Shareholders and the DFSA as soon as practicable after any suspension has been lifted.

Variations in Net Asset Value from time to time are a result of: (i) net income generated by the Fund; (ii) unrealised gains or losses from the revaluation of Properties; (iii) dividend distributions; and (iv) capital increases arising from the issue of Shares. Accordingly, the Jersey Fund's net asset value has been impacted by the unrealised gains or losses arising from the revaluation of Properties when the valuation assessment of the Properties was undertaken, as will the Fund's Net Asset Value following Admission.

Historically, the Jersey Fund's net asset value per share was calculated in accordance with IFRS and the provisions of its then articles of association. Following Admission, calculation of the NAV will be carried out in accordance with IFRS accounting policies, the DFSA Rules and the Articles. From Admission NAV per Share will represent the total equity of the Fund calculated in accordance with IFRS divided by the total number of Shares outstanding at the relevant date.

The Net Asset Value as at 31 December 2016 was US\$ 191,768.260 as adjusted for the dividend pay out and additional drawdown under the Mudarabah Facility only as described further in the "*Capitalisation and Indebtedness*" section of this Prospectus and based on unaudited management accounts.

See "*The Jersey Fund and the Re-Domiciliation*" section of the prospectus for details of the historic net asset value of the Jersey Fund for the period 30 June 2005 to 30 September 2016. Please also refer to the Financial Statements in Appendix 1.

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 JERSEY FUND AND THE RE-DOMICILIATION

Background—Jersey Fund

The Jersey Fund was a Shari'a-compliant open ended investment fund established in Jersey, Channel Islands which was regulated by the Jersey Financial Services Commission (“**JFSC**”) until completion of the Re-Domiciliation. The Jersey Fund consisted of the Emirates Real Estate Fund share classes of EFL, an umbrella fund company which was incorporated on 9 June 2005 with registration number 90371 and its wholly owned subsidiary SPV Emirates Real Estate Fund Limited, which was incorporated in Jersey with registration number 90370 by Emirates Bank International PJSC as promoter. Emirates Bank International PJSC retired as manager of the Jersey Fund on 1 November 2006 after which Emirates NBD Fund Managers (Jersey) Limited became the fund manager of the Jersey Fund. The directors of the Jersey Fund were: (i) Mark Edward John Creasey; (ii) Gary Clark; (iii) Tariq Abdulqader Ibrahim Bin Hendi; and (iv) David Jonathan Marshall. Mark Creasey served as a director of the Jersey Fund for a period of seven years and nine months, Gary Clark for five years, Tariq Bin Hendi for one year and three months and David Marshall for four years and seven months.

The Jersey Fund was incorporated as the first of a number of sub-funds of EFL each of which invests in a different asset class. The Jersey Fund was established to take advantage of the prevailing positive real estate investment environment in the UAE at the time. The Jersey Fund grew significantly since its inception in 2005. Over the course of 11 years the Jersey Fund expanded its investor base to approximately 400 investors in September 2016, and invested in a diversified portfolio of a number of real estate properties situated in the UAE.

The Jersey Fund was governed by the Collective Investment Funds (Jersey) Law, 1988, as amended and the subordinate legislation made thereunder. The Jersey Fund was originally authorised by the JFSC as an expert fund in accordance with Jersey’s expert fund guidelines and was subsequently approved as an Unclassified Fund by the JFSC under the Collective Investment Funds (Jersey) Law, 1988. The Jersey Fund received a certificate under the Collective Investment Funds (Jersey) Law 1988 (the “**CIF Law**”) to carry out its functions under the CIF Law. The JFSC is protected by law against liability arising from its functions under the CIF Law. The manager, administrator and custodian of the Jersey Fund are registered by the JFSC pursuant to Article 9 of the Financial Services (Jersey) Law 1998 to carry out their respective functions. The JFSC is protected by law against liability arising from its functions under the Financial Services (Jersey) Law 1998.

Share Classes

Investors in the Jersey Fund held one of the following share classes:

1. EFL Emirates Real Estate Fund Income Share Class (US\$) - “**Income Share**”
2. EFL Emirates Real Estate Fund A Share Class (US\$) - “**Accumulation Share**”; and
3. EFL Emirates Real Estate Fund Dirham Share Class (AED) - “**Dirham Share**”.

The Income Share class, the Accumulation Share class and the Dirham Share class were each share classes of no par value and comprised of redeemable shares in EFL attributable to the Jersey Fund.

In each year the Income Share class sought to achieve a high and rising level of income distribution commensurate with the market and in keeping with the distributions that could be made by the Income Shares in accordance with the Companies (Jersey) Law, 1991. Distributions were declared on a semi-annual basis in June and December and were usually paid within the following six weeks.

In the case of the Accumulation and Dirham Share classes, all sums that would otherwise have been distributed in each year were retained in such share class for the benefit of the holders of Accumulation Shares and Dirham Shares.

As part of the Re-Domiciliation the directors of the Jersey Fund employed a conversion rate (“**Conversion Rate**”) for each of the three classes of shares attributable to the Jersey Fund at which each such share would, for all intents and purposes, be converted into an ordinary share in the capital of the Fund as part of the Re-Domiciliation process. The Conversion Rate ensured that each holder of a share attributable to the Jersey Fund was treated equitably amongst the other holders of shares in the same class as that shareholder and in relation to all the other holders of shares in the other share classes attributable to the Jersey Fund. The Conversion Rate also ensured that the proportionate economic interest of each shareholder in the Fund immediately following the completion of the Re-Domiciliation (but prior to

Admission and the Offer) was equal to the proportionate economic interest of each shareholder in the Jersey Fund immediately prior to the completion of the Re-Domiciliation.

The Conversion Rate employed a formula that took into account (i) the net asset value of the Jersey Fund as at 30 October 2016; (ii) the Net Asset Value of the Fund as at 30 October 2016; and (iii) the initial share capital invested by the Jersey Fund in the Fund for the purposes of the incorporation of the Fund in the DIFC. Given that the rights attaching to and value of a share attributable to the Jersey Fund differed depending on the class of that share, a different conversion rate was applied to each class of share attributable to the Jersey Fund.

As part of the Re-Domiciliation the dividend in specie was paid in respect of each of the three share classes at the following rates. The Fund has only one class of shares.

Share Class of Jersey Fund	Number of shares in Jersey Fund	Number of shares in the Fund	Conversion Ratio (Jersey Fund to Fund)
Income Share Class	21,679,868.95	114,987,853.00	0.19
Dirham Share Class	3,683,131.62	6,813,110.00	0.54
Accumulation Share Class	3,664,534.77	38,005,782.00	0.09
Total	29,027,535.35	159,806,745.00	

Historic net asset value

The NAV as at 30 September 2016 was: (i) US\$ 6.8173 in respect of Income Shares; (ii) US\$ 12.9248 in respect of Accumulation Shares; and (iii) AED 8.4672 (US\$ 2.3053) in respect of Dirham Shares.

As at 30 September 2016 there were 47,779,598 Income Shares, 6,634,534 Accumulation Shares and 3,859,274 Dirham Shares.

The table below details the historic net asset value in relation to each share class of the Jersey Fund for the period from 30 June 2005 to 30 September 2016.

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.

Date	Income Share Class (US\$)		Accumulation Share Class (US\$)	Dirham Share Class (AED)
	Unit Price	Dividend	Unit Price	Unit Price
30-Jun-05	10.0000		10.0000	
31-Dec-05	10.3400	0.3500	10.6900	
30-Jun-06	11.0900	0.3750	11.8500	
31-Dec-06	11.7500	0.3800	12.9600	
30-Jun-07	11.8800	0.4000	13.5500	
31-Dec-07	12.1900	0.3900	14.3500	
30-Jun-08	12.7100	0.4100	15.4400	10.0000
31-Dec-08	13.7100	0.3800	17.1100	11.0600
30-Jun-09	9.5800	0.3000	12.3200	7.9800
31-Dec-09	8.6800	0.3000	11.5500	7.4800
30-Jun-10	7.8000	0.3000	10.7700	6.9800
31-Dec-10	6.5200	0.2324	9.2600	6.0100
31-Dec-11	5.9013	0.1937	8.6458	5.4800
30-Jun-12	5.7330	0.1559	8.6320	5.6550
31-Dec-12	5.8615	0.1704	9.0824	5.9501
30-Jun-13	6.0332	0.1786	9.6264	6.3064
31-Dec-13	6.2778	0.1775	10.2999	6.7475
30-Jun-14	6.5669	0.1857	11.0788	7.2578
31-Dec-14	6.7612	0.2001	11.7442	7.6938
30-Jun-15	6.8125	0.2017	12.1837	7.9817
31-Dec-15	6.7947	0.2011	12.5115	8.1964
30-Jun-16	6.7491	0.1998	12.7954	8.3824
30-Sep-16	6.8173	—	12.9248	8.4672
30-Oct-16	6.8250	—	12.9393	8.4767

Jersey Fund Regulatory Derogations

The Jersey Fund sought and obtained a derogation from the requirements of the Open Ended Collective Investment Fund Guide to which it is subject relaxing the requirement for the Jersey Fund to have all assets held directly by a Jersey custodian. The derogation permitted the holding of properties by Ijara contracts (which themselves were held by the Jersey custodian). As part of the Ijara arrangement, the Jersey Fund derived the economic interest in the property and the fund manager or connected party assumed a role of registered holder of the Real Property assets of the Jersey Fund. Under the terms of the arrangement, the Jersey Fund received rights to the income and capital gains of the assets by reference to such assets rather than direct legal title.

Suspension

Dealing in relation to the Jersey Fund was suspended in March 2009 due to a lack of liquidity following the financial crisis in 2008. Following the suspension, the pre-suspension queue was repaid in December 2011 and the suspension on dealing was lifted on 31 December 2012 when the sub-fund's share classes moved to quarterly dealing and gating of redemptions was introduced. The Jersey Fund removed all gating as at the NAV of 30 June 2013. Over this period, the Jersey Fund obtained a derogation from the JFSC allowing it to trade on a quarterly, rather than monthly, basis that the Open Ended Collective Investment Fund Guide

required, on the basis that this would align the liquidity of the Jersey Fund more closely with the underlying assets.

Regulatory Breaches

Due to the temporary absence of a member of staff, from 20 April 2015 to 29 July 2015 the Jersey Fund did not have an appointed compliance officer or money laundering reporting officer. The matter was rectified on 29 July 2015 and the JFSC took no action in relation to this breach of regulation.

Relocation of the Domicile of the Jersey Fund to the DIFC and Rationale

The ultimate beneficial owners of the Jersey Fund, through the nominee arrangements, approved and the boards of EFL and the Jersey Fund then determined that it was in the best interests of investors in the Jersey Fund to re-structure the Jersey Fund as a closed-ended vehicle with its units listed for trading on a locally domiciled stock exchange. Accordingly, the boards of EFL and the Jersey Fund determined to effect the Re-Domiciliation and then seek admission to the Official List of Securities of the DFSA and admission to trading on Nasdaq Dubai Limited. Although it is anticipated that the Fund's closed-ended structure will allow for more frequent trading and a greater deployment of cash balances, this must be weighed against all of the other risks outlined in this section of the Prospectus. Any one of these risks, to which Directors draw investors' attention, including the increased regulatory scrutiny that the Fund will face as a Public Fund, may mean that the benefits of a closed-ended structure may not be realised as anticipated.

As well as seeking to create improved liquidity outside of the previous quarterly dealing cycle, it was also the opinion of the directors of the Jersey Fund that the Re-Domiciliation would allow the Fund Manager greater flexibility in managing the Fund as it would: (a) not need to retain cash within the Fund to manage liquidity in the event of redemptions; (b) not be inclined to acquire smaller assets that could be more easily disposed of in the event of redemptions; and (c) have more control over the investment strategy and funding policy instead of being subject to quarterly subscriptions and potential redemptions. Following the Re-Domiciliation, it is expected that, in the long-term and over a complete investment cycle, the Fund will be able to invest cash more efficiently and potentially improve returns to Shareholders.

The Jersey Fund required the consent of the JFSC in order to carry out the Re-Domiciliation. The Jersey Fund and the Fund Manager worked closely with the JFSC in order to obtain such consent. The JFSC has given its consent to the Re-Domiciliation of the Jersey Fund and Admission on 23 March 2017.

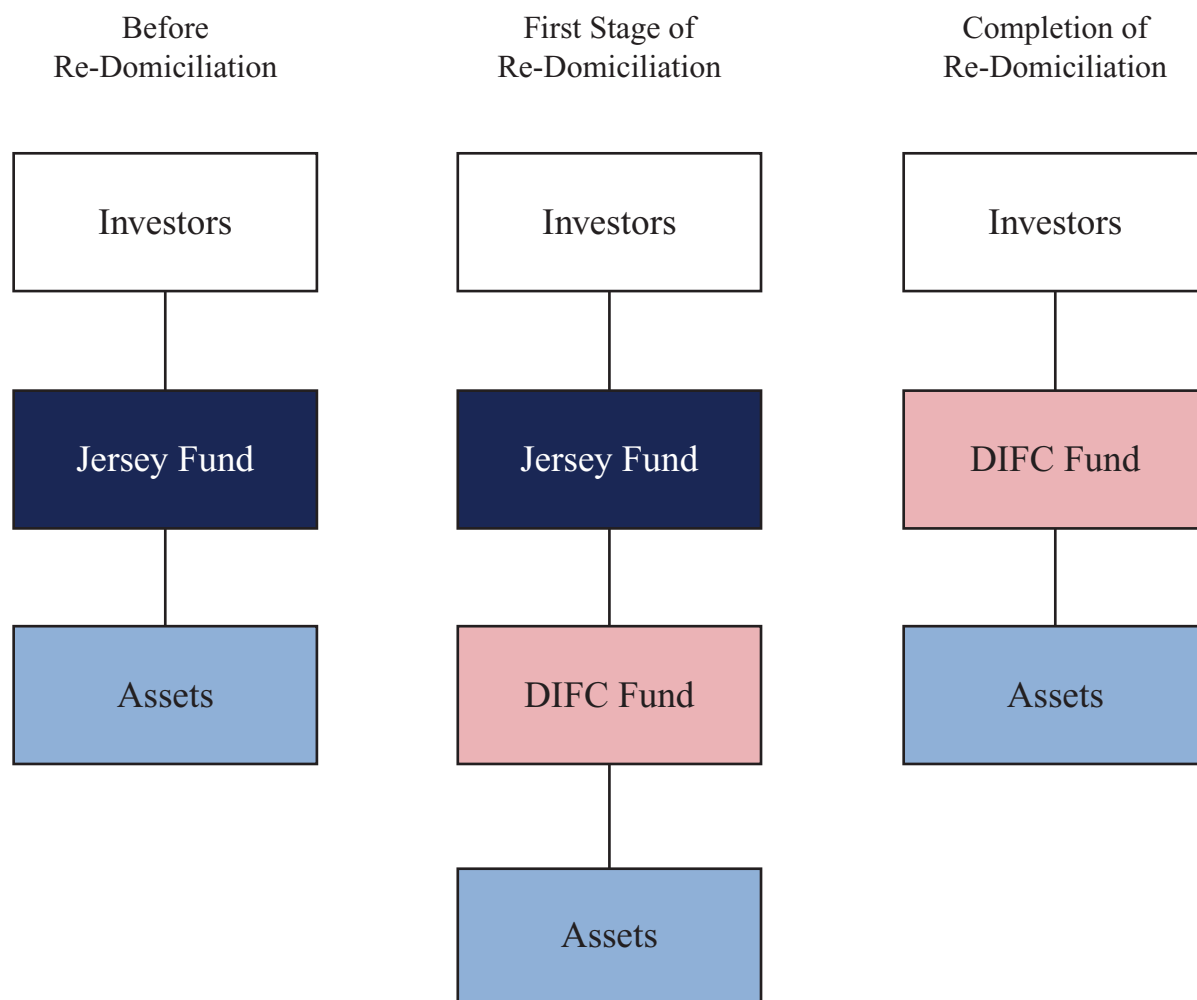
The initial stages of the Re-Domiciliation were effected by: (i) the formation of a new closed-ended investment company domiciled in the DIFC (the Fund) as a wholly owned subsidiary of the Jersey Fund on 18 July 2016; and (ii) the transfer of the assets of the Jersey Fund (including all of the SPVs for the holding of such assets) to the Fund in consideration for the issue of shares in the Fund.

The final stage of the Re-Domiciliation comprised the distribution in specie of the entire issued fully paid share capital of the Fund at the time to the Pre-Admission Shareholders. This occurred prior to Admission by the distribution in specie of the entire issued fully paid share capital of the Fund from Emirates Real Estate Fund Limited to EFL and immediately thereafter the distribution of the entire issued share capital of the Fund from EFL to the Pre-Admission Shareholders. The board of the Jersey Fund passed a board resolution and produced a solvency statement and the distributions were carried out prior to Admission.

Whilst technically still in existence at the date of the hereof, the Jersey Fund is no longer an active sub-fund of EFL. The Jersey Fund has divested its assets to the Fund (save for a sum not exceeding US\$ 100,000 sufficient to cover winding up expenses) and is in the process of winding up. The Jersey Fund will be subject to a forced redemption and the shares in the Jersey Fund will be redeemed for nil value. EFL will then wind up Emirates Real Estate Fund Limited and apply to the JFSC to have the Jersey Fund removed from its certificate.

According to investor disclosures to the Fund Manager approximately 78 investors redeemed their shares in the Jersey Fund pursuant to the Redemptions prior to completion of the Re-Domiciliation. The total value of the shares redeemed was US\$ 216.9 million. The Fund had to draw down an amount equal to AED 410 million (US\$ 111.63 million) of the Mudarabah Facility to make payments in respect of the Redemptions. The Redemption Price was calculated on the basis of: (i) the net asset value of the Jersey Fund as at 30 September 2016, for those investors who redeemed on 3 October 2016; and (ii) the net asset value of the Jersey Fund as at 30 October 2016, for those investors who redeemed on 31 October 2016. Following the latter of the Redemptions there has been no further trading in the shares of the Jersey Fund in preparation for the Re-Domiciliation.

The Re-Domiciliation is illustrated in the simplified diagrams below.



Further details of the Redemptions and their impact on the financial position of the Jersey Fund and the Fund are set out in the Financial Statements and the “*Operating and Financial Review*” sections of the Prospectus.

THE FUND, STRATEGY AND INVESTMENT OBJECTIVES

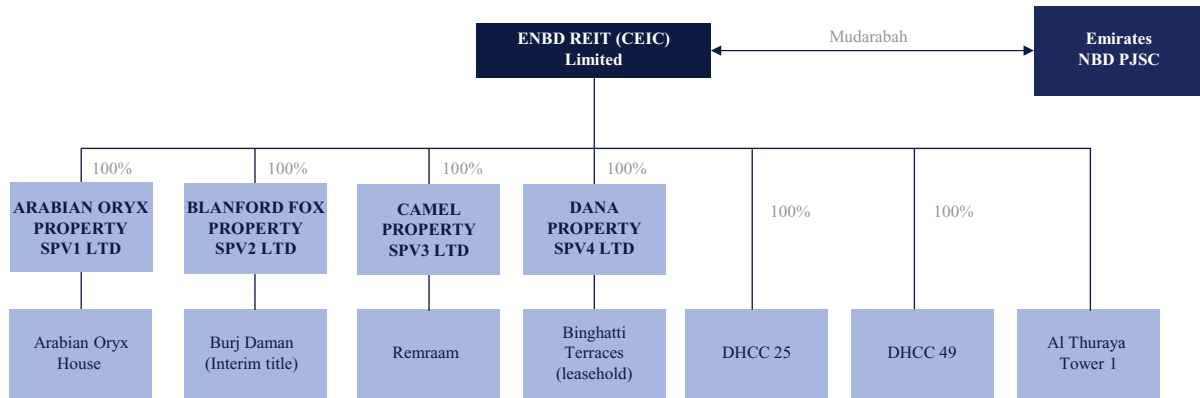
Structure of the Fund

The Fund is a closed-ended investment company that was incorporated by the Fund Manager to invest in a diversified portfolio of Shari'a-compliant, predominantly income generating real estate with a primary focus on the UAE. The Fund has an unlimited duration and was established in the DIFC by the Fund Manager on 18 July 2016 under the Companies Law with the name "Emirates Real Estate Fund Limited" and with registration number 2209. The Fund subsequently changed its name to "ENBD REIT (CEIC) Limited". The Fund is categorised under the CIR as a Public Fund, Domestic Fund, Islamic Fund, Property Fund and a Real Estate Investment Trust (REIT).

The property assets of the Fund were transferred to it from the Jersey Fund between October 2016 and December 2016. The Jersey Fund was incorporated as an open-ended investment company in Jersey and as one of a number of sub-funds of EFL to allow the Fund Manager's investors to participate in the UAE real estate market in a Shari'a-compliant manner. The Jersey Fund was established under and in accordance with the Jersey Fund Regulations issued by the JFSC and regulated by the JFSC. It was incorporated on 9 June 2005 as a wholly owned subsidiary of EFL for an indefinite period. The Jersey Fund consistently distributed semi-annual dividends over the last 11 years save for one semi-annual period in 2011 when a capital distribution was made instead.

The Fund is managed by the Fund Manager. The Fund Manager is a wholly owned subsidiary of Emirates NBD, a publicly listed entity on the Dubai Financial Market.

The following diagram sets out the interests that the Fund holds:



In addition to the four SPVs referred to in the above diagram, the Fund wholly owns two dormant SPVs being Ewan Property SPV5 Limited and Fajr Property SPV6 Limited. Although these dormant SPVs do not currently hold assets they are available for future use and the Fund Manager may use these SPVs to hold future investments.

Immediately prior to Admission there were 322 investors in the Fund with beneficial interests in the Shares through either Emirates NBD as nominee or EIB as nominee. Each of the Pre-Admission Shareholders listed in the table below held over 2.5% of the Shares:

Pre-Admission Shareholder	Nationality/Domicile	% of Shares prior to Admission
Ozim Limited (Tawuniya)	Saudi Arabia	26.0%
National Bonds Corporation	UAE	15.9%
Royal Family Office	UAE	7.3%
Government of Dubai, Finance Dept.	UAE	5.5%
Private Investor	UAE	2.8%
Emirates NBD	UAE	2.7%
Private Investor	UAE	2.6%
Balance of Shareholders	N/A	37.2%
Total		100.00%

As at Admission there are 383 investors with legal or beneficial interests in the Shares as follows:

Shareholder	Nationality/Domicile	% of Shares prior to Admission	% of Shares at Admission
Ozim Limited (Tawuniya)	Saudi Arabia	26.0%	16.2%
National Bonds Corporation	UAE	15.9%	10.2%
Royal Family Office	UAE	7.3%	4.5%
Government of Dubai, Finance Dept.	UAE	5.5%	3.4%
Private Investor ⁽¹⁾	UAE	2.8%	3%
Emirates NBD	UAE	2.7%	1.7%
Private Investor	UAE	2.6%	1.6%
Balance of Shareholders	N/A	37.2%	23.4%
Total		100.00%	

(1) This private investor subscribed for 3,153,153 New Shares, without this subscription this investor's Post-Admission holding would be 1.7%.

The Fund is a Shari'a-compliant real estate investment trust incorporated within the DIFC and regulated by the DFSA under the CIR as a Public Fund, Domestic Fund, Islamic Fund, Property Fund and a Real Estate Investment Trust (REIT).

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

Fund Directors

The Fund has three Directors, namely (i) Tariq Abdulqader Ibrahim Bin Hendi; (ii) Mark Edward John Creasey; and (iii) David Jonathan Marshall. Tariq Abdulqader Ibrahim Bin Hendi is employed by Emirates NBD and is a director of the Fund Manager. Emirates NBD is a 1.73% shareholder of the Fund and the sole shareholder of the Fund Manager. Tariq Bin Hendi serves as General Manager - Products & Advisory at Emirates NBD. David Jonathan Marshall was previously a director of the Fund Manager. As such both are Related Parties however the potential for a conflict of interest has been assessed and deemed to be minimal. For the definition of "Related Parties" please see the "*Related Party Transactions and Conflicts of Interest*" section of this Prospectus which also describes the management of Related Party Transactions and conflicts of interest.

No service contracts are in place between the Fund and any of the Directors; their appointments are subject to letters of appointment. In accordance with the Articles the letters of appointment provide that Directors are appointed for an indefinite term subject to reappointment by the Shareholders at the Fund's next general meeting and provided that they continue to be eligible to serve as directors of the Fund. Appointment terminates with immediate effect in certain circumstances including a Director's material breach of his obligations, criminal conviction and bankruptcy. Each Director shall receive US\$ 75,000 per annum for services rendered to the Fund.

The Directors of the Fund are:

Tariq Abdulqader Ibrahim Bin Hendi (Director)

Tariq Bin Hendi is the General Manager - Products & Advisory at Emirates NBD and oversees a range of wealth management products and services for Emirates NBD. Before that he served as the Senior Executive Officer of Emirates NBD Asset Management, with a mandate to continue building an exceptional asset management business that is the regional benchmark. Tariq has over 13 years of asset management, private equity and investment banking experience.

Tariq was Deputy Head of Corporate Advisory at Commercial Bank of Dubai, with the responsibility for the build-out of a new Corporate Advisory unit, a previously non-existent business line at the bank. In previous roles, Tariq held a number of senior management positions, most recently with Mubadala, based in Abu Dhabi, as part of the Acquisitions and Investment Management / Group Strategy department. Prior to that, Tariq worked with Citigroup, based in London, as part of the Investment Banking / Alternative Investments Fund Management team.

Tariq holds degrees from Columbia University, London Business School, and Clayton State, and will soon complete his PhD from Imperial College London.

Mark Edward John Creasey (Director)

Mark Edward John Creasey is a Chartered Certified Accountant, qualifying with KPMG in Jersey in 1995. He has more than 20 years' experience in the finance industry. In 1998, he joined Standard Bank Jersey Limited, where he held a number of senior roles, including six years as a Director in their Funds division. In 2011 he moved to JTC Management where he was a Director in the funds division of their corporate services business area. Since July 2015, Mark has been acting as an independent non-executive director.

Mark has a wealth of experience in both open and closed ended funds across the whole of the funds spectrum covering unregulated very private structures to quasi-retail regulated funds, covering audit, administration and corporate governance. Mark is a director of a number of collective investment funds and currently sits on the boards of both conventional and Shari'a-compliant structures investing in: commercial and residential real estate; private equity; UK, European, African and MENA securities. Engagements include funds and management companies for Emirates NBD, Duet Asset Management, Castle Trust, Abris, Bridport and Standard Bank.

Mark is a director of Emirates NBD Fund Managers (Jersey) Limited, EFL and Emirates Portfolio Management PCC.

Mark is a fellow of the Chartered Association of Certified Accountants and is a Member of the Chartered Institute for Securities & Investment.

David Jonathan Marshall (Director)

David Jonathan Marshall spent nearly 12 years with the Emirates NBD Group. David was a director of the Fund Manager until 17 January 2017, and the Products and Advisory General Manager of Emirates NBD until December 2016. He oversaw a range of wealth management products and services for Emirates NBD. This included overall responsibility for asset management, securities and the investments business in the Kingdom of Saudi Arabia. Additionally, David was responsible for fee-based services covering funds, structured products, securities and derivatives trading, FX and trusts, across a number of bank segments.

David is a director of Emirates NBD Fund Managers (Jersey) Limited, EFL and Emirates Portfolio Management PCC in Jersey, as well as the Emirates NBD SICAV which is domiciled in Luxembourg.

Prior to his last role as Products and Advisory General Manager for Emirates NBD, David was CEO of the Fund Manager for approximately three years.

Before joining the Emirates NBD Group in 2005, David held a number of senior management positions for Old Mutual International, a leading offshore retail financial services group. David brings with him 20 years of experience, spanning a range of financial services.

David holds a BA (Hons) degree in English Language and Literature from the University of London. He is also certified by the Chartered Institute for Securities & Investment, and holds the Investment Management Certificate of the CFA Society of the UK.

Please refer to the “*Related Party Transactions and Conflicts of Interests*” section of this Prospectus.

Key Strengths

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

- ***A high quality diversified Portfolio with strategic locations in Dubai***

The Fund currently owns or has an economic interest in four developed commercial properties and three developed residential properties in Dubai. Please refer to “*The Fund's Portfolio*” section of this Prospectus for a detailed overview of the Properties.

Included in the current Portfolio are a number of high-quality office properties located in prime locations in Dubai such as the Dubai Media City (TECOM) (one of the first free zones in Dubai), DIFC (a regional financial hub with multinational tenant base including a number of well-known and reputable organisations) and DHCC (a specialised healthcare area with close proximity to a number of healthcare providers). Previously the Jersey Fund owned certain properties in Sharjah, however these properties were

sold and the Fund Manager has shifted the focus of the Fund to the areas of Dubai designated for foreign investment, with a view to exploring investments in other high yielding Emirates, such as Abu Dhabi. In Dubai, the Fund Manager focuses on select historically established free zones (such as Dubai Media City (TECOM), DIFC and DHCC) that have exhibited strong growth prospects.

As at 30 September 2016, and based on the market valuations of the Properties as carried out by the Valuer, 67.3% (excluding cash) of the Portfolio is comprised of commercial offices while 32.7% (excluding cash) of the Portfolio is comprised of residential property.

The seven Properties currently in the Portfolio are generally diversified in terms of their type of use and their location within free zones in Dubai. The Fund Manager believes that the diversified uses of the Properties helps to reduce the impact of risks of local real estate market fluctuations. The Fund Manager believes that the individual Properties and the Portfolio as a whole possess strong income profiles owing to the generally high levels of current occupancy and utilisation (with limited exceptions in respect of newer Properties) and a relatively high degree of tenant commitments with commercial properties having a WAULT⁴ of 2.5 years as at 30 September 2016. Residential properties tend to carry a lower WAULT and the Fund's residential properties carry a WAULT of 0.65 years (as at 30 September 2016). As at 30 September 2016 the Portfolio generated a Passing Income of approximately AED 93.6 million (US\$ 25.48 million) and a yield of 8.5% (excluding cash and Islamic deposits)⁵.

The Fund Manager intends to explore further diversifying the Fund's Portfolio by potentially investing: (i) in Emirates other than Dubai including, in particular, the investment areas of Abu Dhabi; and (ii) in real estate sectors other than office, residential and retail properties including, but not limited to, educational facilities, healthcare facilities, community retail, industrial logistics centres, data centres, infrastructure, warehouses, hospitality, storage and car parking or any other sector that the Fund Manager believes may be attractive from time to time. Increased diversification may further enhance the Fund's Portfolio by providing further exposure across a range of real estate sectors with the aim of enhanced and more stable returns.

- ***Extensive network of existing and potential tenants operating across a broad range of industries***

The Fund currently has a large network of relationships with existing and potential tenants in the UAE. Key tenants in the Fund's commercial portfolio represent a wide range of industries including telecoms, hospitality, and medical as well legal and media and marketing services. The Fund currently has a strong residential tenant base, with more than 120 tenants (including individuals and corporates) across its three residential properties, representing an average occupancy rate of 96.6%⁶ as at 30 September 2016.

- ***Demonstrable performance track record, consistent dividend distribution and steady increase in NAV per share***

The Jersey Fund, the predecessor to the Fund, had since its inception in 2005, largely achieved its overall investment objectives of providing its investors with: (i) a regular and stable source of income by way of annual dividends (with limited exceptions); and (ii) long-term capital appreciation in NAV per share since inception. For more information on the Net asset value of the Jersey Fund, see "*The Jersey Fund and the Re-Domiciliation*".

The Jersey Fund distributed dividends per share of US\$ 0.1998 for the six-month period ended 30 June 2016 to Income Share class holders, which equates to an Annualised Dividend Yield of 5.75%. The net asset value per share of the Jersey Fund increased by 4.8% over the last 12-month period ended 30 September 2016, 57.5% over the last five years (September 30) and 32.1% since inception. It should be noted that this period included the global financial crisis where significant falls in the values of real estate assets were witnessed generally across a number of global markets. The Fund Manager will continue to seek and ensure the stability of cash distributions and the sustainable growth in NAV per Share of the Fund 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.

⁴ By value.

⁵ This figure assumes that 100% of Bingham Terraces is leased as it current benefits from a rent guarantee that is in effect until July 2017.

⁶ This figure assumes that 100% of Bingham Terraces is leased as it current benefits from a rent guarantee that is in effect until July 2017.

- ***Emirates NBD Asset Management - reputable manager***

The Fund Manager is considered a prominent asset manager in the region with US\$ 3.5 billion of assets under management as at 30 September 2016, spread across actively managed in-house funds as well as discretionary portfolios. The Fund Manager is part of the Emirates NBD Group which is one of the largest banking groups in the MENA Region by assets with total assets of approximately US\$ 121 billion as at 30 September 2016. Emirates NBD, the holding company of the Fund Manager, is publicly listed on the DFM and is majority-owned by the Government of Dubai (which, through the Investment Corporation of Dubai, currently owns a 55.8% interest in the share capital of Emirates NBD). In addition to the Emirates NBD Group's credibility and reputation in the local market, its broad presence in the UAE and growing focus on opportunities in the wider region has historically helped the Fund benefit from: (i) wider visibility as to the relevant real estate markets; (ii) relationships with Emirates NBD Group's banking clients which allow for the sourcing of 'off-market' opportunities; (iii) access to favourable financing terms; and (iv) Emirates NBD Group's strong relationships with local regulatory bodies.

- ***Fund Manager's experienced and committed real estate team***

The Fund Manager's real estate team, which managed the Jersey Fund prior to the Re-Domiciliation (since July 2005), and is currently the Fund Manager of the Fund, consists of an experienced management team with extensive experience in real estate portfolio management and property investment and a strong knowledge in acquiring, owning, managing, leasing and repositioning real estate assets. The Fund Manager's real estate team is an award winning asset manager in the region with strong relationships with different service providers and has received the following awards: (i) Real Estate Fund of the Year (MENA Fund Manager Performance Awards 2015); (ii) Real Estate Fund of the Year (MENA Fund Manager Performance Awards 2016); (iii) Best Real Estate Fund UAE (International Finance Magazine 2015); and (iv) Best Real Estate Fund (Islamic Business & Finance Awards 2013).

The Fund Manager's team members, currently led by Tim Rose and Anthony Taylor, have experienced a number of property sector cycles in the UAE and have, accordingly, demonstrated their capabilities to the Fund's investors, property buyers and sellers, tenants and banks.

The Fund Manager proactively sources and evaluates new investment opportunities through a rigorous approach with a focus on: (i) governance; (ii) timely execution of transactions; (iii) acquisition financing and liquidity management; (iv) overall leasing management including thorough review and enhancement of existing lease contracts and tenant relations; (v) diligent property management; (vi) value enhancement of properties through refurbishment and renovation; and (vii) prudent financial oversight of rental income, property and Fund expenses.

The Fund's investment strategy is exemplified by the management team's successful historical track record and its historical ability to maintain a relatively diversified portfolio, consistently growing its NAV and sustaining dividend distribution through the efficient controls put in place in respect of the management of the Portfolio.

- ***Experienced boards and committees***

The Fund's governance structure including members of the Fund Manager's board and committees have a track record of local and international experience within their respective specialties that range from engineering, investment management, Shari'a, real estate valuation, accounting and finance as well as legal and compliance.

- ***A larger established investor base comprising institutional and high net worth individuals with a long term outlook***

The Fund's top ten Pre-Admission Shareholders owned 68.7% of the Shares prior to Admission. The Pre-Admission Shareholders comprise primarily institutional investors and family offices, some of whom have been with the Fund (through the Jersey Fund) for over seven years. The Jersey Fund attracted large institutional capital in the last 36 months and the investor profile has evolved from a smaller 'semi-retail' client base and high net worth individuals to a larger institutional investor base. Please refer to the heading "*Background—Jersey Fund*" in the "*The Jersey Fund and the Re-Domiciliation*" section of this Prospectus. The Offer is targeting institutional and professional investors. The shareholder of the Fund Manager retains a position in the Fund and provided funding for the early-stage operations of the Jersey Fund in 2005.

- ***Focus on single ownership properties***

For the most part, the Fund holds single/sole ownership interests in each of the Properties. This allows the Fund to effectively control, in so far as applicable rules and regulations permit, the quality of each property, its maintenance and eventual disposal without having to cater to minority shareholders or co-owners of space in the relevant buildings. This position will likely also help provide the Fund with an advantage in attracting corporate tenants by enabling the Fund to offer large contiguous leasable areas (which, to date, have been less readily available in the areas of the UAE targeted by the Fund than smaller spaces).

Focusing on ownership of entire buildings will continue to be a prime focus for the Fund so that it continues to attract corporate tenants on attractive commercial terms.

- ***Pipeline opportunities***

Leveraging off of its relationships the Fund Manager has currently identified a significant pipeline of opportunities with the following characteristics: (i) they are located in the UAE (primarily Dubai or Abu Dhabi); (ii) they have a minimum value of approximately US\$ 30 million per asset; and (iii) they potentially offer target net yield of 7.5% to 9%. Some of these opportunities fall within relatively high yielding sectors such as industrial and education. These pipeline opportunities that have been currently identified include both market and 'off-market' opportunities.

Investment Objective

By investing in Shari'a-compliant, predominantly income generating real estate with a primary focus on the UAE, the Principal Investment Objective is to provide investors with: (i) a regular source of income (by way of annual dividends of at least 80% of its net audited annual income in accordance with the CIR); and (ii) where possible, capital appreciation.

Investment Strategy

The Fund has been established with the Principal Investment Objective of generating income returns complimented with capital appreciation from real estate assets. The Fund aims to regularly distribute a dividend with a target of achieving a return equal to or greater than 7.5% per annum. In addition, the Fund Manager will manage the Assets with the focus on enhancing and maintaining the value of the Assets. The Fund Manager intends to increase the size of the Portfolio so that the Fund can benefit from economies of scale across the Properties and from the reduced rates applied to the Fund Manager's management fee as the size of the Fund increases. The Fund's investment strategy is designed to take advantage of current and projected market conditions within the UAE and the wider MENA Region. The Fund Manager believes that steady economic growth in the UAE will set the stage for continued improvement in the UAE's real estate market. It is envisioned that acquisitions, and other investment opportunities will be particularly compelling due to: (i) the UAE's economic growth; (ii) the perceived availability of debt and equity financing; and (iii) the Fund Manager's belief that the level of supply of new investment-grade real estate assets in the UAE is limited. For further information on the UAE real estate market, please refer to the "*UAE Property Market Overview*" section of this Prospectus.

The Fund plans to achieve its objectives through the following strategies:

- (i) prudent acquisitions with a focus on achieving diversification;
- (ii) active asset management and enhancement; and
- (iii) capital and risk management.

- (i) **Prudent acquisitions with a focus on achieving diversification**

The Fund intends to acquire, own and operate properties in a wide range of sectors, including commercial and residential within the UAE. This market has historically had high barriers to entry, is supply-constrained, exhibits suitable economic characteristics and has a diverse pool of prospective tenants who demand high-quality real estate. The Fund seeks to acquire properties that will command sufficient rental rates and aims to maintain high occupancy levels and capitalise on specific real estate opportunities that complement its existing portfolio.

The Fund may seek to pursue opportunities that provide diversity of assets, tenants and locations.

Investment criteria

In evaluating acquisition opportunities, the Fund Manager will focus primarily on the following investment criteria.

(a) Location:

- (i) The Fund intends to invest across the UAE, with a focus on investment areas Dubai and Abu Dhabi. Investment opportunities in other Emirates will also be considered. As the Portfolio grows, the Fund Manager may seek acquisition opportunities for high quality assets in other emirates in the UAE.
- (ii) The Fund Manager will assess acquisition opportunities from the perspective of both the broader market and the location-specific aspects. The investment process will evaluate a range of criteria to assess the attractiveness of a particular investment including ease of access, connectivity, visibility of premises, existing surrounding amenities and immediate presence and concentration of competitors.

(b) Sector:

- (i) As at 30 September 2016 the Properties included 67.3% commercial properties (excluding cash) and 32.7% residential properties (excluding cash).
- (ii) The Fund Manager intends to focus on the commercial and residential real estate sectors in the medium term with the following characteristics:
 - A. Office assets - high grade office space offered to corporate tenants on terms that will meet the long-term business requirements of such tenants. The Fund will focus on acquiring completed assets which are located in close proximity to public transport access points with some degree of leasing risk given the position of this sector in the current real estate market.
 - B. Residential assets - properties located in close proximity to amenities such as retail and leisure facilities, potentially with long-term corporate tenants using properties to provide accommodation for employees. In addition, the Fund will consider pursuing opportunities where the contractual leasing rates are below market leasing rates to improve returns on renewals.
- (iii) Further, to diversify its portfolio, the Fund Manager plans to undertake investments in alternative real estate asset classes with an objective of optimising yield and achieving a stable source of income through longer leases. Such assets may include:
 - A. Office assets offered to corporate tenants on terms that will meet the long-term business requirements of such tenants. The Fund will focus on acquiring completed assets either fully occupied or with some level of leasing risk and those assets which are located in close proximity to public transport access points and amenities such as food and beverage outlets and have adequate access to parking;
 - B. Residential developments that have been completed or are nearing completion, which have long-term corporate tenants who lease homes for the purpose of housing their employees, and which are located in close proximity to amenities such as retail and leisure facilities. In addition, the Fund will consider pursuing opportunities where the contractual leasing rates are below market leasing rates;
 - C. Retail assets that are predominantly leased to established retail tenants in community retail centres which are easily accessible and service a neighbourhood or area with limited competition;
 - D. Industrial assets in areas with well-developed infrastructure and close proximity to transportation access points that are leased to large corporate tenants or a range of smaller tenants to provide diversity in established locations;
 - E. Education assets such as schools that are pre-leased to prominent school operators in populated residential locations or considered to be strategically located to benefit from population growth in the near future;
 - F. Healthcare assets that are leased to established healthcare providers in the region;

- G. Hospitality assets that are Shari'a-compliant hotels or serviced apartments leased to, or managed by, hotel operators who are established locally or new to the market with a regional or global presence.
- (iv) The Fund Manager intends to maintain a Portfolio with the approximately the following composition where possible:
 - A. Office - 50–60%;
 - B. Residential - 20–30%;
 - C. Alternative - 20–30%:
 - 1. Retail;
 - 2. Industrial;
 - 3. Education;
 - 4. Healthcare; and
 - 5. Hospitality - focus on Shari'a-compliant hotels or serviced apartments.

Exact sector allocation may not always be maintained given the value and availability of real estate assets and the allocation above provides guidance on the Fund's ideal asset allocation in current market conditions. The allocation is also expected to change with market conditions at the Fund Manager's discretion.

- (c) **Asset enhancement potential** - The Fund Manager may seek to acquire properties where there is potential to add value to the Portfolio by increasing occupancy through selective capital expenditure and/or other asset enhancement initiatives.
- (d) **Building and facilities specification** - The Fund Manager will endeavour to conduct thorough property due diligence and adhere strictly to the relevant technical specifications, with due consideration given to the size, quality and age of the buildings. These specifications will depend on the type of property and may change over time due to market developments and tenant demands. It will also endeavour to ensure that the acquisition properties are in compliance with legal and zoning regulations. The properties will be assessed by independent experts relating to the structural soundness of the building, repairs, maintenance and capital expenditure requirements in the short- to medium-term.
- (e) **Tenant mix and occupancy characteristics** - The Fund Manager may seek to acquire properties with opportunities to increase rental and tenant retention rates relative to competing properties in the locations. The properties should have a healthy occupancy with established tenants of good credit standing to minimise rental delinquency and turnover. A key consideration will be the impact of an acquisition on the entire portfolio's tenant, business sector and lease expiry profiles.
- (f) **Lease expiry profile** - The Fund Manager will, where appropriate, focus on properties with longer leases so as to extend the weighted-average lease expiry of the Portfolio and/or provide diversification to the lease expiry profile.
- (g) **Title** - The acquisition of both freehold and long term leasehold (where this is permitted) may continue to be considered.
- (h) **Development properties** - The Fund may consider undertaking the development of projects or substantial refurbishments of properties where the level of risk anticipated by the Fund Manager is commensurate with a reasonable degree of potential returns. The Fund does not intend to become a developer with an off-plan sales strategy but may selectively develop small projects or acquire close-to-completion properties where construction is expected to be completed within a reasonable term period. In accordance with CIR 13.5.4, the Fund Manager must ensure that: (i) any investment made in respect of a Development Property whether by the Fund alone or in a joint venture is only undertaken where the Fund intends to hold the developed property on completion; and (ii) the total contract value of the Development Properties is less than 30% of the Net Asset Value.
- (i) **Physical assets** - The Fund intends to continue investing in physical assets that can be valued regularly and can be readily sold in normal market conditions, while any cash balances will be invested into short-term liquidity (Shari'a-compliant cash or cash-like) instruments. The Fund has not previously invested into other property funds due to the limitations that they are usually closed-ended

(i.e. limited liquidity) and that financial reporting periods often do not match the Fund's quarterly NAV reporting. The Fund Manager expects to continue to focus on direct investments into physical assets, or investments through shares of SPVs if required. The Fund Manager may, however, consider investments into other listed or private real estate investments or funds or companies that they believe offer value to investors. The Fund Manager may also evaluate for acquisition related joint ventures, shares in property companies and acquisitions of management companies of other real estate related vehicles as deemed appropriate from time to time.

- (j) **Limitations** - Except for the limitation regarding Development Properties described in (h) above, there is no limitation on the number, size or type of properties that the Fund may acquire or on the percentage of net offering proceeds that may be invested in any particular property type or single property. The number and mix of properties will depend upon real estate market conditions and other circumstances existing at the time of acquisition and the amount of proceeds raised in the Offer. Moreover, depending upon real estate market conditions, economic changes and other developments, the Fund Manager may change its targeted investment focus or supplement that focus to include other targeted investments from time to time without shareholder consent. Where this is considered a fundamental change to the Fund's investment strategy the Fund Manager will obtain prior approval from the shareholders in accordance with CIR 8.9.

(ii) Active asset management and asset enhancement for maximizing returns on existing Portfolio

Through active asset management, the Fund seeks to increase (or maintain) occupancy levels and achieve high tenant retention to improve the rental growth, thereby potentially increasing overall yields and returns to investors.

The Fund Manager intends to maintain a team to manage the Fund and may, with the consent of the Directors (as appropriate), outsource specialised activities to competent professional external firms as and when required. The Fund Manager may add to its current activities by conducting internal management and development functions in the future subject to regulatory requirements and approvals.

The Fund Manager believes there are opportunities to improve the Properties and that it may be able to achieve increases in rental revenue and occupancy rates by way of proactive improvements and refurbishment works, including upgrading of existing facilities and reconfiguring of existing spaces for other income-generating opportunities.

The Fund Manager's strategy for the Fund includes undertaking asset enhancement initiatives subject to the improvements satisfying projected levels of feasibility and profitability.

In this respect, the Fund Manager's strategy is to engage in the following key efforts:

Improving rentals while maintaining high occupancy rates

The Fund Manager aims to:

- (i) build and maintain strong, long-lasting relationships with tenants by providing value-added property-related services;
- (ii) identify and rationalise leases that are about to expire with Average Passing Rents which are below market levels;
- (iii) actively market current and impending vacancies to minimise vacant periods of leasable area;
- (iv) actively monitor rental arrears to minimise defaults by tenants and other aspects of tenant performance;
- (v) advance renewal negotiations with tenants whose tenancies are approaching expiry; and
- (vi) investigate and implement value-adding opportunities and services for Assets that will enhance demand and value.

Improving operational efficiency and reducing operating costs

The Fund Manager aims to:

- (i) minimise expenses while maintaining quality of Assets by constantly reviewing the expenses on the property and variations to budgets;

- (ii) identify and implement cost-saving initiatives while maintaining quality standards, which may include increased capital expenditure in the initial years with the aim of achieving future operating efficiencies;
- (iii) manage capital expenditures through regular inspection of each Property and testing of key equipment. Replacement of all capital equipment is generally conducted in line with the life-cycle costing and at the time when the lack of efficiency of the equipment being replaced would have a negative impact on the building or asset;
- (iv) implement one-off capital improvements - the Fund Manager is regularly looking for ways to enhance the value and returns on the existing buildings in the Portfolio through one-off capital expenditures. Capital expenditures are capitalised and expensed over the useful life of the improvement. At the time of the disposal of any Property, capitalised expenditures yet to be expensed are typically deducted from the disposal proceeds.

Identification of opportunities where disposal would enhance the returns for investors

The strategy of the Fund is to hold income-generating real estate assets long term. The Fund Manager may look to dispose of Assets in the market when:

- (i) it is of the opinion that the Asset is reaching the end of its useful life, and at that time, the cost to refurbish the Asset to maintain value may be higher than the expected upside in valuation;
- (ii) it is of the opinion that the market demand for such an Asset, location and/or sector is falling and, market timing is opportune to dispose of such an Asset to realise the value of such Asset;
- (iii) an opportunistic buyer offers favourable purchase price on an Asset which exceeds the expected medium to long-term capital appreciation of that Asset; or
- (iv) it has identified an investment opportunity that is expected to yield significantly higher returns than the Asset identified for disposal over the medium to long term.

(iii) Capital and risk management strategy

The Fund Manager will endeavour, as far as market conditions permit, to:

- (i) maintain a strong and robust balance sheet;
- (ii) employ an appropriate mix of debt and equity in financing acquisitions and Asset enhancement projects, to achieve sufficient cash flow coverage of the Fund's financing obligations;
- (iii) secure diversified funding sources to access both financial institutions and capital markets; and
- (iv) optimise its cost of debt financing through regular review of existing facilities and negotiations.

Investment Restrictions

The Fund has the following restrictions on the permitted composition of the Fund's investment portfolio, pursuant to the CIR and the Articles:

- (i) investments made by the Fund must be made on a Shari'a-compliant basis as determined by the Fund's Shari'a Supervisory Board;
- (ii) the Fund is focused on investing in real estate, property related assets, units of other property funds, cash and government and public securities;
- (iii) any investment in cash, government and public securities may not exceed 40% of the Fund's investments;
- (iv) there is no limitation on the total investment by the Fund, as a percentage of the NAV, in any individual asset or any single Emirate or country subject to restrictions in relation to Development Properties;
- (v) any investment made in respect of Development Property will only be undertaken where the total contract value of the Development Property does not exceed 30% of the NAV;
- (vi) the Fund will not be required to dispose of the whole or any part of an investment due to subsequent changes in value of its investments or investment concentration;

- (vii) where the Fund is investing in a corporate entity, the Fund may not invest in any such entity in which the liability of shareholders is not limited; and
- (viii) where a joint ownership arrangement is entered into, the Fund must have a majority stake or holding in respect of that arrangement, that is, more than 50% ownership and control of each property at all times.

Except as set out in this Prospectus or as provided in the CIL, CIR and any other applicable laws, 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 (subject to restrictions in the CIR in relating to Development Properties); (iii) properties which are vacant; (iv) properties which are subject to a mortgage; or (v) a particular jurisdiction. The real estate ownership laws and regulations of jurisdictions in which the Fund may wish to invest may restrict the manner in which the Fund may invest in such jurisdiction.

Investment Structure

The Fund historically has focused on direct investment in real estate assets or property interests but may, in the future, look at other structures and opportunities including the use of wholly owned special purpose companies. The Fund may on occasion also recapitalise existing properties or invest in new development through preferred equity, mezzanine debt and similar structured investments this would result in attractive returns with, what the Fund Manager anticipates would be, relatively lower risk when compared to pure equity investments.

Where the Fund acquires a controlling stake in a real estate asset but does not acquire the entirety of an asset, the Fund Manager will seek to negotiate favourable terms in respect of the control over certain reserved matters relating to the asset, such as leasing, capital expenditure and management. Joint ownership arrangements, due diligence and disclosures will be undertaken by the Fund Manager in accordance with CIR 13.4.6 to 13.4.9. The ability of the Fund Manager to acquire critical elements of control, however, may not always be possible. For example, if the Fund made an investment in mezzanine debt or some form of preferred equity, it would not expect to be able to exercise positive control over the relevant asset through such investments.

The Fund intends to focus its investment strategy on freehold real estate assets but, to the extent the investment risks and returns justify the same, the Fund will also consider investing in leasehold real estate assets, musataha and usufruct interests provided at all times that it is lawful to do so.

Size of Investments

Generally, the Fund's target investment value for any individual asset is expected to range from US\$ 27 million to US\$ 136 million in terms of equity investment and US\$ 68 million to US\$ 272 million in terms of GAV. Please refer to the "Investment Restrictions" paragraph of the "The Fund, Directors, Strategy and Investment Objectives" section of this Prospectus.

Redevelopment, Refurbishment and Reconfiguration of Assets

The Fund Manager may identify opportunities for redevelopment, refurbishment and reconfiguration of existing assets in the Portfolio. This is typically done to achieve the Fund's investment objectives and to maximise returns to investors by accommodating new tenancies from either existing tenants expanding their lease requirements in the building or new tenants looking to take up the identified space. For example, the Fund Manager decided to undertake a reconfiguration of layouts to the 10th and 14th floors in Burj Daman in 2015–2016 resulting in more leasehold office accommodation.

Disposal and Re-Investment

While the current intention of the Directors is that the Fund will hold Assets on a long-term basis, the Fund may dispose of Assets and re-invest the sale proceeds in other real estate assets in order to achieve the Fund's investment objectives and to maximise returns to investors. Each Asset as well as the general portfolio composition will be continuously monitored to ensure that the Fund is achieving its investment objectives.

Investments in other funds

The Fund may invest in shares of other funds which are managed or operated by third-party fund managers, 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. Any such investment will be subject to the approval of the relevant committees of the Fund.

Development Finance

The Fund may guarantee loans made in respect of an investment and borrow money on a Shari'a-compliant basis for the purpose of (i) covering Fund expenses (including Fund Manager fees and performance fees) and organisational expenses; and (ii) funding investments, provided that, the amount of such outstanding financing shall not, in the aggregate, exceed 50% of the GAV. For the avoidance of doubt, this limitation on financing is inclusive of the Fund's SPVs. The Fund may pledge any or all of the Assets of the Fund as security for borrowings.

The Fund currently has an AED 700 million (US\$ 190.58 million) Mudarabah facility with Emirates NBD - AWAI. For more information, see "*Financing - Mudarabah Facility*" in the "*General Information*" section of this Prospectus.

Use of Derivatives

The Fund does not currently use derivatives for speculation or hedging purposes but may do so in the future to protect against interest rate and currency fluctuations provided that these methods are approved by the Shari'a Supervisory Board.

Amendments to the Investment Objectives and Policies

The Directors may amend the Investment Policy of the Fund from time to time. Prior consent of the Shareholders will be obtained in relation to any change in the Fund's Investment Policy that is considered by the Directors or a relevant regulatory authority to be material.

THE FUND'S PORTFOLIO

Recent Activity of Jersey Fund

Since 1 January 2013, the Jersey Fund made the following major disposals: Al Farah Plaza, Al Thuraya (Sharjah), Garhoud Star Building, Crescent Tower, Buhaira Tower, Labour Camp 612, Labour Camp 624 and Labour Camp 603 (the “**Disposed Properties**”). In the same period, the Jersey Fund acquired interests in the following assets: Burj Daman, Binghatti Terraces, Arabian Oryx House and Remraam in Dubai.

Immediately prior to completion of the Re-Domiciliation, the Jersey Fund directly or indirectly held interests in the Properties, comprising four commercial properties with an NLA of 448,025 square feet in addition to three residential Properties with a total of 439 units. These properties have a total valuation of US\$ 314 million. This is based on an independent third-party valuation as at 30 September 2016, as described further in the Valuation Report. The Responsible Persons confirm that there has been no material change in Market Value of the Properties between the Valuation Date and the date of the Prospectus.

In addition to the valuation as at 30 September 2016, a subsequent valuation of the Properties was undertaken by CBRE of the Properties on the basis set out above as at 30 October 2016, which was used as part of the calculation of the relevant Redemption Price in connection with the Redemptions for those investors who redeemed on 31 October 2016. For further detail on the Re-Domiciliation, see “*The Jersey Fund and the Re-Domiciliation*”.

Portfolio Overview

Unless otherwise specified, all information relating to the Properties in this section is at 30 September 2016.

The current Portfolio consists of the following seven Properties all of which are located in Dubai:

- Al Thuraya Tower 1;
- Burj Daman;
- DHCC 49;
- DHCC 25;
- Binghatti Terraces;
- Arabian Oryx House; and
- Remraam.

The Fund holds freehold interests in respect of six of the properties, being Al Thuraya Tower 1, DHCC 49, DHCC 25, Arabian Oryx House, Burj Daman (strata title which is recorded on an interim register held by the DIFC Registrar of Real Property until full registration conferring indefeasible title pursuant to DIFC Real Property Law (Law No. 4 of 2007)) and Remraam (strata title). The Fund holds a leasehold interest in Binghatti Terraces.

The Fund holds 100% subsidiary interests in six SPVs incorporated pursuant to the Jebel Ali Free Zone Authority's Offshore Companies Regulations of 2003:

1. Arabian Oryx Property SPV 1 Limited;
2. Blanford Fox Property SPV 2 Limited;
3. Camel Property SPV 3 Limited;
4. Dana Property SPV 4 Limited;
5. Ewan Property SPV 5 Limited; and
6. Fajr Property SPV 6 Limited.

The Fund's interests in the Properties are subject to the Mudarabah Facility, please see “*Financing—Mudarabah Facility*” in the “*General Information*” section of this Prospectus and refer to the risk factor “*The Fund's interests in the Properties are subject to registered mortgages and mortgage-related securities in connection with the Mudarabah Facility*”.

The key features of each of the Properties as at 30 September 2016 are as follows:

Property	Acquisition Date	Title	Current Valuation (US\$—million)	Valuation as % of Portfolio (%)	Area (sq. ft.) / No. of Units	Occupancy (%)	Use
Al Thuraya Tower 1	9 November 2006	Freehold	89.0	28.3	208,565	91.4	Commercial
Burj Daman	10 June 2015	Contractual freehold interest	65.6	20.9	87,618	27.6	Commercial
DHCC 49	17 April 2007	Freehold	31.17	9.9	80,808	66.8 ⁷	Commercial
DHCC 25	25 July 2007	Freehold	25.51	8.1	71,034	82.6	Commercial
Binghatti Terraces	15 May 2016	Leasehold	40.80	13.0	178,907 / 201 residential units + 5 retail units	100 ⁸	Residential
Arabian Oryx House	19 October 2014	Freehold	37.95	12.1	133,432 / 128 units	89.1	Residential
Remraam	27 September 2015	Freehold	23.90	7.6	112,154 / 105 units	100	Residential

The Portfolio is summarised as follows:

- **Office Property:**

- Al Thuraya Tower 1: A G+29 high-rise commercial tower, located in Dubai Media City with views over TECOM and Palm Jumeirah.
- Burj Daman: Two and a half floors (the fund fully owns the 10th and 14th floors and half of the 15th floor) in the commercial component of the tower in the DIFC.
- DHCC 49: A five-storey commercial complex located in DHCC.
- DHCC 25: A six-storey commercial tower located in DHCC.

- **Residential Property:**

- Binghatti Terraces: A residential tower with 201 residential and five retail units in Dubai Silicon Oasis, constructed by developers with an established track record. The tower was acquired with a one-year rental guarantee expiring in July 2017 and is therefore considered fully leased until the expiry of the rental guarantee.
- Arabian Oryx Tower: A residential tower with 128 units in the free zone TECOM, Dubai, and mainly comprises units of one- and two-bedroom apartments.
- Remraam: Two residential towers offering 105 units in mainly one- and two-bedroom apartments. The towers are fully leased to the hotel company Media Rotana for its staff requirements.

- **Properties with retail component:** Ground-floor retail units complete the commercial and residential elements of the following buildings: Al Thuraya Tower 1, DHCC 49, DHCC 25 and Binghatti Terraces.

Together, the Properties comprise approximately 872,518 sq. ft. of NLA and were independently valued at approximately AED 1,153 million (approximately US\$ 314 million) as at 30 September 2016, and as at 30 October 2016.⁹ The aggregate purchase price of the Properties is approximately AED 1,107 million (US\$ 301.3 million), not including transaction expenses.

⁷ As at 31 December 2016, the Fund has improved Portfolio occupancy by successfully executing lease agreements in Burj Daman and DHCC 49.

⁸ Purchased with a rental guarantee expiring in July 2017.

⁹ CBRE also carried out a subsequent valuation as at 30 October 2016, in connection with the Redemption for those investors who redeemed on 31 October 2016. The Property values as at 30 September 2016, are used as they align with the Financial Statements for the six-month period ending 30 September 2016.

Valuation

The Properties were valued by CBRE as at 30 September 2016, as follows:

Property Valuations					
Property	Valuation (AED—million)	Valuation (US\$—million)	Valuation as % of Portfolio	Purchase Price (AED—million)	Purchase Price (US\$—million)
Al Thuraya Tower 1	326.9	89.0	28%	249.6	68.0
Burj Daman	241.1	65.6	21%	239.6	65.2
DHCC 49	114.5	31.2	10%	140.0	38.1
DHCC 25	93.7	25.5	8%	123.0	33.5
Binghatti Terraces	149.9	40.8	13%	145.0	39.5
Arabian Oryx House	139.4	38.0	12%	128.3	34.9
Remraam	87.8	23.9	8%	81.6	22.2
TOTAL	1,153.2	314.0	100%	1,107.2	301.4

Tenant Profiles

The Properties consist of commercial and residential buildings with some buildings including retail offerings (ground floor units of Al Thuraya Tower 1, DHCC 49, DHCC 25 and Binghatti Terraces). The tenants in the residential buildings are largely individuals (except for Remraam where the main tenant is Media Rotana) who have entered into one-year renewable leases. The tenants in the office buildings are involved in commercial activities in a wide variety of industries including oil and gas, healthcare, technology, media, finance and banking and education. The commercial activities undertaken in a particular building are broadly based on the location of the building and the preferred commercial activity of the master community. For example, most of the tenants of Al Thuraya Tower 1, which is located in Dubai Media City free zone, are involved in the media and technology industry, while the tenants of Dubai Healthcare City Buildings 49 and 25, which are located in the Dubai Healthcare City free zone, are mostly involved in the healthcare industry (e.g. clinics, suppliers of medical equipment, laboratory equipment and health and safety educators).

The form of lease documentation used by the Fund varies depending on the location of each Property and the use of the Property. For the individual units in the residential Properties a standard short-form lease document is used. The commercial lease and retail lease documents are extensive agreements covering typical lease terms and responsibilities of tenants and landlords and have been reviewed and approved by external lawyers as well as internal compliance officers with a view to ensuring that the rights of the Fund, which acts as a landlord, are protected.

The Fund seeks to ensure that all activities undertaken by the tenants are Shari'a-compliant and to the extent possible, the lease agreements used by the Fund are Shari'a-compliant.

The ten largest tenants contributed approximately 32% of Passing Income of the Fund as at 30 September 2016. The three largest contributors to Passing Income as at 30 September 2016, represented 10%, 8% and 3%, respectively.

The table below sets out details of the ten largest tenants of the Properties, in terms of Average Passing Rent, as at 30 September 2016:

Portfolio Tenant Concentration of the Ten Largest Tenants					
Tenant	Building	Industry	Lease Expiry	Percentage of Portfolio NLA	Percentage of Portfolio Passing Income
Global Telecommunications Company	Al Thuraya Tower 1	Technology	31 May 2018	6.4%	9.6%
Media Rotana	Remraam	Hospitality	14 July 2017	15.2%	7.5%
Squire Patton Boggs	Burj Daman	Services	31 October 2021	1.3%	2.5%
Global Medical Technology Company	DHCC25	Medical Technology	31 August 2019	1.9%	2.2%
IPSOS	Al Thuraya Tower 1	Services	30 June 2020	1.6%	2.3%
Oldendorff	Burj Daman	Logistics	31 January 2021	0.8%	1.7%
Global Pharmaceutical Company	DHCC25	Pharmaceuticals	31 January 2018	1.4%	1.6%
Hill Rom	DHCC49	Medical Technology	31 May 2020	1.2%	1.6%
MEED	Al Thuraya Tower 1	Media	30 November 2016	1.1%	1.7%
JCDecaux	Al Thuraya Tower 1	Advertising	19 May 2019	1.1%	1.6%
Ten Largest Tenants				32%	32.3%
Other tenants				68%	67.7%

Occupancy

The table below sets out information on the occupancy rates of the Properties as at 30 September 2016, 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013.

Property Occupancy Rates					
Property	30-Sep-16 ¹⁰	31-Mar-16	31-Dec-15	31-Dec-14	31-Dec-13
Al Thuraya Tower 1	91%	92%	97%	98%	94%
Burj Daman	28%	27%	27%	N/A	N/A
DHCC 49	67%	100%	98%	88%	85%
DHCC 25	83%	90%	94%	87%	79%
Binghatti Terraces	100% ¹¹	NA	N/A	N/A	N/A
Arabian Oryx House	89%	100%	87%	98%	N/A
Remraam	100%	100%	100%	N/A	N/A
Total Portfolio Occupancy (current Properties)	76%	79%	74%	95%	89%
Total Portfolio Occupancy (including Disposed Properties)	76%	82%	82%	93%	87%

Expiry and Renewals

The Fund has a current WAULT of 0.65 years by income for residential Property and of 2.52 years by income for commercial property. International real estate portfolios would typically maintain a WAULT of approximately three to seven years depending on their investment profile and strategy.¹² While the Fund's WAULT is below international averages, this is quite common in the Dubai real estate market. The reason that WAULTs in Dubai are quite low is that landlords enjoy the flexibility of shorter lease terms in markets where rental rates have been increasing and tenants prefer to reduce their commitments to long-term liabilities by entering into shorter-term leases. As the regional real estate market matures, the Fund

¹⁰ The reason for the discrepancy between vacancy figures in this table and vacancy in CBRE's report in Appendix 2 is due to the fact that CBRE carried out its valuation on a cashflow basis, while the figures in the table have been provided in accordance with the IFRS requirements.

¹¹ Binghatti Terraces is considered 100% occupied pursuant to the rental guarantee expiring in July 2017.

¹² Source: Emirates NBD Asset Management Limited.

Manager expects that there will be an increase in the demand for longer-term leases from landlords and tenants alike.

It is worth noting that despite a relatively short WAULT compared to international averages, a large proportion of tenants in the Portfolio have occupied their premises for over five years and are considered likely to continue to renew their leases into the future. Though leases in Dubai are typically entered into for one-year terms, the Fund intends to work to renew leases, as and when they are due for expiry or renewal, for longer terms. Please refer to the risk factor “*The leases associated with the Fund’s Property have shorter weighted-average durations and some leases have tenant break clauses which may expose the Fund to loss*” in the “*Risk Factors*” section of this Prospectus.

The table below sets out details of the WAULTs of the Properties as at 30 September 2016, 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013.

WAULT					
Property	30-Sep-16	31-Mar-16	31-Dec-15	31-Dec-14	31-Dec-13
Al Thuraya Tower 1	1.1	0.7	0.8	0.8	1.2
Burj Daman	4.9	5.2	2.6	N/A	N/A
DHCC 49	2.6	1.7	1.7	1.4	2.1
DHCC 25	1.5	1.5	1.6	2.2	2.2
Binghatti Terraces	0.8	N/A	N/A	N/A	N/A
Arabian Oryx House	0.4	0.7	0.9	0.2	N/A
Remraam	0.8	1.3	1.5	N/A	N/A
WAULT of current assets	1.9	1.7	1.6	1.0	1.3

Future Improvement Works

The Fund takes a proactive approach to the maintenance of the Properties in order to prolong the life of each building and reduce long-term maintenance expenditure. The Fund has appointed a third-party facility management contractor, Operon, to manage three of the buildings in the Portfolio. Binghatti Terraces is subject to a (non-structural) mandatory one-year defect guarantee from the developer, and after its expiry, the Fund Manager intends to appoint Operon to carry out facilities management services in respect of Binghatti Terraces. The facility management contractor is required to adopt a planned preventive maintenance schedule for building systems and services. An independent life-cycle costing exercise has been undertaken by external consultants across the majority of the Portfolio in order to assist with budgeting for future maintenance and capital expenditure. A five-year timeframe has been considered for this exercise, and the external consultants’ reports prioritise the necessary future works.

Marketing and Leasing Activities

The Fund has property management services in place. Properties are actively marketed 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 Properties are conducted regularly with prospective tenants. For leasing of residential units to multiple individual tenants on one-year tenancies, the marketing is carried out by appointed third-party managers.

Tenancy Agreements and Lease Management

New tenants are identified through third-party brokers or by direct approaches from such prospective tenants. In terms of leasing process, a proposal setting out the Fund’s proposed commercial terms in respect of a lease will typically be circulated to a prospective tenant. To the extent the lease terms are agreed, the Fund will issue a lease agreement in respect of the relevant premises in exchange for a booking deposit. Upon execution of the lease agreement the relevant tenant typically provides the Fund with one to four post-dated cheques per year (subject to the tenant’s profile) for the total rental sum with the cheques being deposited accordingly during the lease term.

If a lease agreement is due for renewal, a notice is sent to the relevant tenant 90 days prior to the expiry of the relevant agreement. To the extent the Fund hopes to renew the lease agreement, the notice will contain proposed commercial terms in respect of the lease renewal. Upon agreement on such commercial terms, the Fund will issue a revised lease agreement setting out such terms. The Fund's rent rolls are updated only after each prospective tenant has provided a signed lease agreement, cheques for the total rental sum and the standard supporting documentation.

Insurance

Each of the properties is insured for the full replacement cost (including loss of rent) in order to obtain the best terms. Such policies include coverage in respect of terrorism and sabotage. Quotations for insurance are requested annually from an independent broker in order to obtain the best terms. Replacement-cost valuations are undertaken by an independent consultant in order to obtain an up-to-date valuation for the replacement cost of each building and to then update or adjust the policies entered into by the Fund to reflect the up-to-date valuation.

Please refer to the risk factor "*Availability of insurance against certain catastrophic losses and losses in excess of insurance proceeds and insurance premiums related to fire risk in connection with materials used in cladding or other construction materials*" in the "*Risk Factors*" section of this Prospectus.

Description of the Properties

Descriptions and photographs of each of the Properties are set out below as at 30 September 2016.

Al Thuraya Tower 1

Property Description:

Al Thuraya Tower 1 is a G+ 29 commercial tower, located in Dubai Media City with views over TECOM and the Palm Jumeirah. The building contains retail amenities and 606 car parking spaces on-site.

Asset Management Highlights:

1. Reduced expenses following renegotiation of the facility management agreement with Operon.
2. Increased parking income over a four-year period owing to (i) higher building occupancy; (ii) greater demand for parking as a result of increasing the parking allocation to 120% of available spaces; and (iii) the Fund Manager's efforts to actively promote the available spaces.
3. Largest tenant, a global telecommunications company, extended its lease for two years at an increased rental price.



Current Valuation
US\$ 89.01 million

Location

Dubai Media City

Acquisition Date

9 November 2006

Occupancy
91.4%

Title

Freehold

Asset Type

Commercial¹³

Net Leasable Area

208,565 sq. ft.

Gross Rental Yield
11.6%

WAULT

1.1 years

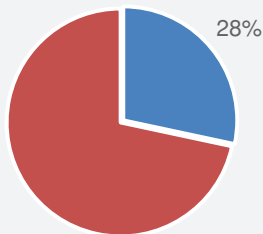
Average Passing Rent

AED 189.4¹⁴ per sq. ft.

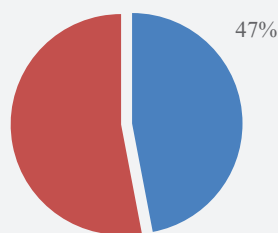
Age

12 years

Share of Portfolio Value



Share of Commercial Portfolio NLA



Key Tenants



¹³ This includes three retail units.

¹⁴ Represents total revenue out of which TECOM charges 15% of rental and parking income and 50% of service charge as a building management fee and includes parking income.

Burj Daman

Property Description:

The Burj Daman holding consists of 2.5 floors (the Fund fully owns the 10th and 14th floors and half of the 15th floor), together with additional parking, in this commercial tower which is located within the DIFC, in close proximity to the Gate Precinct.

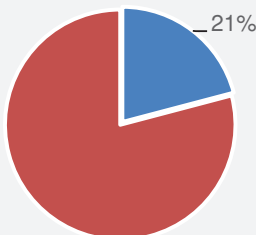
Asset Management Highlights:

1. Over 250,000 sq. ft. of enquiries received since acquisition.
2. Sub-division and fit-out of the 10th floor complete. This floor is already 68% leased.
3. Sub-division and fit-out works on the 14th floor were completed in November 2016.
4. DIFC and the developer are in discussions regarding a proposed footbridge which will improve connectivity to the Gate Village and the Gate Precinct.
5. Management is subdividing and fitting out space into units that are desirable for prospective tenants as well as incentivising prominent property agents in order to improve occupancy.

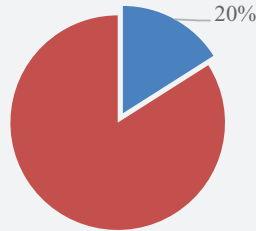


Current Valuation AED 241.1 million	Location	DIFC
	Acquisition Date	10 June 2015
Occupancy 27.6%	Title	Contractual interest in Freehold Strata
	Asset Type	Office
	Net Leasable Area	87,618 sq. ft.
Gross Rental Yield 2.7%	WAULT	4.9 years
	Average Passing Rent	AED 265 per sq. ft.
	Age	4 years

Share of Portfolio Value



Share of Commercial NLA



Key Tenants



Property Description:

DHCC 49, which is located in Dubai Healthcare City, is a G+5 commercial complex, including retail space and two basement levels which contain a total of 161 car parking spaces. Some of the office units have been fitted with air conditioning, suspended ceilings and a kitchenette. Communal toilets are also provided.

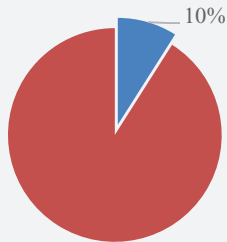


Asset Management Highlights:

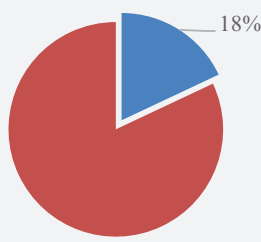
1. High occupancy due to strong market demand and expansion of occupancy by existing tenants.
2. Completion of waterproofing and landscaping has improved the building’s appearance.
3. Retail offerings currently on site include food and beverage courts.
4. Large tenant vacated in Q2 2016 – new leases already concluded on part of vacant space.
5. New tenants have committed to longer leases.

Current Valuation AED 114.5 million	Location	Dubai Healthcare City
	Acquisition Date	18 April 2007
	Title	Freehold
Occupancy 66.8%	Asset Type	Commercial ¹⁵
	Net Leasable Area	80,808 sq. ft.
	WAULT	2.61 years
Gross Rental Yield 10.7%	Average Passing Rent	AED 181 per sq. ft.
	Age	10 years

Share of Portfolio Value



Share of Commercial NLA



Key Tenant



¹⁵ This includes nine retail units.

DHCC 25

Property Description:

DHCC 25 is a G+6 commercial tower located in Dubai Healthcare City. The building contains two basement parking levels which have 98 car parking spaces. The office units have been fitted with air conditioning, suspended ceilings, a kitchenette and communal toilets. The building has 24-hour security and houses retail units at the ground-floor level.

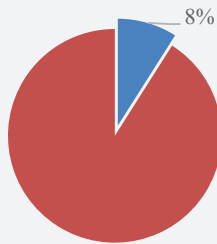


Asset Management Highlights:

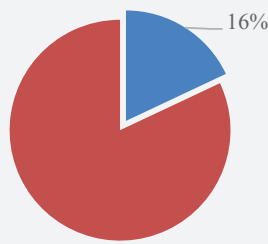
1. All vacant units fitted and ready for immediate tenant occupation.
2. High building occupancy due to expansion by existing tenants.
3. Re-commissioned HVAC system to increase efficiency.
4. Refurbished bathrooms to enhance appearance.

Current Valuation AED 93.7 million	Location	Dubai Healthcare City
	Acquisition Date	25 July 2007
	Title	Freehold
Occupancy 82.6%	Asset Type	Commercial ¹⁶
	Net Leasable Area	71,034 sq. ft.
	WAULT	1.5 years
Gross Rental Yield 9.6%	Average Passing Rent	AED 146 per sq. ft.
	Age	10 years

Share of Portfolio Value



Share of Commercial NLA



¹⁶ This includes four retail units.

Binghatti Terraces

Property Description:

Binghatti Terraces is a residential tower with 206 units in Dubai Silicon Oasis. The building offers quality, affordable housing situated along the main road in Dubai Silicon Oasis.

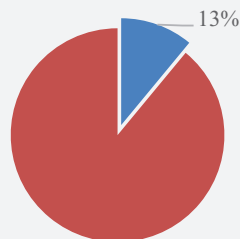
Asset Management Highlights:

1. Property completed and handed over in July 2016.
2. Property acquired with a one-year rent guarantee, which guarantees rental income of at least AED 14.5 million (US\$ 3.9 million) for the period of 12 months following the completion date of the property (being 26 July 2016). It will expire on 26 July 2017. Please refer to “No units in Binghatti Terraces are currently leased and its rent guarantee expires in July 2017” in the “Risk Factors” section of the Prospectus.
3. Convenient location for corporate staff accommodation due to proximity to transportation access points.

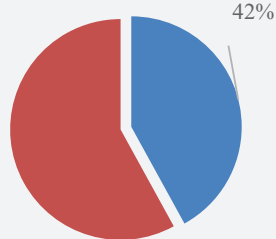


Current Valuation AED 149.9 million	Location	Silicon Oasis, Dubai
	Acquisition Date	25 May 2016
Occupancy 100%	Title	Leasehold
	Asset Type	Residential ¹⁷
	No. of Units	206
Gross Rental Yield 9.7%	WAULT	0.82 year
	Average Passing Rent	Studio: AED 56,701 / unit One bed: AED 76,250 / unit Two bed: AED 109,000 / unit Three bed: AED 135,000 / unit
	Age	Under 1 year

Share of Portfolio Value



Share of Residential NLA



Key Tenants



¹⁷ This includes five retail units.

Arabian Oryx House, Al Barsha Heights

Property Description:

Arabian Oryx House is a residential tower with 128 units in Al Barsha Heights, Dubai. The building is mainly comprised of units of one- two and four-bed apartments.

Asset Management Highlights:

1. Refurbishment works to swimming pool, CCTV and access control system and upgrades common areas to enhance attractiveness with a view to enhancing tenant demand.
2. Units in building leased to individual tenants, paying higher rents than corporates would typically pay, to maximise income.
3. Significant occupancy achieved in Q2 2016 due to a successful leasing strategy. Currently 89% occupied as at 30 September 2016, up from 25% as at 30 September 2015.



Current Valuation
AED 139.4 million

Location

Al Barsha Heights, Dubai

Acquisition Date

19 October 2014

Occupancy
89.1%

Title

Freehold

Asset Type

Residential

No. of Units

128

Gross Rental Yield
8.4%

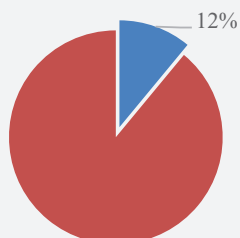
WAULT

0.38 years

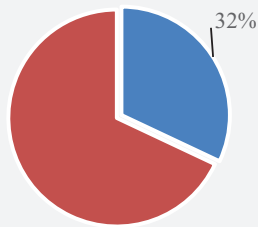
Average Passing Rent

One bed: AED 81,687 / unit
Two bed: AED 107,905 / unit
Four bed: AED 170,000 / unit

Share of Portfolio Value



Share of Residential NLA



Remraam

Property Description:

Remraam Residential comprises two residential towers, sharing a common parking and podium level, offering 105 units (mainly one and two-bedroom units), in the freehold community development known as Remraam by Dubai Properties. The property is fully leased to the hotel company Media Rotana for its staff requirements.

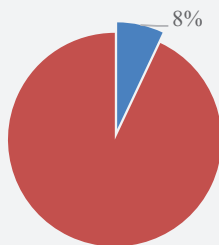


Asset Management Highlights:

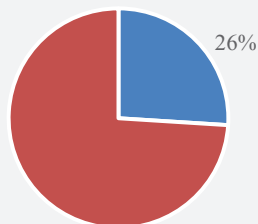
1. Two year lease to Media Rotana, with the tenant confirming interest to extend lease beyond 2 years.
2. Extension of Hessa Street to Remraam Desert Road has completed in October 2016 which links the property to major arterial roads and significantly improves access.

Current Valuation AED 87.8 million	Location	Dubailand
	Acquisition Date	27 September 2015
Occupancy 100%	Title	Freehold Strata
	Asset Type	Residential
	No. of Units	105
Gross Rental Yield 7.9%	WAULT	0.79 years
	Average Passing Rent	Studio: AED 29,231 / unit
		One bed: AED 52,002 / unit
		Two bed: AED 74,790 / unit
Three bed: AED 125,233 / unit		
	Age	3.5 years

Share of Portfolio Value



Share of Residential NLA



Key Tenants



CORPORATE STRUCTURE AND GOVERNANCE OF THE FUND

Directors

Directors may be appointed and removed by the Shareholders in general meetings and the Directors are entitled to appoint replacement directors to the Fund's board of directors to hold office until the next general meeting of the Fund pursuant to the Articles. In addition, the Fund Manager may appoint Directors. Any Director appointed by the Fund Manager is required to be approved by a special resolution at the next general meeting of the Fund. The terms of reference of the Directors provide that the Directors are responsible for, *inter alia*, guiding corporate strategy, monitoring governance, preparing remuneration guidelines, monitoring conflicts of interest and overseeing the process of external disclosure and communications and ensuring that Shareholders are sufficiently informed.

Committees

A number of committees have been appointed by the Fund Manager in varying capacities in accordance with the CIL, CIR and the Articles. These are: (i) the Oversight Committee, which supervises the activities of the Fund Manager in accordance with the CIL and CIR; (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 Shari'a matters and seeks to ensure 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 Dr Hussein Hamid Hassan, Dr Ojeil Jassim Al Nashmi and Dr Ali Al-Qurra Daghi.

Oversight Committee

The Fund Manager has appointed an Oversight Committee in accordance with the CIR, the Articles and the appointment letters which refer to the Oversight Committee terms of reference and the share dealing code adopted by the Fund. The appointment letter constitutes a contract for services and not a contract of employment.

The sole role of the Oversight Committee is to supervise the activities of the Fund Manager for the Fund in accordance with the CIL and the CIR. Each member of the Oversight Committee is appointed by the Fund Manager for an initial period of 12 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 in circumstances including the following, if such member: (i) ceases to be independent of the Fund Manager; (ii) commits a material breach; or (iii) is guilty of any fraud, dishonesty or act which could bring the Fund into disrepute.

The CIR prescribes suitability criteria specified in CIR 10.3.2(1) 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 on a continuing basis.

The Fund Manager is required to maintain adequate systems and controls 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. These systems and controls must be approved by the Oversight Committee.

The Fund Manager must also ensure that its systems and controls make provision to enable: (i) the Compliance Officer of the Fund Manager 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 and the CIR that impose obligations on the Oversight Committee;

- (b) abide by the 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:
 - i. managing the Fund in accordance with, *inter alia*, the Articles and its most recent prospectus 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 or the DFSA Rules; and
 - ii. 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 meeting of the Fund Manager Directors;
- (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 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 two times a year under its current terms of reference);
- (j) prepare a report for the Shareholders each year which must be included in the Fund Manager's annual and interim reports. The Oversight Committee report must contain a description of the Oversight Committee's oversight duties and in respect of the safekeeping of 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 and the Articles, and a statement whether, in any material respect, the investment and borrowing 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; and
- (l) approve the terms of a proposed transaction with a Related Party where the total consideration or value of the investment opportunity is 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.

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 fraud, gross negligence or wilful default on the part of the Oversight Committee member.

Each member of the Oversight Committee is entitled to receive a fee of up to US\$ 30,000 per annum from the Fund.

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

1. Robert James Hazley Anderson
2. Harpreet Kaur Bhambra

3. Abdulla Mohammed Al Awar

Robert James Hazley Anderson

Robert James Hazley Anderson has been Chief Financial Officer (CFO) at Emirates Food Industries since 2016 where he plays a key role in driving forward the strategy and performance of the group. Prior to this he was CFO at Emirates REIT Management (Private) Limited for three years (2013–2016). He has significant experience preparing companies for IPO and has worked closely with both large and SME organisations at board level. While at Emirates REIT James successfully raised over US\$ 200 million from GCC and UK investors on a Nasdaq Dubai listing and led multiple financing transactions, raising over US\$ 300 million to fund acquisitions and the growth of REIT. He holds a Bachelor of Science Honours in Biochemistry from Liverpool University. James also has qualifications from the Institute of Chartered Accounts England and Wales and the Chartered Institute for Securities and Investments.

Harpreet Kaur(Hari) Bhambra

Hari Bhambra has worked in Financial Services for over 15 years, working on both the industry and regulatory side in the UK and UAE. She currently heads Praesidium, a bespoke regulatory and client advisory firm in Dubai. Hari has worked for the Financial Services Authority (FSA) in London, where she supported the drafting of financial regulations, having begun her career at Goldman Sachs, where she was responsible for implementing and monitoring FSA systems and controls on behalf of the bank. Before setting up Praesidium, she was part of the development team that created the DFSA in the DIFC. Hari had a key role in the development of the DFSA's 'Shari'a Systems' model for the regulation of Islamic Finance. She has worked on a number of DIFC Domestic Funds and has facilitated the establishment and launch of funds in the DIFC, specifically Exempt and Qualified Investor Funds. Hari has authored numerous articles and contributed to a number of books published on the subject of regulation. She holds an LLM and LLB in Law.

Abdulla Mohammed Al Awar

Abdulla Mohammed Al Awar is the CEO of the Dubai Islamic Economy Development Centre. Prior to his current role, Abdulla was the CEO of the Dubai International Financial Centre from 2009 to 2012. During his time with the DIFC he held various executive positions, and used his skills in strategic planning, operational management and financial control. Under his strategic leadership, the DIFC was ranked as the leading financial centre in the region for the years 2009–2012, demonstrating an average 13% client growth year-on-year and improving the organisation's efficiency and performance. Abdulla has served as member of several committees and boards in Dubai including the Economic Committee of the Executive Council of Dubai, Dubai Free Zones Council and Bourse Dubai. Abdulla holds a Bachelor of Science Degree in Business Administration from the University of Colorado at Boulder, US. He has also graduated from the Mohammed Bin Rashid Program for Leadership Development, an executive education program, through affiliation with Cranfield University, UK, IMD and INSEAD.

Investment Committee

The Fund Manager has appointed an Investment Committee in accordance with the CIR, the Articles and appointment letters which refer to the Investment Committee terms of reference and the share dealing code adopted by the Fund. The appointment letter constitutes a contract for services and not a contract of employment. The Fund Manager is required to convene a meeting of the Shareholders every year to elect at least three experts proposed by the Fund Manager to sit on the Investment Committee.

The Investment Committee must 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.

The Fund Manager may remove a member of the Investment Committee in circumstances including the following, if such member: (i) is not acting in a diligent and proper manner or is not acting in the best interest of the Shareholders as a whole; (ii) is no longer independent of the day-to-day affairs of the Fund; or (iii) in the Fund Manager's reasonable opinion such member's continued holding of office or association with the Fund or Fund Manager could in any way have an adverse effect (whether material or not) on the reputation of the Fund or 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.

The Investment Committee shall meet at least on a quarterly basis and at such other times as the Investment Committee deems necessary. The quorum necessary for the transaction of business shall be such minimum number as is half the number of members of the Investment Committee. A duly convened meeting of the Investment Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Investment Committee.

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\$ 30,000 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:

1. Sophie Anita Llewellyn
2. Christopher Brian Seymour
3. Khalid Abdulkareem Ismaeil Ali AlFaheem

Sophie Anita Llewellyn

Sophie Llewellyn has more than 22 years of property experience, 18 of which have been spent working in the MENA Region. Sophie is Head of Asset Management for Shopping Malls at Majid Al Futtaim Properties, where her responsibilities include leadership of the strategic vision and direction to drive value in the operating portfolio as well as providing advice on investment and development feasibility for future projects. Prior to joining Majid Al Futtaim, Sophie worked for a number of companies including CB Richard Ellis where she was initially in London and then worked across their MENA markets, specialising in Valuation and Development advisory. She is a founding board member of the UAE National Association and was previously Vice Chair of the MEA RICS World Regional Board. Sophie currently serves as MEA Representative on the RICS Governing Council.

Christopher Brian Seymour

Christopher Brian Seymour is Head of Markets and Regional Development Director Middle East and South Asia at Mott MacDonald. In addition to his role on EREF's Investment Committee he is Co-Chairman of the Middle East Council for Offices, offering strategic advice on procurement, investment and development management. He is also a member of the RICS MENAT Market Advisory Panel, advising clients on strategy, risk, and major asset investments. Christopher has over twenty five years' experience in property and construction, including ten years with the Arcadis group of companies where he was an equity partner with EC Harris. In the last seven years he has worked in most of the Middle East's major cities, specializing in the commercial, retail, hospitality and infrastructure sectors

Christopher holds a Bachelor of Science degree and is a Fellow of the Royal Institution of Chartered Surveyors (FRICS).

Khalid Abdulkareem Ismaeil Ali AlFaheem

Khalid Abdulkareem Ismaeil Ali AlFaheem has over 15 years of professional experience in management and board advisory activities, and has been an active member of various organisations and industries in the UAE, including Al Fahim Group (UAE), where he has held offices from business development to council member and executive management, most recently as an advisor to the board since 2012. Khalid also represents the Al Fahim Group (UAE) as a director of a number of its subsidiaries and affiliated companies. From 2010 to 2012, Khalid served as an Executive Director of Dubai Pearl. In 2007 he joined

the UAE Professional Football League Assessment Committee and was later appointed to the first board of the UAE Professional League. He is a partner of Quintessentially, the leading luxury lifestyle and concierge group, in Abu Dhabi, and since 2009 has served as a Director of the philanthropic Abdul Jalil Al Fahim & Family Endowment. Khalid holds a degree in Business Administration from the American Intercontinental University in London and a Master's degree in Diplomacy from the University of Westminster, London.

Shari'a Supervisory Board

The Fund Manager has appointed its Fatwa and Shari'a Supervisory Board appointed in accordance with Article 13(1) of the Law Regulating Islamic Financial Business (DIFC Law No. 13 of 2004, as amended) as the Fund's Shari'a Supervisory Board in accordance with Rule 6.2.1(2) of the IFR. The Fatwa and Shari'a Supervisory Board of the Fund Manager also acts in relation to other funds.

The Shari'a Supervisory Board must at all times have at least three but no more than five members appointed by the Fund Manager Directors. Members of the Shari'a Supervisory Board are selected among scholars generally specialised in Islamic jurisprudence and specifically specialised in financial transactions. The Shari'a Supervisory Board appoints a Shari'a supervisor whose responsibility is to monitor the Fund's business and ensure that the Fund complies with the Fatwas issued by the Shari'a Supervisory Board. The Shari'a supervisor is also the secretary of the Shari'a Supervisory Board and submits his reports and notes to the chairman of the Shari'a Supervisory Board and the Fund Manager.

The Shari'a Supervisory Board advises the Fund Manager and the Fund on matters of Shari'a pursuant to the IFR. Its role is to provide on-going and continuous supervision of and adjudication in all Shari'a matters for the Fund and ensure that the Fund is compliant with Islamic Shari'a and rules. The Shari'a Supervisory Board will review all the contracts and agreements pertaining to the business of the Fund to ensure compliance with Islamic Shari'a and will have access to the Fund's books, registers and documents for this purpose. The Shari'a Supervisory Board will have the right to object to transactions that are not compliant with Shari'a and such objections are binding on the Fund Manager.

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.

In the event of a dispute in relation to whether a certain matter is or is not compliant with Islamic Shari'a, such dispute shall be referred to the higher board constituted pursuant to UAE Federal Law No. 6 of 1985, if such higher board exists, or to the higher Board of Fatwa and Shari'a Supervision of the International Union of Islamic Banks, if it exists, and the findings of such board shall be final and binding on the parties.

Members of the Fatwa and Shari'a Supervisory Board may not be suspended or dismissed except by a decision of the Fund Manager Directors for a cause which must be justified.

The Fatwa and Shari'a Supervisory Board shall present a comprehensive annual report to the Fund Manager summarising the transactions referred to it and the opinions relating to transactions which were implemented in accordance with the applied rules and regulations.

Each member of the Shari'a Supervisory Board is entitled to receive a fee of up to US\$ 36,000 per annum from the Fund.

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

1. Dr Hussein Hamid Hassan
2. Dr Ojeil Jassim Al Nashmi
3. Dr Ali Al-Qurra Daghi

Dr Hussein Hamid Hassan

Chairman Emirates NBD Asset Management Limited Shari'a board

Dr Hussein Hamid Hassan currently chairs or is a member of the Shari'a boards of over 18 Islamic Financial Institutions, including Emirates NBD Asset Management Limited, Emirates Islamic Bank PJSC, Dubai Islamic Bank PJSC, Sharjah Islamic Bank PJSC, Islamic Development Bank, Tamweel, AMLAK, Liquidity Management Centre and AAOIFI. He is the author of more than 21 books on Islamic Law, Islamic Finance, Islamic Economics and social studies and art and has a PhD in the Faculty of Shari'a from

Al Azhar University, Cairo, and Law and Economics degrees from the University of New York and the University of Cairo.

Dr Ojeil Jassim Al Nashmi

Director

Dr Ojeil Jassim Al Nashmi is currently a professor of Shari'a and Islamic Studies at Kuwait University Member and representative of Kuwait at the International Islamic Jurisprudence Assembly. He serves on the Shari'a boards of a number of Islamic financial institutions including Kuwait Finance House, Emirates Islamic Bank PJSC, Dubai Islamic Bank PJSC, Sharjah Islamic Bank, AAOIFI and the Liquidity Management Centre and has a PhD on the "Principles of Islamic Jurisprudence" from Al Azhar University, Cairo.

Dr Ali Al-Qurra Dagh

Director

Dr Ali Al-Qurra Dagh is currently a professor of Shari'a and Head of the Department of Principles of Islamic Jurisprudence at the School of Shari'a and Law at Qatar University. He serves on the Shari'a boards of a number of Islamic financial institutions including Qatar International Islamic Bank, Emirates Islamic Bank PJSC and Dubai Islamic Bank PJSC and has a PhD in Contracts and Financial Transactions from Al Azhar University, Cairo.

Reporting Obligations

Governance of the Fund involves regular reporting in accordance with the DFSA Rules to provide Shareholders with relevant and up-to-date information about the performance and management of the Fund as set out in the table below.

Reports
Annual and Interim reports CIR 9.4.2
<ul style="list-style-type: none"> • The Fund Manager must produce annual and interim reports. • The first annual report will cover the accounting period of the Fund beginning on the date of registration by the DFSA ending 12 months after. Thereafter, the annual accounting periods will cover the period between each subsequent Financial Year end. An annual report will be generated within four months after the end of the Financial Year. • The first interim report will cover the accounting period of the Fund beginning on the date of registration by the DFSA ending six months after. Thereafter, the interim accounting period is a period covering six months after the anniversary of each Financial Year end. The interim reports will be generated within two months after the end of each interim accounting period. • The annual report must contain full audited financial statements, the report of the Fund Manager, Auditor, Oversight Committee and Shari'a Supervisory Board. • The interim report must contain the total expense ratio at the end of the period, particulars of any material issues raised by the Custodian, Oversight Committee and Shari'a Supervisory Board.
Fund Manager's reports CIR 9.4.9
<ul style="list-style-type: none"> • The Fund Manager is responsible for preparing and delivering interim and annual reports, in respect of the Fund and the Property. • Each of the Fund Manager's reports will include, among other things, a restatement of the investment objectives of the Fund, a restatement of the policy for achieving those objectives, a review of the investment activities, particulars of any fundamental change requiring approval by Shareholders, particulars of any significant change requiring pre-event notification and any information related to the development of the activities of the Fund¹⁸.

Auditor's reports CIR 9.3.8(b)
<ul style="list-style-type: none"> • The Auditor conducts an audit of the Fund's financial statements in accordance with the relevant standards of the International Auditing and Assurance Standards Board. • The Auditor's annual report includes, among other things, statements about whether the financial statements are prepared in accordance with the financial reporting standards adopted by the Fund (in accordance with the CIR and the Articles), whether the financial statements give a true and fair view of the financial position of the Fund, whether adequate accounting records have been kept, whether it has been given all the information and explanations which are necessary for the purposes of its audit, whether the information given in the report of the directors or in the report of the Fund Manager for that period is consistent with the financial statements and any other information required.
Oversight Committee's report CIR 10.3.13
<ul style="list-style-type: none"> • The Oversight Committee must prepare a report for the Shareholders each year which must be included in the Fund Manager's annual reports. • The Oversight Committee's report must contain: (a) a description of its oversight duties and in respect of the safekeeping of Property; and (b) a statement about whether: (i) the issue, sale, redemption, cancellation, calculation of the price of the Shares and the application of the Fund's income have been carried out in accordance with the CIR and the Articles; and (ii) the investment and borrowing powers and other restrictions applicable to the Fund have been exceeded.
Shari'a Supervisory Board's report IFR 6.3.2
<ul style="list-style-type: none"> • The Fund Manager must commission an interim and an annual report relating to the Fund operations from the Shari'a Supervisory Board which complies with AAOIFI. • The Fund Manager must deliver a copy of the Shari'a Supervisory Board's interim and annual reports to the Shareholders and include the report of the Shari'a Supervisory Board in the annual and interim reports.

The Fund may, from time to time, instruct the Administrator to prepare additional reports to those contained in the table above, in accordance with EU requirements. The reports will be disseminated via an appropriate regulatory and financial communications channel.

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

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. 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.

¹⁸ The DFSA recommends that Fund Managers follow the GIPS issued by the Institute of Chartered Financial Analysts of the USA.

Approval Process for Acquisitions

The Fund and the Fund Manager follow a detailed procedure for the approval of acquisitions requiring in each case an independent valuation and the endorsement of potential investment assets. Below is a summary of the typical review and approval procedure for a new acquisition:

Stage 1 Sourcing	Stage 2 Preliminary Due Diligence	Stage 3 Preliminary Approval	Stage 4 Due Diligence	Stage 5 Final Approval	Stage 6 Signing	Stage 7 Closing
Fund Manager sources potential investments	Fund Manager carries out preliminary due diligence on potential investment	Present to the Investment Committee for preliminary approval and notify the Directors of potential investment	Perform detailed due diligence	Present detailed final investment memorandum to the Investment Committee and Shari'a Supervisory Board and Directors for approval	Sign sale and purchase agreement in respect of the acquisition	Fund Manager executes the acquisition

Stage 1: Sourcing

- Receive asset/ property details available for sale from agents, staff etc.
- Source 'off-market' opportunities through Emirates NBD Group's relationships with its banking clients.

Stage 2: Preliminary Due Diligence

- Fund Manager analyses cash flow and other financial and non-financial information related to the property.
- If found suitable for the Fund: recommend proposal to the Investment Committee.
- If found unsuitable for the Fund: advise agent / staff (referee) of the decision not to proceed with acquisition of this asset preferably with reasons for the decline or obtain additional information required.

Stage 3: Preliminary Approval

- Investment Committee reviews submission and transaction costs before approving the offer.
- If found suitable for the Fund: the Investment Committee approves of the transaction and the preparation of transaction documents and conducts detailed due diligence.
- If found to be unsuitable for the Fund: negotiations are ended or there are re-negotiations with the seller for amended terms of offer.

Stage 4: Due Diligence

Detailed due diligence is conducted to identify any material risks related to the transaction. The Fund Manager typically appoints engineers, legal counsel, and Valuer(s) to prepare reports on the target investment.

Stage 5: Final Approval

- Review due diligence findings and acquisition proposal.
- If found suitable for the Fund: recommend the same to the Directors for approval of acquisition.
- If found unsuitable for the Fund: advise Fund Manager to end negotiation with the seller.

Stage 6: Signing

With all necessary board approvals in place, the Fund Manager can sign off on all transaction documentation and effect transfer at the relevant registry office.

Stage 7: Closing

Both the seller and the buyer attend the relevant registry office to transfer the real estate asset and make the required payments.

Approval Process for Disposals

The Fund intends to hold Assets on a long-term basis; however 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
- changes in, and the current state of, the real estate market.

The disposal process is similar to the acquisition process and will take place as follows:

- Stage 1: The Fund Manager identifies an Asset for disposal in line with the factors above.
- Stage 2: The Asset is marketed for sale and offers are received.
- Stage 3: If offers are attractive the sale is recommend to the Directors.
- Stage 4: The sale and purchase agreement is reviewed and materials provided for the buyer's due diligence.
- Stage 5: The Asset is transferred to the buyer.

SELECTED FINANCIAL INFORMATION

Statement of comprehensive income

The table below sets out the statement of comprehensive income relating to the Fund for the 12-month periods ended 31 December 2013 and 31 December 2014, the 15-month period ended 31 March 2016 and the six-month period ended 30 September 2016.

Statement of Comprehensive Income (US\$ '000)	12 months ended 31 December 2013	12 months ended 31 December 2014	15 months ended 31 March 2016	six months ended 30 September 2016	six months ended 30 September 2015 (Unaudited)
Rental income	25,406	25,185	35,641	13,758	14,571
Profit share	191	64	673	543	91
Unrealised gain/ (loss) on investment properties, net	16,649	25,039	8,050	(268)	(169)
Realised gain on investment properties, net	139		1,227	329	—
Gain on financial assets at fair value through profit or loss, net	23	74	32	—	—
Total income	42,207	50,362	45,623	14,363	14,493
Property expenses	7,608	7,297	9,775	4,042	4,911
Property valuation cost	68	89	100	50	43
Ijara expenses	1,454	1,004	158	35	65
Management fees	3,568	4,355	7,699	3,172	2,986
Administration fees	215	262	411	194	163
Performance fees	3,017	4,213	218	—	108
Custodian fees	239	266	340	275	146
Auditors' fees	35	86	88	40	33
General expenses	333	138	548	139	233
Legal and professional fees	27	437	969	(262)	81
Movement in provision for doubtful debts	148	(327)	(112)	(211)	(184)
Total operating expenses	16,711	17,820	20,195	7,474	8,586
Distributions to holders of Participating Shares	10,891	9,788	25,319	9,929	8,034
Changes in net assets attributable to Participating Shareholders	14,805	22,753	108	(3,040)	(2,126)
Basic earnings per share (US\$)	0.76	0.83	0.36	0.23	0.14

Statement of financial position

The table below sets out the statement of comprehensive income relating to the Fund for the 12-month periods ended 31 December 2013 and 31 December 2014, the 15-month period ended 31 March 2016 and the six-month period ended 30 September 2016.

Statement of Financial Position (US\$ '000)	12 months ended 31 December 2013	12 months ended 31 December 2014	15 months ended 31 March 2016	six months ended 30 September 2016
ASSETS				
Non-current assets				
Investment properties	216,651	278,987	336,962	313,975
Current assets				
Islamic deposits and receivables	15,521	68,063	50,472	105,323
Financial assets at fair value through profit or loss . .	1,121	1,125	—	—
Profit share receivable	27	12	202	144
Trade and other Receivables	2,606	3,086	3,251	2,435
Cash and cash equivalent	5,286	24,079	77,646	4,372
Total current assets	24,560	96,364	131,570	112,274
Total assets	241,211	375,352	468,531	426,249
LIABILITIES & EQUITY				
Current liabilities				
Trade and other payables	9,924	10,774	10,076	12,667
Ijara payable	3,948	—	—	—
	13,872	10,774	10,076	12,667
Non-current liabilities				
Ijara payable	19,993	3,658	2,723	2,723
Total liabilities	33,865	14,432	12,799	15,390
Net Assets attributable to Participating Shareholders	207,346	360,920	455,733	410,809
EQUITY				
Share capital	—	—	—	50
Total equity	—	—	—	50
Total Equity & Liabilities	241,211	375,352	468,531	426,249

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 12-month periods ended 31 December 2013 and 31 December 2014, the 15-month period ended 31 March 2016 and the six-month period ended 30 September 2016.

Statement of Cash Flows (US\$ '000)	12 months ended 31 December 2013	12 months ended 31 December 2014	15 months ended 31 March 2016	six months ended 30 September 2016	six months ended 30 September 2015 (Unaudited)
Cash flows from operating activities					
Change in net assets attributable to Participating Shareholders	14,805	22,753	108	(3,040)	(2,126)
Adjustments for:					
Unrealised gain on investment properties, net	(16,649)	(25,039)	(8,050)	268	169
Profit share	(191)	(64)	(673)	(543)	(91)
Gain on financial assets at fair value through profit or loss, net	(23)	(74)	(32)	—	—
Realised (gain) / loss on investment properties, net	(139)	—	(1,227)	(329)	
Movement in provision for doubtful debts	148	(327)	(112)	(211)	(184)
Distributions payable	10,891	9,788	25,319	9,929	8,034
Ijara costs	1,454	1,004	158	35	65
	<u>10,296</u>	<u>8,041</u>	<u>15,492</u>	<u>6,108</u>	<u>5,866</u>
Changes in:					
Trade and other receivables	693	847	(1,053)	1,027	1,650
Trade and other payables	(1,400)	850	(698)	2,591	(1,416)
Net cash flows generated from operating activities	9,589	9,738	13,741	9,726	6,100
Cash flows from Investing Activities					
Acquisition of /additions to properties	(383)	(37,297)	(95,486)	(43,369)	(94,257)
Proceeds from disposal of properties	19,464	—	46,789	65,418	—
Changes in Islamic deposits and Receivables	22,283	(52,542)	17,591	(54,851)	(5,013)
Changes in Financial Assets at Fair Value through profit or loss	(1,121)	(4)	1,125	—	—
Profit share received	311	153	515	601	36
Net cash flows (used in) / generated from Investing activities	40,554	(89,690)	(29,467)	(31,202)	(99,234)
Cash flows from financing activities					
Proceeds from issuance of Participating Shares	59,551	163,900	117,818	1,548	59,559
Payments on redemption of Participating Shares	(92,237)	(34,079)	(22,114)	(43,382)	(13,391)
Distributions paid	(10,891)	(9,788)	(25,319)	(9,929)	(8,034)
Repayment of Ijara	(3,948)	(20,283)	(3,658)	—	—
Drawdown of Ijara	—	—	2,723	—	—
Costs paid on Ijara	(1,454)	(1,004)	(158)	(35)	(65)
Net cash flows generated from / (used in) financing activities	(48,978)	98,745	69,292	(51,798)	38,069
Net increase in cash and cash equivalents for the period/year	1,164	18,793	53,567	(73,274)	(55,066)
Cash and cash equivalents at the beginning of the period/year	4,122	5,286	24,079	77,646	87,133
Cash and cash equivalents at the end of the period/year	<u>5,286</u>	<u>24,079</u>	<u>77,646</u>	<u>4,372</u>	<u>32,068</u>

Non-cash transactions:

159,756,745 Shares (being 62.8% of the issued share capital of the Fund) were issued in consideration of the transfer to the Fund of the Properties and US\$ 5,774,148.05 in cash in connection with the Re-Domiciliation

Recent Developments

Since 30 September 2016, there have been recent material developments in the Jersey Fund and the Fund's operations as follows:

- (a) redemptions from 28 investors as at 3 October 2016, in the value of US\$ 62.54 million across all share classes of the Jersey Fund and a further redemption from 50 investors as at 31 October 2016, in the value of US\$ 154.36 million across all share classes of the Jersey Fund;
- (b) to improve the capital structure of the Fund and in order to facilitate the payment of the abovementioned redemptions the Fund executed a Mudarabah Facility and drew down AED 410 million (US\$ 111.63 million). Please refer to "*Financing - Mudarabah Facility*" in the "*General Information*" section and to the "*Risk Factors*" section of this Prospectus;
- (c) since 31 December 2016, the Jersey Fund declared a dividend of US\$ 4,331,638 on 25 January 2017 and the Fund submitted a draw down request for an additional amount of AED 20 million (US\$ 5,445,140) on the Mudarabah Facility on 31 January 2017 bringing the total indebtedness to AED 430 million (US\$ 117.07 million). The 31 December 2016 NAV adjusted for the January 2017 dividend and Mudarabah Facility drawdown only, prepared in accordance with IFRS, is US\$ 191,768,260 (based on unaudited management accounts). Please see the "*Capitalisation and Indebtedness*" section for more detail; and
- (d) as at 1 January 2017, the Fund has improved Portfolio occupancy by successfully executing lease agreements in Burj Daman and DHCC 49.

THE FUND MANAGER

Overview

The Fund is managed by Emirates NBD Asset Management Limited. The Fund Manager has, amongst other things, responsibility for managing the Portfolio and is also responsible for all operations concerning the Fund.

In addition to managing the Fund, the Fund Manager manages 21 other funds in both Jersey (as regulated by the JFSC) and Luxembourg (as regulated by the Commission de Surveillance du Secteur Financier). The Jersey-domiciled funds consist of two umbrella funds each divided into six sub-funds. Each sub-fund is equivalent to a fund in its own right, pursuing an investment strategy separate from its related sub-funds. The umbrella funds are established in this manner for ease of regulation. The Fund Manager manages these additional funds in its capacity as delegate investment manager and its services cover all main asset classes, including MENA Equities, fixed income, UAE real estate and global funds, structured on either a Shari'a-compliant or a conventional basis. It also provides asset management and advisory services across different asset classes and geographies.

The Fund Manager is a private company limited by shares that was incorporated in the DIFC on 8 August 2006 "Emirates Financial Services International Limited", having changed its name first to "Emirates Investment Bank International Limited" on 8 October 2006 and then to "Emirates Investment Services Limited" on 6 March 2007. The Fund Manager adopted its current name, "Emirates NBD Asset Management Limited", on 10 December 2009.

The Fund Manager has a paid-up share capital of US\$ 10 million and is a wholly owned subsidiary of Emirates NBD, the UAE banking and financial services company listed on the DFM. The Fund Manager is an independent subsidiary of Emirates NBD with its own board of directors.

The Fund Manager is licensed by the DFSA (with DFSA reference number F000163) to undertake the financial services activities of: (i) advising on financial products or credit; (ii) arranging credit or deals in investments; (iii) arranging custody; (iv) dealing in investments as agent; (v) dealing in investments as principal; (vi) managing assets; (vii) providing fund administration; and (viii) managing a collective investment fund. Additionally, as of 4 July 2016 the DFSA granted the Fund Manager a variation to its licence to undertake the following financial services: (i) conducting Islamic financial business by operating an Islamic window; (ii) carrying on authorised financial services with or for retail clients, which is limited to managing a collective investment fund being the Fund only; and (iii) holding or controlling client assets.

The Fund Manager is not liable to pay any commission on any fundraising undertaken in respect of the Fund. To the extent permitted by the CIL, the CIR, 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 and CIR, the Fund Manager must, amongst other things:

1. carry out such duties and functions in relation to the Fund as are necessary to ensure compliance with the CIL and the CIR that impose obligations on a Fund Manager;
2. procure an annual report within four months after the end of the Financial Year and an interim report within two months after the end of each interim accounting period;
3. make or ensure that decisions as to the Portfolio are made, in accordance with the Articles and the Investment Objective of the Fund;
4. take all necessary steps and execute all necessary documents to ensure that transactions are properly entered into for the account of the Fund;
5. establish and maintain risk management controls in relation to the Fund;
6. take all reasonable steps and exercise due diligence to ensure that the Portfolio is valued in accordance with the CIL, the CIR and the Articles;

7. ensure that the following activities are performed by a provider lawfully entitled to do so:
 - a. 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);
 - b. issuing Shares in the Fund; and
 - c. record keeping and maintaining the Fund's register of Shareholders;
8. ensuring that any Related Party 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; and
9. requiring the Fund's auditor to conduct an audit of the Fund's financial statements in accordance with standards required by the DFSA Rules and retaining accounting and other records that are necessary to enable it to comply with the CIR and to demonstrate at any time that such compliance has been achieved.

In addition, pursuant to the CIR and CIL, the Fund Manager is responsible: (i) to the Shareholders for the custody 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 Manager is permitted from time to time to delegate certain activities or outsource certain functions in accordance with the CIR 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 provided that the investment manager is authorised by the DFSA or lawfully entitled to do so in a Zone 1 country or a Recognised Jurisdiction as these terms are defined in the DFSA Rules in accordance with CIR 8.12.2.

Pursuant to the Articles, the Fund is obliged to ratify all lawful 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 CIR 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.

DIFC Law (including the Companies Law and the CIR) prohibits the Articles from exempting the Fund Manager from any liability to Shareholders.

Fund Manager Directors

The directors of the Fund Manager are:

- ***Tariq Abdulqader Ibrahim Bin Hendi (Director)***

Tariq Bin Hendi's biography is provided in the "*The Fund, Strategy and Investment Objectives*" section under "*Fund Directors*" above.

- ***Gary Anthony Dugan (Director)***

Gary Dugan is an investment professional with approximately 33 years of experience advising on both sale and acquisition transactions. He has managed numerous investment and advisory teams in large banks in Europe and more recently in Asia and Middle East.

Gary spent 11 years at J.P. Morgan where he was promoted to the level of managing director. In addition, he has worked in investment departments as a strategist at JPMorgan and Baring Securities. Additionally he advised on sale transactions for asset management firms including JPMorgan as well as private banks including Barclays, Merrill Lynch, Coutts, Emirates NBD PJSC and National Bank of Abu Dubai.

- ***Mohamed Hamad Obaid Khamis Al Shehi (Director)***

Mohamed Al Shehi is a finance professional who has been serving as the Deputy Director General of the Department of Finance of the Government of Dubai since February 2006. Mohamed started his career in year 1990 as a financial analyst at the Central Bank of the UAE. Mohamed then joined Dubai Electricity and Water Authority in 1993 where he rose to become a senior manager within the Finance Department. Mohamed is also a member of the Supreme Fiscal Committee and the Economic Development Committee of the Executive Counsel. Mohamed also serves on the board of directors of a number of corporations in which the Government of Dubai holds a shareholding interests.

Mohamed earned an executive MBA from Zayed University in 2003. Prior to that, he earned a Bachelor's of Art. degree in accounting from the University of the UAE in 1989. Mohamed attended several training courses and conferences and is a member with the American Academy of Financial Management and the UAE Accountants & Auditors Association.

- ***Aazar Ali Khwaja (Director)***

Aazar Khwaja has more than 20 years of experience in treasury and global markets across a number of jurisdictions.

Aazar has been a Group Treasurer of Emirates NBD since 2012. Prior to joining Emirates NBD, Aazar was the Regional Treasurer for Emerging Markets/Africa with Barclays Bank Plc, during which he also served as Chairman of Barclays' regional Asset and Liability Management Committee. His previous roles included Managing Director and Head of Fixed Income Currency and Commodities in Citigroup's Central and Eastern European division, Group Treasurer for Saudi Hollandi (ABN AMRO) Bank in Saudi Arabia, Managing Director of Treasury for ABN AMRO/K&H Bank in Hungary, General Manager of Treasury for ABN AMRO in Romania, as well as Country Treasurer for Citibank NA in Pakistan.

- ***Suvobroto Sarkar (Director)***

Suvobroto Sarkar has more than 24 years of multi-functional experience in four countries and three international banks across the Middle East and South Asia, including Citibank, ANZ Grindlays and Standard Chartered. He has also been serving as the General Manager for Retail Banking at Emirates NBD since 2012.

During a previous tenure with Emirates NBD, Suvobroto lead the integration of Emirates Bank and National Bank of Dubai to create an integrated retail business for both entities, with over a million customers.

Suvobroto has a graduate degree in engineering and an MBA from the Indian Institute of Management. He is also a qualified investment advisor and has received professional training from INSEAD and Oxford University.

Fund Manager Management Team

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

- ***Tim Rose (Head of Real Estate)***

Tim Rose has over 23 years' experience in Real Estate throughout New Zealand, Europe and the Middle East. He joined the Emirates NBD Group in 2005, and has been Head of Real Estate since 2011 focused on the Fund. Tim was previously with Dubai International Financial Centre during the establishment of the centre. Prior to this he was in London with DTZ Debenham Tie Leung, advising a variety of corporates on their real estate holdings throughout the UK and Europe including HSBC, Natwest, Invensys and Ford. Prior to this, Tim was with Waltus in New Zealand, managing an investment portfolio of property prior to listing. Tim holds a Bachelor of Commerce Degree and Post Graduate Diploma in Commerce from Lincoln University in New Zealand, and also a MBA with City University in London. In addition, he is a Member of the Royal Institute of Chartered Surveyors (MRICS), a Registered Valuer in New Zealand and a Senior Member of the Property Institute of New Zealand. Tim is aged 45.

- ***Anthony Taylor (Senior Manager, Funds)***

Anthony Taylor has nine years of experience in corporate real estate in the Middle East and Africa. He has a wide-range of experience in asset management during his time with Public Investment Corporation

(South Africa), managing a US\$ 250 million portfolio of real estate assets to property management with CBS Property Management. Anthony has further experience in valuations at Old Mutual (South Africa), qualifying as an Associated Professional Valuer in real estate. At Emirates NBD Asset Management he was responsible for establishing the advisory service prior to his current role. Anthony holds an Honours Degree in Property from the University of Cape Town and is a member of the Royal Institute of Chartered Surveyors (MRICS). Anthony is aged 33.

- ***Ben Coombe (Senior Portfolio Manager)***

Ben Coombe has 18 years of experience in Corporate Real Estate having worked in New Zealand, the UK and the Middle East. He has four years of experience working as a Property Manager for Goodman Properties, a NZ\$1 billion dollar REIT in New Zealand with predominantly office and industrial assets. For the last 9 years Ben has worked in Dubai, spending the last eight years working with Emirates NBD Asset Management as the Senior Portfolio Manager on the ENBD REIT (CEIC) Limited. Ben is responsible for enhancing the current portfolio of four commercial and three residential assets. Prior to joining Emirates NBD Ben was employed by Limitless, a local developer, working on a number of large scale projects including The Galleries office project in Jebel Ali. Ben holds a Bachelor of Property Degree from the University of Auckland. Ben is aged 40.

- ***Jonathan McGloin (Transaction Manager)***

Jonathan McGloin joined the Fund Manager as Transactions Manager in 2015. Before joining Emirates NBD Asset Management he was Associate Partner, Commercial Leasing at Knight Frank UAE, and prior to this, Associate Director, Professional Services at Cluttons Middle East in Bahrain and Investment Surveyor at Tudor Toone in London. Jonathan has been a qualified Chartered Surveyor since 2010, with nine years of commercial real estate experience, of which seven have been spent in the Middle East. He holds an MSc in Real Estate Finance & Investment from the University of Reading (UK) and a Bachelor of Arts (Hons) in Management Studies from the University of Leeds (UK). He is a Member of the Royal Institution of Chartered Surveyors (MRICS). Jonathan is aged 32.

- ***Muhammad Asif Siddique (Chief Financial Officer in respect of the Fund)***

Muhammad Asif Siddique has been the acting Chief Financial Officer in respect of the Fund and was previously the Finance & Accounting Manager in respect of the Jersey Fund since 2011. Before joining the Fund Manager, Asif was Assistant Financial Controller at Abu Dhabi Investment House, Clearing & Settlement Accountant at National Bank of Abu Dhabi Securities and an Audit Trainee at Amin & Company Chartered Accountants. He is a Chartered Certified Accountant (Fellow of ACCA), a UAE Chartered Accountant (Member of UAECA) and holds a Bachelor's degree in Business Administration. Asif is aged 35.

- ***Julia Ward-Osseiran***

Julia Ward-Osseiran is the Investor Relations Officer in respect of the Fund, having been Senior Manager, Institutional Sales & Sales Support at the Fund Manager since 2011. In this role Julia was responsible for raising assets under management from Emirates NBD's Corporate and Private Banking divisions, as well as from institutional clients in the UAE, Oman, Kuwait, Bahrain and Qatar. Before joining the Fund Manager's team, Julia was Vice President, Sales & Distribution at Algebra Capital for four years until the 100% acquisition of Algebra Capital by Franklin Templeton in 2011. Prior to that she spent four years at Dubai-based SHUAA Capital, where she was Vice President, Sales before becoming Senior Vice President, Head of Institutional Sales, Asset Management. Julia holds a Management Accountancy certificate from the Chartered Institute of Management Accountants (CIMA) and a BA (Hons) in French from the University of Nottingham (UK).

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 in accordance with applicable law and the Articles; (ii) appoint, maintain and establish the terms of reference of the Oversight Committee, the Investment Committee and the Shari'a Supervisory Board in accordance with the Articles and applicable law; and (iii) provide on-going operational and management assistance; (iv) prepare financial statements for each Financial Year; (v) liaise and co-ordinate with other professional advisors; (vi) attend regular meetings with the Fund and Shareholders; and (vii) such other services as agreed from time to time. The Fund Management Agreement can only be terminated by the Fund in the event of: (i) the Fund Manager going into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved by the Fund) or being unable to pay its debts or committing any act of bankruptcy or if a receiver is appointed over any of its Assets or an event having equivalent effect; (ii) the disqualification and or amendment to the regulatory status of the Fund Manager which prohibits it from providing all or part of the services described above or acting as Fund Manager; (iii) the Fund Manager or any Fund Manager Director is convicted of fraud or any similar offence in connection with acts in respect of the Fund (save where financial loss resulting directly from the fraud is remedied by the Fund Manager without delay following such conviction); or (iv) a material breach by the Fund Manager caused by the gross negligence, gross misconduct or wilful default of the Fund Manager, provided that: (a) where such material breach is incapable of remedy the agreement terminates on the date which is one month after the Fund Manager's receipt of a written notice of termination provided that the Fund may unilaterally, by giving written notice to the Fund Manager, postpone the date of termination of the Fund Management Agreement by one or more successive one-month periods, until such time as the Fund appoints a new fund manager of the Fund; (b) where such material breach is capable of remedy, in the event the material breach is not fully remedied within three months following the date of receipt by the Fund Manager of the Termination Notice, the Fund Management Agreement terminates on the date immediately following the expiry of such remedy period, provided that the Fund may unilaterally, by giving written notice to the Fund Manager, postpone the date of termination of the Fund Management Agreement by one or more successive one-month periods, until such time as the Fund appoints a new fund manager of the Fund; and (v) 85% of the Shareholders resolving to terminate the Fund Management Agreement in accordance with the Articles with two years' prior written notice.

The Fund Manager: (i) is entitled to delegate part or all of its duties under the Fund Management Agreement to carefully selected sub-advisors; (ii) may terminate the Fund Management Agreement and as a result of various termination events including insolvency of the Fund; (iii) shall indemnify the Fund against all liabilities, costs, expenses, damages and losses suffered or incurred as a direct result of Emirates NBD terminating the right of the Fund to use the Marks whilst the Fund Manager is acting as such, including, without limitation, any costs incurred by the Fund in connection with any rebranding of the Fund as a result of such termination; and (iv) provides certain non-compete undertakings to the Fund in relation to Shari'a-compliant real estate funds focused on properties located in the UAE, however the Fund Manager is free to render similar services to others so long as its services under the Fund Management Agreement are not impaired.

Fees

The Fund Manager is entitled to certain fees pursuant to the Fund Management Agreement. For a more detailed description see "*Fund Management Fees*" in the "*Summary*" section of this Prospectus.

Previous Fund Management Agreement—Jersey Fund

The above Management Fee and Performance Fee have been amended in favour of investors from the previous fee structure applicable to the Jersey Fund which was as follows:

- i. Management fee: 1.5% on gross asset value of the Jersey Fund;
- ii. Performance fee: 20% above a 7% hurdle rate with no high-water mark; and
- iii. Transaction fee: up to 2% of transaction value.

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 12-month periods ended 31 December 2013 and 31 December 2014 and as at and for the 15-month period ended 31 March 2016 in addition to the sixth-month periods ended 30 September 2016 (audited) and 30 September 2015 (unaudited). The analysis below represents the Fund Manager's perspective on the results of operations and financial condition of the Jersey Fund and 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 Financial Statements in Appendix 1 of this Prospectus as this section is based on the Financial Statements which are prepared in accordance with the 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 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.

Basis of Presentation

As described in paragraph in the "Important Information" section of this Prospectus in the paragraph titled "Presentation of Financial and Other Information", the Fund was incorporated on 18 July 2016 as a wholly owned subsidiary of the Jersey Fund, and did not exist prior to that date. Historically the Fund's assets were held by the Jersey Fund and as a result, the Fund's financial history does not include the performance of the assets as managed by the Fund Manager through the Jersey Fund. Consequently, the special purpose audited financial statements of the Fund discussed reflect what the Fund's financial information and results of operations, financial position and cash flows might have been had the Fund operated as the Jersey Fund during the periods presented. Therefore results presented in the audited financial statements of the Fund could have been materially different from the Jersey Fund and are therefore not necessarily indicative of results of the Jersey Fund.

The Financial Statements are prepared in accordance with IFRS. The functional currency of the Fund is UAE Dirhams, however the Financial Statements are presented in US\$, the Fund's presentational currency is exchanged at a rate of AED 3.673 to US\$ 1.

Overview

The Fund is a closed-ended investment company that was incorporated by the Fund Manager to invest in a diversified portfolio of Shari'a-compliant real estate assets in the UAE. The Fund has an unlimited duration and was established in the DIFC by the Fund Manager on 18 July 2016 under the Companies Law with the name "Emirates Real Estate Fund Limited" and with registration number 2209. The Fund subsequently changed its name to "ENBD REIT (CEIC) Limited". The Fund is categorised under the CIL as a Public Fund and under the CIR as a Domestic Fund, an Islamic Fund, a Property Fund and a Real Estate Investment Trust (REIT).

The property assets of the Fund were transferred to it from the Jersey Fund between October 2016 and December 2016. The Jersey Fund was established as an open-ended investment fund in Jersey, as one of a number of sub-funds of Emirates Funds Limited ("EFL") an umbrella fund company. The Jersey Fund was established to allow the Fund Manager's investors to participate in the UAE real estate market in a Shari'a-compliant manner. Please refer to the "The Fund, Strategy and Investment Objectives" section of this Prospectus.

The Fund predominantly invests in income generating real estate that is Shari'a-compliant, with a primary focus on the UAE, the Principal Investment Objective is to provide investors with: (i) a regular source of income (by way of annual dividends of at least 80% of its net audited annual income in accordance with the CIR); and (ii) capital appreciation.

The Fund's Portfolio

The Fund's current Portfolio consists of the following properties:

1. Al Thuraya 1;
2. Burj Daman;
3. DHCC 49;
4. DHCC 25;
5. Binghatti Terraces;
6. Arabian Oryx House; and
7. Remraam.

The Fund's Portfolio currently comprises seven Properties, all of which are located in Dubai in the commercial and residential sectors. For more detail on the Properties please refer to "*The Fund's Portfolio*" section of this Prospectus.

Key factors affecting financial condition and results of operations

There are a variety of factors that affect the financial condition and results of the operations of the Fund. The key factors that have affected its financial condition and results of operations during the periods under review are set out below.

Additional factors which the Fund Manager believes may affect the financial condition and results of the Fund in the future have also been included. Although the Fund Manager believes that the factors set out below are the main issues which may have a potential impact on the future performance of the Fund, there may be other as-yet unknown or insignificant factors that could also have a significant impact on its future financial condition and the results of its operations.

Acquisitions of properties

The Jersey Fund was incorporated on 9 June 2005 and has acquired and disposed of numerous properties since its incorporation. In the periods under review, the Jersey Fund acquired four properties and disposed of eight properties (being the Disposed Properties).

These investments have had a significant effect on the income and costs of the Fund in the periods under review. See the heading "*Analysis of Results of Operations*" below.

Real estate market conditions

The Fund's financial condition, operations and prospects are affected by general economic conditions, the condition of the real estate markets as well as other external factors including profit rate levels, capitalisation rates applicable in real estate markets, access to credit and competition for tenants as well as the tenants' creditworthiness. These factors are relevant to both the global and the local markets and influence the Fund's ability to operate its Properties and source and finance future properties at attractive yields.

Rental income

In addition to the factors mentioned above, the ability of the Fund to grow its rental income is affected by a number of other factors including:

- the ability to increase rental rates of its Properties;
- changes in the level of committed occupancy, including the effect of a concentration of Properties which are not immediately income generating (such as holdings in Burj Daman);
- changes in lease renewal rates; and
- general supply and demand trends affecting the real estate market in the geographic areas where the Properties are located.

Fluctuation in value of property

The Portfolio is restated to its fair value based on the independent property valuation (conducted at least twice a year at six-month intervals) in the Fund's balance sheet, with any fluctuations in value reflected in the Fund's statement of comprehensive income.

Fluctuations in the fair value of the Properties, which as mentioned above can heavily influence the results of the Fund's operations, are recorded within the balance sheet even though they do not represent actual cash movements, together with the Fund's statement of income. Any material decrease in the fair value of the Portfolio could result in the statement of comprehensive income showing a loss for the Fund, which may in turn limit its ability to pay dividends to its Shareholders. The Fund may also be restricted in its ability to pay dividends in relation to unrealised revaluation surpluses, since these do not form part of the operating cash flows. Any distribution of dividends in relation to such unrealised revaluation surpluses would therefore need to be paid out from alternate funding.

Property operating expenses

Operating expenses in respect of the Properties comprise of property management fees, facility management fees and other property expenses such as utilities, maintenance, insurance and other general running costs for the Properties.

Property management fees

A significant operating expense in respect of the Properties is property management fees paid to third-party service providers in relation to the management of the Properties that are based on a percentage of rental income. These property management fees can be charged up to 5.0% of gross rental income depending on the scope of work and complexity of the building to manage but typically fall within a range of 1%–3% of gross rental income for standard buildings with high occupancies.

Save for the TECOM PMLA in respect of Al Thuraya Tower 1, all commercial Properties are managed internally and there are no property management fees charged on the commercial properties. The TECOM PMLA in respect of Al Thuraya Tower 1 provides for 15% of the rent received by the Fund in respect of Al Thuraya Tower 1 to be paid to TECOM Investments. The Fund also pays TECOM Investments an amount equal to 50% of the value of the service charges received by it in relation to Al Thuraya Tower 1 pursuant to a communication issued by TECOM Investments on 21 March 2011. Please refer to the “*General Information*” section of this Prospectus for further information on the TECOM PMLA and to the risk entitled “*The Fund is subject to the TECOM PMLA in connection with Al Thuraya Tower 1 which may restrict the Fund's ability to manage Al Thuraya Tower 1 actively*” in the “*Risk Factors*” section of this Prospectus.

The residential Properties are managed as follows: (i) Arabian Oryx House by Asteco Property Management LLC (“*Asteco*”); (ii) Remraam by Taziz Property Management Solutions; and (iii) Bingham Terraces is subject to a one year (non-structural) defects guarantee from the developer, so is not currently managed by a third-party facilities manager.

Facility management fees

Another significant expense for the Fund in operating the Properties is the cost of facilities management, described as building manager's fees in the Financial Statements. These include fees for cleaning and security services, lift and air-conditioning maintenance, water tank, pump and plumbing equipment maintenance, security camera and system maintenance, landscaping, repairs and renovation works.

With respect to three commercial Properties in the Portfolio: (i) Al Thuraya Tower 1; (ii) DHCC 49; and (iii) DHCC 25, the Fund has in place a facilities management contract with Operon Middle East Limited (“*Operon*”). Operon provides a range of facility management services including: cleaning, security, pest control, waste control, access control, communication, plumbing and procurement of third-party certification. It also provides on-site building management staff. On-site building management aims to ensure that the buildings operate efficiently and tenant queries and maintenance items are addressed quickly. The facilities management contract with Operon is a three-year contract with a fixed fee per annum, paid monthly in arrears. As part of the agreement only one-off expenses above AED 2,500 (approximately US\$ 681.00) are separately charged to Fund.

Burj Daman, the fourth commercial property in the Portfolio, is managed by the Owner's Association Place Community Managers who provide a range of facilities management services including cleaning, security, pest control, waste control, access control, communication, plumbing and procurement of third-party certification.

Facilities management expenses represented 48.66% of property operating expenses for the six-month period ended 30 September 2016 and 45.45% in the six-month period ended 30 September 2015. With respect to the 15-month period ended 31 March 2016, they represented 41.36% of property operating expenses, compared to 47.81% and 44.17% of property operating expenses for the 12-month periods ended 31 December 2014 and 2013, respectively.

Other property expenses

The Fund's general maintenance expenses in operating the Properties include the ad hoc up-keep of the buildings including painting, replacement of mechanical equipment and one-off capital expenditure. Utility expenses (which include electricity, water, sewerage and cooling) represent one of the largest portions of recurring property operating expenses. For more detail please see the paragraph "*Utility Expenses*" below.

In respect of the commercial properties in the Portfolio, leases do provide for service charges to be recovered from the tenants to offset the costs of servicing the Properties. That said, the Fund's ability to increase the service charge at Al Thuraya Tower 1 is limited by the TECOM PMLA, which requires TECOM Investment's agreement to increase the service charge.

In respect of the residential properties in the Portfolio leased to individual tenants, (currently Arabian Oryx House, and potentially Bingham Terraces and Remraam in the future), the tenants pay a fixed gross rental fee per annum and all cost of servicing the Properties are paid by the Fund. The Fund's ability to pass on any increased costs (including the cost of utilities) may therefore be limited. Any material increase in the costs of operating and maintaining the Properties could therefore have a significant impact on the Fund's financial performance and condition.

Debt financing

The Fund utilises Shari'a-compliant debt facilities and is permitted by the CIR to procure financing up to 50% of the GAV.

The restriction placed on the use of debt financing lowers the Fund's exposure to onerous debt covenants, refinancing requirements and repayment obligations that might otherwise occur if the Fund was heavily leveraged in the event of a market downturn. However, such limitations also may limit the ability of the Fund to fund further acquisitions through debt finance. Previous finance facilities of the Jersey Fund have been repaid on a reducing balance basis over the tenure of the relevant finance instrument. The Ijara Agreement 2015, which was settled and cancelled in October 2016, was on a profit-only basis for the term of the facility. The Mudarabah Facility is a similar profit-only structure with a 10% repayment of principal in year four of the facility and a 90% repayment of principal at the end of year five. Further details of the Fund's debt facilities are set out in the paragraph "*Liquidity and Capital Resources*" below and the Mudarabah Facility is described in more detail in the "*General Information*" section of the Prospectus.

The Mudarabah Facility has a profit rate of three-month EIBOR + 2.5%. As at 30 September 2016, three-month EIBOR was 1.27%. The Fund does not have any hedging or mitigation mechanisms in place to mitigate the risk of future increases in the EIBOR.

As at 31 December 2016, and as adjusted to include payment of a dividend and further draw down on the Mudarabah Facility only (as described in the "*Capitalisation and Indebtedness*" section), the loan to value ratio ("*LTV*") as a percentage of NAV was 61.0% (this equates to 37.9% as a percentage of GAV).¹⁹

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:

- (a) a fund management fee of 1.5% of the NAV per annum subject to a reduced fee scale as follows: (i) a fee of 1.5% for a NAV up to and including US\$ 550 million; (ii) a fee of 1.25% of the NAV for a NAV

¹⁹ These are unaudited numbers based on management accounts calculated as per IFRS.

over US\$ 550 million and up to and including US\$ 1,000 million; and (iii) a fee of 1% of the NAV for a NAV over US\$ 1,000 million; and

- (b) a performance fee of 10% above a 7% hurdle on total annualised return to investors calculated on change in NAV per unit cum-dividend, with a High-water Mark rebased every twelve months upwards only.

The fund management fee is calculated on the basis of the NAV rather than the actual income of the Fund. Similarly, any future performance fee will be calculated based on increases in the NAV, 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 the Fund's operations.

Distributions of dividends

Under the CIR, the Fund is obliged to distribute 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 is under an obligation to pay an annual or final dividend.

Dividends in respect of each completed financial period have historically been paid bi-annually as interim dividends following the end of the relevant six-month period in June and as a final dividend following the end of the relevant six-month period ending December.

The extent to which any unrealised gains on the Portfolio are distributed is subject to the approval of the Oversight Committee. The dividend distributions relating to the 12-month period ended 31 December 2013 was US\$ 10.89 million (or US\$ 0.35 per Share to the holders of Income Shares). Dividend distributions relating to the 12-month period ended 31 December 2014 totalled US\$ 9.79 million (or US\$ 0.36 per Share to the holders of Income Shares). Dividend distributions relating to the 15-month period ended 31 March 2016 totalled US\$ 25.32 million (or three semi-annual dividends totalling US\$ 0.60 per Share to the holders of Income Share Class shares in relation to an 18 month period). Dividend distributions relating to the six-month period ended 30 Sept 2016 totalled US\$ 9.93 million (or US\$ 0.20 per Share to the holders of Income Shares). For further information, please refer to the "*Net Asset Value per Share*", "*The Jersey Fund and the Re-Domiciliation*" and "*General Information*" sections of this Prospectus.

Subject to obtaining the required approval, the Fund expects to make a distribution in the form of a dividend payment in July 2017.

Recent developments

Since 30 September 2016, there have been recent material developments in the Jersey Fund and the Fund's operations as follows:

- (a) redemptions from 28 investors as at 3 October 2016, in the value of US\$ 62.54 million across all share classes of the Jersey Fund and a further redemption from 50 investors as at 31 October 2016, in the value of US\$ 154.36 million across all share classes of the Jersey Fund;
- (b) to improve the capital structure of the Fund and in order to facilitate the payment of the abovementioned redemptions the Fund executed a Mudarabah Facility and drew down AED 410 million (US\$ 111.63 million). Please refer to "*Financing - Mudarabah Facility*" in the "*General Information*" section and to the "*Risk Factors*" section of this Prospectus;
- (c) since 31 December 2016, the Jersey Fund declared a dividend of US\$ 4,331,638 on 25 January 2017 and the Fund submitted a draw down request for an additional amount of AED 20 million (US\$ 5,445,140) on the Mudarabah Facility on 31 January 2017 bringing the total indebtedness to AED 430 million (US\$ 117.07 million). The 31 December 2016 NAV adjusted for the January 2017 dividend and Mudarabah Facility drawdown only, prepared in accordance with IFRS, is US\$ 191,768,260 (based on unaudited management accounts). Please see the "*Capitalisation and Indebtedness*" section for more detail; and

- (d) as at 1 January 2017, the Fund has improved occupancy across the Portfolio by successfully executing lease agreements in the following Properties:
- Burj Daman's occupancy improved from 27.6% as at 30 September 2016, to 42.3% as at 1 January 2017, prepared in accordance with IFRS, with the leasing to new tenants (with the latter figure based on unaudited management accounts); and
 - DHCC 49's occupancy has improved from 66.8% as at 30 September 2016, to 82.1% as at 1 January 2017, prepared in accordance with IFRS, with the leasing to new tenants and renewals (with the latter figure based on unaudited management accounts).

Critical accounting policies

The preparation of the Financial Statements of the Fund in accordance with IFRS requires the use of estimates and assumptions that affect the application of accounting policies and the final reported amounts of assets, liabilities, income and expenses. The Fund takes into account historical experience, advice from external experts and other relevant factors including the reasonable potential consequences of future events in making such estimates and assumptions. The inherent uncertainty underlying such estimates means that the actual outcomes and consequences may vary from those estimated at the time. Changes in conditions may significantly affect the results reported in the Financial Statements are summarised below.

Detailed information regarding accounting policies applied in the preparation of the Financial Statements is provided in note 2 to the Financial Statements.

Income recognition

Income, regardless of when it is paid, is recognised based on the likelihood of the Fund receiving the economic benefit and whether it can be reliably quantified. To measure income, the fair value of the consideration received or receivable is taken, accounting for contractually-defined payment terms. This includes all other income flowing from the Properties, such as rental income (which includes service charges).

The statement of comprehensive income includes rental income received from operating leases on the Properties. This is accounted for on a straight-line basis, following the spreading of tenant incentives and fixed rental increases, over the lease terms. 'Step up' provisions may be included in leases with a term of greater than one year. Under such provisions, rental income received from tenancy agreements is increased at intervals by fixed amounts during the term of the lease. Other incentives that the Fund may provide to tenants include a rent-free period to secure a tenant, and in such a scenario, this cost will be recognised on a straight-line basis over the term of the lease as a reduction of rental income.

Income received from service fees is considered as a component of rental income. Tenants pay these property service charges as a contribution towards operation and maintenance expenses.

When other property-related income is earned in respect of costs relating to late rent payments, the income is recognised as other income in the same accounting period in which such late payment expenses were incurred.

Investment Properties

Property that is held for long-term rental yields, capital appreciation or both is classified as 'investment property' by the Fund. Investment properties are initially recorded at cost, including transaction costs. Following this initial recognition, to better reflect market conditions at the reporting date, they are stated at fair value. Any gain or loss arising from a change in the fair value of a property is included in profit or loss in the period in which it occurred. Fair values included in the Financial Statements are based on an evaluation performed by an accredited, external, independent valuer using a valuation model recommended by the International Valuation Standards Council. This independent, not-for-profit organisation produces and implements universal standards for the valuation of assets globally.

Key factors determining the fair value of investment properties are:

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

Other factors can also affect this value. These include business and consumer confidence levels, GDP growth rates, profit rates and the availability and cost of credit. These independent valuations form the basis of the carrying amounts contained in the Financial Statements.

Ijara

An Ijara is a Shari'a-compliant financing instrument in which a bank or a financier purchases an asset, and 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. The duration of the lease, as well as the basis for rental payments, are set and agreed in advance.

Ijara rental expense is recognised on a time-proportion basis over the Ijara term.

Mudarabah

A Mudarabah is a Shari'a-compliant finance technique whereby a lender or investor (*rab al maal*) and a borrower or investment manager (*mudarib*) establish a profit-sharing partnership to undertake a business or investment activity. The *rab al maal* provides the financing and the *mudarib* provides professional, managerial and technical expertise to manage the investment. The duration of the investment plan, the proportion and payment of the investment returns during the term of the agreement and the repayment of the *rab al maal*'s investment are set and agreed in advance.

Quantitative and qualitative disclosures about market risk

Capital Risk Management

The Fund's strategy relating to its capital risk management is to maintain a sensible and an appropriate balance of equity and debt in line with the profile of the Portfolio, whilst considering any account restrictions on gearing that may be imposed by the CIR.

Credit Risk

The central credit risk the Fund faces is the risk of financial loss if any of the following occurs: (i) failure of tenants to make rental payments or meet other obligations under the terms of their lease; or (ii) failure of a counterparty to a financial instrument or other financial arrangement to meet its obligations under that instrument or arrangement. The Fund has provided security for the Mudarabah Facility by way of deeds of assignment of rental income and registered first degree mortgages over the current Portfolio totalling US\$ 204.19 million. The Mudarabah Facility includes various financial covenants which are to be tested including: net worth, leverage, gearing and finance costs.

Please refer to the risk factors: "*The Fund's interests in the Properties are subject to registered mortgages and mortgage-related securities in connection with the Mudarabah Facility*" and "*Covenants provided by the Fund in connection with the Mudarabah Facility restrict the Fund*" in the Prospectus. Please also refer to "*Financing-Mudarabah Facility*" in the "*General Information*" section of this Prospectus.

Tenants

The Fund Manager seeks to minimise tenant credit risk by continuously reviewing the Portfolio. Tenants under existing leases at the time of the acquisition of an interest in a Property are also actively monitored to ensure that they continue to make rent payments on time and observe all other obligations following the acquisition. Tenants that take up occupation following the acquisition of an interest in a Property will be assessed for creditworthiness at the time of entry into their lease. The Fund Manager will manage the payment of rents, either directly or by engaging external property management agents, and will continue to be actively involved and regularly consider all tenant-related issues. This may include, but may not be limited to, tenant profiles, overdue rents, existing and anticipated vacancies and outstanding rent reviews. A rent deposit will be taken in relation to all new leases entered into, or existing leases renewed.

Financial Counterparties

The Fund only maintains cash deposits with banks in the UAE that are Shari'a-compliant and regulated by the UAE Central Bank. Currently all of the Fund's cash deposits are held with Emirates NBD. All of the Fund's bank accounts are Islamic compliant. The Fund Manager therefore considers the credit risk in

respect of the current financial counterparty, and future financial counterparties, to be at a relatively low risk of default.

Liquidity Risk

The Fund's main liquidity risk stems from having insufficient cash or cash-equivalent resources to meet its financial obligations as they fall due.

This risk is actively managed by the Fund Manager by monitoring all actual and estimated cash flows to maintain adequate cash reserves and ensure that the maturity profiles of financial assets and liabilities are aligned. Subject to having sufficient cash available to do so, the CIR requires the Fund to distribute at least 80% of its audited annual net income to Shareholders in the form of dividends. Any such distribution must be in compliance with all local laws, including, but not limited to, Article 49(2) of the Companies Law.

Pursuant to the Mudarabah Facility the Fund is paying profit in quarterly instalments. The 60 month Mudarabah Facility amounts to US\$ 190.58 million (of which US\$ 117.07 million has been drawn down) and can be drawn upon over a two-year period for use to finance future acquisitions of real estate assets. The Fund has provided security for the Mudarabah Facility by way of deeds of assignment of rental income²⁰ and registered first degree mortgages over the current Portfolio totalling US\$ 204.19 million. Please refer to "*Financing - Mudarabah Facility*" in the "*General Information*" section of this Prospectus. As at Admission, US\$ 73.51 million (AED 270 million) is available for draw down for the acquisition of Real Property. Please refer to "*Capitalisation and Indebtedness*" section of the Prospectus.

Pursuant to the CIR the Fund does not retain a significant portion of its profits as cash. This means that to meet debt obligations there is a risk that assets may have to be refinanced or disposed of. This is particularly a risk in the fourth and fifth years of the Mudarabah Facility.

Profit Rate Risk

There is a risk to the Fund of changes in market profit rates in respect of: (i) its Mudarabah Facility with floating rates; and (ii) fixed Murabaha and Wakala deposits. As of 31 December 2016 there were no fixed Murabaha and Wakala deposits. The profit rate on the Mudarabah Facility is re-priced at intervals of three months based on three-month EIBOR. As at 30 September 2016, the three-month EIBOR was 1.27%. Were there to be a material increase in the three-month EIBOR, there would be a resultant increase in profit paid by the Fund relating to the facility and this would reduce net income. There are no hedging or mitigation mechanisms in place to mitigate this profit rate risk. The Fund is not exposed to profit rate risk in respect of Murabaha and Wakala instruments as the profit rate on such deposits is fixed until maturity of the relevant instrument. However, the Fund may not be able to replace such instruments with similar profit rates should market profit rate change adversely to the interests of the Fund. Please refer to the "*Risk Factors*" section of this Prospectus, specifically the risk factors: "*Foreign exchange policy, inflation and exchange rates may adversely affect the Fund's business, financial condition, results of operations and prospects*" and "*Market conditions may fluctuate*".

Analysis of Results of Operations

Net Leasable Area

The Fund currently holds interests in a total of seven Properties (four commercial and three residential buildings) totalling a net leasable area of 872,518 square feet as at 30 September 2016. Since inception of the Jersey Fund in 2005, the Jersey Fund has acquired and disposed of a number of real estate assets. Since 2013, the Jersey Fund acquired four properties and disposed of eight properties in a manner that was aligned with the Fund's investment strategy.

²⁰ The Facility Offer Letter provides that: "The Fund is required to maintain a Debt Service Reserve Account which must have a minimum balance at all times of not less than two profit payments."

The following table presents the Fund's net leasable area as at 30 September 2016.

Net Leasable Area (square feet)	As at 30 September 2016 (Unaudited)
Commercial	
Al Thuraya Tower 1	208,565
Burj Daman ⁽¹⁾	87,618
DHCC 49	80,808
DHCC 25	71,034
Subtotal—Commercial	448,025
Residential	
Binghatti Terraces	178,907
Arabian Oryx House	133,432
Remraam	112,154
Subtotal—Residential	424,493
Total	872,518

(1) Burj Daman is not the entire building; the Fund holds two and a half floors in a 16 floor strata office building.

Analysis of Results of Operations for the 12-month periods ended 31 December 2013 and 31 December 2014 and 15-month period ended 31 March 2016

Rental Income

The following table presents the Portfolio's rental income (including service charges and TECOM PMLA costs) for the 12-month periods ending 31 December 2014 and 31 December 2013 and the 15-month period ended 31 March 2016 respectively.

Rental Income (US\$ '000)	For the 12 months ended 31 December 2013	For the 12 months ended 31 December 2014	For the 15 months ended 31 March 2016
Al Thuraya Tower 1	8,990	9,326	12,285
Burj Daman	N/A	N/A	845
DHCC 49	3,066	3,023	4,084
DHCC 25	1,984	2,264	3,352
Binghatti Terraces	N/A	N/A	N/A
Arabian Oryx House	N/A	543	2,709
Remraam	N/A	N/A	974
Disposed Properties	11,275	9,520	11,079
Total	25,315	24,676	35,328

Rental income (including service charges) increased by US\$ 1.06 million (4.5%) to US\$ 24.68 million for the 12-month period ended 31 December 2014 from US\$ 23.62 million for the 12-month period ended 31 December 2013. The increase in rental income was mainly due to the increase in rental income from Al Thuraya Tower 1 and DHCC 25 due to leasing activity during the 12-month period ended 31 December 2014. Rental income from properties which have been disposed of and are no longer part of the Portfolio amounted to US\$ 11.28 million and US\$ 9.52 million for the 12-month periods ending 31 December 2013 and 2014 respectively.

Rental income (including service charges) increased by US\$ 10.65 million to US\$ 35.33 million for the 15-month period ended 31 March 2016 from US\$ 24.68 million for the 12-month period ended 31 December 2014. The increase in rental income was mainly due to an extended financial year period of 15-months from a 12-month period in the previous year resulting from a change in financial year ends for all funds managed by the Fund Manager which were domiciled in Jersey, Channel Islands. On an annualised basis rental income increased by 14.5% from the comparative 12-month period ending 31 December 2014 due to the increase in rental income from Properties acquired in this period and improved rental income from DHCC 49 and DHCC 25. Rental income from properties which have been disposed of and no longer form part of the Portfolio amounted to US\$ 11.08 million for the 15-month period ending 31 March 2016.

Other Property Income

The following table presents the Fund's other property income for the 12-month periods ending 31 December 2014 and 31 December 2013 and the 15-month period ended 31 March 2016, respectively.

<u>Other property income (US\$ '000)</u>	<u>For the 12 months ended 31 December 2013</u>	<u>For the 12 months ended 31 December 2014</u>	<u>For the 15 months ended 31 March 2016</u>
Other property income	91	496	312

Al Thuraya Tower 1

Al Thuraya Tower 1 is a commercial office building acquired by the Fund on 9 November 2006 comprising a total NLA of 208,565 square feet.

The following table presents the Fund's rental income (including service charges) derived from Al Thuraya Tower 1 for the 12-month periods ending 31 December 2013 and 31 December 2014 and the 15-month period ended 31 March 2016, respectively together with information relating to certain key performance indicators ("KPIs") for the same periods.

<u>Al Thuraya Tower 1 (US\$ '000)</u>	<u>For the 12 months ended 31 December 2013</u>	<u>For the 12 months ended 31 December 2014</u>	<u>For the 15 months ended 31 March 2016</u>
Rental income	8,990	9,326	12,285
Other Income	4	3	6
Total	<u>8,994</u>	<u>9,329</u>	<u>12,291</u>
KPIs			
Occupancy at end of period ²¹ (%)	94%	98%	92%
Months in operation	12	12	15

The total income for Al Thuraya Tower 1 increased by US\$ 0.34 million (3.7%) to US\$ 9.33 million during the 12-month period ended 31 December 2014 from US\$ 8.99 million during the 12-month period ended 31 December 2013. The total income increased to US\$ 12.29 million during the 15-month period ended 31 March 2016, an increase of US\$ 2.96 million compared to the previous 12-month period. On an annualised basis the total income for the 15-month period ending 31 March 2016 increased by 5.4% over the comparative 12-month period ending 31 December 2014. The increase in total income over the past three years is attributed to an increase in both the rental income (including service charges) collected from tenants and consistently high rates of occupancy in the building. The occupancy has remained consistently high at Al Thuraya Tower 1 since 2013 with occupancy rates above 90% throughout this period. Fluctuations in occupancy are due to the natural movement of tenants in and out of the building over the years.

Burj Daman

Burj Daman is a commercial office asset acquired by the Fund on 10 June 2015 comprising of two and a half floors (10th floor, the 14th floor and half of the 15th floor) in a 16 floor office building. The total NLA of the Fund's holding is 87,618 square feet.

The following table presents the Fund's rental income (including service charges) derived from Burj Daman for the 15-month period ended 31 March 2016 together with information relating to certain KPIs

²¹ Occupancy is calculated by dividing the total net area leased by the total net leaseable area for the building.

for the same period. As Burj Daman was acquired in 2015 no information is provided in respect of the preceding years.

Burj Daman (US\$ '000)	For the 12 months ended 31 December 2013	For the 12 months ended 31 December 2014	For the 15 months ended 31 March 2016
Rental income	N/A	N/A	845
Other Income	N/A	N/A	—
Total	<u>N/A</u>	<u>N/A</u>	<u>845</u>
KPIs			
Occupancy at end of period (%)	N/A	N/A	27%
Months in operation	N/A	N/A	10

The property was acquired as vacant, semi-fitted office space which included the whole 10th and 14th floors and part of the 15th floor. Following the acquisition the 10th and 14th floors were sub-divided into smaller units ranging in areas from 2,000 square feet to 10,000 square feet for tenants requiring smaller units. The Fund's half of the 15th floor has been left as a single unit for larger tenant requirements.

DHCC 49

DHCC 49 is a commercial office building acquired by the Fund on 17 April 2007 comprising a total NLA of 80,808 square feet.

The following table presents the Fund's rental income (including service charges) derived from DHCC 49 for the 12-month periods ending 31 December 2013 and 31 December 2014 and the 15-month period ended 31 March 2016, respectively together with information relating to certain KPIs for the same periods.

DHCC 49 (US\$ '000)	For the 12 months ended 31 December 2013	For the 12 months ended 31 December 2014	For the 15 months ended 31 March 2016
Rental income	3,066	3,023	4,084
Other Income	—	116	33
Total	<u>3,066</u>	<u>3,139</u>	<u>4,117</u>
KPIs			
Occupancy at end of period (%)	85%	88%	100%
Months in operation	12	12	15

The total income for DHCC 49 increased by US\$ 0.07 million (2.4%) to US\$ 3.14 million during the 12-month period ended 31 December 2014 from US\$ 3.07 million for the 12-month period ended 31 December 2013. The total income increased to US\$ 4.12 million during the 15-month period ended 31 March 2016, an increase of US\$ 0.98 million on the previous 12-month period. On an annualised basis the total income for the 15-month period ending 31 March 2016 increased by 4.9% over the comparative 12-month period ending 31 December 2014. The increase in total income over the past three years is attributed to an increase in both the rental income (including service charges) collected from tenants and generally high occupancies on the building above 80% during the period.

DHCC 25

DHCC 25 is a commercial office building acquired on 25 July 2007 comprising a total NLA of 71,034 square feet.

The following table presents the Fund's rental income (including service charges) derived from DHCC 25 for the 12-month periods ending 31 December 2013 and 31 December 2014 and the 15-month period ended 31 March 2016, respectively together with information relating to certain KPIs for the same periods.

DHCC 25 (US\$ '000)	For the 12 months ended 31 December 2013	For the 12 months ended 31 December 2014	For the 15 months ended 31 March 2016
Rental income	1,984	2,264	3,352
Other Income	—	24	3
Total	<u>1,984</u>	<u>2,288</u>	<u>3,355</u>
KPIs			
Occupancy at end of period (%)	79%	87%	90%
Months in operation	12	12	15

The total income for DHCC 25 increased by US\$ 0.30 million (15.3%) to US\$ 2.29 million during the 12-month period ended 31 December 2014 from US\$ 1.98 million for the 12-month period ended 31 December 2013.

The total income increased to US\$ 3.36 million during the 15-month period ended 31 March 2016, an increase of US\$ 1.07 million on the previous 12-month period. On an annualised basis the total income for the 15-month period ending 31 March 2016 increased by 17.3% over the comparative 12-month period ending 31 December 2014. Total income over the past three years has typically increased due to an increase in both rental the income (including service charges) collected from tenants and increasing occupancy in the building which is currently over 80%.

Binghatti Terraces

Binghatti Terraces is a residential building acquired by the Fund on 25 May 2016 comprising a total NLA of 178,907 square feet consisting of 206 units comprising five retail units and studio, one bedroom, two bedroom and three bedroom apartments. The construction of the building was completed on 26 July 2016 and the rental guarantee commenced from 27 July 2016.

As Binghatti Terraces was acquired in, and not completed until, July 2016 no information is provided in respect of the preceding years.

Arabian Oryx House

Arabian Oryx House is a residential building acquired by the Fund on 19 October 2014 comprising a total NLA of 133,432 square feet and consisting of 128 units comprising one bedroom, two bedroom and four bedroom apartments.

The following table presents the Fund's rental income derived from Arabian Oryx House for the 12-month period ending 31 December 2014 and the 15-month period ended 31 March 2016 respectively together with information relating to certain KPIs for the same periods. As Arabian Oryx House was acquired in 2014 no information is provided in respect of 2013.

Arabian Oryx House (US\$ '000)	For the 12 months ended 31 December 2013	For the 12 months ended 31 December 2014	For the 15 months ended 31 March 2016
Rental income	N/A	543	2,709
Other Income	N/A	—	4
Total	<u>N/A</u>	<u>543</u>	<u>2,713</u>
KPIs			
Occupancy at end of period (%)	N/A	98%	100%
Months in operation	N/A	2	15

The total income for Arabian Oryx House increased by US\$ 2.17 million to US\$ 2.71 million during the 15-month period ended 31 March 2016 from US\$ 0.54 million for the 12-month period ended 31 December 2014 (for which the property was only held in the portfolio for two and a half months. The property was acquired in October 2014 and was vacated over the following 12 months as the then existing

tenants were paying rental rates significantly below market. The building was leased back to the market during the 15-month period ended 31 March 2016. The increase in total income since acquisition in 2014 is attributed to Fund Manager's leasing strategy to replace tenants leasing at below market rental rates with new tenants leasing at market rates following the 12 month notice period required to be served to existing tenants as per the Applicable Tenancy Laws. On an annualised basis the total income for the 15-month period ending 31 March 2016 decreased by 33.3% over the comparative 12-month period ending 31 December 2014 due to the vacating of the building as per the Fund Manager's leasing strategy.

Remraam

Remraam is a residential building acquired by the Fund on 27 September 2015 comprising a total NLA of 112,154 square feet consisting of 105 units comprising studio, one bedroom, two bedroom and three bedroom apartments.

The following table presents the Fund's rental income (including service charges) derived from Remraam for the 15-month period ended 31 March 2016 together with information relating to certain KPIs for the same periods. As Remraam was acquired in 2015 no information is provided in respect of the preceding years.

Remraam (US\$ '000)	For the 12 months ended 31 December 2013	For the 12 months ended 31 December 2014	For the 15 months ended 31 March 2016
Rental income	N/A	N/A	974
Other Income	N/A	N/A	—
Total	<u>N/A</u>	<u>N/A</u>	<u>974</u>
KPIs			
Occupancy at end of period (%)	N/A	N/A	100%
Months in operation	N/A	N/A	6

The total income for Remraam was US\$ 0.97 million during the 15-month period ended 31 March 2016. The property is 100% leased to a single corporate tenant, Media Rotana, to house the tenant's staffing. The rental rate has remained constant since acquisition.

Fund Expenses

Property Operating Expenses

The following table presents the Fund's property operating expenses for the 12-month periods ending 31 December 2013 and 31 December 2014 and the 15-month period ended 31 March 2016 respectively.

Property Operating Expenses (US\$ '000)	For the 12 months ended 31 December 2013	For the 12 months ended 31 December 2014	For the 15 months ended 31 March 2016
Facilities Management—fixed	3,360	3,489	4,043
General Maintenance—variable	962	1,244	2,354
Utilities	2,867	2,399	2,592
Insurance	115	81	110
Other	303	84	677
Total	<u>7,608</u>	<u>7,297</u>	<u>9,775</u>

Property operating expenses generally consist of utilities expenses, facility management expenses, general maintenance expenses, insurance and other expenses (including leasing commissions) incurred by the Fund to operate the Properties.

Operating expenses as a percentage of total income was 27.4% during the 15-month period ended 31 March 2016. The variation in operating expenses as a percentage of total income is due to the disposal and acquisition of properties during these periods.

Total property operating expenses during the 15-month period ended 31 March 2016 was US\$ 9.78 million which on an annualised basis was at a similar level to the total property operating expenses during the 12-month period ended 31 December 2014. The operating expenses as a percentage of total rental income

decreased to 27.4% during the 15-month period ended 31 March 2016 from to 29.0% during the 12-month period ended 31 December 2014 due to an increase in rental income from the Portfolio.

Total property operating expenses decreased by US\$ 0.31 million (4.1%) to US\$ 7.30 million during the 12-month period ended 31 December 2014 from US\$ 7.61 million during the 12-month period ended 31 December 2013. The principal factors affecting the decrease in property operating expenses was the decrease in utilities incurred during that period. Property operating expenses as a percentage of total rental income decreased slightly to 29.0% during the 12-month period ended 31 December 2014 compared to 29.9% during the 12-month period ended 31 December 2013.

Utility Expenses

One of the most significant recurring expenses for the Fund in operating the Properties is the cost of utilities (which include electricity, water, sewerage and cooling (expense only applies for the buildings DHCC 49 and DHCC 25)) which represented 26.5% of property operating expenses for the 15-month period ended 31 March 2016 and 32.9% and 37.7% of property operating expenses for the 12-month periods ended 31 December 2014 and 2013 respectively. The reason for the significant fall in utility expenses borne by the Fund is due to the sale of previously held properties in which utilities were a substantial component of the total property operating expenses and that the utilities in the sold building were not recovered from the tenants. The decrease in utilities as a percentage of property operating expenses is due to it becoming more common for tenants to pay the utility provider directly for their own consumption of utilities and this has been implemented on new acquisitions. The Fund Manager has successfully implemented the direct charge of utilities costs to tenants in certain Properties, most significantly Al Thuraya Tower 1. This can significantly reduce the risk to the Fund of future increases in utility costs which are outside of the control of the Fund and the Fund Manager.

Total utility expenses amounted to US\$ 2.87 million during the 12-month period ended 31 December 2013, declining by US\$ 0.47 million (16.3%) to US\$ 2.40 million during the 12-month period ended 31 December 2014. Utility expenses decreased to 9.5% of total rental income in the 12-month period ended 31 December 2014 from 11.3% in the 12-month period ended 31 December 2013.

Total utility expenses amounted to US\$ 2.59 million during the 15-month period ended 31 March 2016, 7.3% of total rental income for that period.

The general decrease in utility expenses as a percentage of total rental income is due to the Fund disposing of properties with high utility expenses as well as the successful implementation of utility cost recovery from tenants.

Facility Management

Facility management expenses comprise amounts paid to third-party facilities managers and generally include a fixed cost (facility management expenses) and a variable cost (general maintenance expenses) which is in line with general industry practice. The variable general maintenance expenses are dependent on the level of repairs and maintenance work undertaken by the facility manager and other third-party service providers during the period. The Fund entered into a facilities management contract with Operon as further described in the paragraph “*Property operating expenses*” above and in the “*General Information*” section of the Prospectus.

As regards the other Fund properties: (i) Burj Daman is managed by Owner’s Association Place Community Managers, who levy a service charge which is fully recovered by the tenants; (ii) Remraam as part of the master community is managed by Taziz Property Management Solutions who levy a service charge which is fully recovered by the tenant, Media Rotana; and (iii) Arabian Oryx House is managed by Asteco who charges a property management fee which was paid by the Fund Manager. Going forward this property management expense will be charged as a property operating expense of Arabian Oryx House. Binghatti Terraces having been recently completed does not have any significant facility management expenses. Once occupied the Fund will appoint a third-party service provider to manage the facilities for this building and which will form part of the property operating expenses for the building.

General Maintenance

In addition to the fixed expense of third-party service providers for facility management and property management services (reflected in facility management expenses), the Fund incurs variable general maintenance expenses which include day-to-day maintenance, planned maintenance, cleaning, service

charges, safety and one-off capital expenditures. For Al Thuraya Tower 1, the TECOM PMLA Cost for services provided is included as a facilities management expense for the purposes of the Financial Statements.

Insurance

Insurance expenses represented 1.1% of total property operating expenses during the 15-month period ended 31 March 2016, 1.1% of total property operating expenses during the 12-month period ended 31 December 2014 and 1.5% of total property operating expenses during the 12-month period ended 31 December 2013.

With the exception of Burj Daman, insurance cover in relation to the Portfolio includes replacement cost due to partial or total damage to the building, including damage caused by political violence and acts of terrorism, and three years' loss of rent during any period in which the Property is damaged and cannot generate revenue. In respect of Burj Daman damage caused by political violence and acts of terrorism, and three years' loss of rent is excluded from the insurance policy (currently in place with the Owners' Association and included in the service charge).

Other

Other expenses include commissions for leasing, legal expenses, miscellaneous and other expenses.

Other expenses represented 6.9% of total property operating expenses during the 15-month period ended 31 March 2016, 1.2% of total property operating expenses during the 12-month period ended 31 December 2014 and 4.0% of total property operating expenses during the 12-month period ended 31 December 2013. Other expenses as a percentage of total property operating expenses were high during the 15-month period ended 31 March 2016 due to high leasing commissions for various buildings due to increased leasing activity during this period (mainly for the purposes of ramping up occupancy in Arabian Oryx House and Burj Daman).

Net Rental Income

Net rental income (being rental income, and other property income less property operating expenses) was US\$ 25.87 million for the 15-month period ended 31 March 2016 (representing 72.6% of total rental income), and US\$ 17.89 million in the 12-month period ended 31 December 2014 (representing 71.0% of total rental income) and US\$ 17.80 million in the 12-month period ended 31 December 2013 (representing 70.1% of total rental income). The ratio of net rental income to total rental income remains consistent over the last three years.

General and Administrative Expenses

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

The following table presents the general and administrative expenses of the Fund for the 12-month periods ending 31 December 2013 and 31 December 2014 and the 15-month period ended 31 March 2016 respectively.

<u>General and Administrative Expenses (US\$ '000)</u>	<u>For the 12 months ended 31 December 2013</u>	<u>For the 12 months ended 31 December 2014</u>	<u>For the 15 months ended 31 March 2016</u>
Administrator and Custodian fee	496	584	851
Committee and Directors' fees	101	103	295
Valuation fees	68	89	100
Legal expenses	27	437	969
Other	<u>373</u>	<u>(262)</u>	<u>130</u>
Total	<u>1,065</u>	<u>951</u>	<u>2,344</u>

Total general and administrative expenses decreased by US\$ 0.11 million (10.7%) during the 12-month period ended 31 December 2014 from the 12-month period ended 31 December 2013 due a recovery of bad debts in 2014. Total general and administrative expenses increased by US\$ 1.39 million to

US\$ 2.34 million during the 15-month period ended 31 March 2016 from US\$ 0.95 million during the 12-month period ended 31 December 2014. On an annualised basis the total general and administrative expenses for the 15-month period ending 31 March 2016 increased by 97.2% over the comparative 12-month period ending 31 December 2014. The increase was due to increased legal expenses during this period relating to acquisitions, financing arrangements and restructuring. Total general and administrative expenses as a percentage of total rental income was 6.6% in the 15-month period ended 31 March 2016 and was 3.8% and 4.2% for the 12-month periods ended 31 December 2014 and 31 December 2013 respectively.

Administration and Custodian Fees

Administration and custodian fees are paid to the administrator and custodian. Prior to Admission, fund administration was provided by State Street Fund Services (Jersey) Limited and custodian services were provided by State Street Custodial Services (Jersey) Limited, collectively referred to as State Street. Sub-custody was also provided by the Emirates NBD Group. Going forward fund administration and custodian services will be provided by Apex Fund Services (Dubai) Limited and Apex Fund Services (Guernsey) Limited respectively.

Administration and custodian fees represented 36.3% of total general and administrative expenses during the 15-month period ended 31 March 2016, compared to 61.4% of total general and administrative expenses during the 12-month period ended 31 December 2014 and 46.6% of total general and administrative expenses during the 12-month period ended 31 December 2013.

Administration and Custodian fees represented 2.4% of total rental income during the 15-month period ended 31 March 2016, 2.3% of total rental income during the 12-month period ended 31 December 2014 and 2.0% of total income during the 12-month period ended 31 December 2013.

Committee and Directors' Fees

Committee and Directors' fees represent fees paid to the members of the Investment Committee, Shari'a Supervisory Board and directors of the Fund.

Committee and Directors' fees represented 12.6% of total general and administrative expenses during the 15-month period ended 31 March 2016, compared to 10.9% of total general and administrative expenses during the 12-month period ended 31 December 2014 and 9.5% of total general and administrative expenses during the 12-month period ended 31 December 2013.

Committee and Directors' fees represented 0.8% of total rental income during the 15-month period ended 31 March 2016, 0.4% of total rental income during the 12-month period ended 31 December 2014 and 0.4% of total rental income during the 12-month period ended 31 December 2013.

Valuation Fees

Valuation fees comprise amounts paid to independent valuers for their services in relation to the periodic valuation of the Properties. Valuation fees represented 4.3% of total general and administrative expenses during the 15-month period ended 31 March 2016, compared to 9.4% of total general and administrative expenses during the 12-month period ended 31 December 2014 and 6.4% of total general and administrative expenses during the 12-month period ended 31 December 2013.

Valuation fees represented 0.3% of total rental income during the 15-month period ended 31 March 2016, 0.4% of total rental income during the 12-month period ended 31 December 2014 and 0.3% of total rental income during the 12-month period ended 31 December 2013.

Legal Expenses

Legal expenses represent the amounts paid to independent legal counsel for their periodic services provided to the Fund. Legal expenses represented 41.3% of total general and administrative expenses during the 15-month period ended 31 March 2016, compared to 45.9% of total general and administrative expenses during the 12-month period ended 31 December 2014 and 2.5% of total general and administrative expenses during the 12-month period ended 31 December 2013.

Legal expenses represented 2.7% of total rental income during the 15-month period ended 31 March 2016, 1.7% of total rental income during the 12-month period ended 31 December 2014 and 0.1% of total rental income during the 12-month period ended 31 December 2013.

The increase in legal expenses during these recent financial periods is largely due to the increased transaction activity of the Fund during these periods.

Other

Other expenses comprise amounts paid to the regulator, auditors and other sundry charges including transaction and bank charges. Other expenses represented 5.5% of total general and administrative expenses during the 15-month period ended 31 March 2016, compared to –27.6% of total general and administrative expenses during the 12-month period ended 31 December 2014 due to recovery in bad debts of USD 0.327 million provided for in prior period and 35.0% of total general and administrative expenses during the 12-month period ended 31 December 2013.

Other expenses amounted 0.4% of total rental income during the 15-month period ended 31 March 2016, –1.0% of total rental income during the 12-month period ended 31 December 2014 and 1.5% of total rental income during the 12-month period ended 31 December 2013.

Fund Management Fee

The Fund Management Fee is the fee payable to the Fund Manager by the Fund. Previously, and in relation to the Jersey Fund, the Fund Manager was entitled to receive from the Jersey Fund, a Fund Management Fee of an amount equal to 1.5% per annum of the gross asset value of the Jersey Fund as consideration for the services it provided as Fund Manager. Following Admission, and as part of the Fund Management Agreement, the Fund Manager will decrease its Fund Management Fee to 1.5% per annum of the NAV up to and including US\$ 550 million and a reduced percentage in respect of any higher NAV as further described below. The Fund Manager believes that charging the Fund Management Fee on NAV, as opposed to gross asset value as previously charged, better aligns the interests of the Fund Manager with that of the Shareholders. Furthermore following Admission the Fund Management Fee will be subject to a reduced scale as follows: (i) a fee of 1.5% for a NAV up to and including US\$ 550 million; (ii) a fee of 1.25% of the NAV for the portion of the NAV over US\$ 550 million and up to and including US\$ 1,000 million; and (iii) a fee of 1% of the NAV for the portion of the NAV over US\$ 1,000 million. The Fund Manager has agreed that, until 80% of the proceeds of the Offer have been invested, the part of the Fund Management Fee that corresponds to the Offer proceeds element of the NAV shall be reduced by 50%.

The Fund Management Fees are payable on a quarterly basis in arrears by the Fund.

The following table presents the level of Fund Management fees to the Fund Manager for the periods indicated.

<u>Fund Management Fee (US\$ '000)</u>	<u>For the 12 months ended 31 December 2013</u>	<u>For the 12 months ended 31 December 2014</u>	<u>For the 15 months ended 31 March 2016</u>
Fund Management Fee for the period total	<u>3,568</u>	<u>4,355</u>	<u>7,699</u>

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 net flow of subscriptions and redemptions into and out of the Fund respectively; (ii) the timing of the acquisitions and disposals of the various Properties; and (iii) the appreciation in the value of Properties as per the independent valuation reports.

The Fund Management Fee was US\$ 7.70 million for the 15-month period ending 31 March 2016, US\$ 4.36 million for the 12-month period ending 31 December 2014 and US\$ 3.57 million for the 12-month period ending 31 December 2013. The Fund Management Fee increased over these financial periods in line with the increases in the gross asset value of the Jersey Fund during the relevant period.

Performance Fee

The Fund Manager has also historically been entitled to a performance fee charged at 20% of the Fund's total return (includes income return and net movement in valuations) above a 7% hurdle rate. The Fund Manager has agreed that following Admission, the performance fee will be reduced by 50% to 10% of the Fund's total return above a 7% hurdle rate.

The following table presents the level of performance fees to the Fund Manager for the periods indicated.

Performance Fee (US\$ '000)	For the 12 months ended 31 December 2013	For the 12 months ended 31 December 2014	For the 15 months ended 31 March 2016
Performance Fee for the period total	<u>3,017</u>	<u>4,213</u>	<u>218</u>

In 2013 and 2014 the hurdle rate provided in the fund management agreement relating to the Jersey Fund was exceeded resulting in high performance fees. For the 15 months ended 31 March 2016, performance fees fell to US\$ 218,000 as the Jersey Fund's returns were below the hurdle rate in that period.

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.

Below is a table of the main fees incurred by the Fund in relation to service providers.

Fund Management Fees
<ul style="list-style-type: none"> • <i>Management Fee:</i> 1.5% of the Net Asset Value per annum subject to reduced scale as follows: (i) a fee of 1.5% for a NAV up to and including US\$ 550 million; (ii) a fee of 1.25% of the NAV for the portion of the NAV over US\$ 550 million and up to and including US\$ 1,000 million; and (iii) a fee of 1% of the NAV for the portion of the NAV over US\$ 1,000 million. • <i>Performance Fee:</i> annual Performance Fee of 10% above a 7% hurdle on total return to investors calculated on change in NAV per Share cum-dividend, with a High-water Mark rebased every 12 months upwards only. • <i>Building Management Fee:</i> annual fee of up to 5% of the gross contractual income for the Properties managed by and payable to any third party provided that the total fee to the Fund Manager does not exceed 3% of the gross contractual income on any single Property for which the Fund Manager's services are rendered exclusively. Notional gross contractual income can be used to determine the fee if the Property is vacant or substantially vacant. • <i>Transaction Fee:</i> 1% up to US\$ 30 million and 0.50% over US\$ 30 million. • <i>Development Fee:</i> 2% of the total development cost of a Property: 50% of the Development Fee shall be payable at the time of: (i) acquisition of the Property; or (ii) the Directors' approval of the redevelopment of an existing Property. The remaining 50% is a contingent fee payable upon completion of the development provided that, and only when, the development has resulted in an increase in the market value of the developed Property as determined by the Fund's independent valuer.
Fund Administration Fees
<ul style="list-style-type: none"> • Higher of either a minimum fee of US\$ 5,000 per month or on the basis of the points-based fee as follows: (i) up to US\$ 500 million at 2 bps; (ii) US\$ 500 million up to US\$ 1 billion at 1 bps; and (iii) greater than US\$ 1 billion at 0.5 bps. • Transaction fee of US\$ 5,000 for each property sold or bought. • Additional fee of US\$ 6,000 is payable in relation to audit support for the preparation of the annual financial statement per preparation. • Company secretarial fees related to the Directors and Oversight Committee are US\$ 12,500 per annum (payable annually in advance) to cover four board meetings, four Oversight Committee meetings and eight written resolutions. Additional services related to the Directors and Oversight Committee is charged at an additional rate of US\$ 1,000 per meeting and US\$ 150 per additional resolution. Annual Shareholders meeting fees are US\$ 4,000 and special general meeting fees are US\$ 3,000 per meeting. • The Administration fees include all disbursements and out-of-pocket expenses reasonably incurred by the Administrator in performing its duties under the Administration Agreement. Out-of-pocket expenses are recovered at 3% of the annual fund administration fee and typically include allocated security pricing services and related audit, postage, telephone, facsimile, delivery services and communications.

Registrar Fees
<ul style="list-style-type: none"> Security Registration: US\$ 10,000 for initial fee per ISIN registered Account Maintenance: Annually on the basis of total number of records of Shareholders at the following rate: <ul style="list-style-type: none"> 0–5,000: US\$ 10,000 5,001: US\$ 10,000 to US\$ 18,000 10,001: US\$ 50,000 to US\$ 28,000 50,001 and up: US\$ 35,000
Custody Fees
<ul style="list-style-type: none"> US\$ 12,500 per annum Additional fee of US\$ 1,000 per annum per document or sealed file it holds
Auditor Fees
<ul style="list-style-type: none"> Billed as work is performed Audit of special purpose financial statements for: (i) 12 months ended 31 December 2013; (ii) 12 months ended 31 December 2014; (iii) 15 months ended 31 March 2016; and (iv) six months ended 30 September 2016 are US\$ 80,000
Property Management Fees
<ul style="list-style-type: none"> Each Property Manager will receive from the Fund a property management fee which 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 5% per annum of the annual gross receipts
Shari'a Advisor Fees
<ul style="list-style-type: none"> US\$ 100,000 per annum Additional fee of US\$ 1,000 per annum per document or sealed file it holds
Directors
<ul style="list-style-type: none"> Each Director is entitled to receive US\$ 75,000 per annum
Oversight Committee Fees
<ul style="list-style-type: none"> Each member is entitled to receive a fee of up to US\$ 30,000 per annum
Investment Committee Fees
<ul style="list-style-type: none"> Each member is entitled to receive a fee of up to US\$ 30,000 per annum
Shari'a Supervisory Board Fees
<ul style="list-style-type: none"> Each member is entitled receive a fee of up to US\$ 36,000 per annum

Net Unrealised Gain on Revaluation of Investment Properties

The following table presents the unrealised gain on revaluation of investment properties for the 12-month periods ending 31 December 2013 and 31 December 2014 and the 15-month period ended 31 March 2016 respectively.

Net Unrealised Gain on Revaluation of Investment Properties (US\$ '000)	For the 12 months ended 31 December 2013	For the 12 months ended 31 December 2014	For the 15 months ended 31 March 2016
Al Thuraya Tower 1	4,367	7,904	3,689
Burj Daman	N/A	N/A	(4,493)
DHCC 49	316	1,057	1,672
DHCC 25	1,007	931	1,375
Binghatti Terraces	N/A	N/A	N/A
Arabian Oryx House	N/A	(152)	1,331
Remraam	N/A	N/A	(316)
Disposed Properties	10,958	15,299	4,792
Total	16,648	25,039	8,050

The Net Unrealised Gain on Revaluation of Investment Properties was US\$ 8.05 million for the 15-month period ending 31 March 2016, US\$ 25.04 million for the 12-month period ending 31 December 2014 and US\$ 16.65 million for the 12-month period ending 31 December 2013.

During the above periods, certain properties of the Fund have been disposed in a manner that aligned with the Fund's investment strategy. The Fund was able to execute disposals above current market valuations in each period. The realised gain achieved during disposals compared to the most recent valuation of the disposed property at the time of the disposal, US\$ 1.23 million for the 15-month period ending 31 March 2016, and US\$ 0.14 million for the 12-month period ending 31 December 2013. No disposals were made during the 12-month period ending 31 December 2014.

Finance Cost, net

The following table presents the level of financing expenses for the periods indicated.

Financing Cost, net (US\$ '000)	For the 12 months ended 31 December 2013	For the 12 months ended 31 December 2014	For the 15 months ended 31 March 2016
Finance Expense:			
Rent on Ijara facilities	(1,454)	(1,004)	(158)
Finance Income:			
Profit from Islamic deposits	<u>214</u>	<u>138</u>	<u>704</u>
Net Financing Costs	<u>(1,240)</u>	<u>(866)</u>	<u>546</u>

Finance Cost

In the 12-month period ended 31 December 2013, rent on Ijara Agreement 2011 amounted to US\$ 1.45 million, decreasing by US\$ 0.45 million or 30.9% to US\$ 1.00 million in the 12-month period ended 31 December 2014. The decrease in rent on Ijara Agreement 2011 reflects the pay down in the average outstanding Ijara Agreement 2011 during the 12-month period ended 31 December 2014 compared to the corresponding period a year earlier. The Jersey Fund paid down the Ijara facility as it disposed of properties held as security against Ijara Agreement 2011 during that period.

Rent expenses on outstanding Ijara Agreement 2011 and Ijara Agreement 2015 during the 15-month period ended 31 March 2016 amounted to US\$ 0.16 million, decreasing by US\$ 0.85 million or 84.3% from US\$ 1.00 million in the 12-month period ended 31 December 2014. The decrease in rent on Ijara facilities reflects the pay down in full of Ijara Agreement 2011 as the Fund renegotiated a new Ijara Agreement 2015 with EIB on more favourable terms.

The Ijara Agreement 2011 was drawn prior to 1 January 2013. The Ijara Agreement 2011 was an amortising facility with the outstanding balance as at the 31 December 2013, US\$ 23.94 million and US\$ 3.66 million as at the 31 December 2014, following the disposal of properties which were held as security for this facility. The outstanding balance was paid in full prior to the commencement and initial draw down of Ijara Agreement 2015. Ijara Agreement 2015 was a US\$ 68.06 million (AED 250 million) facility to be utilised for acquisitions and business support.

Prior to 31 March 2016, the Fund had one Ijara facility with EIB, Ijara Agreement 2011, with a variable rent charged on the drawn Ijara facility and calculated at a profit rate of three month EIBOR + 3.5% per annum with a minimum profit rate of 5.5% per annum. The rent on the Ijara Facilities was payable in quarterly instalments over the term of the relevant facility. Further details of the Ijara Facilities are set out in the "Liquidity and Capital Resources" paragraph below.

The Fund settled Ijara Agreement 2015 with EIB prior to executing its new Mudarabah facility with Emirates NBD AWAI. Please refer to the paragraph "Recent developments" above and to "General Information" section for more detail on the Mudarabah Facility.

Finance Income

The Fund receives finance income comprised of profit earned on Islamic bank deposits.

Profit on deposits amounted to US\$ 0.21 million and US\$ 0.14 million in the 12-month period ended 31 December 2013 and 2014 respectively. Profit on deposits increased in the 15-month period ending

31 March 2016 to US\$ 0.70 million due to the high cash balance held by the Fund resulting from high net flow from subscriptions into the Jersey Fund. In preparation for Admission the Fund held these cash balances to meet anticipated liquidity requirements. Cash deposits were held in Mudarabah, Wakala and other Islamic deposit structures.

Operating Profit

The following table presents the level of operating profit for the periods indicated, highlighting the net unrealised gains on the revaluation of the Properties which forms part of the operating profit.

Operating Profit (US\$ '000)	For the 12 months ended 31 December 2013	For the 12 months ended 31 December 2014	For the 15 months ended 31 March 2016
Operating Profit for the period	25,696	32,541	25,427
Unrealised gains from revaluation of investment properties . .	16,649	25,039	8,050
Operating Profit Net of Unrealised gains from revaluation of investment properties	<u>9,047</u>	<u>7,503</u>	<u>17,377</u>

The operating profit was US\$ 25.43 million for the 15-month period ending 31 March 2016 of which 31.7% of the operating profit represented net unrealised gains on the revaluation of the investment properties, US\$ 32.54 million for the 12-month period ending 31 December 2014 of which 76.9% of the operating profit represented net unrealised gains on the revaluation of the investment properties and US\$ 25.70 million for the 12-month period ending 31 December 2013 of which 64.8% of the operating profit represented net unrealised gains on the revaluation of the investment properties.

Operating profit (excluding net unrealised gains on the revaluation of Properties) represented 38.1% of total income during the 15-month period ended 31 March 2016, 14.9% of total income during the 12-month period ended 31 December 2014 and 21.3% of total income during the 12-month period ended 31 December 2013. The improvement in operating profit margins (excluding the net unrealised gains on the revaluation of investment properties) was the result of the improved rental income from the properties as well as a reduction in property and Fund expenses as a percentage of total income during the 15-month period ended 31 March 2016.

Profit for the period

Total comprehensive income in the 12-month period ended 31 December 2013 reached US\$ 14.81 million, growing by US\$ 7.95 million (53.7%) in the 12-month period ended 31 December 2014 to US\$ 22.75 million.

Total comprehensive income in the 15-month period ended 31 March 2016 amounted to US\$ 0.11 million due to the dividends paid.

Cash flow

The following table presents a summary cash flow statement for the periods indicated.

Summary Cash Flow Statement (US\$ '000)	For the 12 months ended 31 December 2013	For the 12 months ended 31 December 2014	For the 15 months ended 31 March 2016
Net cash flows from operating activities	9,589	9,738	13,741
Net cash flow from/(used in) investing activities	40,554	(89,690)	(29,467)
Net cash flow (used in)/from financing activities	(48,978)	98,745	69,292
Net cash flows for the period	<u>1,164</u>	<u>18,793</u>	<u>53,566</u>

The Fund's net cash outflows amounted to US\$ 53.57 million in the 15-month period ended 31 March 2016.

In the 12-month period ended 31 December 2014, the Fund generated net cash of US\$ 18.79 million compared to US\$ 1.16 million in the 12-month period ended 31 December 2013.

Cash flow from operating activities

The following table presents the net cash flow from operating activities for the periods indicated.

<u>Net Cash flow from operating activities (US\$ '000)</u>	<u>For the 12 months ended 31 December 2013</u>	<u>For the 12 months ended 31 December 2014</u>	<u>For the 15 months ended 31 March 2016</u>
Net profit for the period	14,805	22,753	108
Adjustments for:			
Unrealised gain/loss on revaluation of investment properties .	(16,649)	(25,039)	(8,050)
Realised gain/loss on investment properties	(139)	—	(1,227)
Finance expense	1,454	1,004	158
Finance income	(214)	(138)	(704)
Provision of doubtful debt	148	(327)	(112)
Distribution	10,891	9,788	25,319
Working capital changes:			
Receivables, prepayments and other assets	693	847	(1,053)
Accounts payable and other liabilities	(1,400)	850	(698)
Net Cash flows from Operating Activities	<u>9,589</u>	<u>9,738</u>	<u>13,741</u>

Cash generated from operating activities amounted to US\$ 13.74 million in the 15-month period ended 31 March 2016 compared to US\$ 9.74 million and US\$ 9.59 million for the 12-month period ending 31 December 2014 and 2013 respectively.

Changes in receivables, prepayments and other assets which represent rental and service charge receivables; utilities deposit receivable, security deposit receivable and other receivables amounted to US\$ –1.05 million as at 31 March 2016, compared to US\$ 0.85 million and US\$ 0.69 million as at 31 December 2014, and 2013, respectively.

Changes in accounts payable and other liabilities represent rent advances, service charge advances, accrued expenses, tenant deposits payable, management fees payable, performance fees payable, administration fees payable and other payables amounted to US\$ –0.70 million as at 31 March 2016, compared to US\$ 0.85 million and US\$ –1.40 million as at 31 December 2014, and 2013, respectively.

Cash flow from investing activities

Cash flows from investing activities relate primarily to the acquisition of Properties and are partially offset by finance income received from the Fund's Islamic deposits.

The following table presents the cash flows for investing activities for the periods indicated.

<u>Cash flow from investing activities (US\$ '000)</u>	<u>For the 12 months ended 31 December 2013</u>	<u>For the 12 months ended 31 December 2014</u>	<u>For the 15 months ended 31 March 2016</u>
Purchase of investment properties	(383)	(37,297)	(95,486)
Proceeds from disposal of investment properties	19,464	—	46,789
Changes in Islamic deposits	22,283	(52,541)	17,591
Finance income	311	153	514
Changes in financial assets at fair value through profit and loss	(1,121)	(4)	1,125
Cash flows from /(used in) investing activities	<u>40,554</u>	<u>(89,690)</u>	<u>(29,467)</u>

Net cash used in investing activities amounted to US\$ –29.47 million in the 15-month period ended 31 March 2016 and US\$ –89.69 million and US\$ 40.55 million for the 12-month period ending 31 December 2014 and 2013 respectively.

Net cash used in investing activities amounted to US\$ –29.47 million in the 15-month period ended 31 March 2016 reflects a combination of acquisitions and disposal during that period as well as receipts from Islamic deposits. Net cash used in investing activities amounted to US\$ –89.69 million in the 12-month period ended 31 December 2014 reflects acquisitions and placements in Islamic deposits. Net cash used in investing activities amounted to US\$ 40.55 million in the 12-month period ended

31 December 2013 comprises a combination of acquisitions and disposal during that period and receipts from Islamic deposits.

Finance income for the six-month period ended 30 September 2016, the 15-month period ended 31 March 2016 and the 12-month period ending 31 December 2014 and 2013 amounted to US\$ 0.60 million, US\$ 0.51 million, US\$ 0.15 million and US\$ 0.31 million respectively. This was primarily related to profit received on Islamic deposits.

Acquisition of Properties

The following table details the purchase price (including transaction costs) of each of the Properties acquired in the 12-month periods ending 31 December 2013 and 31 December 2014, the 15-month period ended 31 March 2016 and the six-month period ended 30 September 2016, respectively.

Acquisition of Properties (US\$ '000)	For the 12 months ended 31 December 2013	For the 12 months ended 31 December 2014	For the 15 months ended 31 March 2016
Burj Daman	N/A	N/A	71,608
Binghatti Terraces	N/A	N/A	N/A
Arabian Oryx House	N/A	37,079	—
Remraam	N/A	N/A	23,457
Capital expenditure on other properties	<u>383</u>	<u>219</u>	<u>421</u>
Total Purchase of Properties	<u>383</u>	<u>37,297</u>	<u>95,486</u>

In the 15-month period ended 31 March 2016, the Fund acquired investment properties for a total consideration of US\$ 95.49 million, which was paid in cash. This amount includes capital expenditure on various other buildings as well as fit-out on the 10th floor of Burj Daman.

In the 12-month period ended 31 December 2014, the Fund acquired an investment property for a total consideration of US\$ 37.30 million, which was paid in cash. This amount includes capital expenditure on various other buildings. In the 12-month period ended 31 December 2013, the Fund incurred capital expenditure on various other buildings US\$ 0.38 million, which was paid in cash.

Cash flow used in financing activities

Net cash from, and used in, financing activities primarily includes proceeds from the net subscription and redemption of Shares, payments made in relation to Ijara Facilities and dividend payments.

The following table provides a breakdown of net cash flows from financing activities for the 15-month period ended 31 March 2016 and the 12-month periods ended 31 December 2014 and 2013, respectively.

Net Cash Flow from Financing Activities (US\$ '000)	For the 12 months ended 31 December 2013	For the 12 months ended 31 December 2014	For the 15 months ended 31 March 2016
Proceeds from issue of Shares	59,551	163,900	117,818
Payments on redemptions	(92,237)	(34,079)	(22,114)
Ijara facility obtained	—	—	2,723
Ijara facility paid	(3,948)	(20,283)	(3,658)
Finance expense paid	(1,454)	(1,004)	(158)
Dividend paid	<u>(10,891)</u>	<u>(9,788)</u>	<u>(25,319)</u>
Net Cash (used in)/from/financing activities	<u>(48,978)</u>	<u>98,745</u>	<u>69,292</u>

Net cash flows used in financing activities amounted to US\$ 69.29 million in the 15-month period ended 31 March 2016, due primarily to proceeds from the subscription of Shares.

Net cash flows from financing activities amounted to US\$ 98.75 million and US\$ – 48.98 million during the 12-month period ended 31 December 2014 and 31 December 2013 respectively largely reflecting proceeds and payments from the subscription and redemptions of Shares as well as the repayment of Ijara 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 (US\$ '000)	For the 12 months ended 31 December 2013	For the 12 months ended 31 December 2014	For the 15 months ended 31 March 2016
Total value of Shares issued	59,551	163,900	117,818
Total value of Shares redeemed	(92,237)	(34,079)	(22,114)
Net subscription/(redemption)	<u>(32,686)</u>	<u>129,821</u>	<u>95,705</u>

Note: The Jersey Fund had three separate share classes namely: (i) Income Shares; (ii) Accumulation Shares; and (iii) Dirham Shares. Only the holders of Income Shares Class received a dividend distribution.

The figures for the Fund in the table above do not reflect the sub-division of Shares per share class. For further information, please refer to the “*Net Asset Value per Share*” and “*The Jersey Fund and the Re-Domiciliation*” sections of this Prospectus.

The total value of net subscriptions and redemptions of Shares in or from the Fund amounted to US\$ 95.70 million in the 15-month period ended 31 March 2016, and US\$ 129.82 million and US\$ –32.69 million in the 12-month period ended 31 December 2014 and 2013 respectively.

Dividends

The Fund is obliged under the CIR 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 July following the end of the relevant period and as a final dividend in the following January. 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 Income Share Class shares outstanding as at dividend ex-date (‘000s)	Dividend (US\$ ‘000s)	Dividend/ Share (US\$)	Ex-date
Final dividend for the period ended 31 December 2012	31,557	5,379	0.1704	30 January 2013
Interim dividend for the year ended 30 June 2013	30,866	5,512	0.1786	12 July 2013
Final dividend for the period ended 31 December 2013	24,909	4,421	0.1775	29 January 2014
Interim dividend for the year ended 30 June 2014	28,902	5,367	0.1857	9 July 2014
Final dividend for the period ended 31 December 2014	39,346	7,875	0.2001	16 January 2015
Interim dividend for the year ended 30 June 2015	39,839	8,034	0.2017	10 July 2015
Final dividend for the period ended 31 December 2015	46,788	9,411	0.2011	25 January 2016

Note: The Jersey Fund had three separate share classes namely: (i) Income Shares; (ii) Accumulation Shares; and (iii) Dirham Shares. Only the holders of Income Shares received a dividend distribution.

Further details relating to distributions are contained in the “*Dividends and Dividend Policy*” section of the Prospectus.

Ijara Facilities

The Jersey Fund entered into the Ijara Facilities. The table below presents the changes to the balance drawn down under each facility for the periods indicated.

Movement in Corporate Ijara Facilities (US\$ '000)	For the 12 months ended 31 December 2013	For the 12 months ended 31 December 2014	For the 15 months ended 31 March 2016
Opening Balance	27,889	23,941	3,658
Drawdown (Ijara Agreement 2011)	—		—
Drawdown (Ijara Agreement 2015)	—		2,723
Principal Repayment	(3,948)	(20,283)	(3,658)
Closing Balance	<u>23,941</u>	<u>3,658</u>	<u>2,723</u>

As at 1 January 2013 the Jersey Fund had drawn down on Ijara Agreement 2011 which it partially repaid during the 12-month period ending 31 December 2013. During the 12-month period ending 31 December 2014 the Fund repaid a further US\$ 20.28 million from sale proceeds of disposed properties ending the period with an outstanding balance of US\$ 3.66 million.

In the 15 month period ending 31 March 2016 the Jersey Fund repaid Ijara Agreement 2011 in full and renegotiated a new Ijara agreement, Ijara Agreement 2015, with the same financier, EIB, on terms considered by the Fund Manager to be more favourable to the Jersey Fund. The Jersey Fund drew down an initial amount of US\$ 2.72 million (AED 10 million) to activate the Ijara Agreement 2015 on 17 May 2015.

As at 30 September 2016 the Jersey Fund had only drawn down the initial amount of US\$ 2.72 million on Ijara Agreement 2015. Following 30 September 2016 the Jersey Fund settled Ijara Agreement 2015. In December 2016 the Fund entered into the Mudarabah Facility. The Mudarabah Facility is a US\$ 190.58 million (AED 700 million) facility with a five-year term, profit only for the first three years and requires a repayment of 10% of the principal at the end of year four with the remaining balance of 90% repayable on maturity at the end of year five.

For more information, please refer to the “*Liquidity and Capital Resources*” section below. For further detail on the terms of the Mudarabah Facility please see the “*General Information*” section of the Prospectus.

Analysis of Results of Operations for the six-month periods ended 30 September 2015 and 30 September 2016

Rental Income

The following table presents the Portfolio’s rental income (including service charges and TECOM PMLA costs) for the six-month periods ending 30 September 2015 and 30 September 2016.

Rental Income (US\$ '000)	For the six months ended 30 September 2015	For the six months ended 30 September 2016
	(Unaudited)	
Al Thuraya Tower 1	5,205	5,049
Burj Daman	127	881
DHCC 49	1,718	1,583
DHCC 25	1,380	1,228
Binghatti Terraces	—	714
Arabian Oryx House	977	1,593
Remraam	16	952
Disposed Properties	5,126	1,538
Total	<u>14,549</u>	<u>13,537</u>

Rental income (including service charges) decreased by US\$ 1.01 million (–7.0%) to US\$ 13.54 million for the six-month period ended 30 September 2016 compared to the six-month period ended 30 September

2015. The decrease in rental income was due to the strategic disposal of five properties between the two periods identified as non-core holdings.

Other Property Income

The following table presents the Fund's other property income for the six-month periods ended 30 September 2015 and 30 September 2016.

<u>Other property income (US\$ '000)</u>	<u>For the six months ended 30 September 2015</u>	<u>For the six months ended 30 September 2016</u>
	(Unaudited)	
Other property income	<u>21</u>	<u>221</u>

Other property income represents the income generated from the provision of charges incurred by tenants for late payment of rental income as well as ancillary services provided by the Fund to tenants outside of the lease contract.

Other property income amounted to US\$ 0.22 million for the six-month period ended 30 September 2016 compared to US\$ 0.02 million for the six-month period ended 30 September 2015.

Al Thuraya Tower 1

Al Thuraya Tower 1 is a commercial office building acquired by the Fund on 9 November 2006 comprising a total NLA of 208,565 square feet.

The following table presents the Fund's rental income (including service charges) derived from Al Thuraya Tower 1 for the six-month periods ended 30 September 2016 and 30 September 2015.

<u>Al Thuraya Tower 1 (US\$ '000)</u>	<u>For the six months ended 30 September 2015</u>	<u>For the six months ended 30 September 2016</u>
	(Unaudited)	
Rental income	5,205	5,049
Other Income	<u>2</u>	<u>4</u>
Total	<u>5,207</u>	<u>5,053</u>

The total income for Al Thuraya Tower 1 for the six-month period ended 30 September 2016 was US\$ 5.05 million. This decreased by US\$ 0.15 million (-3.0%) from the six-month period ended 30 September 2015 which recorded a total income of US\$ 5.21 million. The decrease in total income is attributed to a slight decrease in rates of occupancy in the building to 91%. The occupancy has remained consistently high at Al Thuraya Tower 1 since 2013 with occupancy rates above 90% throughout this period. Fluctuations in occupancy are due to the natural movement of tenants in and out of the building over the periods.

Burj Daman

Burj Daman is a commercial office asset acquired by the Fund on 10 June 2015 comprising of two and a half floors in a 16 floor office building. The total NLA of the Fund's holding is 87,618 square feet.

The following table presents the Fund's rental income (including service charges) derived from Burj Daman for the six-month periods ended 30 September 2016 and 30 September 2015. Burj Daman was acquired during the six-month period ended 30 September 2015.

<u>Burj Daman (US\$ '000)</u>	<u>For the six months ended 30 September 2015</u>	<u>For the six months ended 30 September 2016</u>
	(Unaudited)	
Rental income	127	881
Other Income	<u>—</u>	<u>—</u>
Total	<u>127</u>	<u>881</u>

The total income for Burj Daman increased by US\$ 0.75 million to US\$ 0.88 million during the six-month period ended 30 September 2016 from US\$ 0.13 million for the six-month period ended 30 September 2015 (during which the property was part of the Portfolio for approximately three months following its acquisition on 10 June 2015).

The property was acquired as vacant, semi-fitted office space which included the whole of the 10th and 14th floors and part of the 15th floor. Following the acquisition the 10th and 14th floors were sub-divided into smaller units ranging in areas from 2,000 square feet to 10,000 square feet for tenants requiring smaller units. The Fund's half of the 15th floor has been left as a single unit for larger tenant requirements.

The occupancy of Burj Daman increased to 28% as at 30 September 2016. Further leasing has subsequently been achieved with the occupancy being 42.5% in January 2017.

DHCC 49

DHCC 49 is a commercial office building acquired by the Fund on 17 April 2007 comprising a total NLA of 80,808 square feet.

The following table presents the Fund's rental income (including service charges) derived from DHCC 49 for the six-month periods ended 30 September 2016 and 30 September 2015.

<u>DHCC 49</u> <u>(US\$ '000)</u>	<u>For the six</u> <u>months ended</u> <u>30 September</u> <u>2015</u>	<u>For the six</u> <u>months ended</u> <u>30 September</u> <u>2016</u>
	(Unaudited)	
Rental income	1,718	1,583
Other Income	2	163
Total	<u>1,720</u>	<u>1,746</u>

The total income for DHCC 49 increased by US\$ 0.03 million (1.5%) to US\$ 1.75 million during the six-month period ended 30 September 2016 from US\$ 1.72 million for the six-month period ended 30 September 2015. DHCC 49 generally has typically operated at high occupancies above 80% during the period, subject to the paragraph below.

The occupancy rate for DHCC 49 as at 30 September 2016, was 67% due to a large tenant having recently relocated to another free zone, however, leasing of this space has been successful and the occupancy rate for the building as at the 31 December 2016, has increased to 82%.

DHCC 25

DHCC 25 is a commercial office building acquired on 25 July 2007 comprising a total NLA of 71,034 square feet.

The following table presents the Fund's rental income (including service charges) derived from DHCC 25 for the six-month periods ended 30 September 2016 and the six-month period ended 30 September 2015.

<u>DHCC 25</u> <u>(US\$ '000)</u>	<u>For the six</u> <u>months ended</u> <u>30 September</u> <u>2015</u>	<u>For the six</u> <u>months ended</u> <u>30 September</u> <u>2016</u>
	(Unaudited)	
Rental income	1,380	1,228
Other Income	—	—
Total	<u>1,380</u>	<u>1,228</u>

The total income for DHCC 25 decreased by US\$ 0.15 million (–11.0%) to US\$ 1.23 million during the six-month period ended 30 September 2016 from US\$ 1.38 million for the six-month period ended 30 September 2015.

Total income over the past three years has typically increased due to an increase in both rental income (including service charges) collected from tenants and increasing occupancy in the building which is currently over 80%. The slight decrease for the six-month period ending 30 September 2016 is due to a

slightly lower occupancy rate during that period due to the natural movement of tenants in and out of the building.

Binghatti Terraces

Binghatti Terraces is a residential building acquired by the Fund on 25 May 2016 comprising a total NLA of 178,907 square feet consisting of 206 units comprising five retail units and studio, one bedroom, two bedroom and three-bedroom apartments. The construction of the building was completed on 26 July 2016 and the rental guarantee commenced from 27 July 2016.

The following table presents the Fund's rental income (including service charges) derived from Binghatti Terraces for the six-month period ended 30 September 2016. As Binghatti Terraces was acquired in, and not completed until June 2016 no information is provided in respect of the preceding period.

Binghatti Terraces (US\$ '000)	For the six months ended 30 September 2015	For the six months ended 30 September 2016
	(Unaudited)	
Rental income	N/A	714
Other Income	N/A	—
Total	<u>N/A</u>	<u>714</u>

(1) Binghatti Terraces was acquired with a 12 month rental guarantee expiring in July 2017. It is therefore considered fully leased until the expiry of the rental guarantee.

The total income for Binghatti Terraces was US\$ 0.71 million during the six-month period ended 30 September 2016. The building was acquired during its construction phase and was completed on 26 July 2016. As part of the acquisition, a rental guarantee was negotiated for a 12-month period following the completion of the building. The Fund marketed the building to single corporate tenants during the first four months since completion of construction and expects to expand marketing activity to target individual tenants in 2017 as it seeks to achieve optimal occupancy levels prior to the expiry of the rental guarantee in July 2017.

Arabian Oryx House

Arabian Oryx House is a residential building acquired by the Fund on 19 October 2014 comprising a total NLA of 133,432 square feet and consisting of 128 units comprising one bedroom, two bedroom and four-bedroom apartments.

The following table presents the Fund's rental income derived from Arabian Oryx House for the six-month periods ended 30 September 2016 and 30 September 2015.

Arabian Oryx House (US\$ '000)	For the six months ended 30 September 2015	For the six months ended 30 September 2016
	(Unaudited)	
Rental income	977	1,593
Other Income	—	2
Total	<u>977</u>	<u>1,595</u>

The total income for Arabian Oryx House increased by US\$ 0.62 million (63.2%) to US\$ 1.60 million during the six-month period ended 30 September 2016 from US\$ 0.98 million during the six-month period ended 30 September 2015. The increase in total income for the six-month period ending 30 September 2016 was due to the successful take up of vacant units at market rentals. The occupancy rate as at 30 September 2016, was 89%.

Remraam

Remraam is a residential building acquired by the Fund on 27 September 2015 comprising a total NLA of 112,154 square feet consisting of 105 units comprising studio, one bedroom, two bedroom and three-bedroom apartments.

The following table presents the Fund's rental income (including service charges) derived from Remraam for the six-month periods ended 30 September 2016 and 30 September 2015. As Remraam was acquired in September 2015 minimal income was recorded during the six-month period ended 30 September 2015.

<u>Remraam (US\$ '000)</u>	<u>For the 15 months ended 31 March 2015</u>	<u>For the six months ended 30 September 2016</u>
	(Unaudited)	
Rental income	16	952
Other Income	—	—
Total	<u>16</u>	<u>952</u>

The total income for Remraam was US\$ 0.95 million for the six-month period ended 30 September 2016. The property is 100% leased to a single corporate tenant, Media Rotana, to house the tenant's staffing. The US\$ 0.94 million difference between the six-month periods ended 30 September 2016 and 30 September 2015 is due to the building being acquired in September 2015 and minimal income was recorded during the six-month period ended 30 September 2015. The rental rate has remained constant since acquisition.

Occupancy at Remraam has remained at 100% since the Fund acquired the building. Remraam is currently leased to a single tenant, Media Rotana. The two-year lease term expires on 14 July 2017. The tenant has expressed its intention to renew and the Fund will engage in negotiations on the renewal in the first quarter of 2017.

Fund Expenses

Property Operating Expenses

The following table presents the Fund's property operating expenses for the six-month periods ended 30 September 2016 and 30 September 2015.

<u>Property Operating Expenses (US\$ '000)</u>	<u>For the six months ended 30 September 2015</u>	<u>For the six months ended 30 September 2016</u>
	(Unaudited)	
Facilities Management—fixed	2,232	1,967
General Maintenance—variable	589	1,084
Utilities	1,216	756
Insurance	47	37
Other	<u>827</u>	<u>198</u>
Total	<u>4,911</u>	<u>4,042</u>

Property operating expenses generally consist of utilities expenses, facility management expenses, general maintenance expenses, insurance and other expenses (including leasing commissions) incurred by the Fund to operate the Properties.

Total property operating expenses during the six-month period ended 30 September 2016 was US\$ 4.04 million. The total expenses for the six-month period ending 30 September 2016 decreased by –17.7% over the comparative the six-month period ending 30 September 2015, which was mainly due to a reduction in expenses from disposal of properties and reduced utility expenses. Operating expenses as a percentage of total income increased to 29.4% during the six-month period ended 30 September 2016 compared to 33.7% during the six-month period ended 30 September 2015. The variation in operating expenses as a percentage of total income is due to the disposal and acquisition of properties during and between these periods.

Utility Expenses

One of the most significant recurring expenses for the Fund in operating the Properties is the cost of utilities (which include electricity, water, sewerage and cooling) which represented 18.7% of property operating expenses for the six-month period ended 30 September 2016 and previously 24.8% of property operating expenses for the six-month period ended 30 September 2015. The reason for the significant fall

in utility expenses borne by the Fund is due to the sale of previously held properties in which utilities were a substantial component of the total property operating expenses as the utilities in these sold buildings were not recovered from the tenants. A further decrease in utilities as a percentage of property operating expenses is due to it becoming more common for tenants to pay the utility provider directly for their own consumption of utilities in the current portfolio. The Fund Manager has successfully implemented the direct charge of utilities costs to tenants in certain Properties, most significantly Al Thuraya Tower 1. This can significantly reduce the risk to the Fund of future increases in utility costs which are outside of the control of the Fund and the Fund Manager.

Total utility expenses amounted to US\$ 0.76 million during the six-month period ended 30 September 2016, declining by US\$ 0.46 million –37.9% to US\$ 1.22 million during the six-month period ended 30 September 2015.

The general decrease in utility expenses as a percentage of total income is due to the Fund disposing of properties with high utility expenses as well as the successful implementation of utility cost recovery from tenants.

Facility Management

Facility management expenses comprise amounts paid to third-party facilities managers and generally include a fixed cost (facility management expenses) and a variable cost (general maintenance expenses) which is in line with general industry practice. The variable general maintenance expenses are dependent on the level of repairs and maintenance work undertaken by the facility manager and other third-party service providers during the period. The Fund entered into a facilities management contract with Operon as further described in the paragraph “*Property operating expenses*” above and in the “General Information” section of the Prospectus.

As regards the other Fund properties: (i) Burj Daman is managed by Place Community Managers as part of an Owners’ Association who levy a service charge which is fully recovered by the tenants; (ii) Remraam as part of the master community is managed by Taziz Property Management Solutions who levy a service charge which is fully recovered by the tenant, Media Rotana; and (iii) Arabian Oryx House is managed by Asteco who charges a property management fee which was paid by the Fund Manager. Going forward, this property management expense will be charged as a property operating expense of Arabian Oryx House. Binghatti Terraces having been recently completed does not have any significant facility management expenses. Once occupied the Fund will appoint a third-party service provider to manage the facilities for this building and which will form part of the property operating expenses for the building.

General Maintenance

In addition to the fixed expense of third-party service providers for facility management and property management services, the Fund incurs variable general maintenance expenses which include day-to-day maintenance, planned maintenance, cleaning, service charges, safety and one-off capital expenditures. For Al Thuraya Tower 1 the TECOM PMLA Cost for services provided is included as a facilities management expense for the purposes of the Financial Statements.

Insurance

Insurance expenses represented 0.9% of total property operating expenses during the six-month period ended 30 September 2016 and 1.0% of total property operating expenses during the six-month period ended 30 September 2015.

With the exception of Burj Daman, insurance cover in relation to the Portfolio includes replacement cost due to partial or total damage to the building, including damage caused by political violence and acts of terrorism, and three years’ loss of rent during any period in which the Property is damaged and cannot generate revenue. In respect of Burj Daman damage caused by political violence and acts of terrorism, and three years’ loss of rent is excluded from the insurance policy (currently in place with the Owners’ Association and included in the service charge).

Other

Other expenses include commissions for leasing, legal expenses, miscellaneous and other expenses.

Other expenses represented 4.9% of total property operating expenses during the six-month period ended 30 September 2016 and 16.8% of total property operating expenses during the six-month period ended 30 September 2015. Other expenses as a percentage of total property operating expenses were high during the six-month period ended 30 September 2015 due to high leasing commissions for various buildings due to increased leasing activity during this period.

Net Rental Income

Net rental income (being rental income, and other property income less property operating expenses) was US\$ 9.72 million for the six-month period ending 30 September 2016 (representing 70.6% of total income), and US\$ 9.66 million for the six-month period ending 30 September 2015 (representing 66.3% of total income). The ratio of net rental income to total income for the six-month period ending 30 September 2016 improved by 4.3% to the comparative six-month period.

General and Administrative Expenses

The Fund incurs general and administrative expenses as part of its ongoing operations which comprise administrator and custodian fees, committee and Directors' fees, valuation fees, legal expenses, regulatory administration fee and other general overhead expenses.

The following table presents the general and administrative expenses of the Fund for the six-month periods ended 30 September 2016 and 30 September 2015.

General and Administrative Expenses (US\$ '000)	For the six months ended 30 September 2015	For the six months ended 30 September 2016
	(Unaudited)	
Administrator and Custodian fee	348	510
Committee and Directors' fees	49	62
Valuation fees	43	50
Legal expenses	81	(262)
Other	<u>(6)</u>	<u>(135)</u>
Total	<u>515</u>	<u>225</u>

Total general and administrative expenses decreased by US\$ 0.29 million (56.3%) during the six-month period ended 30 September 2016, and the six-month period ended 30 September 2015. This decrease was due to reversals of accruals. Total general and administrative expenses as a percentage of total rental income decreased to 1.6% during the six-month period ended 30 September 2016 compared to 3.5% in the six-month period ended 30 September 2015.

Administration and Custodian Fees

Administration and custodian fees are paid to the administrator and custodian. Prior to Admission, fund administration was provided by State Street Fund Services (Jersey) Limited and custodian services were provided by State Street Custodial Services (Jersey) Limited, collectively referred to as State Street. Sub-custody was also provided by the Emirates NBD Group. Going forward, fund administration and custodian services will be provided by Apex Fund Services (Dubai) Limited and Apex Fund Services (Guernsey) Limited respectively.

Administration and custodian fees represented 226.6% of total general and administrative expenses during the six-month period ended 30 September 2016. This high number was due to reversal in accruals in other general and administrative categories during this period. Administration and custodian fees represented 67.6% of total general and administrative expenses during the six-month period ended 30 September 2015.

Administration and Custodian fees represented 3.7% of total income during the six-month period ended 30 September 2016 and 2.4% of total income during the six-month period ended 30 September 2015.

Committee and Directors' Fees

Committee and Directors' fees represent fees paid to the members of the Investment Committee, Shari'a Supervisory Board and directors of the Fund.

Committee and Directors' fees represented 27.6% of total general and administrative expenses during the six-month period ended 30 September 2016 and 9.4% of total general and administrative expenses during the six-month period ended 30 September 2015.

Committee and Directors' fees represented 0.5% of total rental income during the six-month period ended 30 September 2016 and 0.3% of total rental income during the six-month period ended 30 September 2015.

Valuation Fees

Valuation fees comprise amounts paid to independent valuers for their services in relation to the periodic valuation of the Properties. Valuation fees represented 22.4% of total general and administrative expenses during the six-month period ended 30 September 2016 and 8.4% of total general and administrative expenses during the six-month period ended 30 September 2015.

Valuation fees represented 0.4% of total rental income during the six-month period ended 30 September 2016 and 0.3% of total rental income during the six-month period ended 30 September 2015.

Legal Expenses

Legal expenses represent the amounts paid to independent legal counsel for their periodic services provided to the Fund. Legal expenses represented –116.5% of total general and administrative expenses during the six-month period ended 30 September 2016. This was a negative amount due to reversal of accrued legal expenses in the previous financial period which did not materialise. Legal expenses represented 15.7% of total general and administrative expenses during the six-month period ended 30 September 2015.

Legal expenses represented –1.9% of total rental income during the six-month period ended 30 September 2016 and 0.6% of total rental income during the six-month period ended 30 September 2015.

Other

Other expenses comprise amounts paid to the regulator, auditors and other sundry charges including transaction and bank charges. Other expenses represented –60.1% of total general and administrative expenses during the six-month period ended 20 September 2016. This negative amount is due to recovery in bad debts of US\$ 0.21 million provided for in prior period. Other expenses represented –1.1% of total general and administrative expenses during the six-month period ended 20 September 2015. This negative amount is due to recovery in bad debts of US\$ 0.18 million provided for in prior period.

Other expenses amounted to –1.0% of total rental income during the six-month period ended 30 September 2016 and 0.0% of total rental income during the six-month period ended 30 September 2016.

Fund Management Fee

See the “*Fund Management Fee*” paragraph above.

The following table presents the level of Fund Management fees to the Fund Manager for the periods indicated.

<u>Fund Management Fee (US\$ '000)</u>	<u>For the six months ended 30 September 2015</u>	<u>For the six months ended 30 September 2016</u>
	(Unaudited)	
Fund Management Fee for the period total	<u>2,986</u>	<u>3,172</u>

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 net flow of subscriptions and redemptions into and out of the Fund respectively; (ii) the timing of the acquisitions and disposals of the various Properties; and (iii) the appreciation in the value of Properties as per the independent valuation reports.

The Fund Management Fee was US\$ 3.17 million for the six-month period ending 30 September 2016 and US\$ 2.99 million for the six-month period ending 30 September 2015. The Fund Management Fee increased over these financial periods in line with the increases in the gross asset value of the Jersey Fund during and over the relevant period.

Performance Fee

The Fund Manager has also historically been entitled to a performance fee charged at 20% of the Fund's total return (includes income return and net movement in valuations) above a 7% hurdle rate. The Fund Manager has agreed that following Admission the performance fee will be reduced by 50% to 10% of the Fund's total return above a 7% hurdle rate.

The following table presents the level of performance fees to the Fund Manager for the periods indicated.

Performance Fee (US\$ '000)	For the six months ended 30 September 2015	For the six months ended 30 September 2016
	(Unaudited)	
Performance Fee for the period total	<u>108</u>	<u>—</u>

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.

Net Unrealised Gain on Revaluation of Investment Properties

The following table presents the unrealised gain on revaluation of investment properties for the six-month periods ended 30 September 2016 and 30 September 2015.

Net Unrealised Gain on Revaluation of Investment Properties (US\$ '000)	For the six months ended 30 September 2015	For the six months ended 30 September 2016
	(Unaudited)	
Al Thuraya Tower 1	57	4,980
Burj Daman	(3,915)	(2,594)
DHCC 49	1,339	(1,198)
DHCC 25	618	504
Binghatti Terraces	NA	(777)
Arabian Oryx House	(188)	(305)
Remraam	(316)	757
Disposed Properties	<u>2,235</u>	<u>(1,634)</u>
Total	<u>(169)</u>	<u>(268)</u>

The net unrealised gain on revaluation of investment properties was US\$ –0.27 million for the six-month period ending 30 September 2016 and US\$ –0.17 million for the six-month period ending 30 September 2015.

During the above periods, certain properties of the Fund have been disposed in a manner that aligned with the Fund's investment strategy. The Fund was able to execute disposals above current market valuations in each period. The realised gain achieved during disposals compared to the most recent valuation of the disposed property at the time of the disposal, was US\$ 0.33 million for the six-month period ending 30 September 2016.

Financing Cost, net

The following table presents the level of financing expenses for the periods indicated.

Financing Cost, net (US\$ '000)	For the six months ended 30 September 2015	For the six months ended 30 September 2016
	(Unaudited)	
Finance Expense:		
Rent on Ijara facilities	(65)	(35)
Finance Income:		
Profit from Islamic deposits	<u>91</u>	<u>543</u>
Net Financing Costs	<u>26</u>	<u>508</u>

Finance Cost

The Ijara Agreement 2011 was drawn prior to 1 January 2013. The Ijara Agreement 2011 was an amortising facility with the outstanding balance as at the 31 December 2013, US\$ 23.94 million and US\$ 3.66 million as at the 31 December 2014, following the disposal of properties which were held as security for this facility. The outstanding balance was paid in full prior to the commencement and initial draw down of Ijara Agreement 2015 in May 2015. Ijara Agreement 2015 was a US\$ 68.06 million (AED 250 million) facility to be utilised for acquisitions and business support.

As at 30 September 2016, and 30 September 2015, the Fund had one Ijara facility with EIB, Ijara Agreement 2015, with a variable rent charged on the drawn Ijara facility and calculated at a profit rate of three-month EIBOR + 2.5% per annum. Prior to May 2015, the Fund had one Ijara facility with EIB, Ijara Agreement 2011, with a variable rent charged on the drawn Ijara facility and calculated at a profit rate of three-month EIBOR + 3.5% per annum with a minimum profit rate of 5.5% per annum. As at 30 September 2016, the three-month EIBOR stood at 1.27%. The rent on the Ijara Facilities was payable in quarterly instalments over the term of the relevant facility. Further details of the Ijara Facilities are set out in the “Liquidity and Capital Resources” paragraph below.

The Fund settled Ijara Agreement 2015 with EIB prior to executing its new Mudarabah facility with Emirates NBD - AWAI. Please refer to the paragraph “Recent developments” above and to the “General Information” section for more detail on the Mudarabah Facility.

Finance Income

The Fund receives finance income comprised of profit earned on Islamic bank deposits.

Profit on deposits amounted to US\$ 0.54 million and US\$ 0.09 million in the six-month periods ended 30 September 2016 and 2015 respectively. Profit on deposits increased due to the high cash balance held by the Fund resulting from high net flow from subscriptions into the Jersey Fund. In preparation for Admission, the Fund held these cash balances to meet anticipated liquidity requirements. Cash deposits were held in Murabaha, Wakala and other Islamic deposit structures.

Operating Profit

The following table presents the level of operating profit for the periods indicated, highlighting the net unrealised gains on the revaluation of the Properties which forms part of the operating profit.

Operating Profit (US\$ '000)	For the six months ended 30 September 2015	For the six months ended 30 September 2016
	(Unaudited)	
Operating Profit for the period	5,907	6,889
Unrealised gains from revaluation of investment properties	<u>(169)</u>	<u>(268)</u>
Operating Profit Net of Unrealised gains from revaluation of investment properties	<u>6,076</u>	<u>7,157</u>

The operating profit was US\$ 6.89 million for the six-month period ending 30 September 2016 of which –3.9% of the operating profit represented net unrealised gains on the revaluation of the investment properties and US\$ 5.91 million for the six-month period ending 30 September 2015 of which –2.9% of the operating profit represented net unrealised gains on the revaluation of the investment properties.

Operating profit (excluding net unrealised gains on the revaluation of Properties) represented 49.8% of total income during the six-month period ended 30 September 2016, and 41.9% of total income during the six-month period ended 30 September 2015. The improvement in operating profit margins (excluding the net unrealised gains on the revaluation of investment properties) was the result of the improved rental income from the properties as well as a reduction in property and Fund expenses as a percentage of total income during the six-month period ended 30 September 2016.

Profit for the period

Total comprehensive income in the six-month period ended 30 September 2016 amounted to US\$ –3.04 million, compared to US\$ –2.13 million in the six-month period ended 30 September 2015 due to one-off capital expenses incurred and dividends paid.

Cash flow

The following table presents a summary cash flow statement for the periods indicated.

<u>Summary Cash Flow Statement</u> (US\$ '000)	<u>For the six months ended 30 September 2015</u>	<u>For the six months ended 30 September 2016</u>
	(Unaudited)	
Net cash flows from operating activities	6,100	9,726
Net cash flow from/(used in) investing activities	(99,234)	(31,202)
Net cash flow (used in)/from financing activities	38,069	(51,798)
Net cash flows for the period	<u>(55,066)</u>	<u>(73,274)</u>

The Fund's net cash outflows amounted to US\$ –73.27 million in the six-month period ended 30 September 2016 compared to total net cash outflows of US\$ 55.07 million in the six-month period ended 30 September 2015.

Cash flow from operating activities

The following table presents the net cash flow from operating activities for the periods indicated.

<u>Net Cash flow from operating activities</u> (US\$ '000)	<u>For the six months ended 30 September 2015</u>	<u>For the six months ended 30 September 2016</u>
	(Unaudited)	
Net profit for the period	(2,126)	(3,040)
Adjustments for:		
Unrealised gain/loss on revaluation of investment properties	169	268
Realised gain/loss on investment properties	—	(329)
Finance expense	65	35
Finance income	(91)	(543)
Provision of doubtful debt	(184)	(211)
Distribution	8,034	9,929
Working capital changes:		
Receivables, prepayments and other assets	1,650	1,027
Accounts payable and other liabilities	<u>(1,416)</u>	<u>2,591</u>
Net Cash flows from Operating Activities	<u>6,100</u>	<u>9,726</u>

Cash generated from operating activities amounted to US\$ 9.73 million in the six-month period ended 30 September 2016 compared to US\$ 6.1 million in the six-month period ended 30 September 2015.

Changes in receivables, prepayments and other assets which represent rental and service charge receivables; utilities deposit receivable, security deposit receivable and other receivables amounted to US\$ 1.03 million for the six-month period ended 30 September 2016 compared to US\$ 1.65 million for the six-month period ended September 2015.

Changes in accounts payable and other liabilities represent rent advances, service charge advances, accrued expenses, tenant deposits payable, management fees payable, performance fees payable, administration fees payable and other payables amounted to US\$ 2.59 million for the six-month period ended 30 September 2016 compared to US\$ –1.42 million for the six-month period ended 30 September 2015.

Cash flow from investing activities

Cash flows from investing activities relate primarily to the acquisition of Properties and are partially offset by finance income received from the Fund's Islamic deposits.

The following table presents the cash flows for investing activities for the periods indicated.

<u>Cash flow from investing activities (US\$ '000)</u>	<u>For the six months ended 30 September 2015</u>	<u>For the six months ended 30 September 2016</u>
	(Unaudited)	
Purchase of investment properties	(94,257)	(42,369)
Proceeds from disposal of investment properties	—	65,418
Changes in Islamic deposits	(5,013)	(54,851)
Finance income	36	600
Cash flows from /(used in) investing activities	<u>(99,234)</u>	<u>(31,202)</u>

Net cash used in investing activities amounted to US\$ –31.20 million in the six-month period ended 30 September 2016 compared to US\$ –99.23 million in the six-month period ended 30 September 2015.

The US\$ –31.20 million net cash used in investing activities in the six-month period ended 30 September 2016 comprises a combination of acquisitions and disposal during that period as well as payments into Islamic deposits. Net cash used in investing activities amounted to US\$ –99.23 million in the six-month period ended 30 September 2015 reflects acquisitions during that period as well as payments into Islamic deposits.

Finance income for the six-month periods ending 30 September 2016 and 30 September 2015 amounted to US\$ 0.60 million and US\$ 0.04 million respectively. This was primarily related to profit received on Islamic deposits.

Acquisition of Properties

The following table details the purchase price (including transaction costs) of each of the Properties acquired in the six-month periods ending 30 September 2016 and 30 September 2015, respectively.

<u>Acquisition of Properties (US\$ '000)</u>	<u>For the six months ended 30 September 2015</u>	<u>For the six months ended 30 September 2016</u>
	(Unaudited)	
Burj Daman	71,608	789
Binghatti Terraces	N/A	41,580
Remraam	23,457	—
Capital expenditure on other properties	(808)	
Total Purchase of Properties	<u>94,257</u>	<u>42,369</u>

In the six-month period ended 30 September 2016, the Fund acquired Binghatti Terraces for a total consideration of US\$ 41.58 million, which was paid in cash from deposits and the sale proceeds from a previously disposed property. A further US\$ 0.79 million was paid in cash for the fit-out on the 14th floor at Burj Daman during this period resulting in a total consideration of US\$ 42.37 million.

In the six-month period ended 30 September 2015, the Fund acquired investment properties for a total consideration of US\$ 94.26 million, which was paid in cash. This amount includes capital expenditure for fit-out on the 10th floor of Burj Daman.

Cash flow used in financing activities

Net cash from, and used in, financing activities primarily includes proceeds from the net subscription and redemption of Shares, payments made in relation to Ijara Facilities and dividend payments.

The following table provides a breakdown of net cash flows from financing activities for the six-month periods ended 30 September 2016 and 30 September 2015.

Net Cash Flow from Financing Activities (US\$ '000)	For the six months ended 30 September 2015	For the six months ended 30 September 2016
	(Unaudited)	
Proceeds from issue of Shares	59,559	1,549
Payments on redemptions	(13,391)	(43,382)
Finance expense paid	(65)	(35)
Dividend paid	(8,034)	(9,929)
Net Cash (used in)/from/financing activities	<u>38,069</u>	<u>(51,798)</u>

Net cash flows used in financing activities amounted to US\$ – 51.80 million in the six-month period ended 30 September 2016 largely due to payment of redemptions and dividend distributions during this period compared to a net cash flow of US\$ 38.07 million in the six-month period ended 30 September 2015, due primarily to proceeds from the subscription of Shares.

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 (US\$ '000)	For the six months ended 30 September 2015	For the six months ended 30 September 2016
	(Unaudited)	
Total value of Shares issued	59,559	1,549
Total value of Shares redeemed	(13,391)	(43,382)
Net subscription/(redemption)	<u>46,168</u>	<u>(41,833)</u>

Note: The Jersey Fund had three separate share classes namely: (i) Income Shares; (ii) Accumulation Shares; and (iii) Dirham Shares. Only the holders of Income Shares Class received a dividend distribution.

The figures for the Fund in the table above do not reflect the sub-division of Shares per share class. For further information, please refer to the “*Net Asset Value per Share*” and “*The Jersey Fund and the Re-Domiciliation*” sections of this Prospectus.

The total value of net subscriptions and redemptions of Shares in or from the Fund amounted to US\$ – 41.83 million in the six-month period ended 30 September 2016 compared to US\$ 46.17 million in the six-month period ended 30 September 2015.

Dividends

The Fund is obliged under the CIR 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 July following the end of the relevant period and as a final dividend in the following January. 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 Income Share Class shares outstanding as at dividend ex-date (‘000s)	Dividend (US\$ 000s)	Dividend/ Share (US\$)	Ex-date
Interim dividend for the year ended 30 June 2015	39,839	8,034	0.2017	10 July 2015
Interim dividend for the year ended 30 June 2016	49,696	9,929	0.1998	27 July 2016

Note: The Jersey Fund had three separate share classes namely: (i) Income Shares; (ii) Accumulation Shares; and (iii) Dirham Shares. Only the holders of Income Shares received a dividend distribution.

Further details relating to distributions are contained in the “Dividends and Dividend Policy” section of the Prospectus.

Ijara Facilities

The Jersey Fund entered into the Ijara Facilities. The table below presents the changes to the balance drawn down under each facility for the periods indicated.

Movement in Corporate Ijara Facilities (US\$ ‘000)	For the six months ended 30 September 2015	For the six months ended 30 September 2016
	(Unaudited)	
Opening Balance	3,000	2,722
Drawdown (Ijara Agreement 2011)	—	—
Drawdown (Ijara Agreement 2015)	2,722	
Principal Repayment	(3,000)	
Closing Balance	<u>2,722</u>	<u>2,722</u>

In the six-month period ending 30 September 2015 the Jersey Fund repaid Ijara Agreement 2011 in full and renegotiated a new Ijara agreement, Ijara Agreement 2015, with the same financier, EIB, on terms considered by the Fund Manager to be more favourable to the Jersey Fund. The Jersey Fund drew down an initial amount of US\$ 2.72 million (AED 10 million) to activate Ijara Agreement 2015 on 17 May 2015.

As at 30 September 2016, the Jersey Fund had only drawn down the initial amount of US\$ 2.72 million on Ijara Agreement 2015. Following 30 September 2016 the Jersey Fund settled Ijara Agreement 2015. In December 2016 the Fund entered into the Mudarabah Facility. The Mudarabah Facility is a US\$ 190.58 million (AED 700 million) facility with a five-year term, profit only for the first three years and requires a repayment of 10% of the principal at the end of year four with the remaining balance of 90% repayable on maturity at the end of year five.

For more information, please refer to the “Liquidity and Capital Resources” section below. For further detail on the terms of the Mudarabah Facility please see the “General Information” section of the Prospectus.

Liquidity and Capital Resources

Debt Financing

All financing transactions entered into by the Fund are Shari’a-compliant. As at 30 September 2016, the Fund had one Ijara facility with EIB, Ijara Agreement 2015.

The following table presents the outstanding indebtedness of the Fund for the periods indicated.

<u>Ijara Facilities (US\$ '000)</u>	<u>As at 31 December 2013</u>	<u>As at 31 December 2014</u>	<u>As at 31 March 2016</u>	<u>As at 30 September 2016</u>
Current portion	3,948	—	—	—
Long-term portion	19,993	3,658	2,723	2,723
Ending Balance	23,941	3,658	2,723	2,723
Debt financing as % of NAV	11.5%	1.0%	0.6%	0.7%
Debt financing as % of Gross Asset Value (total assets)	10.4%	1.0%	0.6%	0.7%

As at 30 September 2016 and 31 March 2016, the outstanding indebtedness of the Jersey Fund amounted to US\$ 2.74 million which represented 0.7% and 0.6% of the NAV and 0.7% and 0.6% of the GAV, respectively. As at 31 December 2014, the outstanding indebtedness of the Jersey Fund amounted to US\$ 3.66 million which represented 1.0% of the Jersey Fund's net asset value and 1.0% of the Jersey Fund's gross asset value. As at 31 December 2013, the outstanding indebtedness of the Jersey Fund amounted to US\$ 23.94 million which represented 11.5% of the Jersey Fund's net asset value and 10.4% of the gross asset value of the Jersey Fund.

The following table presents a breakdown of the Jersey Fund's available and outstanding Ijara facility, the Ijara Agreement 2015, as at 30 September 2016.

<u>Facility</u>	<u>Bank</u>	<u>Facility Size</u>	<u>Tenor (years)</u>	<u>Rate</u>	<u>Amount outstanding as at 30 September 2016 (US\$ '000s)</u>
Ijara Agreement 2015	EIB	US\$ 68.064 million (AED 250 million)	5	EIBOR + 2.5% premium	US\$ 2.723 million (AED 10 million)

The Ijara Agreement 2015 and the Ijara Agreement 2011 were secured by way of lease-to-own title registration over various buildings. As at the 30 September 2016, the only building remaining as security for the Ijara Agreement 2015 was Al Thuraya Tower 1. Subsequently on 12 October 2016, the Fund settled the Ijara Agreement 2015 in full.

In December 2016, the Fund entered into the Mudarabah Facility. The Mudarabah Facility is a US\$ 190.58 million facility with a five-year term, profit only for the first three years and requires a repayment of 10% of the principal at the end of year four with the remaining balance of 90% repayable on maturity at the end of year five. The Fund drew down an amount of AED 430 million (US\$ 117.07 million). The remaining AED 270 million (US\$ 73.51 million) is available for draw down for the acquisition of Real Property. The Mudarabah Facility is secured by, amongst other things, first legal mortgages over each of the Fund's seven Properties.

The Fund expects to meet its obligations under the Mudarabah Facility from cash generated by operating activities.

Related Party Transactions

Related Parties include the Fund Manager and the Fund's advisers. For more detail on Related Parties please see the "Related Party Transactions and Conflicts of Interest" section of this Prospectus.

The following table presents the Related Parties Transactions included in the statement of comprehensive income for the 12-month periods ending 31 December 2014 and 31 December 2013, the 15-month period

ended 31 March 2016 and the six-month period ended 30 September 2015 and 30 September 2016, respectively.

<u>Related Party Transactions (US\$ '000)</u>	<u>For the 12 months ended 31 December 2013</u>	<u>For the 12 months ended 31 December 2014</u>	<u>For the 15 months ended 31 March 2016</u>	<u>For the six months ended Sept 2015 2015</u> (unaudited)	<u>For the six months ended 30 September 2016</u>
Income:					
Islamic deposits	191	64	673	91	543
Total—Income	191	64	673	91	543
Expenses:					
Management Fee	3,568	4,355	7,699	2,986	3,172
Performance Fee	3,017	4,213	218	108	—
Ijara Expense	1,454	1,004	158	65	35
Sub-custody expenses	239	266	340	145	91
Total—Expenses	8,277	9,839	8,814	3,305	3,298

The following table presents the amounts due from Related Parties as at 31 December 2013, 31 December 2014, 31 March 2016 and 30 September 2016, respectively.

<u>Amounts due from Related Parties (US\$ '000)</u>	<u>As at 31 December 2013</u>	<u>As at 31 December 2014</u>	<u>As at 31 March 2016</u>	<u>As at 30 September 2016</u>
Emirates NBD Group	21,953	78,437	126,627	108,315

The following table presents the amounts due to Related Parties as at 31 December 2013, 31 December 2014, 31 March 2016 and 30 September 2016, respectively.

<u>Amounts due to Related Parties (US\$ '000)</u>	<u>As at 31 December 2013</u>	<u>As at 31 December 2014</u>	<u>As at 31 March 2016</u>	<u>As at 30 September 2016</u>
Emirates NBD Group	26,569	7,056	4,501	4,340

Emirates NBD Group includes the Fund Manager, Emirates NBD and EIB.

UAE PROPERTY MARKET OVERVIEW

The following UAE property market overview has been provided to the Fund by CBRE.

MENA Key Economic Trends

MENA growth forecasts for the majority of its economies have been subdued in recent times, with the length of the current oil pricing slump remaining uncertain. According to the World Bank, real gross domestic product (“GDP”) growth rates for the region as a whole is projected at around 2.3% in 2016. This figure is slightly lower than the earlier forecasts of 2.7% in April 2016, and would be the lowest level recorded over the past four years. With uncertainty as to the timing of a possible recovery in oil prices, growth prospects for oil exporting economies in the MENA Region are expected to be even more subdued averaging 1.8% in 2016, or roughly half of the observed rate in 2015. In contrast, non-oil growth in the region is likely to reach 3.7% in 2016, significantly higher than the oil-exporting countries, but notably lower than the 5.0% achieved during 2015.

UAE Historical Economic Performance

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. Following a drop in real GDP during 2009 amidst the global financial crisis, UAE witnessed a period of sustained economic growth from 2010–2015, reaching a compound annual growth rate (CAGR) of 4% during the period. However, as the economy experiences a general levelling off in performance, the IMF believes that real GDP growth will grow to 2.3% in 2016 and an improved 2.7% and 3.3% in 2017 and 2018, respectively. As the country recovers from financial adjustments and sees the benefits of reforms, economic growth is then forecast to improve further to 3.6% in 2019.

According to The Global Competitiveness Report, 2016 - 2017 released by the World Economic Forum, the UAE ranked in sixteenth place amongst the countries included in the study, up by one place from the previous ranking. In terms of infrastructure, the UAE is currently ranked eighth globally and first amongst the GCC countries. Overall, the country’s well-developed infrastructure and efficient goods market are cited as amongst the main competitive strengths of the country. The report further highlighted the importance of enhancing innovation as part of its goal of diversification strategy.

UAE Demographic Performance

Over the 15 years the population of the UAE has increased by close to 180% due to the rapid influx of expatriate workers against the backdrop of rising economic activities in the country. Since 2001, the UAE population has expanded from 3.3 million to reach 9.2 million during 2015, representing an average annual growth rate of close to 6.8%.

Approximately 83% of the UAE population is between the economically productive age group of 15 - 64 years, with the remaining 17% of residents in the dependent age groups (0 - 14 years and 65 years and above). The economic productive age 15 - 64 years largely comprises of the foreign workforce, the majority of who are single residents, such as labourers and staff in the service industries, which typically leave their families back at home.

Dubai Office Market

Although severely impacted by the global financial crisis and the downturn in local real estate markets, the Dubai office sector witnessed a recovery and the emergence of growth during the period 2013 to 2014. Demand levels from corporate occupiers have since remained strong, with a number of global companies activating major office searches over the past three years.

As a result prime offices rentals have continued to outperform the wider market average, with demand outstripping available supply in some locations. This has led to the establishment of a more sizable pre-leasing market since 2014, which has seen multiple transactions complete in locations such as TECOM, D3, and the central business district (“CBD”) of Dubai which comprises the area between Downtown Dubai and Trade Centre Roundabout along the Shaikh Zayed Road, underlining the latent demand for large, high-quality efficient office spaces available over contiguous floors.

As of Q3, 2016, commercial office stock stands at close to 8.8 million m², rising from around 8.3 million m² at the same point last year. This reflects an addition of 0.5 million m² and an increase of around 6% year

on year. Since 2008, office stock has shown a compound annual growth rate (“CAGR”) of close to 9%, reflecting the massive level office completions particularly during 2009–2012.

Roughly 35% of Dubai’s total existing commercial office stock is categorised as strata title space, much of which has been sold horizontally and vertically to multiple different investors. In addition, more than 50% of upcoming supply for the period 2016 - 2018 will also be impacted by strata title ownership. As a direct result of Dubai’s office ownership structure, a two-tiered office market has emerged between single-owned office assets and the strata titled properties.

In total, close to 1.33 million m² of new office space is expected to be released into the Dubai office market from Q4 2016 through to 2019. On average Dubai will see the addition of 0.39 million m² of office space per year through 2017 to 2019. The majority of upcoming and future office stock (approximately 30%) will be delivered in Business Bay, and much of this will be impaired by its fractional ownership structure. However, supply within the free zones during this period is expected to be far more limited.

Average prime rental rates within the CBD area, but outside of the DIFC district, currently average around AED 1,900m²/annum, whilst secondary rentals are close to AED 1,100 m²/annum. Over the past 12 months, the CBD area has registered modest growth in rentals as a result of increased demand from corporate occupiers to locate in the CBD area. However, the secondary market is witnessing declining rates, amidst significant oversupply and weakening demand from smaller occupiers.

The widening disparity between the prime and secondary office sub-markets is a reflection of a clear two-tiered market emerging in Dubai’s commercial office sector. Prime locations and good-quality accommodation, particularly in TECOM, DIFC and the CBD, continue to see rising rentals rates, amidst tight supply and sustained demand from global corporate occupiers. Whilst, secondary locations and strata-impacted properties continue to face declining rentals and rising vacancy rates.

The limited availability of Grade A office space is driving a new wave of commercial development, particularly within the free zones. A number of new projects have started in the TECOM free zone during 2016, underlining the strong levels of latent demand for good quality and well-located offices. This trend is envisaged to gather further momentum over the next quarters and 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.

Dubai Retail Market

Dubai has effectively championed the regions drive away from the traditional high-street location, moving towards larger bespoke mall formats through the establishment of major destinations centres. As a result, Dubai remains the principal regional draw as an established ‘luxury retail tourism market’, and is also one of the world’s top destinations for the leading international retail brands. According to the 2016 edition of ‘How Global is the Business of Retail’, the UAE ranks third following UK and China which hold first and second places respectively. While within the Middle East, the UAE held first rank. In terms of ranking by city, Dubai ranks second with 57% of all retailers in the survey, while London holds first place attracting 57.9% of all retailers.

As of Q3 2016, the total organised retail stock in Dubai had reached close to 2.91 million m², rising around 5% from the same period last year. Since 2005, over 1.65 million m² of new retail gross leasable area (GLA) has been added to the market, reflecting growth of close to 150% between 2005–Q3 2016. This translates to a CAGR 8% during the same period.

Most of Dubai’s major malls are now running at close to full occupancy, including Dubai Mall, Mall of Emirates and Ibn Battuta Mall. All of these facilities are either undergoing renovation / expansion works or have recently completed the same, underlining the current strength of the market and sustained demand for retail spaces in prime centres. Other major malls, such as Mirdif City Centre Mall and Deira City Centre Mall, also remain close to full capacity.

Dubai Residential Market

Residential sales prices remained relatively stable during Q3 2016, with minimal downward movement in the average price at less than 1%. This reflects the gradual improvement in the overall investors’ sentiment compared to previous quarters, despite the ongoing market pressures.

With weaker global oil prices and challenging economic conditions, the average rental and sales rates have experienced declines during 2015, with the market showing signs of market fragmentation. This downward trend continued in 2016 following lower demand levels for both rental and sales market.

As of Q3 2016, the total number of residential units stood at over 470,000 units. This stock is comprised of a majority of apartments with 371,640 (79%) units as compared with around 98,800 (28%) villas, townhouses and Arabic houses. Total residential supply in Dubai has seen a rapid rise since the advent of freehold ownership for foreign nationals. Approximately 62,000 new residential units (apartments and villas) could enter the market in Dubai during the period Q4 2016 to 2019, provided that construction delays are minimal. Much of the upcoming supply is expected from secondary and tertiary locations, with 26% of all apartments units to be delivered in Dubailand, Jumeirah Village Circle and Business Bay.

During Q3 2016, Dubai's average residential rents continued to slide albeit at a slower pace, by around 1% on a quarterly basis and 2% year-on-year. This was widely observed both in prime developments (Dubai Marina, Downtown Dubai, etc.) and secondary locations (IMPZ, Sports City, etc.). Larger unit sizes and those in the high-end and upscale segments had severe declines compared to the observed market rental levels, whilst middle segments had shown more resilience, a reflection of the current strong demand for reasonably priced accommodations, particularly in freehold communities.

Dubai Hospitality Market

The tourism industry has been at the heart of Dubai's diversification strategy and a key factor in the development of 'Brand Dubai'. The impact of tourism has also led to a major expansion within the retail industry. As part of the Tourism Vision 2020, the Emirate of Dubai hopes to attract 20 million tourists a year by 2020. The recent opening of major tourism and theme park projects within Dubailand and Dubai Parks is likely to go some way to help achieving the target.

Huge growth in Dubai's hotel room nights in recent years has been made possible by a robust and sustained increase in passenger arrivals to Dubai International Airport. Dubai has now become a major stopover destination, aided by ease of travel to a multitude of destinations. More and more these transit passengers are also inclined to spend 2–3 days in the Dubai enjoying various tourism attractions that the city has to offer.

Total hotel keys in Dubai have risen close to 80,000 rooms and combined with hotel apartments, the total room inventory is now close to 110,000. The market is still dominated by 4-Star and 5-Star hotels, which comprise over 60% of the total market.

Based on the hotel projects under construction, the total number of new hotel rooms and apartments from the second half of 2016 to 2019 is expected to be close to 33,000 rooms. Of the total upcoming supply, hotel properties will account for the majority at 82%, whilst the balance of 18% will be for hotel apartments across different locations in Dubai. The majority of this new supply will enter the market in locations around Downtown Dubai, Business Bay, DIFC and Sheikh Zayed Road, as well as beachfront areas such as Palm Jumeirah.

The sheer volume of upcoming supply, which equates to more than 25% of the existing inventory, highlights the major push which Dubai's developers are embarking on in the build up to the Dubai Expo 2020 event. Close to 4,000 new rooms are expected to be delivered during the second half of 2016, following on from a similar delivery schedule in the first half of 2016. The annual supply delivery is expected to increase further over the next three years, with close to 10,000 rooms to be completed each year up to 2019.

According to data from STR Global, Dubai's hospitality market continues to witness declining Average Daily Rates ("ADRs") and lower room revenues during Q3 2016, as hoteliers battle to sustain higher occupancy rates by cutting room rates amidst mounting competition from new supply. The situation is being further compounded by wider challenges in the tourism market brought about by the prevailing strength of the US Dollar, which is making the Emirate a costlier destination for European visitors. However, occupancy rates have proven to be relatively resilient, with year-to-date average rates still above 75% across the Dubai market during 2016.

Dubai Industrial Space

Dubai's diversified economy is driven by trade, tourism and logistics, which has been shaped by the government's strategy to build superior infrastructure and to support and incubate a free-trade environment. This is strongly reflected in the success of major facilities such as Jebel Ali Port and Dubai

International Airport (“**DXB**”), which remains the world’s busiest international airport by passenger traffic volumes. Whilst oil makes little direct contribution to Dubai’s economy, the falling oil prices have still clearly diminished consumer and investor confidence in the region’s trade, financial and tourist hub, as neighbouring governments cut subsidies and economists lower growth forecasts for the coming years.

Dubai continues to solidify its position as an important staging post for the fast-growing economies in Africa and West Asia, offering occupiers superior infrastructure and supply chain (warehouses, ports, roads and airports) than facilities in other regional countries, with ease and quality of staffing and political stability other key drivers of this trend. 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 free zones, investor friendly laws and an ease of availing finance, have also been instrumental in developing the sector.

Despite the emergence of economic headwinds, the industrial and logistics sector in Dubai is expected to remain relatively resilient in the face of weakening supply from oil and gas occupiers. However, CBRE does expect to see a two-tiered market emerge, with prime and high-quality industrial spaces outperforming the wider market and maintaining rentals, whilst inferior products and aging and secondary locations are likely to face a period of declining rentals and rising vacancy rates. That said, the overall lack of speculative supply will at least help to cushion the market from more pronounced declines.

Dubai Education Market

The private education sector in Dubai continues to witness a period of increased development as education awareness, rapid population growth, government reforms and private-sector participation drives industry demand. Education, and social infrastructure in general, also remains a key focus for the UAE’s national agenda with numerous announcements geared towards improving and expanding the region’s education offering.

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 education development representing 21.2% of the 2016 federal budget.

Dubai Healthcare Market

Health awareness, rapid population growth, government reforms and private-sector participation continue to drive industry demand, with the industry remaining a key focus of the UAE’s national agenda with numerous announcements geared towards improving and expanding the region’s healthcare offering.

Over the last decade, the Dubai and UAE governments have invested heavily into social infrastructure through the development of new healthcare facilities and significant healthcare insurance coverage reforms. This strategy remains highly evident today with healthcare development representing 7.9% of the 2016 federal budget.

Abu Dhabi Office Market

Based on our analysis of the market, total existing office stock in Abu Dhabi is estimated at 3.88 million m² of which a majority is situated within the CBD and upper part of the Abu Dhabi island, including off-island locations such as Al Maryah and Al Reem Island. This reflects an addition of 0.15 million m² and an increase of 4% year on year. Assuming minimal delays, the Abu Dhabi market will likely see circa 0.4 million m² of new office spaces annually over the next three years.

Average office rents continued to slide with an observed drop of 2% during Q3 2016, translating into roughly a 9% decline from a similar period last year. Starting last year, a number of international firms whose main clients involved the government and energy sectors had pulled out of Abu Dhabi with staffs being moved to Dubai, Doha or other locations within Europe, the Middle East and Africa (“**EMEA**”) region.

With the current economic condition, CBRE envisages a more fragmented marketplace, with more pronounced declines to be experienced in secondary locations and for inferior products. As a result, CBRE forecasts that performance within the prime office submarket is likely to remain steady, aided by the availability of limited available stock, both currently and within the future development pipeline.

In a downturn, the flight to quality is becoming a more common phenomenon. Buildings with better specifications and a well in-place management team are viewed to have higher resilience compared to similar properties of lesser quality.

Abu Dhabi Retail Market

Abu Dhabi's retail market has undergone a notable transformation over the past two decades, with the delivery of a number of major new malls, which have effectively changed the landscape of the market, encouraging a host of international brands to start operations in the capital. Completion of other high-profile mixed-use developments has also helped to raise the profile and quality of product on offer, with an increasing number of prominent developments containing significant retail offerings.

At the end of Q3 2016, total organised retail stock had reached around 1.6 million GLA m², of which mall space comprised the vast majority (85%), with the remaining stock from smaller centres and retail facilities within mixed-use developments. Abu Dhabi Mall, Marina Mall, Al Wahda Mall, Dalma Mall and Yas Mall are the largest operational retail facilities in the capital, with most of these centres forming part of wider mixed-use schemes.

By 2020, Abu Dhabi's retail market could see the addition of over 600,000 m² of organised retail supply, delivered through the completion of a number of major regional sized malls. This also includes an expansion of the community retail market, with multiple new retail centres being developed as part of mixed-use masterplan developments, and within the Emirate's satellite towns as the government strives to provide better facilities to the local population. Major upcoming retail centres include Maryah Central and Reem Mall, with both centre categorised as regional sized.

Abu Dhabi's retail occupancy levels generally remain high, particularly within established malls, although some of the smaller and aging centres are now facing increasing occupancy issues. Organised retail space in Abu Dhabi City is now close to full capacity, with malls such as Abu Dhabi Mall and the Marina Mall reaching near to full occupancy. Other major malls in the city centre such as Al Wahda Mall and Khalidiya Mall are also enjoying high occupancy rates between 95%–98% respectively. The recently opened Yas Mall is nearly fully occupied at 98% whilst Deerfields Town Centre is estimated at around 96%.

Abu Dhabi Residential Market

After a period of sustained rental growth, the Abu Dhabi residential market is now experiencing slight declines in rents, particularly for the larger unit sizes. However, studios and one-bedroom units have continued to display stability and growth, but at a very minimal rate of change. This reflects the general shift towards affordability amidst economic uncertainty and weaker corporate demand.

More affordable units remain in demand, reflecting the demographic of the vast majority of expatriate workers. With limited stock against current requirements, rental rates for affordable units have remained steady with minimal fluctuation recorded against the general slowdown observed in the upper segments.

Abu Dhabi's total residential stock now comprises over 252,000 residential units. Of the total residential units, 76% are apartments while the remaining 24% are comprised of villas and townhouses. On average, circa 8,000 units were delivered to the market annually during the period from 2008 to the third quarter of 2016. This translates to a CAGR of around 4%. However, in 2015, only around 5,500 units were actually completed, which has helped to insulate the market from more pronounced declines in rental rates.

Over the next three years, the level of new supply in Abu Dhabi looks to be very consistent, averaging just over 6,000 units per annum and totalling roughly 21,800 units. In comparison, Dubai is expected to see over 18,000 units per annum during the same period.

Abu Dhabi Hospitality Market

In 2000, just 603,000 guests visited Abu Dhabi. However, by 2012 this had increased to nearly 2.4 million. During 2013, growth continued with approximately 2.7 million guests arriving, equivalent to 14% annual growth. During the first nine months of 2016, close to 3.3 million guests have been recorded, reflecting growth of around 9% as compared to last year.

Total hospitality inventory in Abu Dhabi has now reached over 27,960 hotel rooms and apartments spread across the city area. CBRE's analysis of the future development pipeline in Abu Dhabi indicates that around 5,500 additional new hotel rooms and hotel apartment rooms are scheduled to be completed between Q4 2016–2019. This is expected to further raise competition levels and add further pressure to

room rates, hoteliers and hotel owners. Assuming minimal levels of delay, this would take the total room inventory to around 33,450 keys by the end of 2019.

According to data from STR Global, the overall average occupancy rate in Abu Dhabi fell from 72% in September 2015 to 70% in September 2016. Both the average daily rate (“ADR”) and the revenue per available room (“RevPAR”) dropped by 10% and 12% respectively from the same period last year. ADR’s fell from close to AED 488 (approximately US\$ 132.86) per room per night in September 2015, to roughly AED 441 (approximately US\$ 120.07) per room per night in September 2016. During the same period, the RevPAR’s also declined from AED 352 (approximately US\$ 95.83) per room per night to AED 310 (approximately US\$ 84.40) per room per night.

Abu Dhabi Education Market

The private education sector in Abu Dhabi continues to witness a period of increased development as education, awareness, rapid population growth, government reforms and private sector participation continue to drive industry demand. Education remains a key focus on the UAE’s national agenda with numerous announcements geared towards improving and expanding the region’s education offering.

Over the last decade, the Abu Dhabi 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 education development representing 21.2% of the 2016 federal budget.

The Abu Dhabi Education Council (“ADEC”) counted 186 private schools in the 2015 academic school year providing education to approximately 236,000 students which accounts for 64.5% of the total students enrolled in the emirate. This is a 5.3% increase in student enrolment compared to the previous year. The 2016 school year saw the opening of a further nine private schools (17,326 seats), and there are approximately ten schools expected to complete construction in time for the 2017 academic year, which contributes to ADEC’s goal of providing approximately 284,000 school places by 2020.

Abu Dhabi Industrial Market

Abu Dhabi’s industrial market is heavily linked to the oil and gas sector, with 49% of GDP contributed by the hydrocarbon industry. As a result of prevailing lower oil prices and the reduced investment in oil exploration, demand from downstream and upstream petrochemical companies has reduced significantly over the past 18 months. Cost-reduction measures are also noticeably in force with curbs on non-essential spending. Occupiers, particularly in the oil and gas industry, have been evaluating the possibility of sub-leasing and selling excess capacity wherever possible to help streamline operations.

Reflective of the economic backdrop, the total number of industrial enquiries has reduced year-on-year. As a result of the more challenging economic climate, industrial rentals in Abu Dhabi have also started to show some declines, although the drop so far has been relatively low, with Mussafah registering a 4% decrease year-on-year. Average industrial rents are now at AED 450 m²/year, although this may start to fall if declines become more widespread across Abu Dhabi’s main industrial locations. However, as is the case in Dubai, good-quality industrial accommodation remains in short supply across the entire industrial market, meaning prime spaces are likely to reflect greater resilience than secondary quality products and locations.

Abu Dhabi Healthcare Market

Historically Abu Dhabi has suffered from a relatively limited supply of healthcare services, particularly hospital beds and primary healthcare. However, as interest levels in the sector have risen in recent years, infrastructure investments have increased. Over the past five years, there has been significant growth in many specialties where capacity gaps existed, including orthopaedics, medical oncology and obstetric services which were previously in severe shortage.

The current Abu Dhabi population is young and has a high rate of chronic diseases that is set to increase as it ages. The current model of care in Abu Dhabi does not adequately support self-care or prevention-screening programmes, and diagnostic services are not integrated into care plans, which causes inefficiencies. By 2025, there will be sufficient projected demand for an additional 1,226 acute overnight beds. Already there are more than 1,500 beds planned, mostly in the Abu Dhabi region. There is need for investment in acute overnight care for specific specialties and in specific areas, such as a specialised children’s hospital.

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 Companies Law. Financial activities in the DIFC are governed by the DIFC Regulatory Law, which also governs the operation of the DFSA, a financially and administratively independent body created by Law No. 9 of 2004 issued by the Ruler of Dubai on 13 September 2004 that acts as the independent financial regulator in the DIFC. 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. **None of the Responsible Persons or 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, 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 CIL, the Markets Law, 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.

Takeovers and mergers

The DFSA issues and administers rules pertaining to takeovers and mergers (the "**Takeover Rules**") and prescribes the procedures for and obligations of persons in respect of a takeover of a listed company. The Takeover Rules are based on UK practice, with similar concepts and obligations in place. The purpose of the Takeover Rules and the relevant part of the Markets Law is to:

- (i) ensure that a takeover takes place in an efficient, competitive, fair and informed market;
- (ii) ensure that shareholders are treated fairly and shareholders of the same class are treated the same; and
- (iii) provide an orderly framework within which a takeover is conducted.

The Takeover Rules prescribe a set of takeover principles which a person who is involved in a takeover must comply with relating to, but not limited to:

- (i) treatment of shareholders and class of shareholders in a takeover;

- (ii) adequacy of time and information provided to shareholders to enable proper consideration of a takeover bid;
- (iii) avoidance of the creation of false markets; and
- (iv) avoidance of oppression of minorities.

Related party transactions

The Markets Rules contain rules relating to the regulation of related party transactions. A person is a related party of a Fund Manager if that person:

- (i) is, or was within the 12 months before the date of the related party transaction:
 - (A) a director or a person involved in the senior management of the Fund Manager or a member of its group;
 - (B) an associate of a person referred to in (A) above; or
- (ii) owns, or has owned within 12 months before the date of the related party transaction, voting securities carrying more than 5% of the voting rights attaching to all the voting securities of either the Fund Manager or a member of its group; or
- (iii) is, or was within the 12 months before the date of the related party transaction, a person exercising or having the ability to exercise significant influence over the Fund Manager or an associate of such a person.

A transaction is a related party transaction if it is a transaction:

- (i) between a Fund Manager and a related party;
- (ii) under which the Fund Manager invests in another undertaking or asset, or provides financial assistance to another undertaking, in which a related party also has a financial interest; or
- (iii) between the Fund Manager and any other person the purpose or effect of which is to benefit a related party; or
- (iv) of the kind referred to in (i) to (iii) and is between a subsidiary of a Fund Manager and a related party of the Fund Manager.

The shareholders must give majority consent in order for a company to approve a related party transaction where:

- (i) the value of a related party transaction is greater than 5% of value of the net assets of the company as stated in its most recent financial reports; or
- (ii) the cumulative value of a series of related party transactions with the same related party reaches the 5% threshold referred to in (i) in any 12-month period.

Connected Person disclosure

The Markets Rules contain rules relating to disclosures that Connected Persons must make. A person is a Connected Person of the Fund if that person:

- (i) is a director or an individual involved in the senior management of either the Fund, Fund Manager or a Controller of the Fund Manager; or
- (ii) owns shares carrying more than 5% of the voting rights attaching to the Shares.

A person is a Controller of a Fund Manager if that person, alone or with associates, controls the majority of the voting rights in, or the right to appoint or remove the majority of the board of the Fund Manager, or a person having similar control of such a Controller. None of the Responsible Persons are aware of any Directors, Fund Manager Directors, Controller(s) or senior management intending to subscribe for Shares.

A Connected Person must file a report with the DFSA and the Fund Manager within five business days of the occurrence of any of the following events:

- (i) upon becoming or ceasing to be a director of a Controller of the Fund Manager;

(ii) upon acquiring or ceasing to hold either alone or with an associate any securities carrying more than 5% of the voting rights of the Fund Manager or other investments in or relating to the Fund Manager or a Controller of the Fund Manager; or

(iii) upon an increase or decrease of at least 1% of the level of interest previously reported pursuant to (ii).

The report filed by a Connected Person must contain the following information:

(i) the name and address of the Connected Person;

(ii) the date on which the event giving rise to the obligation to file a report occurred;

(iii) the date on which the filing was made; and

(iv) the price, amount and class of securities or other investments as is relevant in relation to the transaction or other event and the previous and new level of interest held.

As at Admission the following persons are Connected Persons of the Fund:

No.	Connected Person	Connected Person by Virtue of	Percentage shareholding in the Fund (if Applicable)
1.	Tariq Abdulqader Ibrahim Bin Hendi	Director, Fund Manager Director	0%
2.	Mark Edward John Creasey	Director	0%
3.	David Jonathan Marshall	Director	0%
4.	Emirates NBD PJSC	Controller of the Fund Manager, holding all of the Fund Manager's share capital	1.7%
5.	Emirates NBD Asset Management Limited	Reporting Entity and Fund Manager	0%
6.	Gary Anthony Dugan	Fund Manager Director	0%
7.	Mohamed Hamad Obaid Khamis Al Shehi	Fund Manager Director	0%
8.	Aazar Ali Khwaja	Fund Manager Director	0%
9.	Suvobroto Sarkar	Fund Manager Director	0%
10.	Tim Rose	Fund Manager senior management	0%
11.	Anthony Tahyler	Fund Manager senior management	0%
12.	Ben Coombe	Fund Manager senior management	0%
13.	Jonathan McGloin	Fund Manager senior management	0%
14.	Muhammad Asif Siddique	Fund Manager senior management and acting Chief Financial Officer for the Fund	0%
15.	Julia Ward-Osseiran	Fund Manager senior management	0%
16.	Philip John Perchard	Fund Manager senior management (Compliance Officer)	0%
17.	Salman Ahmed Bajwa	Fund Manager senior management (Senior Executive Officer)	0%
18.	Ozim Limited (Tawuniya)	Shareholding of over 5%	16.2%
19.	National Bonds Corporation	Shareholding of over 5%	10.2%

All of the Connected Persons have identical voting rights as shareholders (where relevant) as the major Shareholders of the Fund.

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. The

DFSA granted Nasdaq Dubai a licence to operate as an Authorised Market Institution under the DIFC Regulatory Law. Nasdaq Dubai is regulated by the DFSA.

The majority shareholder of Nasdaq Dubai is the Dubai Financial Market Company PJSC 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 at 31 December 2016, there were eight equity securities, 56 Sukuk, 19 bonds and two funds listed on Nasdaq Dubai and 36 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 10.1) for Equities dated 29 March 2015;
- Rulebook 2 (version 10.1) for Derivatives, Exchange Traded Commodities, Debt Securities, Structured Products and Collective Investment Funds dated 29 March 2015;
- 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. **None of the Responsible Persons or the Banks has 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 this 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 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 (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 was issued by the DFSA on 14 July 2013 and the latest version of the CIR was issued by the DFSA on 3 April 2016.

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 three 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. The Fund is a public fund.
- **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 no more than 100 unit holders and cannot be offered to the public. Distribution is made by way of private placement only.
- **Qualified Investor Funds**—a qualified investor fund has 50 or fewer unitholders with its units offered to persons only by way of a private placement. All unitholders must be persons who meet the criteria to be classified as professional clients, and the initial subscription to be paid by a person to become a unitholder must be at least US\$ 500,000.

CIR

The CIR supplement the CIL and apply to the persons specified within the CIR, including a fund and persons who manage a fund, such as fund managers. To the extent that a rule of the CIR 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 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, the Fund is a Domestic Fund, being a fund established in the DIFC, a Public Fund and a Property Fund as it is dedicated to investment in Real Property, a REIT on account of it being constituted as an investment company primarily aimed at investments in Real Property, distributing 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 as its operations are conducted and held out as being conducted, in accordance with Shari'a.

The CIR 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 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.

The CIR 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, 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 of 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 Properties 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 Properties 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 Properties 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). The Fund Manager is guided by the Investment Committee, Oversight Committee and Shari'a Supervisory Board; however, in the event of a breach of investment restrictions the Fund Manager would endeavour to rectify these as soon as possible, making any disclosures required and if necessary disposing of the Asset that is the subject of the breach of investment restriction.

If alterations to the Articles in respect of investment, borrowing or gearing powers are proposed, or if 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. The Fund may only remove the Fund Manager without cause by resolution passed with an 85% or greater majority of the votes cast on behalf of the Shares at a duly constituted and quorate meeting of the Shareholders.

For information on the rights of Shareholders under the Articles, refer to the "*General Information*" section of this Prospectus.

Islamic Finance Rules ("IFR")

The IFR contained within the DFSA Rulebook applies to the Fund as the Fund is a Domestic Fund which is held out as being operated as an Islamic Fund and conducted in accordance with Shari'a.

The IFR impose a series of obligations that the Fund must 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, as the Fund is 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; and (ii) that its investments are made in property assets which comply with Shari'a principles.

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 Dubai Internet City, 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.

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 in the Ejari system that is 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 have 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 (including in the DIFC)

‘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, as 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 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.

It is expected that Value Added Tax (VAT) will be implemented in the UAE by January 2018 at a standard rate of 5% levied on goods and services. The VAT regime is going to be implemented in the UAE following a Gulf Cooperation Council (GCC) level framework agreement.

As the UAE's VAT legislation has not been issued as at the date of this Prospectus, the impact of VAT on entities located in UAE free trade zones (including the DIFC where the Fund is established) is uncertain. Therefore, upon publication of the VAT legislation, Shareholders should review the new law and the potential tax implications of VAT on the Fund's business. See the risk entitled "*Introduction of value added tax*" in the "*Risk Factors*" section of this Prospectus.

The tax and/or Zakat implications on dividend income paid to each eligible Shareholder are the responsibility of the Shareholder and may vary according to the jurisdiction where the Shareholder is located.

CLEARING AND SETTLEMENT

Central Securities Depository

Nasdaq Dubai has outsourced certain clearing, settlement and depository functions to the Dubai Financial Market (“**DFM**”), pursuant to contractual agreements with the DFM, a securities exchange located in Dubai (outside of the DIFC). As a result of the outsourcing, investors are able to trade on both Nasdaq Dubai and the DFM using a single investor number. It should be noted that Nasdaq Dubai remains a separate company with its own Nasdaq Dubai Business Rules (the “**Business Rules**”) and members separate from those of the DFM.

The Business Rules and the DIFC Personal Property Law provide that the Shares registered in the names of Nasdaq Dubai Guardian Ltd (“**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 Depository on Admission

All trading of shares admitted to trading on Nasdaq Dubai is now handled on the X-Stream trading platform. Nasdaq Dubai’s trading hours are from 10:00 to 14:00 Dubai time, (Sunday to Thursday, excluding UAE public holidays). Settlement of securities trading on Nasdaq Dubai is governed by the Business Rules.

Nasdaq Dubai currently adopts a T+2 settlement cycle. Settlement of trades is the responsibility of the clearing members, in accordance with the Business Rules. Nasdaq Dubai clearing house becomes the central counterparty to all on-exchange trades executed on the Nasdaq Dubai trading system and which are eligible to be cleared with Nasdaq Dubai.

Clearing and settlement of trades on Nasdaq Dubai may only be performed by Nasdaq Dubai clearing members and custodians. Each clearing member and custodian must have a bank guarantee and a cash account with a designated settlement bank for settlement purposes. 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 of 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 GCC nationals only). For corporate entities, funds and governmental bodies, the required supporting documents are true copies of their valid memorandum of association, trade license 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).

Delivery of Shares is expected to be made on the Closing Date.

Please refer to the website of Nasdaq Dubai at www.nasdaqdubai.com for further details of trading and settlement of Shares.

Settlement of the Shares

In connection with the Offer, the Fund has instructed EFG-Hermes Brokerage UAE LLC to transfer the New Shares to either Euroclear Bank S.A. / N.V. or Clearstream Banking S.A. clearing systems, or to the investors’ direct NINs on behalf of the Fund. EFG-Hermes Brokerage UAE LLC will then instruct Nasdaq Dubai to transfer the New Shares to the respective Euroclear Bank S.A. / N.V. or Clearstream Banking S.A. clearing systems or to other (new) investor NINs. Accordingly, Nasdaq Dubai will be authorised to act on EFG-Hermes Brokerage UAE LLC’s instructions.

Nasdaq Dubai

Rules adopted by Nasdaq Dubai govern procedures, responsibilities and fees regarding clearing and settlement of securities traded on Nasdaq Dubai. For more detail on Nasdaq Dubai please see the “*Regulatory Overview*” section of this prospectus.

DIFC

The Fund is a company limited by shares incorporated in the DIFC. For more detail on the DIFC please see the “*Regulatory Overview*” section of this prospectus.

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

This section provides a brief summary of the Fund and Fund Manager's obligations under the CIR in respect of Related Party Transactions. The CIR 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, "**Related Parties**" 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% or more of the Fund's Shares; or
- (g) any associate of any person in (a) to (f).

The CIR impose a general obligation on the Fund Manager to take reasonable steps to ensure that dealings in the Properties do not give rise to a conflict of interest. CIR 8.3.2 set out various requirements in relation to Related Party Transactions. The Fund Manager must ensure that any Related Party 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.

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.

Before entering into a Related Party Transaction a Fund Manager must: (i) issue to the Shareholders a circular containing the details of the proposed transaction; (ii) obtain Shareholder approval by Special Resolution, or by ordinary resolution in the case of a Property Fund, in respect of the proposed transaction if the total consideration or value of the transaction is 5% or more of the Latest NAV; and (iii) in the case of (ii) issue a notice to Shareholders providing details of the results of the Shareholders' voting at the general meeting as soon as practicable after the meeting.

However, the Fund Manager may enter into a Related Party Transaction for the acquisition or sale of Real Property in the UAE without obtaining a specific Shareholder approval if the Fund Manager has a general Shareholder approval issued by way of an ordinary resolution passed at the last annual general meeting of the Shareholders. This general pre-approval authorises the Fund Manager to enter into Related Party Transactions for the acquisition or sale of Real Property in the UAE without the need for specific prior approval by the Shareholders and is valid only until the date of the next annual general meeting of the Shareholders. In this case: (i) the Oversight Committee must confirm in writing, before the transaction is entered into, that it is on terms that comply with the requirement in CIR 8.3.2(2) and that all other applicable requirements have been complied with; and (ii) the Investment Committee must confirm in writing, before the transaction is entered into, that it is on terms that comply with the requirement in CIR Rule 8.3.2(2) and it has no objection to the transaction. If a Fund Manager of a Public Property Fund enters into a Related Party Transaction under this CIR Rule, it must as soon as practicable after entering into the transaction provide written notification to Shareholders of the Fund setting out relevant details of the transaction including the identity of the Related Party and the nature and extent of his interest.

A brief summary of Related Party Transaction and a certification that the CIR has been complied with for the Related Party Transaction must also be included in the Fund's next published interim or annual report. The summary must include details of the total value and nature of any Related Party Transaction and the identities of the Related Parties. 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 Related Party, and any changes thereof, in the Fund and any potential conflicts of interests involving the Related Party 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 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. Where monies are held on deposit with a Related Party, as is envisioned in relation to Assets held on deposit by the Emirates NBD Group, the Fund Manager will obtain evidence that interest is paid on the deposit at a rate not lower than the prevailing commercial rate for a deposit of the same 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 complies with the Emirates NBD Group conflict of interest policy (the "**Conflict of Interest Policy**"). The Fund also abides by the rules and regulations of the Conflict of Interest Policy.

The Conflict of Interest Policy applies to all employees, subsidiaries and directors of the Emirates NBD Group. The Conflict of Interest Policy addresses the identification and management of conflicts of interest that may arise in order to mitigate the risk of treating clients and third parties unfairly. The Emirates NBD Group's compliance team maintains a central register of all conflicts of interest identified by the business unit together with actions taken to mitigate the conflict in line with CIR 8.3. The Fund Manager's Compliance Officer reports monthly to the Emirates NBD Group compliance team on any newly identified conflicts of interest. The Fund Manager's Conflict of Interest Policy complies with the DFSA Rules.

Due to the potential for conflicts of interest that may arise in connection with the Fund Manager's appointment of Valuer(s), the Fund Manager may opt to use two or more Valuers in the future. Currently the Fund Manager instructs one Valuer to provide a valuation for any proposed investment in Property. No Related Party may be engaged as property agents for rendering services to the Fund in respect of any Real Property or property related asset in which it has 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 the Valuer is removed or retires. 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. That Valuer may not be re-appointed unless, before the end of that period, the position has been put to tender and that Valuer is re-appointed in accordance with that process. In addition, the Fund Manager will provide supported reasons for the re-appointment of that Valuer in the next interim or annual report to Shareholders.

Conflicts of Interest Provisions under the Articles

A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Directors or of a committee concerning any transaction or arrangement in which he has a direct or indirect interest and, if he shall do so, his vote shall not be counted but this prohibition does not apply to any resolution concerning a transaction or arrangement in which his interest cannot reasonably be regarded as likely to give rise to a conflict of interest.

Related Party Transactions of the Fund

The Fund Manager as a member of the Emirates NBD Group undertakes the following activities with related parties:

- (a) Mudarabah facility with Emirates NBD - AWAI;
- (b) maintaining bank accounts with Emirates NBD PJSC;
- (c) shareholding by Government-linked investors (including Emirates NBD PJSC) who together hold more than 5% of the Shares; and
- (d) Emirates NBD PJSC and EIB act as nominees for certain investors of the Jersey Fund and the Fund.

Related Party relationships and transactions with the Fund Manager

Fund Management Agreement

The Fund and the Fund Manager are party to the Fund Management Agreement. For further information on the Fund Management Agreement, please refer to the "*General Information*" section of this Prospectus.

Conflict of Interests of the Fund

The Fund Manager is also a wholly owned member of the Emirates NBD Group as is Emirates NBD Capital (Investment banking) which is acting as Listing Advisor, Joint Bookrunner and Joint Global Coordinator in connection with the Admission.

Emirates NBD - AWAI, the Islamic finance department of Emirates NBD has provided the Fund with the Mudarabah Facility. For further information on the Mudarabah Facility, please refer to "*Financing—Mudarabah Facility*" in the "*General Information*" section of this Prospectus.

Each of Emirates NBD and EIB (both of which are members of the Emirates NBD Group) acts as a nominee on behalf of certain of the beneficial owners of shares in the Jersey Fund and has provided financing to certain of the beneficial owners of shares in the Jersey Fund to acquire their shares in the Jersey Fund.

Emirates NBD directly holds 1.73% of the Shares. Indirectly, in its capacity as a nominee, Emirates NBD holds 41.07% of the Shares on behalf of 152 beneficial owners pursuant to a customary nominee arrangement.

EIB indirectly, in its capacity as a nominee, holds 20% of the Shares on behalf of 169 beneficial owners pursuant to a customary nominee arrangement.

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 Listing Advisor 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. None of the Responsible Persons or 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, 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:

- (i) 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.
- (ii) 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.
- (iii) 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.
- (iv) Any Shares sold or acquired in contravention of the transfer provisions contained in the Articles are subject to the mandatory redemption and transfer provisions as provided in the Articles.
- (v) The Responsible Persons 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 institutional investors in and from the DIFC in accordance with the 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 may not be distributed in the UAE and 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. 2 of 2015 (as amended) or otherwise.

The SCA has not approved the promotion of the Fund in the UAE. In addition, the 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 Responsible Persons.

Foreign ownership restrictions

UAE law limits non-UAE and/or non-GCC persons from holding over a certain percentage stake in UAE onshore companies and from owning real estate in various areas in the UAE. Although the Fund currently holds interests in real estate in free zones where foreign ownership is permitted in accordance with UAE law, it may wish to acquire onshore properties in the future. As such the Fund's constitutional documents contain certain provisions that give Directors the discretion to limit the ability of non-UAE and/or non-GCC persons to own Shares in the Fund.

In the event that the Directors think it is in the best interests of the Fund so to do in order to comply with more favourable property ownership rules that may be brought into effect in the future, the Articles permit the Directors to implement restrictions on the percentage of its share capital which is owned by non-UAE or non-GCC persons. If the Directors do implement such restrictions then the Fund intends to use CANDI of Nasdaq Dubai which will have the ability to 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 a given thresholds. Furthermore, in connection with the same, the Articles 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 any prohibition to a third-party GCC person implemented by the Directors, 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 "*Shares may be subject to limits on foreign ownership*" in the "*Risk Factors*" section of this Prospectus.

European Union

The Fund Manager and the Fund are required to comply with certain transparency and disclosure requirements set forth in 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. Neither the Fund nor the Fund Manager is authorised or regulated by the 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 made a Notification, pursuant to provisions in the 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 Exemptions Order or article 19 of 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); and (v) persons specified in rules made by the FCA under section 238(5) of the FSMA receiving this Prospectus from a person who is 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 (v) 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. 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 must: (i) have signed in the 12 months prior to the date on which this Prospectus is received by them a statement in the prescribed form; and (ii) have a current certificate in writing signed by an Authorised Person to the effect that the person 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, 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 or of incurring additional liability 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.

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

No action has been or will be taken that would permit a public offering of the Shares in the Kingdom of Saudi Arabia. Any investor in the Kingdom of Saudi Arabia (a “**Saudi Investor**”) who acquires the Shares pursuant to the Offer should note that it is a private placement pursuant to Article 11 or Article 12 of the Offers of Securities Regulations issued by the Board of the Capital Market Authority pursuant to its

Resolution number 2-11-2004, dated 20/8/1425H (corresponding to 4/10/2004G), as amended (the “**Offers of Securities Regulations**”).

Each of the Banks has represented and agreed that any offer of the Shares to a Saudi Investor will comply with the Offers of Securities Regulations.

The Offer in the Kingdom of Saudi Arabia is therefore exempt from the “public offer” requirements of the Offers of Securities Regulations but is subject in the Kingdom of Saudi Arabia to the following restrictions on secondary market activity pursuant to Article 18 of the Offers of Securities Regulations:

- (a) a Saudi Investor (a “**transferor**”) who has acquired the Shares pursuant to a private placement may not offer or sell such Shares or part thereof to any person (a “**transferee**”) unless: (i) the offer or sale is made through an authorised person duly licensed by the Capital Market Authority; and (ii)(A) the price to be paid by the transferee for such Shares in any one transaction equals or exceeds Saudi Riyals 1 million; (B) the Shares are offered or sold to a sophisticated investor (as defined in the Offers of Securities Regulations); or (C) the Shares are being offered or sold in such other circumstances as the Capital Market Authority may prescribe;
- (b) if the requirements in paragraph (a)(ii)(A) cannot be fulfilled because the price of the Shares being offered or sold to the transferee has declined since the date of the original private placement, the transferor may offer or sell the Shares to the transferee if their purchase price during the period of the original private placement was equal to or exceeded SAR 1 million or an equivalent amount;
- (c) if the requirements in paragraph (b) cannot be fulfilled, the transferor may offer or sell the Shares if he/she sells his/her entire holding of the Shares to one transferee; and
- (d) the provisions of paragraphs (a) to (c) shall apply to all subsequent transferees of the Shares.

This Prospectus may be distributed in the Kingdom of Saudi Arabia only to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority.

The Capital Market Authority does not make any representation 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 purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this Prospectus you 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.

Lebanon

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any Shares in the Fund in the Lebanese territory, nor shall it (or any part of it), nor the fact of its distribution, form the basis of, or be relied on in connection with, any subscription.

The Fund has not been, and will not be, authorised or licenced by the Central Bank of Lebanon and its Shares cannot be marketed and sold in Lebanon. No public offering of the Shares is being made in

Lebanon and no mass-media means of contact are being employed. This Prospectus is aimed at institutions and sophisticated, high net worth individuals only, and this Prospectus will not be provided to any person in Lebanon except upon the written request of such person.

Recipients of this Prospectus should pay particular attention to the section titled “Risk Factors” in this Prospectus. Investment in the Shares is suitable only for sophisticated investors with the financial ability and willingness to accept the risks associated with such an investment, and said investors must be prepared to bear those risks.

Jordan

Any marketing of the Shares to Jordanian investors shall be done by way of private placement only. The Shares are being offered in Jordan on a cross border basis based on one-on-one contacts to no more than 30 potential investors and accordingly the Shares will not be registered with the Jordanian Securities Commission and a local prospectus in Jordan will not be issued.

Oman

This Prospectus does not constitute a public offer of securities in the Sultanate of Oman, as contemplated by the Commercial Companies Law of Oman (Royal Decree No. 4/1974) or the Capital Market Law of Oman (Royal Decree No. 80/1998) and Ministerial Decision No.1/2009 or an offer to sell or the solicitation of any offer to buy non-Omani securities in the Sultanate of Oman.

This Prospectus is strictly private and confidential. It is being provided to a limited number of sophisticated investors solely to enable them to decide whether or not to make an offer to the Fund to enter into commitments to invest in the Shares outside of the Sultanate of Oman, upon the terms and subject to the restrictions set out herein and may not be reproduced or used for any other purpose or provided to any person other than the original recipient.

Additionally, this Prospectus is not intended to lead to the making of any contract within the territory or under the laws of the Sultanate of Oman. The Shares subject to this Prospectus, or any offering material relating to the Shares may not be marketed or distributed to any person in Oman other than by an entity licensed to market non-Omani securities by the Capital Markets Authority of Oman, and then only in accordance with any terms and conditions of such licence.

The Fund is incorporated and existing under the laws of the DIFC. The Capital Market Authority of Oman and the Central Bank of Oman take no responsibility for the accuracy of the statements and information contained in this Prospectus or for the performance of the Fund with respect to the Shares nor shall they have any liability to any person for damage or loss resulting from reliance on any statement or information contained herein.

Bahrain

The Shares have not been offered or sold, and will not be offered or sold to any person in the Kingdom of Bahrain except on a private placement basis to persons who are “accredited investors”.

For this purpose, an “accredited investor” means:

- (i) an individual holding financial assets (either singly or jointly with a spouse) of US\$ 1,000,000 or more;
- (ii) a group, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than US\$ 1,000,000; or
- (iii) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

Sweden

Historical performance is not a guarantee for future performance. Investments made in the Fund may decrease as well as increase in value, and it cannot be guaranteed that your initial investment will be returned in its entirety.

This Prospectus has not been approved by or registered with the Swedish Financial Services Supervisory Authority (*Finansinspektionen*) pursuant to the Swedish Financial Instruments Trading Act

(*Lagen 1991:980 om handel med finansiella instrument*). Accordingly, the Shares may only be marketed in Sweden in circumstances that will not result in a requirement to prepare a prospectus pursuant to the Swedish Financial Instruments Trading Act.

The Fund is not an investment fund (*Fondföretag*) for the purpose of the Swedish Investment Funds Act (*Lag 2004:46 om investeringsfonder*) and has therefore not been, nor will it be, approved, registered or supervised by the Swedish Financial Supervisory Authority (*Finansinspektionen*) pursuant to the Swedish Investment Funds Act.

Prospective investors should not construe the contents of this Prospectus as legal or tax advice. This Prospectus has been prepared for marketing purposes only and should not be understood as investment advice.

Finland

This Prospectus is being distributed to a limited number of pre-selected professional investors in the Republic of Finland. The Shares may not be offered or sold, directly or indirectly, to any resident of the Republic of Finland or in the Republic of Finland, except pursuant to applicable Finnish laws and regulations. Specifically, the Shares may not be offered or sold, directly or indirectly, to any resident of the Republic of Finland or in the Republic of Finland, other than to professional investors, as defined in the Investment Funds Act of Finland, any may not be offered or sold, directly or indirectly, to the public in the Republic of Finland.

Norway

The Fund is not an investment fund as defined in the Norwegian Investment Funds Act of 25 November 2011 and has neither been registered with or approved by the Norwegian authorities as an investment fund, nor has it been registered under the public offer rules in the Securities Trading Act of 29 June 2007. In addition, the Fund has not been, nor will be, registered or approved by the Financial Supervisory Authority of Norway (*Finanstilsynet*) and is thus not under public supervision in Norway. Each investor should carefully consider individual tax issues before investing in the Fund. The recipient of this Prospectus must not copy or in any other way transmit its contents to any other person.

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 company limited by shares on 18 July 2016 under the Companies Law with the name “Emirates Real Estate Fund Limited” and with registration number 2209. The Fund changed its name to “ENBD REIT (CEIC) Limited” on 15 February 2017. The Fund was registered as a Public Fund (as defined in the CIR) by the DFSA on 17 March 2017. The registered office address and principal place of business of the Fund is at 8th Floor East Wing, DIFC, The Gate Building, PO Box 506578, Dubai, UAE. The Fund operates under the Companies Law and ordinances and regulations made thereunder.

KPMG LLP has been the auditor of the Fund since 13 November 2016.

The Fund prepared special purpose audited financial statements for the years ending 31 December 2013, 31 December 2014, 31 March 2016 (15-month period) in accordance with IFRS.

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 8 August 2006 under the Companies Law with registration number 0224. The Fund Manager has an authorised and issued share capital of US\$ 10,000,000, all of which is paid up.

The Fund Manager was granted a Category II licence by the DFSA on 10 August 2006. The licence permits the Fund Manager to undertake the financial services of: (i) advising on financial products or credit; (ii) arranging credit or deals in investments; (iii) arranging custody; (iv) dealing in investments as agent; (v) dealing in investments as principal; (vi) managing assets; (vii) providing fund administration; (viii) managing a collective investment fund; (ix) operating an Islamic window; (x) conducting Islamic financial business by operating an Islamic window; (xi) carrying on authorised financial services with or for retail clients; and (xiii) holding or controlling client assets.

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*” paragraph of the “*General Information*” section below.

Board of Directors

The Fund has three directors: (i) Tariq Abdulqader Ibrahim Bin Hendi; (ii) Mark Edward John Creasey; and (iii) David Jonathan Marshall.

Committees of the Fund and Fund Manager

A number of committees have been established by the Fund Manager in varying capacities in accordance with the CIL, CIR and the Articles. These are: (i) the Oversight Committee, which supervises the activities of the Fund Manager in accordance with the CIL and CIR; (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.

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

Apex Fund Services (Dubai) Ltd, a DFSA regulated entity, has been appointed as the administrator of the Fund pursuant to the Administration Agreement. The Administrator’s address is Office 101, Level 1, Gate Village, Building 5, DIFC, Dubai, UAE.

In accordance with the Administration Agreement, administrative services provided by Apex Fund Services (Dubai) Ltd (under the ultimate supervision of the Fund Manager) include, but are not limited to: (i) determining the NAV; (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 of the “*General Information*” section below.

Registrar

Nasdaq Dubai has been appointed as registrar to the Fund. In accordance with the Registrar Agreement between the Fund and Nasdaq Dubai, 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 register of Shareholders; (iii) opening the register of Shareholders 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 a copy and updates of the register of Shareholders; (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

Apex Fund Services (Guernsey) Ltd has been appointed by the Fund Manager as the custodian of the Portfolio under the Alternative Custody Arrangements of the CIR (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 Portfolio provided to the Custodian from time to time. These documents are to be held directly by the Custodian. The Custodian will issue a monthly inventory statement to the Fund Manager detailing any documents held by the Custodian and any documents moved in or out of the custody by the Fund Manager in the period since the last monthly inventory statement.

The Custodian is domiciled in a Recognised Jurisdiction as defined in the DFSA Rules.

For further information, please refer to the summary of the Custody Agreement in the “*Material Contracts*” paragraph of the “*General Information*” section below.

Valuer

The Fund Manager has appointed CBRE Dubai LLC and CBRE (DIFC) Ltd as Valuer for its Portfolio. The Valuer provides valuations of the Portfolio as requested by the Fund Manager and/or the Administrator.

The Fund Manager has the right to appoint further valuers to value the 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 Market Value of such Property as required under the CIR.

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:

- (a) Asteco Property Management LLC (“*Asteco*”) - property management services including managing all financial, administrative and resourcing affairs in respect of Arabian Oryx House. Asteco’s services include leasing, sub-leasing and collection of sums on behalf of Arabian Oryx Property SPV 1.
- (b) TECOM (PMLA) - co-ordinates all leasing and occupancy matters, including leasing, sub-leasing, collection of rent and other sums and taking any enforcement actions under lease contracts, with

respect to Al Thuraya Tower 1. TECOM Investments is tasked with establishing reasonable leasing parameters and guidelines consistent with the Fund's investment objectives.

Each facility manager provides, *inter alia*, the following services:

- (a) Operon Middle East Limited (“**Operon**”) - cleaning, security, pest control, waste control, access control, communication, plumbing and procurement of third-party certification in relation to Al Thuraya Tower 1, DHCC 25 and DHCC49. Additional services may be provided for an additional fee.
- (b) Asteco - in addition to a range of property management services and subject to the Fund Manager's requirements, Asteco may arrange for the placement of contracts for security, cleaning, communal area systems and maintenance in respect of Arabian Oryx House at extra cost.

As at the date of this Prospectus, the respective property managers of the Portfolio are as follows:

Property	Property Manager
Al Thuraya Tower 1	TECOM Investments
Burj Daman	Managed internally
DHCC 49	Managed internally
DHCC 25	Managed internally
Binghatti Terraces	Managed internally
Arabian Oryx House	Asteco
Remraam	Managed internally

As at the date of this Prospectus, the respective facility managers of the Portfolio are as follows:

Property	Facility Manager
Al Thuraya Tower 1	Operon
Burj Daman	Owners' Association Place Community Managers
DHCC 49	Operon
DHCC 25	Operon
Binghatti Terraces	Subject to a (non-structural) mandatory one year defect guarantee from the developer / Operon Middle East Limited thereafter
Arabian Oryx House	Asteco
Remraam	Taziz Property Management Solutions

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 Portfolio.

Share Capital

As at the date of this Prospectus, the Fund has an issued share capital of 254,401,340 fully paid Shares of no par value.

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; (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.

The authorised share capital of the Fund is US\$ 500,000,000 divided into 500,000,000 fully paid Shares each with no par value. The Shareholders are as follows:

Shareholder	Date of Issue	Number of Shares	NAV/Share (US\$)	Value (US\$)	Percentage Shareholding ⁽¹⁾	
					Pre-Admission	Post-Admission
Ozim Limited (Tawuniya)	19 March 2017	41,231,331	1.2	49,477,598.00	26.0%	16.2%
National Bonds Corporation	19 March 2017	26,049,123	1.2	31,258,948.00	15.9%	10.2%
Royal Family Office	19 March 2017	11,518,571	1.2	13,822,286.00	7.3%	4.5%
Government of Dubai, Finance Dept.	19 March 2017	8,645,845	1.2	10,375,014.00	5.5%	3.4%
Private Investor ⁽¹⁾	19 March 2017	4,412,317	1.2	5,294,781.00	2.8%	3%
Emirates NBD	19 March 2017	4,404,284	1.2	5,285,141.00	2.7%	1.7%
Private Investor	19 March 2017	4,032,436	1.2	4,838,924.00	2.6%	1.6%
Balance of Shareholders	19 March 2017	59,512,838	1.2	71,415,402.00	37.2%	23.4%
TOTAL OF SHARES		159,806,745		191,768,094.00	100%	62.8%

(1) This private investor subscribed for 3,153,153 New Shares, without this subscription this investor's Post-Admission holding would be 1.7%.

Subject to the Companies Law, the 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:

- on incorporation, the issued share capital of the Fund was 50,000 fully paid Shares each with no par value, issued to Emirates Real Estate Fund Limited (Jersey). The authorised share capital of the Fund was 5,000,000;
- on 7 March 2017, the authorised share capital of the Fund was increased to 500,000,000 and on 15 March 2017, 159,756,745 fully paid Shares were issued to Emirates Real Estate Fund Limited (Jersey);
- on 19 March 2017, 108,929,643 fully paid Shares were issued to Emirates NBD; and
- on 19 March 2017, 50,877,102 fully paid Shares were issued to EIB.

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, the CIL, the DFSA Rules and all other laws and regulations affecting the Fund prescribe otherwise.

Directors and others interests

The Directors are David Jonathan Marshall, Tariq Bin Hendi and Mark Edward John Creasey. None of the Directors have any legal or beneficial interest in the shares of the Fund or the Fund Manager.

Tariq Abdulqader Ibrahim Bin Hendi is employed by Emirates NBD and is a director of the Fund Manager. Emirates NBD is a 1.73% shareholder of the Fund and sole shareholder of the Fund Manager. Tariq Bin Hendi is the General Manager—Products & Advisory at Emirates NBD. As such, both are Related Parties however the potential for a conflict of interest has been assessed and deemed to be minimal. Save as disclosed in this Prospectus there are no potential conflicts of interest between the personal interests of any Key Person and that of the duties of such persons owed to the Fund. Please refer to the “*Related Party Transactions and Conflict of Interest*” section of the Prospectus.

Meetings of Shareholders

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 CIL, the CIR and the Articles.

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, the CIR and the Articles, 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 and the CIR 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 or the CIR, 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

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, the CIL 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 108 further sets out the Principal Investment Objective.

Share Capital

The share capital of the Fund is variable consisting of 254,401,340 fully paid Shares divided into each with no par value (defined in the Articles as 'Ordinary Shares'). All Shares will rank *pari passu* in all respects with other Shares of the same class.

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, the DFSA Rules 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, the CIL and DFSA Rules, 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, the DFSA Rules 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 subject to the provisions of the Companies Law, the CIL and the DFSA Rules. Further, subject to the provisions of the Companies Law, the CIL and the DFSA 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 Shareholders of 75% of the share capital represented by the 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 regulations, 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:

- (a) 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
- (b) 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 Directors may, in their discretion, impose a foreign ownership restriction such that no less than 51% (or such higher percentage as the Directors may from time to time determine) of the issued share capital of the Fund is owned at all times by UAE nationals and/or GCC nationals. Where Shares are held by

nominees, at the request of the Directors such nominees will be required to disclose the nationality of the ultimate beneficial owner.

If the Directors exercise their discretion then the Articles contain provisions that may limit the ownership rights of non-UAE and/or non-GCC persons such that where a transfer takes place resulting in the any applicable foreign ownership requirement no longer being 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 would entitle the Fund to take any and all action necessary or desirable to transfer such Shares or ensure that the applicable UAE and/or 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.

Untraceable 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 at least three cash dividends (whether final or interim) have become payable and 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 Articles and the DFSA Rules.

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 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 the DFSA Rules, 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).

A quorum for (i) a general meeting convened to consider and if thought fit approve a Special Resolution; and (ii) an annual general meeting at which any special business is to be considered shall in each case be the Shareholders or by proxy and entitled to vote on the business to be transacted at the meeting of not less than 25% of the Shares. The quorum for any other general meeting shall be two Shareholders (or where there is one Shareholder, that Shareholder) in person or by proxy and entitled to vote on the business to be transacted at the meeting.

The chairman of the Directors will chair the meeting. If no such chairman is present or willing to act within 15 minutes of the start time for commencement of the meeting, another Director elected by the Directors present will chair the meeting. If no Directors are present or willing to chair the meeting, then the Shareholders will 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 or an Ordinary Resolution (other than an amendment to correct a patent error) may be considered or voted on unless either:

- (a) at least 48 hours before the time appointed for holding the meeting or adjourning the meeting at which the resolution is to be proposed, written notice of the terms of the amendment and intention to move it has been properly received as stated in Article 45.1 of the Articles; or
- (b) the chairman of the meeting decides that it may be considered or voted on.

Subject to the provisions of the Companies Law and the CIL and the DFSA Rules, 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:

- (a) the chairman of the meeting;
- (b) 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; or
- (c) 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 ten per cent. (10%) of the total sum paid up on all the Shares conferring that right.

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, the CIL and the DFSA Rules 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. 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 CIL, the DFSA Rules 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 Shareholder holding 25% of the Shares of the Fund or Shareholders holding together 51% of the Shares of the Fund 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 83.1) 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, and Shari'a and investment restrictions.

Dividends

Subject to the provisions of the Companies Law, the CIL and the DFSA Rules, following calculation of the same by the Fund Manager, a dividend will be paid to Shareholders by 15 February and 15 August on a semi-annual basis 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 a meeting solely convened for the purpose of considering such a resolution, directing the Fund Manager to wind up the Fund;
- (b) if the Fund Manager believes on reasonable grounds that the Fund is not commercially viable or the purpose of the Fund cannot be accomplished in keeping with CIR 17.1.6; or
- (c) otherwise in accordance with applicable law and/or the CIR.

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 Portfolio and any resulting distribution of it to the Shareholders in accordance with CIR 17.1.4.

Accounting periods and financial reporting shall continue subject to the provisions of CIR 17.1.5.

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.

Directors' Appointment Letters and Terms of Reference

Directors are appointed pursuant to letters of appointment which do not constitute a contract of employment. Either the Fund or the Director may terminate a Director's appointment at any time with 60 days' notice and a Director's appointment is terminated with immediate effect in circumstances including: (i) by resolution of the Shareholders passed in a general meeting; (ii) material breach, fraud or actions materially adverse to the interest of the Fund; (iii) conviction of a criminal offence; and (iv) bankruptcy.

Each Director is paid an annual fee of US\$ 75,000 per annum.

Duties of the Directors

Each Director must ensure the Fund meets the compliance requirements with the CIL, CIR, the Markets Law, MKT, and the Companies Law. The Directors are responsible for managing the Fund and may exercise all the powers of the Fund, subject to the Articles, the Directors' appointment letters and any relevant laws. The Directors are responsible for: (i) monitoring and reviewing corporate strategy and major plans of action related to capital expenditures, acquisitions, and disposals of the Fund; (ii) monitoring the effectiveness of the Fund's governance framework and current practices including ensuring the Fund's Director or committee member appointments are in accordance with the governance process; (iii) preparing remuneration guidelines that are aligned with the Fund's long-term interests; (iv) monitoring and managing potential conflicts of interest of management, committees, the Directors, Shareholders, and other service providers; and (v) overseeing the process of external disclosure and communications keeping Shareholders are informed.

Appointment of Directors

Each Director is appointed in accordance with their letters of appointment, the Articles and the Companies Law. The board of Directors should be sufficient in size or composition and have a balance of skills, experience and knowledge of the Fund's business as well as adequate resources to perform its duties and responsibilities. Each Director should be free from relationships save where the same may properly be considered not to be material (subject always to the requirements of the applicable laws and DFSA Rules) or circumstances which will likely affect their judgement.

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.

Fund Management Agreement

Overview

The Fund Manager is engaged by the Fund to: (i) manage the Fund and the Property in accordance with applicable law (including the Companies Law and any other legislation administered by the DFSA or DIFC and any other rules) and the Articles; (ii) appoint, maintain and establish the terms of reference of the Oversight Committee, the Investment Committee, and the Shari'a Supervisory Board in accordance with the Articles and applicable law; and (iii) provide on-going operational and management assistance; (iv) prepare financial statements for each Financial Year; (v) liaise and co-ordinate with other professional advisors; (vi) attend regular meetings with the Fund and Shareholders; and (vii) such other services as agreed from time to time (the "**Services**"). Any services provided by the Fund Manager to the Fund will be in accordance with the provisions of the Articles and under the supervision of the Directors, the Oversight Committee and the Shari'a Supervisory Board.

The Fund Manager must obtain prior written approval and instructions from the Fund for any action that is not in the ordinary course of its activities in providing the Services as detailed in the Fund Management Agreement, and in particular the Fund Manager has no authority without the prior written approval of the Fund to: (i) do any act or thing for and on behalf of the Fund for which it does not have authority to do pursuant to the power of attorney granted pursuant to the Fund Management Agreement; (ii) pledge the credit (or assets) of the Fund in any way; (iii) bind or commit the Fund in any way including to any action or waive any entitlements which the Fund may have or to commit the Fund in any expenditure or place any insurance on its behalf; (iv) sign or execute on behalf of the Fund any agreement, contract, waiver or other document in respect of which the Fund Manager has not been granted signing authority under the power of attorney granted pursuant to the Fund Management Agreement; and (v) terminate any appointment of any sub-advisor.

Term

The Fund Management Agreement is effective from its date of signing and it continues in force until it is terminated. Such terms of termination are provided below.

Delegation

The Fund Manager is authorised to delegate part or all of its duties under the Fund Management Agreement to carefully selected sub-advisors so long as the delegation is in accordance with the DFSA Rulebook. Any such delegation does not relieve the obligation of the Fund Manager as the Fund's fund manager under the terms of the Fund Management Agreement or the DFSA Rules. The Fund Manager must monitor and review the activities of the sub-advisors and present updates of its review to the Directors every six months at the board meeting of the Fund.

Responsibility

The Fund Manager is responsible for providing on-going operational and management assistance, including preparing and delivering interim and annual reports, in respect of the Fund and the Property.

Obligations

The Fund Manager is obliged to act honestly and in good faith and with due care, skill and diligence and: (i) establish and maintain financial and risk management control systems allowing it to ensure that the Fund is in accordance with the Articles; (ii) make decisions as to the constituents of the Fund Property that are in accordance with the Articles, the Fund's Investment Policy, and the applicable law; (iii) avoid conflicts of interest or if they arise, will disclose to the Shareholders the nature of the conflict and how the conflict will be managed; and (iv) not enter into a Related Party Transaction other than in accordance with the CIR (and in particular Rule 8.3.2 of the CIR).

Fees

Fund Management Fee

1.5% per annum on NAV up to US\$ 550 million with a reduced fee scale as the NAV increases.

Fee	US\$ NAV (million)
1.50%	Up to 550
1.25%	Up to 1,000
1.00%	Over 1,000

Until 80% of the proceeds of the Offer have been invested by the Fund, that part of the Fund Management Fee that corresponds to the Offer proceeds element of the NAV will be reduced by 50%. Once 80% of the Offer proceeds have been invested the Fund Manager shall be entitled to 100% of the Fund Management Fee.

Performance Fee

10% above 7% hurdle on total return calculated on change in NAV per share cum-dividend, with a High-water Mark rebased every 12 months upwards only. No Performance Fee shall be payable in respect

of an increase in NAV per Share cum-dividend from an amount below the High-water Mark up to an amount which is still below or equal to the High-water Mark.

Building Management Fee

An annual fee in an amount up to 5% of the gross contractual income for the Properties managed by and payable to any third party provided that the total building management fee payable to the Fund Manager, in the event that the Fund Manager provides these services exclusively in relation to any single Property, does not exceed 3% of the gross contractual income on that Property. In the event that the Property is vacant or substantially vacant, a notional gross contractual income can be used to determine the fee until the Property is fully leased.

Development Fee

2% of the total development costs associated with any property development by the Fund which shall include Development Property and redevelopment of Property.

50% of the Development Fee shall be payable at the time of: (i) acquisition of the Property; or (ii) the Directors' approval of the redevelopment of an existing Property. The remaining 50% is contingent payable upon completion of the development provided that, and only when, the development has resulted in an increase in the market value of the developed Property as determined by the Fund's independent valuer.

Fees and Expenses

The Fund shall reimburse the Fund Manager for all incurred organisational and operating expenses of the Fund.

Indemnity

The Fund provides an indemnity to the Fund Manager and its sub-advisors (properly appointed in accordance with the provisions of the Fund Management Agreement), in relation to all actions, proceedings, claims, costs, demands and expenses which may be brought against or suffered by the Fund Manager (or its sub-advisors) by reason of the Fund's performance or non-performance of its functions or duties under the Fund Management Agreement unless caused by its bad faith, fraud, gross misconduct, breach of the DFSA Rulebook or gross negligence on the part of the Fund Manager (or its sub-advisors) and other than tax on the Fund's overall income and profits) and including all legal, professional and other expenses incurred by the Fund Manager in relation to the same.

The Fund Manager provides an indemnity to the Fund in relation to all actions, proceedings, claims, costs, demands and expenses which may be brought against or suffered by the Fund by reason of the Fund Manager's (or its sub-advisors') performance or non-performance of their functions or duties under the Fund Management Agreement unless caused by their bad faith, fraud, wilful default, breach of the DFSA Rulebook or gross negligence on the part of the Fund and other than tax on the Fund's overall income and profits) and including all legal, professional and other expenses incurred by the Fund in relation to the same.

The Fund Manager also provides an indemnity to the Fund in relation to all liabilities, costs, expenses, damages and losses suffered or incurred as a direct result of Emirates NBD terminating the right of the Fund to use the Marks (as defined below) whilst the Fund Manager is the fund manager, including and without limitation, any costs incurred by the Fund in connection with any rebranding of the Fund as a result of such termination.

Liability

The Fund Manager shall not be liable to the Fund or Shareholder or otherwise for any error of judgement or loss suffered by the Fund or any Shareholder unless such loss or disadvantage arose from the negligence, fraud, breach or the DFSA Rulebook or wilful default of the Fund Manager or persons designated by it (including any Sub-Advisor).

Termination

The Fund Manager may terminate the Fund Management Agreement if: (i) the Fund goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing), is not able to pay its debts, is committing any act of bankruptcy under the laws of its jurisdiction of formation, or if a receiver is appointed over any of its assets or an event having equivalent effect; or (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.

The Fund Management Agreement can only be terminated by the Fund in the event of: (i) the Fund Manager going into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved by the Fund) or being unable to pay its debts or committing any act of bankruptcy or if a receiver is appointed over any of its assets or an event having equivalent effect; (ii) the disqualification and or amendment to the regulatory status of the Fund Manager which prohibits it from providing all or part of the services described in the agreement or acting as Fund Manager; (iii) the Fund Manager or any Fund Manager Director is convicted of fraud or any similar offence in connection with acts in respect of the Fund (save where financial loss resulting directly from the fraud is remedied by the Fund Manager without delay following such conviction); or (iv) a material breach by the Fund Manager caused by the gross negligence, gross misconduct or wilful default of the Fund Manager, provided that: (a) where such material breach is incapable of remedy the agreement terminates on the date which is one month after the Fund Manager's receipt of a written notice of termination provided that the Fund may unilaterally, by giving written notice to the Fund Manager, postpone the date of termination of the Fund Management Agreement by one or more successive one-month periods, until such time as the Fund appoints a new fund manager of the Fund; (b) where such material breach is capable of remedy, in the event the material breach is not fully remedied within three months following the date of receipt by the Fund Manager of the Termination Notice, the Fund Management Agreement terminates on the date immediately following the expiry of such remedy period, provided that the Fund may unilaterally, by giving written notice to the Fund Manager, postpone the date of termination of the Fund Management Agreement by one or more successive one-month periods, until such time as the Fund appoints a new fund manager of the Fund; and (v) 85% of the Shareholders resolving to terminate the Fund Management Agreement in accordance with the Articles with two years' prior written notice.

Intellectual Property

Emirates NBD is the owner of the "ENBD" and "Emirates NBD" trade marks and logos and all related registered and unregistered intellectual property rights (the "Marks"). The Fund Manager holds a limited licence to the Marks in connection with its business, such licence being terminable immediately upon notice. Pursuant to the Fund Management Agreement, the Fund Manager acknowledges and confirms that Emirates NBD has consented to the Fund's use of the Marks. The Fund Manager also provides an indemnity to the Fund in relation to all liabilities, costs, expenses, damages and losses suffered or incurred as a direct result of Emirates NBD terminating the right of the Fund to use the Marks whilst the Fund Manager is the fund manager, including and without limitation, any costs incurred by the Fund in connection with any rebranding of the Fund as a result of such termination.

Please refer to the risk factor "*The Fund only holds a bare licence for the use of the "ENBD" mark and other related marks and rights*" in the "*Risk Factors*" section of this Prospectus.

Non-Compete

While the Fund Manager is the sole fund manager of the Fund, its Services are not to be deemed exclusive and the Fund Manager shall be free to render similar services to others so long as its Services under the Fund Management agreement are not impaired and are not in competition with any activities and investments permissible to the Fund as a Shari'a-compliant Real Estate Investment Trust in accordance with the Articles and the DFSA Rules. The Fund Manager has undertaken to the Fund that it will not manage any other Shari'a-compliant real estate fund focused on properties located in the UAE.

Governing Law

The Fund Management Agreement is governed by and construed in accordance with the laws of the DIFC.

Listing Advisor Engagement Letter

Overview

EMCAP has been engaged as Listing Advisor by the Fund Manager (acting on its own behalf and on behalf of the Fund) to provide listing and financial advisory services to the Fund and the Fund Manager in relation to the Admission and associated fundraising as follows: (i) general project management and co-ordination with other advisors; (ii) assisting with compliance with the DFSA rules and the rules of Nasdaq Dubai; (iii) liaising with, facilitating meetings with, and responding to any queries raised by the DFSA or Nasdaq Dubai; (iv) acting as the main point of contact in relation to the approval of the Prospectus; (v) assisting with evaluating options to fulfil market and regulatory requirements; (vi) assisting in identifying and appointing the banking syndicate and other advisors or intermediaries; (vii) assisting with internal documentation, presentations or discussions required to obtain internal approvals; and (viii) preparing and controlling the Admission timeline (the “**Listing Services**”).

Obligations

The Listing Advisor is obliged to use its reasonable endeavours to assist with Admission. The Listing Advisor is obliged to advise the Fund and the Fund Manager in the manner it perceives to be in the best interests of the Fund, the Fund Manager and the Shareholders.

Responsibilities

The Fund and the Fund Manager are responsible for ensuring that the advice received from its other advisors in connection with the Admission is considered adequate for the Admission. The Fund and the Fund Manager will provide all due diligence carried out in relation to the Admission, all information concerning the proposed business affairs of the Fund which is reasonably required by the Listing Advisor and give the Listing Advisor reasonable access to the appropriate employees of the Fund and its affiliates. The Fund and the Fund Manager are solely responsible for the commercial assessments of the Admission and the disclosures made in the Prospectus on which the Listing Services are based.

Term

The Listing Advisor’s engagement is effective from 8 January 2017 and continues in force until the Admission Date, or if later, 8 January 2018 unless terminated as described below. The term of engagement may be extended by mutual agreement.

Assignment

The Listing Advisor is authorised to assign the benefit of the engagement to its holding company or any subsidiary of Emirates NBD Group with prior written consent of the Fund and the Fund Manager. None of the Fund or the Fund Manager is entitled to assign its rights pursuant to the engagement without prior written consent of the Listing Advisor.

Fees and Expenses

In addition to the fees in respect of the Listing Services, and by virtue of its role as Joint Bookrunner under the Underwriting Agreement, EMCAP it is entitled to a fee of up to 3% of the gross proceeds of the Offer divided between EMCAP and EFG on Admission.

The Fund and the Fund Manager shall reimburse the Listing Advisor for any reasonable expenses that have been approved in advance in writing.

Indemnity

The Fund and the Fund Manager provide an indemnity to the Listing Advisor and each of its affiliates (excluding the Fund and the Fund Manager) and each of the respective directors, officers and employees (together the “**Listing Advisor Group**”), in relation to all claims, actions, proceedings, investigations, demands, judgements, and awards (together the “**Claims**”) which may be brought against or otherwise involve the Listing Advisor Group and against all losses, liabilities, damages, costs, charges, duties and expenses (together the “**Losses**”) which may be suffered or incurred by the Listing Advisor Group, which arise, directly or indirectly, out of, or are attributable to, or connected with anything done or omitted to be done by any person in connection with the engagement. The indemnity does not apply to any Claims or

Losses caused by gross negligence, fraud, wilful deceit or bad faith on the part of the Listing Advisor Group or from any breach of the terms of the engagement. The indemnity survives any termination of the engagement.

Liability

If the Fund or Fund Manager enters into any agreement with any advisor in connection with the engagement, and provides that the Listing Advisor has joint, or joint and several, liability with such advisor then the Fund and Fund Manager shall not be entitled to recover any amount from the Listing Advisor in respect of losses suffered in excess of the proportion of such loss as is equal to the proportion of Listing Advisor's contribution to the overall fault for such Loss, as agreed between the parties, court, tribunal or panel of competent jurisdiction.

Termination

The Fund and the Fund Manager may terminate the engagement immediately by giving notice in writing to the Listing Advisor, in the case of the Listing Advisor's insolvency, inability to pay its debts, gross negligence, fraud, wilful default or breach of the engagement or any other material breach of the DFSA rules, rules of any other relevant regulatory authority or if the Listing Advisor ceases to be approved by the DFSA to act as listing advisor.

The Listing Advisor may terminate the engagement immediately by giving notice in writing to the Fund and the Fund Manager if: (i) the Fund and Fund Manager fails to pay any sum due and payable; (ii) the Listing Advisor believes termination is necessary in order to preserve its reputation (without liability or continuing obligations on the part of the Listing Advisor to the Fund or the Fund Manager); (iii) the Fund or the Fund Manager or any of its directors commits any material breach of the engagement or any legislation, in any relevant jurisdiction, and to the extent that such breach can be remedied, such breach has not been remedied within five business days; (iv) the Fund or the Fund Manager commits a fraudulent act or material breach of any other arrangement entered into with EMCAP; (v) the Fund or the Fund Manager becomes insolvent; or (vi) an administrator or the holder of a charge over the Fund and Fund Manager's assets has been appointed to control said business and assets.

Conflict of Interest

In addition to EMCAP's role as the Listing Advisor, EMCAP has been appointed as the Joint Global Co-ordinator and Joint Bookrunner in relation to the Admission. EMCAP has in place conflict checking, clearance procedures designed to identify and manage any conflict of interests, and EMCAP, in its reasonable opinion, believes that its role as the Listing Advisor will not present a conflict of interest with its role as Joint Global Co-ordinator and Joint Bookrunner in relation to the Admission.

Governing Law

The engagement is governed by and construed in accordance with the laws of the DIFC.

Administration Agreement

The Fund Manager has, pursuant to the terms of the Administration Agreement, delegated the provision of administration services of the Fund and appointed Apex Fund Services (Dubai) Limited, a company limited by shares incorporated in the DIFC and regulated by the DFSA, to administer collective investment schemes (the "**Administrator**") to act as the Fund's administrator and to provide a range of administration services to the Fund under the supervision of the Fund Manager. These services include (but are not limited to): (i) determining the NAV on a quarterly basis; (ii) liaising with the Fund's auditors with respect to the audit of the financial statements for each financial year; (iii) performing company secretarial services; and (iv) performing such other services as may be agreed with the Fund Manager in connection with the administration of the Fund.

Fees

The Administrator's set-up fee is US\$ 5,000. An additional fee of US\$ 6,000 is payable in relation to audit support for the preparation of the annual financial statement per preparation and a transaction fee of US\$ 5,000 for each event for each Property acquired or disposed of.

The Administrator is entitled to a fee in consideration for the services it provides pursuant to the Administration Agreement that is calculated on a monthly basis. The Administrator's fee is the higher of either a minimum fee of US\$ 5,000 per month or the below basis points-based fee:

<u>Aggregate Fund Value</u>	<u>Basis Points</u>
Up to US\$ 500 million	2 bps
Next US\$ 500 million up to US\$ 1 billion	1 bps
Greater than US\$ 1 billion	0.5 bps

This fee is payable in US\$ monthly in arrears.

The fee related to company secretarial services to the Directors and Oversight Committee is US\$ 12,500 per annum (payable annually in advance) to cover four meetings, four Oversight Committee meetings, and eight written resolutions. Additional services related to the Directors and Oversight Committee are charged at an additional rate of US\$ 1,000 per meeting and US\$ 150 per additional resolution. Annual Shareholders' meeting fees are US\$ 4,000 and special general meeting fees are US\$ 3,000 per meeting.

Liability

The Administrator will not be liable for any loss of any nature suffered by the Fund in connection with its performance pursuant to the Administration Agreement save for a loss resulting directly from gross negligence, wilful misconduct, fraud, or material breach of the Administration Agreement on the part of the Administrator.

In calculating the NAV, the Administrator may rely (without further inquiry) on information supplied to it by or on behalf of the Fund. The Administrator is not liable for any loss suffered by any person due to any error in the calculation of the NAV resulting from any inaccuracy in any such information.

The Administrator is not responsible for ensuring compliance of the Fund or its delegates with investment restrictions or guidelines imposed in relation to the Fund.

Delegation

Subject to the Fund Manager's prior approval the Administrator may delegate all of its powers and duties relating to the administration services set out in the Administration Agreement to a subsidiary of Apex Fund Services Holdings Limited in accordance with the CIR. The Administrator is responsible for any fees and expenses of the subsidiary and is primarily liable to the Fund Manager and the Fund for the performance of any duties or delegated functions (irrespective of whether the subsidiary acted fraudulently or outside the scope of its authority or engagement).

Indemnity

The Fund has agreed to indemnify the Administrator and hold it harmless from and against all liabilities, damages, costs, claims and expenses (including reasonable legal fees and amounts reasonably in settlement with the agreement of the Fund) incurred by the Administrator in performing its obligations under the Administration Agreement, save where such liabilities, damages, costs, claims and expenses arise from the Administrator's gross negligence, wilful misconduct, fraud or other material breach of the Administration Agreement.

The Administrator has agreed to indemnify the Fund Manager and hold it harmless from and against all liabilities, damages, costs, claims and expenses (including reasonable legal fees and amounts reasonably in settlement with the prior written agreement of the Administrator) incurred by the Fund Manager, its directors, officers, employees or agents in due performance of any of their individual obligations or duties under the Administration Agreement, save where such liabilities, damages, costs, claims and expenses arise from the Fund Manager's own gross negligence, wilful misconduct, fraud or other material breach of the Administration Agreement.

Limit of Liability

In the event of a breach by the Administrator of its contractual duties under the Administration Agreement, the Fund's claims for remedy are limited to the recovery of liquidated damages, limited so as not to exceed in value three times the sum of the Administrator's annual fees and remuneration. However,

no such cap on liability applies if liability is found to arise from the Administrator’s fraud, gross negligence or wilful misconduct.

Termination

The Administration Agreement can be terminated by either party on not less than 180 days’ written notice before the date of expiry of the then current term of the Administration Agreement or immediately in certain other circumstances detailed in the Administration Agreement.

Miscellaneous Provisions

The services of the Administrator are not exclusive and the Administrator can render similar services to other parties so long as its services to the Fund are not impaired.

Governing Law

The Administration Agreement is governed by and construed in accordance with the laws of the DIFC.

Registrar Agreement

Pursuant to the terms of the Registrar Agreement between the Fund and the Registrar, 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 register of shareholders; (iii) opening the register of shareholders for inspection by the DFSA and other authorised regulatory authorities; (iv) following the process in relation to monitoring the Fund’s foreign ownership requirements and providing the Fund with information on the foreign ownership details of the Shares on a daily basis; (v) providing the Fund with a copy of the register of shareholders and updates of any amendments; (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.

Fees

The Registrar’s initial set up fee for Security Registration is US\$ 10,000. An annual account maintenance fee is charged based on the total number of records of legal Shareholders with a rate of:

<u>Shareholders</u>	<u>Rate</u>
0 to 5,000	US\$ 10,000
5,001 to 10,000	US\$ 18,000
10,0001 to 50,000	US\$ 28,000
50,001 and up	US\$ 35,000

Liability and Indemnity

The Fund has indemnified the Registrar on demand from and against all loss incurred by the Registrar in connection with its performance of its obligations under the Registrar Agreement except to the extent such loss results in connection with the Registrar’s gross negligence, fraud or wilful default.

Termination

The Registrar Agreement may be terminated at any time by either party with 90 days’ written notice or immediately in circumstances such as material breach of the agreement that is un-remedied within 21 days of receiving notice of breach and request to remedy.

Governing Law

The Registrar Agreement is governed by the laws of the DIFC.

Custody Agreement—Title deeds of Properties

Apex Fund Services (Guernsey) Limited has been appointed by the Fund Manager, as the Custodian of the Portfolio pursuant to the Custody Agreement and is required to hold in safe custody all title documents

provided to the Custodian from time to time. Apex Fund Services (Guernsey) Ltd is authorised for such activity by the Guernsey Financial Services Commission. As a separate legal entity from the Fund Manager that is authorised to provide custody services in Guernsey (classified by the DFSA as a “Recognised Jurisdiction”) the Custodian qualifies as an Eligible Custodian as defined in the CIR.

The Custodian will hold all the title the documents directly, remain fully responsible for the arrangement and be accountable to the Fund Manager and the Fund in accordance with the associated safekeeping agreement. Whilst the physical documents are held in the safe under the control of Apex Guernsey, ultimate confirmation of proof of ownership for each property remains under the control of the DLD and hence a copy of any title deed can be obtained from the DLD. No change in ownership can occur without the DLD’s approval, which will be the responsibility of the Fund and the Fund Manager to monitor.

Under the current terms of the Custody Agreement, the Title documents are only to be delivered pursuant to the written instructions received from the Fund, the Fund Manager, Apex Fund Services (Guernsey) Limited or any other party duly authorised (collectively as the “**Authorised Parties**”). Different persons may be authorised to give instructions to the Custodian or act as signatories on behalf of the Fund and the Fund Manager, and such persons must be confirmed by the Custodian either by certified copy of a resolution or as identified by the Authorised Parties through a notice to the Custodian specifying the names and specimen signatures of the persons so authorised (the “**Authorised Signatories**”).

Advisors

In performing its duties, the Custodian is authorised to employ any legal adviser, accountant, broker or other agent to advise the Custodian on any necessary matter or question arising from performing its custodial responsibilities under the terms of the Custody Agreement.

Liability

Save for fraud, gross negligence, wilful deceit or breach of the Custody Agreement, the Custodian will not be liable to the Fund or the Fund Manager for any damage or loss resulting from or caused by events or circumstances beyond the Custodian’s reasonable control, including any claim, damage, expense, loss or liability arising from its reliance on the instructions given by the Fund or Fund Manager’s Authorised Signatories under the Custody Agreement.

Indemnity

The Custody Agreement provides that the Fund agrees to hold harmless and fully indemnify the Custodian from all actions, proceedings, claims, demands and expenses which are brought against or suffered by the Custodian by reason of the proper performance of the Custodian’s obligations or duties under the Custody Agreement (except where such actions, proceedings, claims, demands or expenses result from or may be due to bad faith, gross negligence, wilful default or fraud). All agreed upon legal professional and other expenses reasonably and properly incurred by the Custodian in the proper performance of its obligations under the Custody Agreement or any actions, proceedings, claims, demands or expenses which were made against the Custodian in respect of any loss or damage sustained or suffered by any third party are expressly not indemnified by the Fund or the Fund Manager under the existing Custody Agreement.

The Custodian is liable for and shall indemnify the Fund and the Fund Manager and their respective officers, directors and employees, from and against all claims, demands, notices, orders, damages and reasonable amounts paid in settlement or otherwise reasonably incurred in connection with legal, administrative or investigative proceedings arising out of or attributable to some act of gross negligence, fraud or wilful default on the part of the Custodian. The Custodian will indemnify the Fund Manager, the Fund and their respective officers, directors and employees from and against all actions, proceedings, claims, demand, notices and expenses which are brought against or suffered by the Fund or the Fund Manager as a result of any damage to, or destruction or loss of any documents while in the custody of the Custodian, unless such damage or loss was the direct result of an act of gross negligence, fraud, wilful default or other material breach of the Custody Agreement by the Fund or Fund Manager.

Termination

The appointment of the Custodian may be terminated by any party by not less than 90 days’ notice in writing and may be terminated by one month’s notice in the event the Custodian commits a material breach of the terms of the Custody Agreement. The appointment of the Custodian may be terminated at

any time without notice if the Custodian: (i) goes into liquidation (except a voluntary liquidation for the purpose of a reconstruction or amalgamation upon terms previously approved in writing by the Fund or the Fund Manager) or if a receiver of any of the assets of the Custodian is appointed; (ii) ceases to be a resident in Guernsey for fiscal purposes; or (iii) ceases to be qualified pursuant to applicable law. The Custodian is entitled to all fees and other monies accrued due up to the date of such delivery of investments but not in relation to compensation in respect of the termination.

Insurance

Under the terms of the Custody Agreement, the Custodian, at its own cost and expense, will effect and maintain at all times during the term of the Custody Agreement insurance policies of fidelity and professional indemnity, held either in its own name or ensure that it is covered pursuant to a company group insurance arrangement or ensure that it is covered by a parent company self-insurance arrangement.

Fees

The Custodian's annual fee is US\$ 12,500 per annum. In addition, the Custodian shall receive a fee of US\$ 1,000 per annum per document or sealed file it holds.

All fees are paid by the Fund annually in advance. The Custodian is entitled to reimbursement for any expenses and disbursements reasonably and properly incurred, provided that no single expense in excess of US\$ 250 is incurred without prior written consent from the Fund and the Fund Manager.

Miscellaneous Provisions

The services of the Custodian to the Fund and the Fund Manager are not exclusive and the Custodian can render similar services to others to retain for its own use and benefit all fees or monies payable. The Custodian may retire or resign subject to providing notice to the Fund Manager.

Governing Law

The Custody Agreement is governed by and construed in accordance with the laws of the DIFC.

Cash Custody

Apex Fund Services (Guernsey) Limited is not responsible for the safe custody of cash which is held directly in the name of the Fund. As such, the Fund is employing a split custody approach. Cash, or near-cash placements, will be placed with banking institutions in the UAE that meet relevant regulatory requirements with signatory rights split between the Fund Manager and the Administrator to ensure good governance and oversight. The first deposit-taker used in this way will be Emirates NBD or one of its subsidiaries.

Underwriting Agreement

EFG, EFG Hermes Promoting and Underwriting S.A.E., EMCAP and Emirates NBD (together referred to in their various roles as the "**Underwriters**"), the Fund and the Fund Manager have entered into the Underwriting Agreement. Pursuant to the Underwriting Agreement, each of the Underwriters (acting in its own capacity) has agreed, subject to certain conditions, to seek subscribers for the New Shares in the Offer and each of the Underwriters (acting in its own capacity) has agreed, subject to certain conditions, in the event of the failure of any subscriber who has signed a subscription form and indicated its agreement to subscribe through or with such Underwriter to fulfil its commitments to subscribe for New Shares, to subscribe itself, or cause one of its affiliates (including Emirates NBD in the case of EMCAP and EFG Hermes Promoting and Underwriting S.A.E. in the case of EFG) to subscribe, for such New Shares (up to such Underwriter's agreed portion of the New Shares). All such subscriptions or purchases will be at the Offer Price. The Underwriting Agreement contains provisions entitling the Underwriters to terminate the Underwriting Agreement at any time prior to Admission in certain circumstances. The Underwriting Agreement provides for the Underwriters to be paid commissions in respect of the New Shares sold in the Offer. The Fund Manager has given certain representations, warranties and undertakings to the Underwriters. In addition, the Fund has given an indemnity to the Underwriters in a form that is typical for an agreement of this nature.

Fees

The Underwriters are entitled to a fee of up to 3% of the gross proceeds of the Offer divided between EMCAP and EFG on Admission. In addition the Fund will pay fees due to SHUAA of up to 0.5% of the amount of capital that SHUAA raises in respect of the Offer.

Lock-In Arrangements

Shares held by 50% of the Pre-Admission Shareholders are subject to a lock-in of six months following the date of Admission.

Pursuant to such lock-in arrangement(s), each of Ozim Limited (Tawuniya), National Bonds Corporation, Government Of Dubai, Finance Dept. and Emirates NBD has agreed with the Fund and the Banks, for the duration of the restriction(s), not to:

- (i) directly or indirectly in any way sell, transfer or dispose of any Shares (or agree to do so); or
- (ii) enter into any arrangement with the same economic effect (or agree to do so).

Prior to the Offer, the Pre-Admission Shareholders who have agreed to be subject to the lock-in arrangements held interests in the Fund as follows:

Pre-Admission Shareholder	Value of Holding (US\$)	% Interest Held Pre-Admission
Ozim Limited (Tawuniya)	53,055,978	26.02%
National Bonds Corporation	32,499,205	15.94%
Government of Dubai, Finance Dept.	11,125,369	5.46%
Emirates NBD	5,594,185	2.74%
Total	102,274,737	50.16%

Financing - Mudarabah Facility

The following is a summary of certain provisions of the principal Mudarabah Facility finance documents.

The Fund signed a Mudarabah facility totalling AED 700 million (US\$ 190.58 million) with Emirates NBD - AWAI in December 2016 (the “**Mudarabah Facility**”).

The Mudarabah Facility is a dual tranche facility comprising:

- (a) an AED 350 million (US\$ 95.29 million) five year Mudarabah facility, of which: (i) AED 270 million (US\$ 73.51 million) is to be utilised for investment in Real Property; and (ii) AED 80 million (US\$ 21.78 million) to be utilised for investment in the Fund (“**Mudarabah Facility 1**”); and
- (b) an AED 350 million (US\$ 95.29 million) five year Mudarabah facility to be utilised for investment in the Fund (“**Mudarabah Facility 2**”).

The Mudarabah Facility is subject to a profit rate of three-month EIBOR + 2.5%. The Mudarabah capital needs to be applied in accordance with the terms of the relevant investment plan.

Pursuant to the Mudarabah Facility, Emirates NBD - AWAI (acting as the “*Rab Al Maal*”), may require the Fund (acting as the “*Mudarib*”) to repay the facility in full at any time if the returns are not in line with the investment plan. Please refer to the risk factor “*Covenants provided by the Fund in connection with the Mudarabah Facility restrict the Fund*”.

Representations and Warranties

The Fund gives certain representations and warranties to the Emirates NBD - AWAI pursuant to the Mudarabah Facility that extend for the Mudarabah period and the Fund represents that all information is current and accurate. Other representations and warranties are given in relation to the Fund’s incorporation and existence, corporate capacity and authority to enter into the Mudarabah Facility, performance of all obligations under the Mudarabah Facility, the creation of valid and binding obligations under the Mudarabah Facility, no right to immunity, no deduction of tax and no requirement to register the Mudarabah Facility with a third party.

Information Undertakings

There are information undertakings in respect of financial statements (i.e. annual and half-yearly accounts). Therefore, the Fund needs to ensure that the information provided upfront is updated on a regular basis. The Fund also needs to provide Emirates NBD - AWAI with certain specified financial information—including balance sheets, profit and loss statements and audited accounts. There are various financial covenants, which are to be tested, including net worth, leverage, gearing and finance costs. Failure to meet the requirements of these covenants could lead to Emirates NBD - AWAI terminating the Mudarabah Facility and seeking immediate repayment in full of any outstanding obligations.

General Restrictions

There are further general restrictions on the Fund, for example, the Fund is not permitted to change its Financial Year or to make any changes in its management or its directors. The Fund is not permitted to create or allow to be created any encumbrance over any of the mudarabah assets or revenues of the Mudarabah Facility without the prior written consent of Emirates NBD - AWAI. Further, the Fund is not permitted to grant any guarantees or security or to make any disposals out of the ordinary course of business (defined as “the purchase and sale of investments in securities and real estate”) without the consent of Emirates NBD - AWAI. Certain of such general restrictions are subject to exceptions.

Emirates NBD - AWAI may require the Fund to immediately liquidate the Mudarabah Facility if: (i) the Fund breaches any provision of the Mudarabah Facility; (ii) a judgment or order for payment of any amount is rendered against the Fund and continues unsatisfied and unstayed for a period of 30 business days; (iii) upon the liquidation or insolvency of the Fund; (iv) an order is made or an effective resolution passed for the winding up, liquidation or dissolution of the Fund, (v) upon the seizure or appropriation of the assets or revenues of the Fund; (vi) a concealment of facts and figures from Emirates NBD - AWAI; (vii) inability to submit information to Emirates NBD - AWAI within a reasonable period of time; (viii) use of mudarabah capital for non-Shari’a-compliant purposes; and (ix) investment of mudarabah capital in business activities or project otherwise approved by Emirates NBD - AWAI.

Terms and Conditions

The Mudarabah Facility is also subject to Emirates NBD - AWAI’s general banking terms and conditions. Provisions of note include the following:

- Standard uncommitted facilities entered into with corporate banking customers are subject to review and amendment by Emirates NBD - AWAI (without the consent of the Fund) at all times.
- The Fund is required to provide a feasibility study before each utilisation and financial results on quarterly basis.
- Emirates NBD - AWAI can modify the reference rate during a profit period if it increases by 12.5 basis points or more after the rate setting date and standard bank tariffs may be varied by Emirates NBD - AWAI from time to time.
- The Fund is required to keep Emirates NBD - AWAI informed with respect to its debt to equity ratio.
- The Fund grants a right of first refusal to Emirates NBD - AWAI to provide ancillary facilities.
- An event of default shall occur immediately if the Fund breaches any of the covenants specified in Emirates NBD - AWAI’s general banking terms and conditions.
- Emirates NBD - AWAI has a right of set-off at any time whether before or after demand under the Mudarabah Facility and without notice.
- Emirates NBD - AWAI may at any time, and without notice, combine and consolidate all or any of the accounts held in the name of the Fund.

The Mudarabah facility offer letter dated 10 November 2016 (as amended by three binding notices in: (i) November 2016; (ii) January 2017 and (iii) February 2017) contains certain further conditions including the following:

- The combined outstanding amounts under both tranches are not to exceed 50% of the Market Value of the Properties, which are mortgaged to Emirates NBD - AWAI.
- The Mudarabah Facility cannot be used to pay dividends.

- The Fund is required to maintain a Debt Service Reserve Account which must have a minimum balance at all times of not less than two profit payments.
- Facility to Property value ratio to be maintained at 50% (or below) of the Market Value of the mortgaged properties throughout the tenor. If there is a shortfall in security coverage, additional security will need to be provided on terms acceptable to Emirates NBD - AWAI or the Mudarabah Facility shall be prepaid to cover any shortfall.
- Mudarabah Facility 1 has a two-year availability period and a minimum drawdown amount of 15% of the facility. Repayment is 10% of the principal at the end of year four with the remaining balance of 90% repayable on maturity at the end of year five.
- Mudarabah Facility 2 has a two-year availability period and a minimum drawdown amount of 15% of the facility. Repayment is 10% of the principal at the end of year four with the remaining balance of 90% repayable on maturity at the end of year five.
- Profit is payable in quarterly instalments pursuant to the Mudarabah Facility.

Security Documents

The following outlines the principal security documents entered into in connection with the Mudarabah Facility.

The Mortgages

In connection with the Mudarabah Facility, certain security interests have been granted in case of default, including the following registered mortgages:

1. a 25 year registered mortgage granted by Emirates Real Estate Fund Limited over the real estate and buildings at Plot 14, Municipality Number 382 - 696, located in Al Sufouh Second, (Al Thuraya Tower 1) for AED 300,000,000 (US\$ 81.68 million);
2. a 25 year registered mortgage granted by Arabian Oryx Property SPV 1 Limited in relation to Plot 106, Municipality Number 383 - 241 Al Thanyah First, (Arabian Oryx House) for AED 70,000,000 (US\$ 19.06 million);
3. a 25 year registered mortgage granted by Dana Property SPV 4 Limited in relation to Plot 1216, Municipality Number 626 - 334, Nadd Hessa, (Binghatti Terraces) for AED 50,000,000 (US\$ 13.61 million);
4. a 25 year registered mortgage granted by Emirates Real Estate Fund Limited in relation to Plot 26, Municipality Number 315 - 235, Umm Hurair Second, (DHCC 25) for AED 80,000,000 (US\$ 21.78 million);
5. a 25 year registered mortgage granted by Emirates Real Estate Fund Limited in relation to Plot 29, Municipality Number 315 - 253, (DHCC 49) for AED 100,000,000 (US\$ 27.23 million);
6. a 25 year registered mortgage granted by Camel Property SPV 3 Limited in relation to Plot 43, Al Hebiah Fifth, (Building No. 53 - Al Ramth 57 and Building No, 54 - Al Ramth 59), (Remraam) for AED 50,000,055 (US\$ 13.61 million);
7. a 25 year registered mortgage granted by Blanford Fox Property SPV 2 Limited over the caveat registration related to Plot C1502, DIFC (Burj Daman) totalling AED 20,000,000 (US\$ 5.45 million);
8. a 25 year registered mortgage granted by Blanford Fox Property SPV 2 Limited over the caveat registration related to Plot C1401, DIFC (Burj Daman) totalling AED 40,000,000 (US\$ 10.89 million); and
9. a 25 year registered mortgage granted by Blanford Fox Property SPV 2 Limited over the caveat registration related to Plot C1001, DIFC (Burj Daman) totalling AED 40,000,000 (US\$ 10.89 million),

(together the “**Mortgages**”). The Mortgages in 1–5 above are in the process of being amended from the old to the current name of the Fund.

The Security Guarantees

Security guarantees have also been granted by Camel Property SPV 3 Limited, Arabian Oryx Property SPV 1 Limited, Dana Property SPV 4 Limited and Blanford Fox Property SPV 2 Limited (each a “**Security Guarantor**”, together the “**Security Guarantees**”).

Each Security Guarantor irrevocably and unconditionally guarantees up to the limit of the Mortgage the full and timely performance by the Fund (as Mudarib) of all its obligations and undertakes to directly pay Emirates NBD - AWAI the full amount outstanding at any time from the Fund to Emirates NBD - AWAI, including without limitation, capital, profit, fees, charges, costs and any court fees and legal charges, immediately upon demand by Emirates NBD - AWAI. Each Security Guarantee is applicable to all amounts which may, from time to time be or become due from the Fund to Emirates NBD - AWAI including any amounts drawn in excess of the approved credit limits, profit, bank charges and expenses of whatsoever nature that Emirates NBD - AWAI may incur in connection therewith. The liability of each Security Guarantor is as primary obligor and thus Emirates NBD - AWAI is not obliged to first demand payment from the Fund before enforcing its rights against a Security Guarantor.

Each Security Guarantor represents and warrants to Emirates NBD - AWAI that: (i) it is the owner of the Mortgaged Assets (as defined therein); (ii) the Mortgaged Assets are free and clear from all liens, charges and encumbrances save for those in favour of Emirates NBD - AWAI; and that (iii) no material litigation or arbitration or other proceedings (including bankruptcy or winding up of the Security Guarantor) exist or are threatened against the Security Guarantor or the Mortgaged Assets.

Each Security Guarantor covenants that: (i) it will not sell, lease, transfer or otherwise dispose of or create or allow to be created, any lien, charge, encumbrance or equivalent on the Mortgaged Assets; (ii) at its own expense keep the Mortgaged Asset comprehensively insured with insurers approved by Emirates NBD - AWAI and for such amounts as may be determined by Emirates NBD - AWAI and for Emirates NBD - AWAI to be named as loss payee in all such insurances; (iii) not do or allow anything to be done that would reduce the Mortgaged Assets' value; (iv) allow representatives of Emirates NBD - AWAI to enter the premises to inspect the condition of the Mortgaged Assets; and (v) affix plaques on the Mortgaged Assets to advise of Emirates NBD - AWAI's interest therein.

Each Security Guarantee becomes effective upon a breach by the Fund of any of its obligations irrespective of whether a Security Guarantor has knowledge of the breach and Emirates NBD - AWAI has no obligation to give notice to the Security Guarantor of such breach. Additionally, Emirates NBD - AWAI is immediately entitled to proceed to enforce the Security Guarantee and exercise all rights thereunder upon occurrence of: (i) an event of default under the Mudarabah Facility; (ii) any representation or warranty in the Security Guarantee being materially incorrect or false; (iii) failure by a Security Guarantor to perform or observe all of any part of its covenants in the Security Guarantee; (iv) if the Mortgaged Assets or any of them in the sole opinion of Emirates NBD - AWAI become subject to a total or substantial loss; or (v) if the Mortgaged Assets or any part are seized, compulsorily acquired or confiscated by a third party.

The Security Guarantees are governed by and construed in accordance with the laws of the UAE and all disputes shall be submitted to the non-exclusive jurisdiction of the UAE courts. Emirates NBD - AWAI can also initiate proceedings in any court outside the UAE with jurisdiction over a Security Guarantor or its assets.

The Assignment Deeds

The rental proceeds from the Properties have also been assigned by the following entities (as the “**Owners**”) pursuant to the following deeds of assignment by:

1. Arabian Oryx Property SPV 1 Limited in relation to Plot No. 106, Municipality No, 383-421, Al Thanyah First, Dubai;
2. Blanford Fox Property SPV 2 Limited in relation to Unit No. C 1001, Burj Daman, DIFC;
3. Blanford Fox Property SPV 2 Limited in relation to Unit No. C 1401, Burj Daman, DIFC;
4. Blanford Fox Property SPV 2 Limited in relation to Unit No. C 1502, Burj Daman, DIFC;
5. Camel Property SPV 3 Limited in relation to Plot 43, Municipality Number 683-847, Building No. 53, Building Name: Al Ramth 57, Al Hebiah Fifth;

6. Camel Property SPV 3 Limited in relation to Plot 43, Municipality Number 683-847, Building No. 54, Building Name: Al Ramth 59, Al Hebiah Fifth;
7. Dana Property SPV 4 Limited in relation to Plot 1216, Municipality No. 626-334, Nadd Hess, Dubai;
8. The Fund in relation to Plot. No 26, Umm Hurair Second, Dubai;
9. The Fund in relation to Plot. No 29, Umm Hurair Second, Dubai; and
10. The Fund in relation to Plot No. 14, Municipality No. 382-696, Al Sufouh Second, Dubai, (together, the “**Assignment Deeds**”).

The Owners have assigned the rental proceeds from each relevant property to Emirates NBD - AWAI as security for the liabilities of the Fund pursuant to the Mudarabah Facility. The Owners have irrevocably assigned to Emirates NBD - AWAI their rights, title and interest to the rental income from each relevant property (the “**Assigned Income**”) and have authorised Emirates NBD - AWAI to apply the assigned income towards repayment of the Fund’s indebtedness pursuant to the Mudarabah Facility.

Each Owner has provided certain warranties and undertakings to Emirates NBD - AWAI, including:

- (a) the Assigned Income is not subject to any prior assignment and is free from all charges, encumbrances and it shall not create or permit to be created any other charge or encumbrance affecting the same;
- (b) not to cancel, vary or terminate the tenancy contracts so as to reduce or cancel the Assigned Income;
- (c) if it receives any Assigned Income, it will promptly pay the same to Emirates NBD - AWAI and hold any amount on trust until payment is made;
- (d) to promptly notify Emirates NBD - AWAI of any increase to the Assigned Income;
- (e) to use its best efforts to ensure that the premises are rented at all times; and
- (f) to deliver to Emirates NBD - AWAI copies of all tenancy agreements entered into by the Owner.

Upon full and final settlement by the Fund and performance of all its other obligations to Emirates NBD - AWAI, Emirates NBD - AWAI at the written request of the Owner shall re-assign the Assigned Income.

Governing Law

The Assignment Deeds are governed by and construed in accordance with the laws of the UAE and all disputes shall be submitted to the non-exclusive jurisdiction of the UAE courts.

Property Management Agreement

TECOM Investments acts as a service provider in respect of Al Thuraya Tower 1 pursuant to the TECOM PMLA. The term of the TECOM PMLA expires on 14 May 2056 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 Al Thuraya Tower 1 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 Al Thuraya Tower 1 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 and 50% of the service charges paid, or to be paid under sub-leases, for units in Al Thuraya Tower 1.

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.

Head Lease

Upon the entry into force of any sub-lease for a unit in Al Thuraya Tower 1, 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 Al Thuraya Tower 1, the benefits of the TECOM PMLA, including all leases and sub-leases entered into pursuant to it, become enforceable against any new owner of Al Thuraya Tower 1 until the expiry of the TECOM PMLA's term.

Rents

Collection of sums due and enforcement of the terms of sub-leases is 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 Al Thuraya Tower 1.

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 “*Management and Administration of the Fund*” heading above and sub-section entitled “*Property and Facility Managers*” 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 5% per annum of the annual gross receipts relating to a specific property under management. The facility managers appointed by the Fund are paid in accordance with the prevailing market rates.

Disqualifications

None of the Directors have been disqualified, publicly incriminated, sanctioned or convicted of fraud or financial crimes in the last five years.

Intellectual Property

Emirates NBD is the owner of the “ENBD” and “Emirates NBD trade marks and logos and all related registered and unregistered intellectual property rights (the “Marks”). The Fund Manager holds a limited right to use the Marks in connection with its business, such licence being terminable immediately upon notice. The Fund Manager holds a limited licence to the Marks in connection with its business, such licence being terminable immediately upon notice. Pursuant to the Fund Management Agreement, the Fund Manager acknowledges and confirms that Emirates NBD has consented to the Fund’s use of the Marks. The Fund Manager also provides an indemnity to the Fund in relation to all liabilities, costs, expenses, damages and losses suffered or incurred as a direct result of Emirates NBD terminating the right of the Fund to use the Marks whilst the Fund Manager is the fund manager, including and without limitation, any costs incurred by the Fund in connection with any rebranding of the Fund as a result of such termination. Please refer to the risk factor entitled “*The Fund only holds a bare licence for the use of the “ENBD” mark and other related marks and rights*”.

Litigation

On 29 September 2016, the Fund Manager settled a dispute between the Jersey Fund and a former tenant of a unit in DHCC 49. The dispute was initiated by the Jersey Fund (in its capacity as landlord) and involved a claim for unpaid rent. Under the terms of the settlement, the former tenant provided the Fund Manager with a cheque for AED 600,000 (US\$ 163,354) in exchange for the cessation of all legal proceedings against the former tenant.

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.

The Directors are aware that EIB, a wholly owned member of the Emirates NBD Group, is the defendant in an action brought against it by a Shareholder relating to an offer of shares in the Jersey Fund. The Fund is not a party to this claim, and the Directors believe that the Fund has no liability whatsoever in respect of this claim but they cannot guarantee that the Fund will not be joined as a defendant in such action. In the event that the Fund was joined as a defendant, the Fund would robustly defend any claim and the Directors are confident that any claim against the Fund would be defeated.

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; and (j) all costs, charges and expenses properly incurred by the Directors, Administrator, Custodian, EFG Registrar or committee member in the performance of their respective duties and all reasonable out-of-pocket expenses incurred by the Directors, Administrator, Custodian, Registrar or committee member wholly and exclusively in the performance of its/their respective duties. Each Director is entitled to receive a fee of US\$ 75,000 per annum, each Oversight Committee member is entitled to receive a fee of US\$ 30,000 per annum, each Investment Committee member is entitled to receive a fee of US\$ 30,000 per annum and each Shari’a Supervisory Board member is entitled to receive a fee of US\$ 36,000 per annum.

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, 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.

Responsibility

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 Responsible Persons are 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

As part of the Re-Domiciliation, the Assets were transferred from the Jersey Fund to the Fund and the Redemptions took place. For more detail on operations prior to the Re-Domiciliation and Redemptions please see “*The Jersey Fund and the Re-Domiciliation*”.

As part of the repayment and cancellation of the Ijara Agreement, the legal title of Al Thuraya Tower 1 was transferred from EIB to the Fund.

The Fund entered into the Mudarabah Facility in December 2016. Please see the above under “*Financing-Mudarabah Facility*” for more detail.

The Jersey Fund declared a dividend of US\$ 4,331,638 on 25 January 2017. Please refer to the “*Capitalisation and Indebtedness*” section for more detail.

The Fund submitted a draw down request to ENBD - AWAI for an additional amount of AED 20 million (US\$ 5,445,140) on the Mudarabah Facility on 31 January 2017.

Save for the matters set out in the paragraphs above there has been no significant change in the financial or trading position of the Fund since 30 September 2016, being the date of the most recent special purpose audited financial statements of the Fund.

No Material Change in Market Value of the Properties

The Responsible Persons confirm that there has been no material change in the Market Value of the Properties since the effective date of the property valuations by CBRE on 30 September 2016.

Listing Advisor

The Fund Manager has appointed EMCAP as a listing advisor to the Fund in connection with the Offer and the Admission.

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 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.

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.

EFG has given and has not withdrawn its written consent for using its name in the manner, format and context set out in this Prospectus.

KPMG LLP 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.

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.

The Shareholders listed in this Prospectus being Ozim Limited (Tawuniya); National Bonds Corporation; Government of Dubai, Finance Dept.; and Emirates NBD PJSC have given and have not withdrawn their written consent for the use of their names in the manner, format and context set out in this Prospectus.

The tenants listed in this Prospectus being The Media Rotana; Meed; Ipsos; JCDecaux; Robert Walters; Oldendorff; Squire Patton Boggs; and Binghatti have given and have not withdrawn their written consent for the use of their names in the manner, format and context set out in this Prospectus.

Emirates NBD 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 8, The Gate Building, Level 8, DIFC, PO Box 506578, Dubai, UAE

- (a) the Articles;
- (b) the reports from KPMG LLP 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) the market overview provided by CBRE;
- (e) the Valuation Report;
- (f) this Prospectus; and
- (g) the Fund Management Agreement.

Date: 20 March 2017

FUND MANAGER, DIRECTORS AND ADVISORS

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Christopher Brian Seymour
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Shari'a Supervisory Board

Dr Hussein Hamid Hassan
Dr Ojeil Jassim Al Nashmi
Dr Ali Al-Qurra Daghi

Oversight Committee

Robert James Hazley Anderson
Harpreet Kaur Bhambra
Abdulla Mohammed Al Awar

Auditor

KPMG LLP

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Valuer

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DEFINITIONS

AAOIFI	Accounting and Auditing Organisation of Islamic Financial Institutions
Accumulation Share	US\$ denominated share class in EFL attributable to the Jersey Fund belonging to a class of shares in which all sums that would otherwise have been distributed in each year were retained in such share class for the benefit of the holders of Accumulation Shares
Administration Agreement	The administration agreement entered into between the Fund, Fund Manager and the Administrator on 18 March 2017
Administrator	The administrator of the Fund (or the Jersey Fund, as the case may be) from time to time, which, at Admission, is Apex Fund Services (Dubai) Limited and was State Street Fund Services (Jersey) Limited prior to Admission
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
AED or UAE Dirham	The lawful currency of the UAE
AIFMD	EU's Directive on Alternative Investment Fund Managers, as amended
AIFMR	The UK's Alternative Investment Fund Managers Regulations 2013, as amended
Al Thuraya Tower 1	A commercial tower in Dubai Media City
Annualised Dividend Yield	In relation to the Jersey Fund the annualised dividends paid to holders of Income Shares divided by the total value of Income Shares as at 30 June 2016
Arabian Oryx House	A residential tower with 128 units in A Barsha Heights, Dubai
Articles	The articles of association of the Fund as amended or replaced from time to time
Assets	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 being KPMG LLP as at the date of the Prospectus
Average Passing Rent	Passing Income received per annum divided by occupied NLA
Banks	EMCAP and EFG
Binghatti Terraces	A residential tower with 201 residential units and five retail units located in Dubai Silicon Oasis
Burj Daman	The 10th and 14th floors and half of the 15th floor, together with additional parking in Burj Daman tower in the DIFC
Business Rules	Business Rules of Nasdaq Dubai
CBRE	CBRE Dubai LLC & CBRE (DIFC) Ltd
CIF	Collective Investment Funds
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	The Collective Investment Rules of the DFSA Rules, 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 on Nasdaq Dubai will commence
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 “ <i>Related Party Transactions and Conflicts of Interest</i> ” section of this Prospectus
Connected Person	Person who: (i) becomes a member of the Governing Body of the Listed Fund or an individual involved in the senior management of either the Fund Manager or the Controller of the Fund Manager; or (ii) owns or beneficially owns voting rights carrying more than 5% of the voting rights attached to the Shares, in accordance with the Markets Law and the Markets Rules.
Controller	Person who alone or with associates, controls the majority of the voting rights in, or the right to appoint or remove the majority of the board of the entity, or a person having similar control of such a person.
CSD or Central Securities Depository	
	Central Securities Depository of Nasdaq Dubai
Custodian	The custodian of the Fund (or the Jersey Fund, as the case may be) from time to time, which, at Admission, is Apex Fund Services (Guernsey) Limited
Custody Agreement	The agreement entered into between the Fund, the Fund Manager and the Custodian on 18 March 2017 relating to the custody of the Title Documents in the name of the Fund, as amended or replaced from time to time
Development Property	Real Property under development which the Fund intends to hold as a developed Property upon completion but which does not include property undergoing development activities such as refurbishment, retrofitting and renovation
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
DHCC	The Dubai Healthcare Centre City, a “free zone” established in Dubai
DHCC 25	A G+6 commercial tower located in DHCC
DHCC 49	A G+5 commercial complex including retail space in DHCC
DIFC	The Dubai International Financial Centre, an economic “free zone” established in Dubai
DIFC Law	The laws enacted from time to time by the DIFC
DIFC Personal Property Law	Personal Property Law of the DIFC No. 9 of 2005
DIFC Regulatory Law	Regulatory Law of the DIFC No. 4 of 2004
Director or Directors	The director(s) of the Fund from time to time being, as at the date of this Prospectus, (i) Tariq Abdulqader Ibrahim Bin Hendi; (ii) Mark Edward John Creasey; and (iii) David Jonathan Marshall

Dirham Share	AED denominated share in EFL attributable to the Jersey Fund belonging to a class of shares in which all sums that would otherwise have been distributed in each year were retained in such share class for the benefit of the holders of Dirham Shares
Disposed Properties	The Properties disposed of since 1 January 2013, being Al Farah Plaza, Al Thuraya (Sharjah), Garhoud Star Building, Crescent Tower, Buhaira Tower, Labour Camp 612, Labour Camp 624 and Labour Camp 603
Domestic Fund	Has the meaning given in Article 13(2)(a) of the CIL
Dubai	The Emirate of Dubai, one of the seven Emirates of the UAE
EFG	EFG Hermes UAE Limited
EFL	Emirates Funds Limited, a collective investment fund and umbrella fund company incorporated in Jersey on 9 June 2005 with registration number 90371
EIB	Emirates Islamic Bank PJSC
EIBOR	Emirates Interbank Offered Rate
EMCAP	Emirates NBD Capital Limited
Emirates NBD	Emirates NBD PJSC, incorporated in the UAE on 16 July 2007, pursuant to the approval from the Central Bank of the UAE on 3 July 2007, to grant it a banking licence
Emirates NBD - AWAI	Emirates NBD—Al Watani Al Islami
Emirates NBD Group	Emirates NBD PJSC and its subsidiaries
EU	The member countries of the European Union from time to time
FAD	The Financial Audit Department, the supreme audit institution of Dubai
FCA	The UK’s Financial Conduct Authority and includes any successor or replacement agency or authority
Financial Statements	The special purpose audited financial statements of the Jersey Fund and/or the Fund as at and for the six-month period ended 30 September 2016, as at and for the 15-month period ended 31 March 2016, as at and for the year ended 31 December 2014 and as at and for the year ended 31 December 2013
Financial Year	The financial year of the Fund ending on 31 March
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	ENBD REIT (CEIC) Limited, previously registered as “Emirates Real Estate Fund Limited” incorporated on 18 July 2016 in the DIFC
Fund Management Agreement	The agreement entered into between the Fund and the Fund Manager on 18 March 2017 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 “ <i>General Information</i> ” section of this Prospectus
Fund Manager	Emirates NBD Asset Management Limited

Fund Manager Directors	Directors of the Fund Manager as at the date of this Prospectus
GAV	Gross Asset Value of the Fund
GCC	The Gulf Co-operative Council countries comprising Bahrain, Kuwait, Oman, Qatar, the Kingdom of Saudi Arabia and the UAE
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
Gross Rental Yield	The gross rent received for a Property during the six-month period ended 30 September 2016 as annualised and divided by the Market Value of the Property as at 30 September 2016
High-water Mark	The highest NAV from the incorporation of the Fund to the date of calculation of the Performance Fee
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
Ijara	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
Ijara Agreement 2011	The AED 145 million (US\$ 39.48 million) Ijara facility entered into between the Jersey Fund and EIB on 1 July 2011
Ijara Agreement 2015	The AED 250 million (US\$ 68.06 million) Ijara facility entered into between the Jersey Fund and EIB on 1 May 2015
Ijara Facilities	The Ijara 2011 Agreement and the Ijara 2015 Agreement
Income Share	US\$ denominated share class in EFL attributable to the Jersey Fund belonging to a class in relation to which a high and rising level of income distribution was sought
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
Investment Objective of the Fund or Investment Policy	The investment objective of the Fund as set out in section entitled " <i>Information of the Fund</i> " 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
Jersey Fund	The Emirates Real Estate Fund share classes of EFL together with the related SPV Emirates Real Estate Fund Limited incorporated on 9 June 2005 in Jersey which is wholly owned by EFL for the sole benefit of the holders of the Emirates Real Estate Fund share classes of EFL and all underlying asset holding SPVs
Jersey Funds Regulations	Collective Investment Funds (Jersey) Law 1988, as may be amended, modified or re-enacted from time to time, and all related legislation, orders, regulations, codes of practice and guidance notes, including the Open Ended Collective Investment Fund Guide with which the Jersey Fund must abide

JFSC	Jersey Financial Services Commission and includes any successor or replacement agency or authority
Joint Bookrunners	EMCAP and EFG
Joint Global Coordinators	EMCAP and EFG
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
Listing Advisor	EMCAP
LTV	Loan to value ratio
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
Markets Law	The Markets Law, DIFC Law No. 1 of 2012 together with the regulations made thereunder, as may be amended, modified or re-enacted from time to time
Markets Rules	The Markets Rules module of the DFSA Rules, as may be amended, modified or re-enacted from time to time
MENA Region	The Middle East and North Africa region
Mudarabah	A Shari'a-compliant finance technique whereby a lender / investor (<i>rab al maal</i>) and a borrower / investment manager (<i>mudarib</i>) establish a profit-sharing partnership to undertake a business or investment activity. The <i>rab al maal</i> provides the financing and the <i>mudarib</i> provides professional, managerial and technical expertise to manage the investment.
Mudarabah Facility	An AED 700 million (US\$ 190.58 million) Mudarabah facility entered into between the Fund and Emirates NBD - AWAI in December 2016
Mudarabah Facility 1	An AED 350 million (US\$ 95.29 million) five year Mudarabah facility, of which (i) AED 270 million (US\$ 73.51 million) is to be utilised for investment in Real Property; and (ii) AED 80 million (US\$ 21.78 million) is to be utilised for investment in the Fund
Mudarabah Facility 2	An AED 350 million (US\$ 95.29 million) five year Mudarabah facility to be utilised for investment in the Fund
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 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 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
NIN	The national investor number
Offer	The offer by the Fund to institutional investors (and not, for the avoidance of doubt, to the public) by way of bookbuilding process made in and from the DIFC for the subscription of Shares 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\$ 1.11
Official List	Official List of Securities maintained by the DFSA
Operon	Operon Middle East Limited
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.
Oversight Committee	The committee established and maintained by the Fund Manager to oversee and supervise the Fund Manager as required under the CIR
Passing Income	The annualised rent (including service charges) payable by tenants pursuant to their contractual leases valid as at a given date. This is an annualised contractual figure at a given point in time and does not correspond to financial information reported on independently.
Passing Income Yield	The Passing Income divided by the Net Asset Value minus cash and Islamic deposits as at 30 September 2016
Performance Fee	The performance fee payable to the Fund Manager pursuant to the Fund Management Agreement as more fully described in “ <i>General Information</i> ” section of this Prospectus
Pre-Admission Shareholder	Person having a legal or beneficial interest in the Shares immediately prior to Admission
Principal Investment Objective	The principal investment objective of the Fund
Properties or 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 20 March 2017
Real Property	Land or buildings, whether freehold or leasehold, where the unexpired term of any lease (at the date of acquisition) exceeds 20 years

Redemptions	The redemption of an aggregate of 78 investors in EFL as follows: (i) 28 investors on the 3 October 2016; and (ii) 50 investors on the 31 October 2016, in connection with the Re-Domiciliation
Redemption Price	The price at which shares in the Jersey Fund were redeemed pursuant to the Redemption being: (i) for those investors who redeemed on 3 October 2016: US\$ 12.9248 for each Accumulation Share, US\$ 6.8173 for each Income Share and AED 8.4672 (US\$ 2.3053) for each Dirham Share; and (ii) for those investors who redeemed on 31 October 2016: US\$ 12.9393 for each Accumulation Share, US\$ 6.8250 for each Income Share and AED 8.4767 (US\$ 2.3078) for each Dirham Share
Re-Domiciliation	The re-domiciliation of the Jersey Fund to the DIFC
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 the Registrar on 23 January 2017
Regulation S	Regulation S under the US Securities Act
Related Party	For the purposes of the CIR: (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)
Related Party Transaction	A transaction in respect of one or more Properties entered into by a Fund Manager with a Related Party
Remraam	Two residential towers in the freehold community development known as Remraam by Dubai Properties in Dubailand
Responsible Persons	The Fund and the Fund Manager
Ruler	His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Ruler of Dubai
Share	The class of shares defined as “Ordinary Shares” in the Articles, being shares of no par value in the capital of the Fund
Shareholder Register or Register	The register of Shareholders maintained by the Registrar in relation to the Fund
Shareholders	The holders of the Shares from time to time
Shari’a	Islamic Shari’a laws and principles
Shari’a Advisor	Khalij Islamic and includes any successor or replacement thereto appointed 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	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.
SPV	Special Purpose Vehicle
TECOM Investments	Tecom Investments FZ LLC
TECOM PMLA	The property management and leasing agreement entered into between TECOM Investments and the Fund in March 2017
Title Documents	All title deeds, certificates, agreements (including lease agreements) and other physical documents evidencing the Fund's ownership of the Portfolio
UAE	The United Arab Emirates, a federation of seven Emirates made up of Abu Dhabi, Ajman, Dubai, Fujairah, Ras Al Khaimah, Sharjah and Umm Al Quwain
Underwriters	EFG, EFG Hermes Promoting and Underwriting S.A.E., EMCAP and Emirates NBD
Underwriting Agreement	The underwriting agreement entered into between the Fund, the Fund Manager and the Underwriters
United Kingdom or UK	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 September 2016
Valuation Report	Report of CBRE, an External Valuer (as defined in the RICS Valuation—Professional Standards January 2014) dated the date of this Prospectus
Valuer	Any valuer appointed by the Fund from time to time in accordance with the CIR
Wakala	A Shari'a compliant finance technique involving a contract of agency whereby one person (a principal or <i>muwakkel</i>) appoints another (an agent or <i>wakeel</i>) so that the agent performs on behalf of the principal a certain task in accordance with specific stipulations, usually against a pre-set fee
WAULT	Current weighted-average unexpired lease term
Zakat	The payment made annually under Islamic law on certain kinds of property and used for charitable and religious purposes

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APPENDIX 1
AUDITED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS ON THE AUDITED FINANCIAL STATEMENTS

**ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)
AND ITS SUBSIDIARIES**

SPECIAL PURPOSE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED 31 DECEMBER 2013, 2014 AND FIFTEEN MONTHS
ENDED 31 MARCH 2016**

ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)

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ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)

Management and Administration

Directors	Tariq Bin Hendi Timothy David Rose Lovesh Gheraiya	Independent Auditor of the Special Purpose Consolidated Financial Statements	KPMG LLP Unit No. 819, Liberty House, DIFC P.O. Box 3800, Dubai, UAE
Registered Office of ENBD REIT (CEIC) Limited (formerly known as Emirates Real Estate Fund)	8 th Floor East Wing DIFC – The Gate Building PO Box 506578 Dubai United Arab Emirates	Registered Office of EREF Jersey	Lime Grove House Green Street St Helier Jersey JE1 2ST Channel Islands
Manager*	Emirates NBD Fund Managers (Jersey) Limited Lime Grove House Green Street St Helier Jersey JE1 2ST Channel Islands	Legal Adviser as to Jersey Law*	Voisin Advocates, Solicitors & Notaries Public 4 th Floor 37 Esplanade St. Helier Jersey JE1 1AW Channel Islands
Administrator, Secretary and Registrar*	State Street Fund Services (Jersey) Limited Lime Grove House Green Street St Helier Jersey JE1 2ST Channel Islands	Shari'a Board*	Fatwa and Shari'a Supervision Board Emirates NBD Asset Management Limited Dr Hussein Hamid Hassan Dr Ojeill Jassim AlNashmi Dr Ali Al-Qurra Daghi
Discretionary Investment Manager*	Emirates NBD Bank PJSC PO Box 777 Baniyas Road Deira Dubai United Arab Emirates		
Delegate Investment Manager*	Emirates NBD Asset Management Limited 8 th Floor East Wing DIFC – The Gate Building PO Box 506578 Dubai United Arab Emirates		
Custodian*	State Street Custodial Services (Jersey) Limited Lime Grove House Green Street St Helier Jersey JE1 2ST Channel Islands		

* These counterparties stated here are appointed by the Emirates Funds Limited and/or Emirates Real Estate Fund Limited which are both regulated collective investment schemes in Jersey. The audited accounts shown here relate solely to the ENBD REIT (CEIC) Limited (formerly known as Emirates Real Estate Fund) domiciled in the Dubai International Financial Centre under company registration number 2209. None of these counterparties so referenced are appointed directly by ENBD REIT. However, they are functionally related to the vehicle as Emirates Real Estate Fund (Jersey) Limited is the sole shareholder of the DIFC vehicle and the DIFC vehicle itself was created in order to facilitate a move, subject to relevant regulatory approvals, to a Closed Ended Investment Company in time.

ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)

Directors' Report

Incorporation

ENBD REIT (CEIC) Limited (formerly known as Emirates Real Estate Fund Limited) – a DIFC Company Registration Number 2209 (the “Company” or “ENBD REIT”) is a wholly-owned subsidiary of Emirates Real Estate Fund Limited – a Jersey Company Registration Number 90370 (“EREF Jersey”), which is a wholly-owned subsidiary of Emirates Funds Limited (the “Ultimate Parent”), an open-ended investment company incorporated in Jersey, Channel Islands on 9 June 2005. The Company was incorporated on 18 July 2016 and did not exist prior to that date.

The Company was incorporated as a company limited by shares under the Company Law, DIFC Law No. 2 of 2009.

Structure

Since the Company was not in existence prior to incorporation on 18th July 2016 the assets previously held by EREF Jersey would not have been included in the Company's financial history. Consequently, the special purpose consolidated financial statements of the Company discussed below reflect what the Company's financial results of operations, financial position and cash flows might have been had the Company operated as EREF Jersey during the periods presented.

EREF Jersey has been established as a Collective Investment Fund under the Collective Investment Funds (Jersey) Law 1988. It represents an interest in a separate portfolio of the Ultimate Parent, with its own distinct investment objective and policy. Separate financial statements are prepared for each subsidiary of the Ultimate Parent. These special purpose consolidated financial statements relate only to ENBD REIT (CEIC) Limited (formerly known as Emirates Real Estate Fund Limited – DIFC) and its subsidiaries.

It was decided to have an extended accounting period for the financial statements of EREF Jersey from 1 January 2015 to 31 March 2016, in order to align with the reporting date of the Ultimate Parent. Approval for this extension was given by the Jersey Financial Services Commission (“JFSC”) on 17 November 2015.

The following Share Classes, issued by the Ultimate Parent, feed into the EREF Jersey:

Emirates Real Estate Fund Limited – USD A Share Class (“A Share Class”)

Emirates Real Estate Fund Limited - AED E Share Class (“E Share Class”)

Emirates Real Estate Fund Limited – USD Income Share Class (“Income Share Class”)

Investment policy and objectives

The purpose of the Company is to provide professional, institutional and high net worth investors with a professionally managed means of participating in the real estate market. The primary investment objective of the Company is to achieve high yielding rental income and medium to long-term capital growth from a diversified portfolio of residential and commercial properties, predominantly in the United Arab Emirates (“UAE”). Investment decisions under the supervision of the Directors of the Company will be made on behalf of the Company by the Manager and Delegate Investment Manager, and will reflect the medium to long-term objective to maximise total return made up of rental income plus capital appreciation.

The Company shall have the capacity to seek finance in a manner compliant with Islamic Shari'a law to aid further property acquisitions from time to time, in order to focus on higher yielding property investments or to ensure adequate recourse for the Company to the economic interests of the underlying assets.

The Company may invest in properties via offshore special purpose vehicles (“SPVs”). A single SPV may be used to hold each separate property. Any finance sought for property acquisitions will be at the SPV level, or other level as may be approved by Directors of the Company thus endeavouring to ring-fence the finance according to the property to which it pertains.

All investments of the Company will take place according to Shari'a guidelines, as defined by the Shari'a Board of the Company. The Shari'a Board will also periodically review that all implemented investment decisions of the Manager remain within Shari'a guidelines.

It is intended that the Manager and Delegate Investment Manager will distribute the target distribution for the Income Share class semi-annually, and automatically reinvest the distribution for the Accumulation Share Class. All surplus income will be reinvested in order to maximise total return for both Share Classes.

Dealing in EREF Jersey's Emirates Real Estate Fund Limited Share Classes was suspended from February 2009 until December 2012 when the Directors considered market conditions and liquidity to have improved. All outstanding redemptions were fulfilled by September 2013. There have been no further suspensions thereafter.

ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)

Directors' Report (continued)

Results and distributions

The results for the individual accounting periods from 1 January 2012 to 31 March 2016 are set out in the Special Purpose Consolidated Statement of Comprehensive Income on page 8. The declared distribution was paid to the holders of Participating Shares in EREF Jersey's Emirates Real Estate Fund Limited Income Share Class on the following dates.

Period	Paid on	\$/unit	Period	Paid on	\$/unit
01 Jan 2016 to 30 Jun 2016	26-Jul-16	0.1998	01 Jul 2015 to 31 Dec 2015	24-Jan-16	0.2011
01 Jan 2015 to 30 Jun 2015	09-Jul-15	0.2017	01 Jul 2014 to 31 Dec 2014	15-Jan-15	0.2001
01 Jan 2014 to 30 Jun 2014	08-Jul-14	0.1857	01 Jul 2013 to 31 Dec 2013	28-Jan-14	0.1775
01 Jan 2013 to 30 Jun 2013	11-Jul-13	0.1786	01 Jul 2012 to 31 Dec 2012	31-Jan-13	0.1704
01 Jan 2012 to 30 Jun 2012	30-Jul-12	0.1559	01 Jul 2011 to 31 Dec 2011	01-Mar-12	0.1937

On 25 January 2017, the directors declared a dividend of \$0.1998 per share to EREF Jersey's income share class relating to the period 1 July 2016 to 31 December 2016. This was paid to the respective shareholders in February 2017.

Going concern considerations

The Directors continually monitor and consider significant risks, assumptions and uncertainties that may cast doubt on the Company's ability to continue as a going concern.

Property valuation

The values of the properties that form the bulk of the assets in the Company are determined regularly by CB Richard Ellis and Cavendish Maxwell Real Estate Consultant, both of whom are independent experts in real estate valuations. Whilst the Directors express comfort in the level of expertise applied to the valuation process, valuation of the investment properties require significant accounting estimates and judgements to be made (refer note 2 (a)).

The Directors have prepared the annual report and the special purpose consolidated financial statements of the Company for each of the years / period from 1 January 2013 to 31 March 2016 on a going concern basis.

In March 2017, ENBD REIT was effectively re-domiciled from Jersey to Dubai International Financial Centre, by way of a distribution in specie of shares in EREF Jersey share classes of Emirates Funds Limited; which at the time of the distribution in specie was the sole shareholder of EREF Jersey.

Signed on behalf of the Board



Director:

Date: 20 March 2017



KPMG LLP
Unit No. 819, Liberty House
DIFC, Dubai, UAE
Tel. +971 (4) 403 0300, Fax +971 (4) 330 1515

Independent Auditors' Report

The Shareholders
ENBD REIT (CEIC) Limited (formerly known as Emirates Real Estate Fund Limited)

Report on the special purpose consolidated financial statements

We have audited the accompanying special purpose consolidated financial statements of ENBD REIT (CEIC) Limited (formerly known as Emirates Real Estate Fund Limited) and its subsidiaries ("the Company"), which comprise the special purpose consolidated statement of financial position as at 31 December 2013, 31 December 2014 and 31 March 2016, the special purpose consolidated statements of comprehensive income, changes in net assets and cash flows for years ended 31 December 2013 and 31 December 2014, and the fifteen month period ended 31 March 2016, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the special purpose consolidated financial statements

Management is responsible for the preparation and fair presentation of these special purpose consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of special purpose consolidated 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 special purpose consolidated financial statements based on our audit. 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 special purpose consolidated financial statements are free from material misstatement.



Auditors' Responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the special purpose consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the special purpose consolidated 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 special purpose consolidated 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 accompanying special purpose consolidated financial statements present fairly, in all material respects, the special purpose consolidated financial position of the Company as at 31 December 2013, 31 December 2014 and 31 March 2016, and its special purpose consolidated financial performance and its consolidated cash flows for years ended 31 December 2013 and 31 December 2014, and the fifteen month period ended 31 March 2016, in accordance with International Financial Reporting Standards.

Emphasis of matter - Basis of accounting and restriction on use

We draw attention to Note 2 to the special purpose consolidated financial statements, which describes the basis of accounting. The special purpose consolidated financial statements are prepared to assist the Company to meet the requirements of Dubai Financial Services Authority ("DFSA") in relation to the proposed listing of its shares on Nasdaq Dubai Limited. As a result, the special purpose consolidated financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Matter

We draw attention to the fact that we have not audited the accompanying special purpose consolidated statement of financial position of the Company as at 31 December 2012, the special purpose consolidated statements of comprehensive income, changes in net assets and cash flows for the year then ended, or any of the related notes and accordingly, we do not express an opinion on them.

Furthermore, the date of our Independent Auditors' Report, issued on 12 January 2017 on these special purpose consolidated financial statements, has been extended up to 20 March 2017 to meet the requirements of DFSA in relation to the proposed listing of the Company's shares on Nasdaq Dubai Limited.

KPMG

Milind Navalkar

KPMG LLP

Date : 20 MAR 2017

ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)

Special Purpose Consolidated Statement of Financial Position

		As at 31 March 2016 \$	As at 31 December 2014 \$	As at 31 December 2013 \$	As at 31 December 2012 \$ Unaudited
Assets					
Non-current assets					
Investment properties	3	336,961,612	278,987,204	216,651,239	218,943,643
Current assets					
Islamic deposits and receivables	11	50,471,549	68,062,551	15,520,570	37,803,426
Financial assets at fair value through profit or loss		-	1,124,868	1,120,723	-
Profit share receivable		201,760	11,946	26,917	124,413
Trade and other receivables	4	3,251,017	3,086,421	2,605,588	3,446,246
Cash and cash equivalents	4	77,645,560	24,078,633	5,285,996	4,121,622
Total current assets		131,569,886	96,364,419	24,559,794	45,495,707
Total assets		468,531,498	375,351,623	241,211,033	264,439,350
Liabilities					
Current liabilities					
Trade and other payables	5	10,076,348	10,774,132	9,924,358	11,324,572
Ijarah payable	6	-	-	3,947,716	3,947,716
Total current liabilities		10,076,348	10,774,132	13,872,074	15,272,288
Non-current liabilities					
Ijarah payable	6	2,722,570	3,657,866	19,993,232	23,940,947
Total liabilities (excluding net assets attributable to Participating Shareholders)		12,798,918	14,431,998	33,865,306	39,213,235
Net assets attributable to Participating Shareholders	12	455,732,580	360,919,625	207,345,727	225,226,115

The special purpose consolidated financial statements on pages 7 to 32 were approved and authorised for issue by the Directors on 20 March 2017 and signed on behalf of the Board by:

Director

Director

Date: 20 March 2017

The accompanying notes on pages 11 to 32 form an integral part of these Special Purpose Consolidated Financial Statements.

The Independent Auditors' report is set out on pages 5 and 6.

ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)

Special Purpose Consolidated Statement of Comprehensive Income

		For the period ended 31 March 2016	For the year ended 31 December 2014	For the year ended 31 December 2013	For the year ended 31 December 2012
Note		\$	\$	\$	\$
Income					
		35,640,900	25,184,616	25,405,740	28,807,093
		672,538	64,283	190,938	560,536
		8,050,305	25,038,724	16,648,972	5,288,530
		1,227,198	-	138,735	(141,191)
		31,801	73,925	22,888	-
		<u>45,622,742</u>	<u>50,361,548</u>	<u>42,407,273</u>	<u>34,514,968</u>
Expenses					
		9,775,398	7,296,841	7,607,772	8,789,842
		99,636	89,230	68,097	64,473
		158,146	1,004,223	1,454,107	1,772,737
		7,699,495	4,355,452	3,567,754	3,797,923
		411,103	262,306	214,869	220,456
		218,212	4,212,538	3,016,566	906,666
		339,623	266,321	239,149	223,055
		88,435	85,902	34,705	96,100
		548,333	137,779	333,499	765,730
		968,900	436,840	26,931	113,409
		(112,068)	(327,354)	147,713	1,455,865
		<u>20,195,213</u>	<u>17,820,078</u>	<u>16,711,162</u>	<u>18,206,256</u>
Finance cost					
		25,319,039	9,788,236	10,890,869	11,384,247
Change in net assets attributable to Participating Shareholders					
		<u>108,490</u>	<u>22,753,234</u>	<u>14,805,242</u>	<u>4,924,465</u>
Earnings per share					
		0.36	0.83	0.76	0.41

All of the above results are from continuing operations.

The accompanying notes on pages 11 to 32 form an integral part of these Special Purpose Consolidated Financial Statements.

The Independent Auditors' report is set out on pages 5 and 6.

ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)
Special Purpose Consolidated Statement of Changes in Net Assets Attributable to Participating Shareholders

	For the period ended 31 March 2016 \$	For the year ended 31 December 2014 \$	For the year ended 31 December 2013 \$	For the year ended 31 December 2012 \$
				Unaudited
Balance at start of the period/year	360,919,625	207,345,727	225,226,115	235,412,242
Contribution and redemptions by holders of Participating Shares				
Proceeds from issuance of Participating Shares	116,818,497	164,899,870	59,551,138	-
Payments on redemption of Participating Shares	<u>(22,114,032)</u>	<u>(34,079,206)</u>	<u>(92,236,768)</u>	<u>(15,110,592)</u>
Net contributions and redemptions by holders of Participating Shares	94,704,465	130,820,664	(32,685,630)	(15,110,592)
Change in net assets attributable to Participating Shareholders	108,490	22,753,234	14,805,242	4,924,465
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at end of the period/year	12 <u>455,732,580</u>	<u>360,919,625</u>	<u>207,345,727</u>	<u>225,226,115</u>

The accompanying notes on pages 11 to 32 form an integral part of these Special Purpose Consolidated Financial Statements.

ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)

Special Purpose Consolidated Statement of Cash Flows

	Note	For the period ended 31 March 2016 \$	For the year ended 31 December 2014 \$	For the year ended 31 December 2013 \$	For the year ended 31 December 2012 \$ Unaudited
Cash flows from operating activities					
Change in net assets attributable to Participating Shareholders		108,490	22,753,234	14,805,242	4,924,465
Adjustments for:					
Unrealised gain on investment properties, net	3	(8,050,305)	(25,038,724)	(16,648,972)	(5,288,530)
Profit share		(672,538)	(64,283)	(190,938)	(560,536)
Gain on financial assets at fair value through profit or loss, net		(31,801)	(73,925)	(22,888)	-
Realised (gain) / loss on investment properties, net		(1,227,198)	-	(138,735)	141,191
Movement in provision for doubtful debts	4	(112,068)	(327,354)	147,713	1,455,865
Distributions payable	16	25,319,039	9,788,236	10,890,869	11,384,247
Ijarah costs		158,146	1,004,223	1,454,107	1,772,737
		<u>15,491,765</u>	<u>8,041,407</u>	<u>10,296,398</u>	<u>13,829,439</u>
Changes in:					
Trade and other receivables		(1,052,528)	846,521	692,945	3,064,155
Trade and other payables		(697,784)	849,774	(1,400,214)	(661,366)
Net cash flows generated from operating activities		<u>13,741,453</u>	<u>9,737,702</u>	<u>9,589,129</u>	<u>16,232,228</u>
Cash flows from Investing Activities					
Acquisition of /additions to properties	3	(95,486,314)	(37,297,241)	(383,426)	(807,302)
Proceeds from disposal of properties		46,789,409	-	19,463,537	36,079,882
Changes in Islamic deposits and Receivables		17,591,002	(52,541,981)	22,282,856	(12,775,280)
Changes in Financial Assets at Fair Value through profit or loss		1,124,868	(4,145)	(1,120,723)	-
Profit share received		514,525	153,179	311,322	522,886
Net cash flows (used in) / generated from Investing activities		<u>(29,466,510)</u>	<u>(89,690,188)</u>	<u>40,553,566</u>	<u>23,020,186</u>
Cash flows from financing activities					
Proceeds from issuance of Participating Shares		117,818,497	163,899,870	59,551,138	-
Payments on redemption of Participating Shares		(22,114,032)	(34,079,206)	(92,236,768)	(15,110,592)
Distributions paid	16	(25,319,039)	(9,788,236)	(10,890,869)	(11,384,247)
Repayment of Ijarah		(3,657,866)	(20,283,082)	(3,947,715)	(9,943,722)
Drawdown of Ijarah		2,722,570	-	-	-
Costs paid on Ijarah		(158,146)	(1,004,223)	(1,454,107)	(1,772,737)
Net cash flows generated from / (used in) financing activities		<u>69,291,984</u>	<u>98,745,123</u>	<u>(48,978,321)</u>	<u>(38,211,298)</u>
Net increase in cash and cash equivalents for the period/year		53,566,927	18,792,637	1,164,374	1,041,116
Cash and cash equivalents at the beginning of the period/year		24,078,633	5,285,996	4,121,622	3,080,506
Cash and cash equivalents at the end of the period/year		<u>77,645,560</u>	<u>24,078,633</u>	<u>5,285,996</u>	<u>4,121,622</u>

The accompanying notes on pages 11 to 32 form an integral part of these Special Purpose Consolidated Financial Statements.

The Independent Auditors' report is set out on pages 5 and 6.

ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)

Notes to the Special Purpose Consolidated Financial Statements

1. General information

ENBD REIT (CEIC) (formerly known as Emirates Real Estate Fund Limited) – a DIFC Company Registration Number 2209 (the “Company” or “ENBD REIT”) is a wholly-owned subsidiary of Emirates Real Estate Fund Limited – a Jersey Company Registration Number 90370 (“EREF Jersey”), which is a wholly-owned subsidiary of Emirates Funds Limited (the “Ultimate Parent”), an open-ended investment company incorporated in Jersey, Channel Islands on 9 June 2005. ENBD REIT was incorporated on 18 July 2016 and did not exist prior to that date. ENBD REIT and its subsidiaries (SPVs) listed in note 2(b) are collectively referred to as “the Company”. Historically the Company’s assets were held by EREF Jersey and as a result, the Company’s financial history does not include the performance of the assets as managed by the Fund Manager through EREF Jersey. Consequently, the special purpose audited financial statements of the Company discussed below reflect what the Company’s financial results of operations, financial position and cash flows might have been had the Company operated as EREF Jersey during the periods presented. The special purpose audited financial statements present historical financial information relevant to the Company.

ENBD REIT has been established as a company limited by shares under the Companies Law, DIFC Law No. 2 of 2009. EREF Jersey has been established as a Collective Investment Fund as stated in its prospectus (the “Prospectus”) under the Collective Investment Funds (Jersey) Law 1988. It represents an interest in a separate portfolio of the Ultimate Parent, with its own distinct investment objective and policy. Separate financial statements are prepared for each subsidiary of the Ultimate Parent. These special purpose consolidated financial statements relate to the Company only.

The address of ENBD REIT’s registered office is Unit 8, Level 8, Gate Building, Dubai International Financial Centre, PO Box 506578, Dubai, United Arab Emirates. The address of EREF Jersey’s registered office is Lime Grove House, Green Street, St Helier, Jersey JE1 2ST, Channel Islands.

The investment purpose of the Company is to provide professional, institutional and high net worth investors with a professionally managed means of participating in real estate markets. The primary investment objective of the Company is to achieve high yielding rental income and medium to long-term capital growth from a diversified portfolio of property and property related assets.

The special purpose consolidated financial statements of the Company are presented in US Dollars (“\$”), which is the presentation and functional currency. Refer note 2(d) (i).

2. Accounting policies

a. Basis of presentation

The special purpose consolidated financial statements are prepared to provide the shareholders of Emirates Real Estate Fund Limited with a view of the consolidated financial position of the Company as at 31 December 2013, 31 December 2014 and 31 March 2016 and its consolidated financial performance and its consolidated cash flows for the years / periods then ended in preparation of a share listing on Nasdaq Dubai Limited.

As disclosed on page 3, the Directors resolved to extend the accounting period for the financial statements from 31 December 2015 to 31 March 2016. As a result, the comparative period figures for the 15 month period ended 31 March 2016 are not directly comparable with those for the year ended 31 December 2014.

The special purpose financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The special purpose financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties and financial assets and financial liabilities at fair value through profit or loss. The preparation of special purpose financial statements in conformity with IFRS requires the Directors to make certain accounting estimates and assumptions. Actual results may differ from those estimates and assumptions. It also requires the Directors to exercise judgment in the process of applying the Company’s accounting policies. Critical accounting estimates and judgments are set out on page 12.

Standards, Interpretations and Amendments issued and relevant to the Company but not yet effective

The Company has consistently applied the accounting policies to all periods provided in these special purpose consolidated financial statements.

The accounting policies were amended with effect from 1 January 2013 to accommodate the impact of IFRS 13, Fair Value Measurement.

The Company has not amended its accounting policies by early adopting IFRS 9, Financial Instruments, IFRS 15, Revenue Recognition, IFRS 16, Leases or any other standard, interpretation or amendment that has been issued but is not yet effective.

ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)

Notes to the Special Purpose Consolidated Financial Statements (continued)

2. Accounting policies (continued)

a. Basis of presentation (continued)

IFRS 13, Fair Value Measurement, effective for annual periods beginning on or after 1 January 2013, has been adopted by the Company. The standard improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements. For each class of assets and liabilities not measured at fair value in the Statement of Financial Position but for which fair value is disclosed, IFRS 13 requires the Company to disclose the level within the fair value hierarchy which the fair value measurement would be categorised and a description of the valuation technique and inputs used in the technique. IFRS 13 mainly impacts the disclosures of the company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. IFRS 13 disclosures are provided in multiple notes, including notes 7, 11, 15 and 16.

IFRS 9, Financial Instruments (effective for annual periods beginning on or after 1 January 2018) requires all recognised financial assets that are currently within the scope of IAS 39 - Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal, profit and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

IFRS 15, "Revenue from Contracts with Customers" specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. IFRS 15 Revenue from Contracts with Customers was issued in May 2014 and applies to an annual reporting period beginning on or after 1 January 2018.

IFRS 16 Leases was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019. The standard will replace IAS 17 and establishes principles for recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessors and lessees provide relevant information that faithfully represents those transactions. Early adoption is permitted for entities that apply IFRS 15, "Revenue from Contracts with Customers" at or before the date of initial application of IFRS 16.

Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies that affect the reported amounts of assets and liabilities, income and expenses. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities relate to Investment Properties, Ijarah leases, doubtful debts and the fair value of securities not traded in an active market (see note 14 for more detail on these securities).

- *Valuation of the investment properties*

The valuation principles of investment properties are based, amongst other assumptions, on rental yields and expected occupancy rates. Should these yields change significantly, there may be a material impact on the valuation of the properties (refer note 3).

- *Calculation of the ijarah lease repayments*

Finance costs for the ijarah are at EIBOR plus an additional profit rate. In order to calculate future lease payments due under the ijarah it has been necessary to estimate the forward EIBOR rate based on average actual rates to date.

- *Provision for doubtful debts*

The provision for doubtful debts has been estimated as set out in note 2q.

b. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiaries at 31 December 2013, 31 December 2014, and 31 March 2016, as listed below. As at 31 December 2014, only one subsidiary was included, namely Arabian Oryx Property SPV1 Limited.

Subsidiary	Date of incorporation	Date of Acquisition by the Company
Arabian Oryx Property SPV 1 Limited	14 July 2014	19 October 2014
Blanford Fox Property SPV 2 Limited	24 July 2014	10 June 2015
Camel Property SPV 3 Limited	24 July 2014	27 September 2015

ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)

Notes to the Special Purpose Consolidated Financial Statements (continued)

2. Accounting policies (continued)

b. Basis of consolidation (continued)

The subsidiaries are consolidated from the date on which control is transferred to the Company and will cease to be consolidated from the date on which control is transferred from the Company. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the Subsidiary. Control of the subsidiaries transferred to the Company on the acquisition dates detailed above. Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. The Company fails to meet the Investment Entity definition under IFRS 10.

Common control transactions

Common control transactions are accounted at book value on the basis that the investment has transferred from one part of the group to another. Accordingly, the Company recognizes the assets acquired and liabilities assumed using the book values in the financial statements of the entity transferred. Difference between the consideration paid and the capital of the acquire, if any, is disclosed as an adjustment in equity under group restructuring reserve.

c. Income

Rental income and lease incentives from investment properties are recognised in the Special Purpose Consolidated Statement of Comprehensive Income on a straight line basis over the term of the lease.

d. Foreign currency translation

(i) Functional and presentation currency

Since all contributions to the Company and redemptions out of the Company are denominated in \$, and the AED rate is currently pegged to \$, the Directors believe that the currency that most faithfully represents the economic effects of the underlying transactions and the performance of the Company is \$. The Company has presented its financial statements in \$.

(ii) Transactions and balances

Transactions in foreign currencies are translated at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to \$ at the foreign currency closing exchange rate ruling at the reporting date. Foreign currency exchange differences arising on retranslation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the Special Purpose Consolidated Statement of Comprehensive Income.

e. Financial instruments

Financial assets and liabilities are classified in the following categories: available-for-sale, held to maturity, fair value through profit or loss and Islamic deposits and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Classification

Financial assets at fair value through profit or loss

The Company classifies financial assets into this category either by such designation on initial recognition or those financial assets which are held for trading. Held for trading investments are acquired principally for generating profits from short-term fluctuations in prices and comprise of equities.

Financial assets at fair value through profit or loss are initially recorded in the Special Purpose Consolidated Statement of Financial Position at cost which is the fair value at the date of initial recognition. Subsequent to initial recognition, financial assets at fair value through profit or loss are re-measured at fair value. Changes in fair value are recorded in the Special Purpose Consolidated Statement of Comprehensive Income as "Net gain / loss on financial assets at fair value through profit or loss".

Islamic deposits and receivables

Islamic deposits and receivables are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. Islamic deposits and receivables are carried at amortised cost using the effective yield method less any allowance for impairment. Gains or losses on disposal of Islamic deposits and receivables are recognised in the Special Purpose Consolidated Statement of Comprehensive Income in the period in which they arise.

ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)

Notes to the Special Purpose Consolidated Financial Statements (continued)

2. Accounting policies (continued)

(ii) Recognition and derecognition of financial assets and liabilities

Regular purchases and sales of financial assets and liabilities are recognised on the trade date, being the date on which the Company commits to purchase or sell the instrument. The Company derecognises financial assets where: the rights to receive cash flows from the assets have expired; or the Company 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; or either

- (i) the Company has transferred substantially all the risks and rewards of the assets; or
- (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has not transferred control of the asset, the asset is recognised to the extent of the Company's involvement in the asset, which is measured as the extent to which the Company is exposed to changes in the value of the transferred asset. The Company derecognises a financial liability when the obligation under the liability is discharged.

(iii) Impairment of financial assets

The Company assesses at each reporting date whether a financial asset or any group of financial assets has been impaired. Where there is objective evidence that an impairment loss has been incurred, the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted using the effective interest rate. The loss is adjusted against the carrying amount through the use of an allowance account. Evidence of impairment includes non-activity of the asset's trading, defaults in payments of the asset's coupons and indications from observable market data that there is a significant decrease in the estimated future cash flows.

f. *Investment properties*

All properties in the Company are classified as investment properties, as they are held for the purpose of earning rental income or for capital appreciation or a combination of the two. Investment properties are recognized as an asset when it is probable that the future economic benefits that are associated with the investment properties will flow to the company and the cost of the investment properties can be measured reliably. Property that is held under a lease is capitalized and treated as investment properties.

Investment properties are measured initially at cost. Subsequent to initial recognition Investment properties are recognised at fair value at the reporting date. Gains and losses attributable to changes in fair value of investment properties are recognised in the period in which they arise in the Consolidated Statement of Comprehensive Income as "Unrealised gain / loss on investment properties". Gains or losses from the sale or disposal of investment properties are calculated as the difference between the selling price and the latest available fair value.

g. *Share issues and redemptions*

Shares in the Share Classes may be issued or redeemed at the relevant price on the quarterly subscription days at the prices calculated in accordance with the Articles of Association and based on the value of the underlying investments held.

Participating Shares are redeemable at the shareholder's option and are classified as financial liabilities. The Participating Shares can be put back to the Company on any dealing day for cash equal to a proportionate share of the Company's net asset value, ("NAV"), less a redemption fee. The Participating Shares are carried at the redemption amount that is payable at the reporting date if the holders thereof have exercised their right to put the Participating Shares back into the Company.

h. *Cash and cash equivalents*

Cash comprises cash at bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value. For the purposes of the Special Purpose Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

i. *Expenses*

The Share Classes and/or Company are responsible for the payment of management fees, administration fees and custodian fees, which are accrued on a monthly basis and the payment of other expenses as detailed in the Prospectus. Expenses are accounted for on an accruals basis.

j. *Formation expenses*

Formation costs relating to the set-up of the Sub-Fund's Share Classes have been paid by the Company and are charged to the Income Statement in full as incurred.

k. *Offsetting financial instruments*

Financial assets and financial liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position if, and only if, there is currently an enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)

Notes to the Special Purpose Consolidated Financial Statements (continued)

2. Accounting policies (continued)

l. Finance costs

The Company pays a portion of the distributable profits as finance costs to the holders of the Income Share Class Shares. The distributable profits do not include any unrealized gains or losses arising from revaluation of investments but realised gains or losses on disposal of investments are included.

No finance costs are paid to the holders of Accumulation Share Classes Shares.

While the Company is obliged in line with the Prospectus to pay such finance costs to the holders of the Income Share Class Shares, the actual amount to be distributed is at the discretion of the Discretionary Investment Manager and will not necessarily be the total distributable profits. The Discretionary Investment Manager, in deciding the level of the payments, considers the liquidity of the Company and the intention of each Income Share Class to seek to achieve a high and rising level of income distribution commensurate with the market.

m. Outstanding redemptions

Outstanding redemptions represent amounts payable to holders of Participating Shares that have been redeemed during the year but proceeds have not yet been remitted by the Company to the holders. Outstanding redemptions are carried at the NAV of the redeemed Participating Shares at the relevant redemption date.

n. Pre-creation cash on subscriptions

Pre-creation cash on subscriptions represents cash received from prospective holders of Participating Shares in the Company for which the relevant Participating Shares have not been allotted. These amounts relate to allotments due after the end of the financial year but for which cash has already been received.

o. Deferred sales fee and exit fee

In respect of the Company Share Classes, the Directors have determined that a subscription fee not exceeding 5% of the value of each individual subscription transaction may be charged at the Manager's discretion. The following exit fees are retained by the Share Classes of the Company from the redemption proceeds payable on the Participating Shares redeemed in each of the Share Classes made in the respective periods as set out below. In all cases, the relevant period started from the date on which such Participating Shares were registered in the redeeming shareholder's name on a first in, first out basis.

Period of Holding following Registration of Share	Exit Fee
Up to 6 months	5%
6 to 12 months	3%
12 months to 24 months	2%
24 months to 36 months	1%
More than 36 months	0%

p. Leases

Leases under the terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease.

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the lease. A reassessment is made after inception of the lease only if any of the following applies:

- a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
- b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was originally included in the lease term;
- c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or
- d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Where the Company leases out property under the terms of which the Company retains substantially all the risks and rewards of ownership, such leases are classified as operating leases. Receipts from operating leases are credited to the Consolidated Statement of Comprehensive Income on a straight-line basis over the period of the lease.

All of the Company's properties are leased out on an operating lease basis.

ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)

Notes to the Special Purpose Consolidated Financial Statements (continued)

2. Accounting policies (continued)

q. Provision for doubtful debts

The Company is required to assess, at each valuation date, whether there is any objective evidence of impairment of the Rent Receivable amount reflected in the Consolidated Statement of Financial Position. If any such evidence exists, the Company is required to do a detailed impairment calculation to determine whether an impairment loss should be recognized. The calculation should be done on an individual tenant basis and can be further enhanced/adjusted on a consolidated property and fund level at the discretion of the Directors of the Company.

The evidence mentioned above will be determined by the days past due of the receivable and as directed in the table below.

Age of the debt provision:

0 – 90 days: 0%

91 – 180 days: 25%

181 – 365 days: 50%

366 – 1,000 days: 66.7%

More than 1,000 days: 100%

As well as basing the provision on ageing, in situations where there is a legal case against the tenant, the likely outcome of the case and the tenant's ability to pay are also taken into consideration.

Bad debt write-off:

Once a receivable meets any of the following criteria, it is written off (100% in the case of points 2 - 4):

- 1) Legal compromise settlement is reached with obligator (% of write-off will depend on the settlement terms)
- 2) Obligor is placed under receivership
- 3) Obligor is liquidated/declared bankrupt and no recovery is possible
- 4) Obligor has absconded with no method of recovery of receivable from local assets

The Directors can also exercise their discretion in applying the 100% write-off percentage stated above.

r. Operating segment

The Company has only one operating segment in United Arab Emirates.

3. Investment properties

	As at 31 March 2016 \$	As at 31 December 2014 \$	As at 31 December 2013 \$	As at 31 December 2012 \$
				Unaudited
Balance at start of the period/year	278,987,204	216,651,239	218,943,643	249,068,883
Acquisition of / addition to properties	95,486,314	37,297,241	383,426	807,302
Disposal of properties	(45,562,211)	-	(19,324,802)	(36,221,072)
Change in fair value	8,050,305	25,038,724	16,648,972	5,288,530
Balance at end of the period/year	<u>336,961,612</u>	<u>278,987,204</u>	<u>216,651,239</u>	<u>218,943,643</u>

Refer to note 13 for the schedule of investment properties.

During the year 2013, the company did not acquire any new property. On 19 October 2014 the Company acquired a residential building in Dubai named Arabian Oryx House (formerly known as ART IV) at a total cost of \$37,078,538 (AED136,189,470). On 10 June 2015 the Company acquired two and a half floors of a commercial building in Dubai named Burj Daman at a total cost of \$71,607,838 (AED263,015,589). On 27 September 2015 the Company acquired all 105 units in a residential tower in Dubai named Remraam at a total cost of \$23,457,367 (AED86,158,910).

Disposals were as follows:

	Period ended 31 March 2016 \$	Year ended 31 December 2013 \$	Year ended 31 December 2012 \$
			Unaudited
Disposals (Market Value at date of disposal)	\$	\$	\$
Crescent Tower	27,182,140	-	-
Al Buhairah Tower	18,380,071	-	-
Al Quoz Labour Camp Plot 358-603	-	6,806,425	-
Al Quoz Labour Camp Plot 358-612	-	5,200,109	-
Al Quoz Labour Camp Plot 358-624	-	7,318,268	-
Tecom	-	-	16,934,386
Sama 1 & 2	-	-	14,459,569
Al Khan	-	-	4,827,117
Total	<u>45,562,211</u>	<u>19,324,802</u>	<u>36,221,072</u>

ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)

Notes to the Special Purpose Consolidated Financial Statements (continued)

3. Investment properties (continued)

There were no disposals during the year ended 31 December 2014.

All Properties are located in U.A.E.

Investment properties are valued by CB Richard Ellis and Cavendish Maxwell Real Estate Consultant, qualified external independent valuation companies, on a quarterly basis. Investment properties are stated at fair value, being the estimated amount for which a property would 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. Fair value is estimated based on the Investment Method.

Under the Investment Method, investment value is a product of rent and yield derived using comparison techniques. In undertaking the valuation of properties under this method, an assessment has been made on the basis of a collation and analysis of appropriate comparable investment, rental and sale transactions, together with evidence of a demand within the vicinity of the subject property. With the benefit of such transactions, capitalization rates have been applied to the properties taking into account size location, terms, covenant and other material factors at the valuation date.

Investment properties	Equivalent Yield	Equivalent Yield	Equivalent Yield	Equivalent Yield
	31 March 2016	31 December 2014	31 December 2013	31 December 2012
	\$	\$	\$	\$
				Unaudited
Al Buhairah Tower	-	8.99%	9.00%	9.75%
Al Garhoud Star	9.03%	9.03%	9.77%	10.25%
Al Farah Plaza	8.50%	8.50%	8.26%	9.50%
Thuraya Tower	8.75%	8.75%	8.75%	9.50%
Crescent Tower	-	10.25%	10.50%	10.49%
DHCC 49	8.76%	9.03%	9.04%	9.31%
DHCC 25	8.55%	9.07%	9.30%	9.55%
Al Thuraya, TECOM A	8.00%	8.01%	8.27%	8.77%
Arabian Oryx House	7.75%	8.00%	-	-
Burj Daman (DIFC)	7.63%	-	-	-
Remraam (Dubailand)	8.00%	-	-	-
Al Qouz Labour Camp Plot 358-603	-	-	-	14.50%
Al Qouz Labour Camp Plot 358-612	-	-	-	15.00%
Al Qouz Labour Camp Plot 358-624	-	-	-	14.05%

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the entity's portfolios of investment properties are:

- Estimated Rental Value ("ERV")
- Rental growth
- Long-term vacancy rate
- Discount rate/yield

Significant increases / (decreases) in the ERV (per sqm p.a.) and rental growth p.a. in isolation would result in a significantly higher / (lower) fair value measurement. Significant increases / (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower / (higher) fair value measurement.

Generally, a change in the assumption made for the ERV (per sqm p.a.) is accompanied by:

- A similar change in the rent growth p.a. and discount rate (and exit yield)
- An opposite change in the long term vacancy rate

Property valuations are carried out in accordance with the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors ("RICS") and are undertaken by appropriately qualified valuers who are members of RICS. As a result of current property ownership legislation in the United Arab Emirates ("UAE"), the Company may not hold direct title of all its assets but may evidence sufficient title of its assets, with the Manager's approval, either through sub-custody arrangements or through contractual arrangements where the real property may be held for the benefit of the Company through Ijarah contracts or such other means as the Directors of the Company may deem suitable and adequate to protect shareholders' interests. Ijarah contracts, which may be held by the Company, will permit the passing of economic interests while direct ownership of the underlying assets is secured by a creditor. See note 13 for those investment properties where title is secured under Ijarah agreements.

ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)

Notes to the Special Purpose Consolidated Financial Statements (continued)

4. Trade and other receivables and cash and cash equivalents

Rent receivable

	As at 31 March 2016 \$	As at 31 December 2014 \$	As at 31 December 2013 \$	As at 31 December 2012 \$
Gross amount receivable	18,114,584	19,153,092	23,138,060	23,682,056
Less: provision for doubtful debts	<u>(18,114,584)</u>	<u>(19,100,102)</u>	<u>(22,589,009)</u>	<u>(22,441,296)</u>
	-	52,990	549,051	1,240,760
Movement in provision for doubtful debts				Unaudited
Balance at start of the year	(19,100,102)	(22,589,009)	(22,441,296)	(20,985,431)
Bad debts written off	873,450	3,161,553	-	-
Reversal/(charge) for the year	112,068	327,354	(147,713)	(1,455,865)
Balance at end of the year	<u>(18,114,584)</u>	<u>(19,100,102)</u>	<u>(22,589,009)</u>	<u>(22,441,296)</u>

Other receivables

	As at 31 March 2016 \$	As at 31 December 2014 \$	As at 31 December 2013 \$	As at 31 December 2012 \$
Receivable for				Unaudited
Sale of property	65,604	273,230	63,541	122,516
Security deposit	1,725,872	1,293,668	1,377,915	1,386,050
Subscriptions to Participating shares	-	1,000,000	-	-
Prepaid expenses	553,302	70,919	95,404	178,059
Deposits for Utilities	861,024	395,614	519,677	518,861
Ijarah prepayment	45,215	-	-	-
	<u>3,251,017</u>	<u>3,033,431</u>	<u>2,056,537</u>	<u>2,205,486</u>
Total trade and other receivables	<u>3,251,017</u>	<u>3,086,421</u>	<u>2,605,588</u>	<u>3,446,246</u>

Cash and cash equivalents

	As at 31 March 2016 \$	As at 31 December 2014 \$	As at 31 December 2013 \$	As at 31 December 2012 \$
Cash at bank	1,736,977	20,201,734	2,880,172	372,801
Cash at bank in foreign currency	<u>75,908,583</u>	<u>3,876,899</u>	<u>2,405,824</u>	<u>3,748,821</u>
Total Cash and cash equivalents	<u>77,645,560</u>	<u>24,078,633</u>	<u>5,285,996</u>	<u>4,121,622</u>

5. Trade and other payables

	As at 31 March 2016 \$	As at 31 December 2014 \$	As at 31 December 2013 \$	As at 31 December 2012 \$
Unearned income, net *	4,261,495	4,814,803	4,881,958	6,467,848
Tenants' security deposit	1,717,653	1,293,396	1,377,916	1,367,263
Management fees (refer note 9)	1,750,962	1,359,093	888,087	967,380
Administration fees (refer note 9)	198,617	382,844	65,296	136,850
Custodian fees (refer note 9)	56,378	70,903	62,174	178,877
Finance costs on Ijarah	16,135	-	-	-
Sundry creditors	<u>2,075,108</u>	<u>2,853,093</u>	<u>2,648,927</u>	<u>2,206,354</u>
	<u>10,076,348</u>	<u>10,774,132</u>	<u>9,924,358</u>	<u>11,324,572</u>

*Net of lease income accrued on straight line of the contractual rent.

ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)

Notes to the Special Purpose Consolidated Financial Statements (continued)

6. Ijarah payable

	As at 31 March 2016 \$	As at 31 December 2014 \$	As at 31 December 2013 \$	As at 31 December 2012 \$
				Unaudited
Ijarah payable	<u>2,722,570</u>	<u>3,657,866</u>	<u>23,940,948</u>	<u>27,888,663</u>

During 2013 US\$3,947,715 (AED14,499,961) and during 2014 US\$20,283,082 (AED74,499,760) of the initial Ijarah was repaid. The Ijarah rate was 3.5% (31 December 2013: 3.5%) above the monthly EIBOR with a floor rate of 5.5%. The initial US\$39,477,266 (AED145,000,000) Ijarah was secured against investment properties and the carrying value of the pledged properties are disclosed in note 13.

The Company settled and cancelled the previous Ijarah on 30 April 2015 and signed a new Ijarah facility for five years on 1 May 2015. This is secured against the same investment properties as the previous Ijarah facility. The new Ijarah facility amounts to AED250,000,000 of which AED10,000,000 has been drawn down at the period end. The Ijarah rate is 2.5% above the quarterly EIBOR with no floor and 7% cap (31 December 2014: 3.5% above the monthly EIBOR with 5.5% floor and 8% cap). As detailed above, Ijarah is secured against investment properties and the carrying value of the pledged properties is disclosed in note 13. The Ijarah is payable as follows:

	As at 31 March 2016 \$	As at 31 December 2014 \$	As at 31 December 2013 \$	As at 31 December 2012 \$
				Unaudited
Gross Ijarah liability				
Less than one year	28,747	102,602	5,181,381	5,401,521
Between one and five years	<u>3,110,917</u>	<u>3,657,866</u>	<u>22,111,863</u>	<u>27,293,243</u>
	3,139,664	3,760,468	27,293,244	32,694,764
Future finance costs	<u>(417,094)</u>	<u>(102,602)</u>	<u>(3,352,296)</u>	<u>(4,806,101)</u>
Net Ijarah liability	<u>2,722,570</u>	<u>3,657,866</u>	<u>23,940,948</u>	<u>27,888,663</u>

Net Ijarah liability is repayable as follows:

	As at 31 March 2016 \$	As at 31 December 2014 \$	As at 31 December 2013 \$	As at 31 December 2012 \$
				Unaudited
Net Ijarah liability				
Less than one year	-	-	3,947,716	3,947,716
Between one and five years	<u>2,722,570</u>	<u>3,657,866</u>	<u>19,993,232</u>	<u>23,940,947</u>
	<u>2,722,570</u>	<u>3,657,866</u>	<u>23,940,948</u>	<u>27,888,663</u>
Current liabilities	-	-	3,947,716	3,947,716
Non-current liabilities	<u>2,722,570</u>	<u>3,657,866</u>	<u>19,993,232</u>	<u>23,940,947</u>
	<u>2,722,570</u>	<u>3,657,866</u>	<u>23,940,948</u>	<u>27,888,663</u>

The carrying amount of net Ijarah liability approximates its fair value.

7. Shares in issue

Subsequent to 31 March 2016, ENBD REIT has issued share capital of \$50,000 to the Parent, EREF Jersey, in cash. Included below is information related to the shares in issue by EREF Jersey at each reporting date.

a. Authorised Share Capital

EREF Jersey was authorised to issue 1,000 Management Shares of no par value and 1,000,000,000 Participating Shares of no par value.

Management Shares were issued to the Manager. Management Shares exist solely to comply with the Companies (Jersey) Law 1991, which provides that no redeemable shares may be issued at a time when there are no issued shares which are not redeemable. The holders of the Management Shares are entitled to receive notice of general meetings of EREF Jersey and to attend and vote thereat. On a poll, a holder of Management Shares is entitled to one vote for each Management Share held. Management Shares carry no right to a dividend and are not redeemable. In a winding up, they rank only for a return of paid up nominal capital pari passu out of the assets of EREF Jersey (after the return of nominal capital paid up on Participating Shares).

ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)

Notes to the Special Purpose Consolidated Financial Statements (continued)

7. Shares in issue (continued)

Participating Shares carry the right to a proportionate share in the assets of the relevant Share Class and to any dividends that may be declared. Holders of the Participating Shares are entitled to receive notice of all general meetings of EREF Jersey and to attend and vote thereat. The holder of Participating Shares is entitled to one vote for each whole share of which he is a holder. Shares are redeemable by shareholders at prices based on the value of the net assets of the relevant Share Class as determined in accordance with the Articles of Association.

b. Management Shares

The Management Shares were issued to the Manager at \$1.00 per share and the proceeds of the issue are represented by a separate management fund. Details of the management fund at the reporting date are as follows;

	As at 31 March 2016 \$	As at 31 December 2014 \$	As at 31 December 2013 \$	As at 31 December 2012 \$ Unaudited
100 Management Shares at \$1.00 each	100	100	100	100
Issued and fully paid	100	100	100	100

The Management Shares are not reflected in the Special Purpose Consolidated Statement of Financial Position and are disclosed by way of this note only on materiality grounds.

The following shares have been issued by EREF Jersey via the Ultimate Parent:

	As at 1 January 2015	Created in the period	Redeemed in the period	As at 31 March 2016	NAV per Share
A Share Class	6,953,241	174,071	(498,889)	6,628,423	\$12.6668
E Share Class	4,094,698	382,843	(115,353)	4,362,188	\$2.2592
Income Share Class	39,346,121	16,711,043	(2,306,970)	53,750,194	\$6.8790
	<u>50,394,060</u>	<u>17,267,957</u>	<u>(2,921,212)</u>	<u>64,740,805</u>	
	As at 1 January 2014	Created in the year	Redeemed in the year	As at 31 December 2014	NAV per Share
A Share Class	4,249,389	3,819,241	(1,115,389)	6,953,241	\$11.7442
E Share Class	2,052,874	2,191,271	(149,447)	4,094,698	\$2.0947
Income Share Class	24,908,685	17,549,012	(3,111,576)	39,346,121	\$6.7612
	<u>31,210,948</u>	<u>23,559,524</u>	<u>(4,376,412)</u>	<u>50,394,060</u>	
	As at 1 January 2013	Created in the year	Redeemed in the year	As at 31 December 2013	NAV per Share
A Share Class	3,252,887	4,226,902	(3,230,400)	4,249,389	\$10.30
E Share Class	3,763,052	985,222	(2,695,400)	2,052,874	\$1.84
Income Share Class	31,557,149	2,876,386	(9,524,850)	24,908,685	\$6.28
	<u>38,573,088</u>	<u>8,088,510</u>	<u>(15,450,650)</u>	<u>31,210,948</u>	
Unaudited	As at 1 January 2012	Created in the year	Redeemed in the year	As at 31 December 2012	NAV per Share
A Share Class	3,646,596	-	(393,709)	3,252,887	\$9.08
E Share Class	4,794,936	-	(1,031,884)	3,763,052	\$1.62
Income Share Class	33,360,597	-	(1,803,448)	31,557,149	\$5.86
	<u>41,802,129</u>	<u>-</u>	<u>(3,229,041)</u>	<u>38,573,088</u>	

ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)

Notes to the Special Purpose Consolidated Financial Statements (continued)

8. Property expenses

	For the period ended 31 March 2016	For the year ended 31 December 2014	For the year ended 31 December 2013	For the year ended 31 December 2012
	\$	\$	\$	\$
				Unaudited
Insurance	110,138	81,113	114,977	42,890
Maintenance	2,353,846	1,243,776	962,341	1,584,209
Cleaning, electricity and water	2,099,093	1,902,923	2,367,026	2,928,538
Sewerage and pest control	4,344	7,099	10,408	14,455
Miscellaneous	575,733	43,053	180,171	101,981
Air conditioning	492,790	495,820	499,627	703,841
Building managers' expenses	4,042,744	3,488,666	3,360,351	3,333,159
Legal fees	96,710	34,391	112,871	80,769
	<u>9,775,398</u>	<u>7,296,841</u>	<u>7,607,772</u>	<u>8,789,842</u>

9. Related parties and significant transactions

The following are considered related parties to the Company:

Related party	Relationship (basis for being a related party)
Emirates NBD Fund Managers (Jersey) Limited (the "Manager")	Management of the EREF Jersey.
Emirates NBD Bank PJSC (the "Discretionary Investment Manager")	Advises the Board on investment decisions.
Emirates NBD Asset Management Limited (the "Delegate Investment Manager")	Advises the Board on investment decisions.
Board of Directors (the "Board")	Directing and making key decisions for the Company.
Emirates Real Estate Fund Limited - Jersey	Parent
Emirates Funds Limited	Ultimate Parent

The following Murabaha Investments are held at Emirates NBD Bank PJSC.

	Period ended 31 March 2016	Year ended 31 December 2014	Year ended 31 December 2013	Year ended 31 December 2012
	\$	\$	\$	\$
				Unaudited
Murabaha Investments	50,471,549	68,062,551	15,520,570	37,803,426
Profit share receivable	201,760	11,946	26,917	124,413
Profit share	672,538	64,283	190,938	560,536

All of the Directors are Directors of the Parent company and of each of its subsidiaries. Tariq Bin Hendi is an employee of the Delegate Investment Manager. David Marshall, Mark Creasey and Gary Clark are Directors of the Manager.

The Manager pays its earned performance fee in full to the Discretionary Investment Manager.

The Directors are entitled to a maximum of \$30,000 each per annum for their services to the Parent. Directors fees charged to the Company are as follows

	Period ended 31 March 2016	Year ended 31 December 2014	Year ended 31 December 2013	Year ended 31 December 2012
	\$	\$	\$	\$
				Unaudited
Charged for the period / year	22,043	23,386	21,156	9,643
Payable to the directors	6,881	3,750	10,833	9,643

The Company invests in other subsidiaries within Emirates Funds Limited. The Company's investments in the related collective investment funds are disclosed in note 13.

The bases of the fees payable to the related parties are set out below. The fees incurred during the period are disclosed in the Consolidated Statement of Comprehensive Income on page 8, with amounts outstanding at the reporting date detailed in note 5.

ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)

Notes to the Special Purpose Consolidated Financial Statements (continued)

9. Related parties and significant transactions (continued)

Below are the significant transactions relevant to the Company:

Manager

The Company has appointed Emirates NBD Fund Managers (Jersey) Limited as the Manager. The Manager is entitled to receive a management fee of 1.50% of the Gross Asset Value, ("GAV"), in respect of the A, E and Income Share Classes.

The Performance Fee will be equal to up to 20% in the increase in the NAV of the Share Classes over and above the Hurdle Rate of Return (as defined in the Supplement) for all the Share Classes.

Refer to note 2 (o) for details of fees relating to deferred sales and exit fees.

Administrator

The Company has appointed State Street Fund Services (Jersey) Limited as the Administrator. For all of the Share Classes, the following administration fees will apply:

Total Net Assets per Fund	Administration and Accounting Fee
On first \$100 million Net Assets	0.12% of NAV
On next \$100 million Net Assets	0.09% of NAV
On next \$100 million Net Assets	0.07% of NAV
Excess	0.05% of NAV

State Street Fund Services (Jersey) Limited, or any other Corporate Services Provider that may be appointed by the Manager from time to time, will also be paid a fee in respect of corporate services which it provides to the subsidiary at the relevant market rate and as agreed with the Manager from time to time. It is not expected that this fee will exceed \$15,000 per annum for the entire Company.

Custodian

The Company has appointed State Street Custodial Services (Jersey) Limited as the Custodian. The custodial fees are divided into two categories for each market of investment, namely safekeeping fees and transaction fees. The safekeeping fee is an annual fee, billable monthly based on the value of the month end assets. These fees are detailed in full in the schedule to the Custodian Agreement between State Street Custodial Services (Jersey) Limited and the Company and are available to shareholders on request. The custodian fee accrues on each subscription day and is payable monthly in arrears.

10. Capital Management

The Company's objectives for capital management are to ensure that there are adequate funds to seize investment opportunities as they arise, in line with the investment objectives. The Company may not obtain financing which will result in incurring interest. Generally it is intended that the Company will be financed through subscription of Participating Shares received by the Parent Company and passed on to the Company. The Company may borrow to finance up to 80% of the purchase value of the property so long as it is in accordance with Islamic Shari'a.

Redemption of Participating Shares may only be made on specific redemption days and require minimum notice periods. Depending on the holding period of the Participating Shares, a redemption charge of up to 5% of redemption proceeds may apply. Furthermore, the Manager reserves the right to reduce the redemptions proportionately on a particular redemption date, if the redemption notices exceeded a certain proportion of the NAV. The redemption requests are received by the Ultimate Parent and passed on to the Parent for fulfilment.

The Directors consider the net assets attributable to Participating Shareholders to constitute financial liability. There are no regulatory capital requirements for the Company. A quantitative analysis of liquidity risk in relation to capital is contained in note 11.2.

11. Financial risk management

The Company's investing activities expose it to various types of risk that are associated with financial instruments and markets in which it invests. These risks are dealt with in length in the private placement memorandum. The Company's approach to some of the most important types of financial risk to which the Company is exposed, including the Company's objectives, policies and procedures for managing the risks, are summarised below:

Objectives for managing financial risks

The Company's objective for managing financial risks is to ensure that shareholder value is created and protected through ongoing identification, measurement and monitoring of the risks including assessment of the returns to ensure they are commensurate with the risks taken.

ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)

Notes to the Special Purpose Consolidated Financial Statements (continued)

11. Financial risk management (continued)

Risk management structure

The Company's Delegate Investment Manager is responsible for the identification, measurement and controlling of financial risks. The Investment Committee of the Discretionary Investment Manager and the Investment Adviser provide the necessary advice and guidance in managing financial risks. The Investment Committee meets on a regular basis with the Discretionary Investment Manager to discuss and monitor the Company's risk exposure.

Concentration of financial risks

In order to avoid excessive risk concentration, the Company's policies and procedures include specific guidelines to limit some geographic, counterparty, security, industry or currency exposures.

11.1 Credit risk

Credit risk is the risk that a counterparty will be unable or unwilling to meet commitments it has entered into with the Company. The Company's main credit risk derives from its investments and the possibility for defaults on rental income and other receivables. The table below shows the maximum exposure to credit risk as at the reporting date:

	As at 31 March 2016 \$	As at 31 December 2014 \$	As at 31 December 2013 \$	As at 31 December 2012 \$ Unaudited
Financial assets				
Murabaha	50,471,549	68,062,551	15,520,570	37,803,426
Cash and cash equivalents	77,645,560	24,078,633	5,285,996	4,121,622
Profit share receivable	201,760	11,946	26,917	124,413
Trade and other receivables	926,628	668,844	583,218	641,377
Maximum gross exposure to credit risk	129,245,497	92,821,974	21,416,701	42,690,838
Collateral received for Murabaha Investments (see note 13)	(50,471,549)	(68,062,551)	(15,520,570)	(37,803,426)
Maximum net exposure to credit risk	78,773,948	24,759,423	5,896,131	4,887,412

The Company's objective for managing credit risk is to ensure that the exposure is limited to acceptable levels in line with the investment guidelines and risk management processes. The investment decisions under the supervision of the Directors are made on behalf of the Company by the Investment Manager, advised by the Investment Committee, and they reflect the medium to long-term objectives of the Company.

In determining the provisions, the Company considered the status of the counterparties, status of any recovery procedures and the likelihood of recovering these amounts. The following table summarises, for the Company, the credit quality of the financial assets that are exposed to credit risk:

	As at 31 March 2016 \$	As at 31 December 2014 \$	As at 31 December 2013 \$	As at 31 December 2012 \$ Unaudited
Ratings				
Baa1 (Moody's)	50,471,549	68,062,551	15,520,570	37,803,426
Other / not rated	78,773,948	24,759,423	5,896,131	4,887,412
Maximum gross exposure to credit risk	129,245,497	92,821,974	21,416,701	42,690,838

Some securities are not rated but the credit risk exposure is managed and monitored through regular reviews of the underlying issuers and making assumptions on their credit risks in relation to other rated issuers. Non-rated securities mainly relate to cash at banks held with the Custodian and receivables from brokers from trades. Credit risk on these securities is considered insignificant on the basis that the ultimate holding company of the Custodian has an investment grade credit rating of A+ (31 December 2014: A+) and the balances with brokers are relatively short-term and are recoverable within a few days of period end.

The Investment Manager monitors the counterparties with whom the Company trades to ensure that they have a sound credit standing and that they do not expose the Company to unreasonably high exposure to credit risk. As provided for in the Prospectus, there are specific limits on each type of investment as a proportion of the NAV of the Company in order to limit the concentration of either counterparty or investment-type risk.

ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)

Notes to the Special Purpose Consolidated Financial Statements (continued)

11. Financial risk management (continued)

11.1 Credit risk (continued)

None of the amounts above are past due nor have their terms renegotiated other than the rent receivable as disclosed in the following table:

	Residential \$	Commercial \$	Total \$
As at 31 March 2016			
Past due but not impaired	-	-	-
Past due and impaired			
90 – 180 days	-	-	-
181 – 365 days	-	-	-
366 – 1,000 days	-	-	-
			<u>-</u>
			<u>-</u>
As at 31 December 2014			
Past due but not impaired	39,500	13,490	52,990
Past due and impaired			
90 – 180 days	-	-	-
181 – 365 days	-	-	-
366 – 1,000 days	-	-	-
			<u>52,990</u>
			<u>52,990</u>
As at 31 December 2013			
Past due but not impaired	52,661	51,476	104,137
Past due and impaired			
90 – 180 days	5,186	5,223	10,409
181 – 365 days	4,928	6,896	11,824
366 – 1,000 days	422,681	-	422,681
			<u>549,051</u>
			<u>549,051</u>
As at 31 December 2012			
Unaudited	\$	\$	\$
Past due but not impaired	23,468	371,056	394,524
Past due and impaired			
90 – 180 days	23,268	47,594	70,862
180 – 365 days	34,942	63,095	98,037
365 – 1,000 days	488,719	188,618	677,337
			<u>1,240,760</u>
			<u>1,240,760</u>

The Company's policy is to receive rent in advance for the majority of the tenants. Rental amounts not received on the agreed date are considered past due and provisions against these receivables are recorded based on the policy disclosed in note 2.

11.2 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The extent of liquidity risk for the Company is dependent upon the nature of the Company and its investment objectives, which are discussed in detail in the Directors' Report on pages 3 and 4.

ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)

Notes to the Special Purpose Consolidated Financial Statements (continued)

11. Financial risk management (continued)

11.2 Liquidity risk (continued)

The tables below show the maturity profiles and the contractual cash flows for the financial liabilities:

	Less than 1 year	1 to 5 years	Over 5 years	No contractual maturity	Total
	\$	\$	\$	\$	\$
As at 31 March 2016					
Ijarah commitments *	44,882	3,110,917	-	-	3,155,799
Net assets attributable to Participating Shareholders **	463,563,819	-	-	-	463,563,819
Other financial liabilities	5,798,718	-	-	-	5,798,718
	<u>469,407,419</u>	<u>3,110,917</u>	<u>-</u>	<u>-</u>	<u>472,518,336</u>
As at 31 December 2014					
Ijarah commitments*	102,602	3,657,866	-	-	3,760,468
Net assets attributable to Participating Shareholders **	356,263,927	-	-	-	356,263,927
Other financial liabilities	5,959,329	-	-	-	5,959,329
	<u>362,325,858</u>	<u>3,657,866</u>	<u>-</u>	<u>-</u>	<u>365,983,724</u>
As at 31 December 2013					
Ijarah commitments*	5,181,381	22,111,862	-	-	27,293,243
Net assets attributable to Participating Shareholders**	203,911,507	-	-	-	203,911,507
Other financial liabilities	5,042,400	-	-	-	5,042,400
	<u>214,135,288</u>	<u>22,111,862</u>	<u>-</u>	<u>-</u>	<u>236,247,150</u>
As at 31 December 2012 Unaudited					
Ijarah commitments*	5,401,521	27,293,243	-	-	32,694,764
Net assets attributable to Participating Shareholders**	-	-	-	220,609,355	220,609,355
Other financial liabilities	4,856,724	-	-	-	4,856,724
	<u>10,258,245</u>	<u>27,293,243</u>	<u>-</u>	<u>220,609,355</u>	<u>258,160,843</u>

* Refer note 6

** Refer note 12

Reconciliation of the maturity values to the financial liabilities per the Consolidated Statement of Financial Position

	As at 31 March 2016	As at 31 December 2014	As at 31 December 2013	As at 31 December 2012 Unaudited
	\$	\$	\$	\$
Total current liabilities per the Consolidated Statement of Financial Position	10,076,348	10,774,132	13,872,074	15,272,288
Net assets attributable to Participating Shareholders	463,563,818	356,263,928	203,911,507	220,609,355
Total non-current liabilities per the Consolidated Statement of Financial Position	<u>2,722,570</u>	<u>3,657,866</u>	<u>19,993,231</u>	<u>23,940,947</u>
	476,362,736	370,695,926	237,776,812	259,822,590
Add: Future lease finance costs not recognised in the financial statements (refer note 6)	417,094	102,602	3,352,296	4,806,101
Less: Deferred income excluded in maturity profile (refer note 5)	<u>(4,261,495)</u>	<u>(4,814,803)</u>	<u>(4,881,958)</u>	<u>(6,467,848)</u>
Total per maturity profile	<u>472,518,335</u>	<u>365,983,725</u>	<u>236,247,150</u>	<u>258,160,843</u>

ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)

Notes to the Special Purpose Consolidated Financial Statements (continued)

11. Financial risk management (continued)

11.2 Liquidity risk (continued)

Significant liquidity risk arises from the redemption of the Participating Shares, which do not have any contractual maturity but are redeemable at the option of the Participating Shareholders, on each quarterly Valuation date.

The Company's objective is to ensure that there are adequate liquid resources to meet the obligations under the financial liabilities. The Prospectus generally provides that save for the monies which are retained by the Company to fund the redemptions and meeting costs and expenses, all monies should be invested in accordance with the investment objectives of the Company.

In order to fund the redemptions, the Manager has determined that, where practicable, there shall be retained quarterly traded cash or other quarterly traded liquid assets as the Manager shall from time to time consider appropriate, typically 5% of NAV of the Company. In accordance with the Prospectus, there is no guarantee that such limits will be adhered to as the Manager may take investment opportunities and invest more funds to leave less than 5% in quarterly traded cash or other traded liquid assets.

11.3 Market risk

Market risk is the risk that the fair value and/or future cash flows of financial instruments will be adversely affected by the movements in markets variables. The key components of market risk that the Company is exposed to are Currency Risk, Equity Price Risk, and Profit Rate Risk. These are considered in turn below:

11.3a Currency risk

Currency risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rates.

The Company may hold assets denominated in currencies other than its functional currency of \$. The majority of the assets of the Company are denominated either in \$ or in currencies pegged to \$. Therefore the Company is not exposed to currency risk from such currencies.

The Company's objective for managing currency risk is to ensure that the assets of the Company in a particular currency are adequate to cover the corresponding currency liabilities. With regards to the redemptions, these can only be made on specific subscription dates based on the NAV as at that date and this automatically mitigates the currency risks arising from redemptions.

The Participating Shares of EREF Jersey are either in \$ or AED which is pegged to \$.

The investment restrictions provide for limits, such as maximum exposure to a particular country thereby limiting concentration to any one currency, or investing in collective funds that are, in themselves, well diversified.

Sensitivity analysis

The net assets attributable to Participating Shareholders of EREF Jersey have no currency volatility at the current time and accordingly have not been discussed in this section.

11.3b Equity price risk

Equity price risk is the sensitivity of the Company to movements in the value of its investments in shares or units. The Company is not exposed to any significant equity price risk.

11.3c Profit rate risk

Profit rate risk is the risk that changes in profit rates will affect future cash flows or the fair value of financial instruments of the Company.

The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market profit rates. The Company may invest in Sukuk or other fixed or floating profit rate securities.

ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)

Notes to the Special Purpose Consolidated Financial Statements (continued)

11. Financial risk management (continued)

11.3c Profit rate risk (continued)

The following table sets out the carrying amount, by maturity, of the Company's financial instruments that are exposed to profit rate risk

31 March 2016:

	Within 1 year \$	Between 1 and 5 years \$	Over 5 years \$	Total \$
Floating rate				
Gross Ijarah payable	(28,747)	(3,110,917)	-	(3,139,664)

31 December 2014:

	Within 1 year \$	Between 1 and 5 years \$	Over 5 years \$	Total \$
Floating rate				
Investments	1,124,868	-	-	1,124,868
Gross Ijarah payable	(102,602)	(3,657,866)	-	(3,760,468)
	<u>1,022,266</u>	<u>(3,657,866)</u>	<u>-</u>	<u>2,635,600</u>

31 December 2013:

	Within 1 year \$	Between 1 and 5 years \$	Over 5 years \$	Total \$
Floating rate				
Investments	1,120,723	-	-	1,120,723
Gross Ijarah payable	(5,181,381)	(22,111,862)	-	(27,293,243)
	<u>(4,060,658)</u>	<u>(22,111,862)</u>	<u>-</u>	<u>(26,172,520)</u>

31 December 2012:

Unaudited

	Within 1 year \$	Between 1 and 5 years \$	Over 5 years \$	Total \$
Floating rate				
Gross Ijarah payable	(5,401,521)	(27,293,243)	-	(32,694,764)

The Company considers that floating rate securities are not materially affected in their fair values by changes in profit rates. However, cash flows are affected by changes in profit rates of floating rate securities. The sensitivity analysis for the Company shows that an increase in profit rates of 50bps across Investments and Ijarah payable would impact 31 March 2016 NAV by -0.01% (31 December 2014; -0.01%). In practice, the actual movements and sensitivity may vary and the difference could be significant.

12. Reconciliation of NAV

	As at 31 March 2016 \$	As at 31 December 2014 \$	As at 31 December 2013 \$	As at 31 December 2012 \$
				Unaudited
NAV per financial statements	455,732,580	360,919,625	207,345,727	225,226,115
Accrual for Distribution (refer note 16)	-	(7,874,652)	(4,421,292)	(5,378,569)
Capital Expenditure reclassification *	1,430,083	1,173,143	1,070,298	779,516
Deferred Capital Expenditure	6,401,155	2,045,812	-	-
Other adjustment	-	-	(83,227)	(17,707)
NAV per approved valuation	<u>463,563,818</u>	<u>356,263,928</u>	<u>203,911,506</u>	<u>220,609,355</u>

* Capital expenditure for Investment properties at fair value under IFRS, adjusted for amortisation over 5 years period as per the Prospectus.

The acquisition costs of property purchased by the Company will be amortised over a period of four years from the date of acquisition and will be reflected in the NAV per approved valuation.

If a property should be redeemed by the Company prior to the completion of the amortisation period, the balance of acquisition costs unamortised will be written off as part of the overall property sale and factored into the resulting gain or loss.

ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)

Notes to the Special Purpose Consolidated Financial Statements (continued)

13. Schedule of Investments

Investment properties 2016

	Historical cost \$	Market value \$	% of net assets
Al Garhoud Star*	73,751,702	21,813,232	4.79
Al Farah Plaza*	26,016,227	28,859,243	6.33
Thuraya Tower*	12,193,435	16,049,551	3.52
DHCC 49	39,666,921	32,363,191	7.10
DHCC 25	34,663,109	25,009,529	5.49
Al Thuraya*, TECOM A	69,295,924	84,032,126	18.44
Arabian Oryx House (formerly ART IV)	37,078,538	38,257,555	8.39
Burj Daman (DIFC)	71,927,929	67,435,339	14.80
Remraam (Dubailand)	23,457,367	23,141,846	5.08
Total investment properties	388,051,152	336,961,612	73.94

*These properties are secured under the Ijarah arrangement (see note 6). The title to these properties is held by Emirates Islamic Bank PJSC.

Investments at fair value through profit and loss 2016

	Historical cost \$	Market value \$	% of net assets
Murabaha investments	50,438,553	50,471,549	11.07
Total investments	438,489,705	387,433,161	85.01
Other assets - net		68,299,419	14.99
Net assets attributable to Participating Shareholders		455,732,580	100.00

Investment properties 2014

	Historical cost \$	Market value \$	% of net assets
Al Buhairah Tower*	15,060,628	17,772,938	4.93
Al Garhoud Star*	73,751,702	19,578,002	5.43
Al Farah Plaza*	26,016,227	27,465,287	7.61
Thuraya Tower*	12,193,435	15,709,230	4.35
Crescent Tower*	22,259,146	26,923,496	7.46
DHCC 49	39,666,921	30,691,532	8.50
DHCC 25	34,663,109	23,577,457	6.53
Al Thuraya*, TECOM A	69,295,924	80,343,044	22.26
ART IV (currently Arabian Oryx House)	37,078,538	36,926,218	10.23
Total investment properties	329,985,630	278,987,204	77.30

*These properties are secured under the Ijarah arrangement (see note 6). The title to these properties is held by Emirates Islamic Bank PJSC.

Investments at fair value through profit and loss 2014

	Historical cost \$	Market value \$	% of net assets
Emirates Islamic Money Market Fund Limited I Institutional Share Class **	1,120,000	1,124,868	0.31
Total investments at fair value through profit and loss	1,120,000	1,124,868	0.31
Murabaha investments	68,062,551	68,062,551	18.86
Total investments	399,168,181	348,174,623	96.47
Other assets - net		12,745,002	3.53
Net assets attributable to Participating Shareholders		360,919,625	100.00

** Investment in related party

ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)

Notes to the Special Purpose Consolidated Financial Statements (continued)

13. Schedule of Investments (continued)

Investment properties 2013

	Historical cost \$	Market value \$	% of net assets
Al Buhairah Tower*	15,060,628	13,324,258	6.43
Al Garhoud Star*	73,751,702	15,583,991	7.52
Al Farah Plaza*	26,016,227	23,827,934	11.49
Thuraya Tower*	12,193,435	11,353,117	5.48
Crescent Tower*	22,259,146	27,917,234	13.46
DHCC 49	39,666,921	29,616,118	14.28
DHCC 25	34,663,109	22,589,164	10.89
Al Thuraya*, TECOM A	69,295,924	72,439,423	34.94
Total investment properties	<u>292,907,092</u>	<u>216,651,239</u>	<u>104.49</u>

*These properties are secured under the Ijarah arrangement (see note 6). The title to these properties is held by Emirates Islamic Bank PJSC.

Investments at fair value through profit and loss 2013

	Historical cost \$	Market value \$	% of net assets
Emirates Islamic Money Market Fund Limited I Institutional Share Class **	1,120,000	1,120,723	0.54
Total investments at fair value through profit and loss	<u>1,120,000</u>	<u>1,120,723</u>	<u>0.54</u>

Murabaha investments

1.120% 03-Feb-2014	11,638,697	11,638,697	5.61
0.910% 03-Feb-2014	3,881,873	3,881,873	1.87
Total islamic deposits and receivables	<u>15,520,570</u>	<u>15,520,570</u>	<u>7.48</u>

Total investments	309,547,662	233,292,532	112.51
Other liabilities - net		(25,946,805)	(12.51)
Net assets attributable to Participating Shareholders		<u>207,345,727</u>	<u>100.00</u>

Investment properties 2012

Unaudited

	Historical cost \$	Market value \$	% of net assets
Al Buhairah Tower*	15,060,628	10,726,926	4.76
Al Garhoud Star*	73,751,702	12,504,765	5.55
Al Farah Plaza*	26,016,227	18,287,503	8.12
Al Quoz Labour Camp Plot 358-603	23,974,221	6,874,490	3.05
Al Quoz Labour Camp Plot 358-612	23,110,869	6,520,555	2.90
Al Quoz Labour Camp Plot 358-624	23,030,149	4,892,458	2.17
Thuraya Tower*	12,193,435	9,057,991	4.02
Crescent Tower*	22,259,146	31,124,422	13.82
DHCC 49	39,666,921	29,300,300	13.01
DHCC 25	34,663,109	21,581,813	9.58
Al Thuraya*, TECOM A	69,295,924	68,072,420	30.22
Total investment properties	<u>363,022,331</u>	<u>218,943,643</u>	<u>97.20</u>

*These properties are secured under the Ijarah arrangement (see note 6). The title to these properties is held by Emirates Islamic Bank PJSC.

ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)

Notes to the Special Purpose Consolidated Financial Statements (continued)

13. Schedule of Investments (continued)

Investments at fair value through profit and loss 2012

Unaudited

	Historical cost	Market value	% of net assets
	\$	\$	
Murabaha investments	37,803,426	37,803,426	16.78
Total investments	400,825,757	256,747,069	113.98
Other liabilities - net		(31,520,954)	(13.98)
Net assets attributable to Participating Shareholders		225,226,115	100.00

Murabaha investments are money market instruments in which the borrower sells securities for cash to a lender and agrees to repurchase those securities at a later date at an agreed upon price. The value of securities lent and sold under agreements to repurchase at 31 March 2016 was \$50,471,549, 31 December 2014: \$68,062,551, 31 December 2013: \$15,520,570, 31 December 2012: \$37,803,426. The securities underlying the Murabaha investments consist of commodity investments in aluminum, nickel, platinum and palladium.

14. Fair value

Fair values

The carrying amounts of investment properties, deposits, investment in financial assets, trade and other receivables and trade and other payables approximate their fair values.

Fair value hierarchy

The Company is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted market price in an active market for an identical instrument.

Level 2 - Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 - Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant impact on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Directors determine the Company's valuation policies and procedures for property valuations. The Directors appoint independent external valuers to be responsible for the external valuations of the Company's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The fair value of the property was determined by CB Richard Ellis Dubai LLC and Cavendish Maxwell Real Estate Consultant, accredited independent valuers with recognised and relevant professional qualifications and with recent experience in the location and category of the investment properties being valued. For all investment properties, their current use equates to the highest and best use. The Directors review the valuations performed by the independent valuers for financial reporting purposes at least once every quarter, in line with the Company's quarterly reporting dates.

The fair value measurement for investment properties has been categorised as Level 3 fair value based on the inputs to the valuation technique used (refer note 3).

At 31 December 2014, the Company had an investment in a collective investment fund that was valued based on indicative or issued prices by the underlying fund managers, which was the NAV of the collective investment fund. Since the valuation base was based on observable market data which was readily available, the Directors took the view that this was to be classified as Level 1. The Company disposed of this investment during the period and held no other financial assets measured at fair value that required classification at the period ended 31 March 2016 or 31 December 2014. The classification of assets is based on the source of the prices, as outlined above. If the pricing sources change, the classifications will be reviewed at the reporting date.

There were no transfers between, into or out of Level 1, Level 2 or Level 3 during the period ended 31 March 2016, 31 December 2014, 31 December 2013 or 31 December 2012.

ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)

Notes to the Special Purpose Consolidated Financial Statements (continued)

14. Fair value (continued)

The Company's assets as at 31 March 2016 are as follows

	Level 1 \$	Level 2 \$	Level 3 \$	Total Fair Value \$
Assets at fair value through profit or loss				
- Investment properties	-	-	336,961,612	336,961,612

The Company's assets at 31 December 2014 were as follows:

	Level 1 \$	Level 2 \$	Level 3 \$	Total Fair Value \$
Assets at fair value through profit or loss				
- Investment properties	-	-	278,987,204	278,987,204
- Other investments	-	1,124,868	-	1,124,868
	-	1,124,868	278,987,204	280,112,072

The Company's assets at 31 December 2013 were as follows:

	Level 1 \$	Level 2 \$	Level 3 \$	Total Fair Value \$
Assets at fair value through profit or loss				
- Investment properties	-	-	216,651,239	216,651,239
- Other investments	-	1,120,723	-	1,120,723
	-	1,120,723	216,651,239	217,771,962

The Company's assets at 31 December 2012 were as follows:

Unaudited

	Level 1 \$	Level 2 \$	Level 3 \$	Total Fair Value \$
Assets at fair value through profit or loss				
- Investment properties	-	-	218,943,643	218,943,643

15. Exchange rates

The following exchange rates (against USD) were used to convert the investments and other assets and liabilities denominated in currencies other than USD at:

	31 March 2016	31 December 2014	31 December 2013	31 December 2012 Unaudited
* United Arab Emirates Dirham ("AED")	3.67300	3.67300	3.67300	3.67300

(* AED is pegged to USD)

16. Distributions to holders of Participating Shares

The following distributions were paid

Period	Paid	\$ per unit	31 March 2016	31 December 2014	31 December 2013	31 December 2012 Unaudited
1 Jul 2015 to 31 Dec 2015	24-Jan-16	0.20	9,410,543			
1 Jan 2015 to 30 Jun 2015	09-Jul-15	0.20	8,033,844			
1 Jul 2014 to 31 Dec 2014	15-Jan-15	0.20	7,874,652			
1 Jan 2014 to 30 Jun 2014	08-Jul-14	0.19		5,366,944		
1 Jul 2013 to 31 Dec 2013	28-Jan-14	0.18		4,421,292		
1 Jan 2013 to 30 Jun 2013	11-Jul-13	0.18			5,512,300	
1 Jul 2012 to 31 Dec 2012	31-Jan-13	0.17			5,378,569	
1 Jan 2012 to 30 Jun 2012	30-Jul-12	0.16				4,921,243
1 Jul 2011 to 31 Dec 2011	1-Mar-12	0.19				6,463,004
			25,319,039	9,788,236	10,890,869	11,384,247

ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)

Notes to the Special Purpose Consolidated Financial Statements (continued)

17. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding. The Company does not have any potential ordinary shares and accordingly Basic and Diluted Earnings per share are the same.

(i) Profit attributable to ordinary shareholders (basic and diluted)

Period	31 March 2016	31 December 2014	31 December 2013	31 December 2012 Unaudited
Changes in Net assets attributable to participating shareholders	108,490	22,753,234	14,805,242	4,924,465
Add: distributions to holders of Participating shares	25,319,039	9,788,236	10,890,869	11,384,247
Profits attributable to Participating shareholder	<u>25,427,529</u>	<u>32,541,470</u>	<u>25,696,111</u>	<u>16,308,712</u>

(ii) Weighted average number of ordinary shares (basic and diluted)

Period	31-Mar-16	31-Dec-14	31-Dec-13	31-Dec-12 Unaudited
A Share class				
Weighted average number of ordinary shares at year/period end	<u>7,608,295</u>	<u>5,141,637</u>	<u>2,141,312</u>	<u>2,872,683</u>
E Share class				
Weighted average number of ordinary shares at year/period end	<u>6,267,669</u>	<u>4,066,908</u>	<u>2,923,949</u>	<u>4,499,654</u>
Income Share class				
Weighted average number of ordinary shares at year/period end	<u>56,554,410</u>	<u>29,879,196</u>	<u>28,738,364</u>	<u>32,008,011</u>

18. Contingent Liabilities and Commitments

The Company does not have any significant contingent liabilities or commitments as at 31 December 2016, 31 December 2014, 31 December 2013 and 31 December 2012.

19. Significant events since the period end

The Company disposed Al Garhoud Star building on 17 May 2016. The company swapped Thuraya Tower with a residential development tower, Bin Ghatti Terraces (total purchase price \$41,574,792) under Dana Property SPV 4 Limited (date of acquisition 25 May 2016). The title of Thuraya Tower was transferred on 05 June 2016. The Company disposed Al Farah Plaza on 22 August 2016.

The Company settled and cancelled the previous Ijarah on 13 October 2016 and signed a Mudaraba facility of AED 700,000,000 on 15 December 2016. This facility is secured against all the investment properties in the portfolio. The Mudaraba rate is 2.5% above the quarterly EIBOR, payable in arrears. There are two tranches of the facility of AED 350,000,000 each. On 19 December 2016 the Company had drawn down 100% of tranche 2 and AED 60,000,000 from Tranche 1. In February 2017, the Company had drawn down AED 20,000,000 from Tranche 1 of the facility.

On 20 September 2016, the Participating Shareholders in EREF Jersey voted in favour of listing of the Company on the Nasdaq Dubai Ltd. Following the approval of Net Asset Value ("NAV") as at 30 September 2016 and 30 October 2016, EREF Jersey paid significant redemption to its Participating Shareholders based on these approved NAVs. The Directors of EREF Jersey approved that all redemption charges levied against Participating Shares be waived off on these redemptions due to the proposed significant structural change to EREF Jersey.

On 25 January 2017, the directors declared a dividend of \$0.1998 per share to EREF Jersey's income share class relating to the period 1 July 2016 to 31 December 2016. This was paid to the respective shareholders in February 2017.

In March 2017, ENBD REIT was effectively re-domiciled from Jersey to Dubai International Financial Centre, by way of a distribution in specie of shares in EREF Jersey share classes of Emirates Funds Limited; which at the time of the distribution in specie was the sole shareholder of EREF Jersey.

In February 2017, the Company changed its name to "ENBD REIT (CEIC) Limited".

20. Approval of the financial statements

The financial statements were approved by the Board of Directors on 20 March 2017.

**ENBD REIT (CEIC) Limited (Formerly known as EMIRATES REAL ESTATE FUND LIMITED)
AND ITS SUBSIDIARIES**

SPECIAL PURPOSE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 SEPTEMBER 2016

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

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ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Management and Administration

Directors	Tariq Bin Hendi Timothy David Rose Lovesh Gheraiya	Independent Auditor of the Special Purpose Consolidated Financial Statements	KPMG LLP Unit No. 819, Liberty House, DIFC P.O. Box 3800, Dubai, UAE
Registered Office of ENBD REIT (CEIC) Limited (formerly known as Emirates Real Estate Fund)	8th Floor East Wing DIFC – The Gate Building PO Box 506578 Dubai United Arab Emirates	Registered Office of EREF Jersey	Lime Grove House Green Street St Helier Jersey JE1 2ST Channel Islands
Manager*	Emirates NBD Fund Managers (Jersey) Limited Lime Grove House Green Street St Helier Jersey JE1 2ST Channel Islands	Legal Adviser as to Jersey Law*	Voisin Advocates, Solicitors & Notaries Public 4 th Floor 37 Esplanade St. Helier Jersey JE1 1AW Channel Islands
Administrator, Secretary and Registrar*	State Street Fund Services (Jersey) Limited Lime Grove House Green Street St Helier Jersey JE1 2ST Channel Islands	Shari’a Board*	Fatwa and Shari’a Supervision Board Emirates NBD Asset Management Limited Dr Hussein Hamid Hassan Dr Ojeill Jassim AlNashmi Dr Ali Al-Qurra Daghi
Discretionary Investment Manager*	Emirates NBD Bank PJSC PO Box 777 Baniyas Road Deira Dubai United Arab Emirates		
Delegate Investment Manager*	Emirates NBD Asset Management Limited 8 th Floor East Wing DIFC – The Gate Building PO Box 506578 Dubai United Arab Emirates		
Custodian*	State Street Custodial Services (Jersey) Limited Lime Grove House Green Street St Helier Jersey JE1 2ST Channel Islands		

* These counterparties stated here are appointed by the Emirates Funds Limited and/or Emirates Real Estate Fund Limited which are both regulated collective investment schemes in Jersey. The audited accounts shown here relate solely to the ENBD REIT (CEIC) Limited (formerly known as Emirates Real Estate Fund) domiciled in the Dubai International Financial Centre under company registration number 2209. None of these counterparties so referenced are appointed directly by ENBD REIT. However, they are functionally related to the vehicle as Emirates Real Estate Fund (Jersey) Limited is the sole shareholder of the DIFC vehicle and the DIFC vehicle itself was created in order to facilitate a move, subject to relevant regulatory approvals, to a Closed Ended Investment Company in time.

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Directors' Report

Incorporation

ENBD REIT (CEIC) Limited (formerly known as Emirates Real Estate Fund Limited) – a DIFC Company Registration Number 2209 (the “Company” or “ENBD REIT”) is a wholly-owned subsidiary of Emirates Real Estate Fund Limited – a Jersey Company Registration Number 90370 (“EREF Jersey”), which is a wholly-owned subsidiary of Emirates Funds Limited (the “Ultimate Parent”), an open-ended investment company incorporated in Jersey, Channel Islands on 9 June 2005. The Company was incorporated on 18 July 2016 and did not exist prior to that date.

ENBD REIT was incorporated as a company limited by shares under the Company Law, DIFC Law No. 2 of 2009.

Structure

Since the Company was not in existence prior to incorporation on 18th July 2016 the assets previously held by EREF Jersey would not have been included in the Company's financial history. Consequently, the special purpose consolidated financial statements of the Company discussed below reflect what the Company's financial results of operations, financial position and cash flows might have been had the Company operated as EREF Jersey during the periods presented.

EREF Jersey has been established as a Collective Investment Fund as stated in the prospectus under the Collective Investment Funds (Jersey) Law 1988. It represents an interest in a separate portfolio of the Ultimate Parent, with its own distinct investment objective and policy. Separate financial statements are prepared for each subsidiary of the Ultimate Parent. These special purpose consolidated financial statements relate only to ENBD REIT (CEIC) Limited (formerly known as Emirates Real Estate Fund Limited – DIFC) and its subsidiaries.

The following Share Classes, issued by the Ultimate Parent, feed into the EREF Jersey:

Emirates Real Estate Fund Limited – USD A Share Class (“A Share Class”)

Emirates Real Estate Fund Limited - AED E Share Class (“E Share Class”)

Emirates Real Estate Fund Limited – USD Income Share Class (“Income Share Class”)

Investment policy and objectives

The purpose of the Company is to provide professional, institutional and high net worth investors with a professionally managed means of participating in the real estate market. The primary investment objective of the Company is to achieve high yielding rental income and medium to long-term capital growth from a diversified portfolio of residential and commercial properties, predominantly in the United Arab Emirates (“UAE”). Investment decisions under the supervision of the Directors of the Company will be made on behalf of the Company by the Manager and Delegate Investment Manager, and will reflect the medium to long-term objective to maximise total return made up of rental income plus capital appreciation.

The Company shall have the capacity to seek finance in a manner compliant with Islamic Shari'a law to aid further property acquisitions from time to time, in order to focus on higher yielding property investments or to ensure adequate recourse for the Company to the economic interests of the underlying assets.

The Company may invest in properties via offshore special purpose vehicles (“SPVs”). A single SPV may be used to hold each separate property. Any finance sought for property acquisitions will be at the SPV level, or other level as may be approved by Directors of the Company thus endeavouring to ring-fence the finance according to the property to which it pertains.

All investments of the Company will take place according to Shari'a guidelines, as defined by the Shari'a Board of the Company. The Shari'a Board will also periodically review that all implemented investment decisions of the Manager remain within Shari'a guidelines.

It is intended that the Manager and Delegate Investment Manager will distribute the target distribution for the Income Share class semi-annually, and automatically reinvest the distribution for the Accumulation Share Class. All surplus income will be reinvested in order to maximise total return for both Share Classes.

Dealing in EREF Jersey's Emirates Real Estate Fund Limited Share Classes was suspended from February 2009 until December 2012 when the Directors considered market conditions and liquidity to have improved. All outstanding redemptions were fulfilled by September 2013. There have been no further suspensions thereafter.

Results and distributions

The results for the period are set out in the Special Purpose Consolidated Statement of Comprehensive Income on page 10. The \$0.1998 per share declared for the period 1 January 2016 to 30 June 2016 was paid to the holders of Participating Shares in EREF Jersey's Emirates Real Estate Fund Limited Income Share Class on 26 July 2016 (30 June 2015: \$0.2017).

On 25 January 2017, the directors declared a dividend of \$0.1998 per share to EREF Jersey's income share class relating to the period 1 July 2016 to 31 December 2016. This was paid to the respective shareholders in February 2017.

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Directors' Report (continued)

Going concern considerations

The Directors continually monitor and consider significant risks, assumptions and uncertainties that may cast doubt on the Company's ability to continue as a going concern.

Property valuations

The values of the properties that form the bulk of the assets in the Company are determined regularly by CB Richard Ellis and Cavendish Maxwell Real Estate Consultant, both of whom are independent experts in real estate valuations. The Directors express comfort in the level of expertise applied to the valuation process, valuation of the investment properties require significant accounting estimates and judgements to be made (refer note 2(a)).

In March 2017, ENBD REIT was effectively re-domiciled from Jersey to Dubai International Financial Centre, by way of a distribution in specie of shares in EREF Jersey share classes of Emirates Funds Limited; which at the time of the distribution in specie was the sole shareholder of EREF Jersey.

The Directors have prepared the report and the special purpose consolidated financial statements of the Company for the period of 1 April 2016 to 30 September 2016 on a going concern basis.

Signed on behalf of the Board



Director:

Date: 20 March 2017



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Independent Auditors' Report

The Shareholders
ENBD REIT (CEIC) Limited (formerly known as Emirates Real Estate Fund Limited)

Report on the special purpose consolidated financial statements

We have audited the accompanying special purpose consolidated financial statements of ENBD REIT (CEIC) Limited (formerly known as Emirates Real Estate Fund Limited) and its subsidiaries ("the Company"), which comprise the special purpose consolidated statement of financial position as at 30 September 2016, the special purpose consolidated statements of comprehensive income, changes in net assets and cash flows for the six month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the special purpose consolidated financial statements

Management is responsible for the preparation and fair presentation of these special purpose consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of special purpose consolidated 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 special purpose consolidated financial statements based on our audit. 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 special purpose consolidated financial statements are free from material misstatement.



Auditors' responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the special purpose consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the special purpose consolidated 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 special purpose consolidated 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 accompanying special purpose consolidated financial statements present fairly, in all material respects, the special purpose consolidated financial position of the Company as at 30 September 2016, and its special purpose consolidated financial performance and its consolidated cash flows for the six month period then ended in accordance with International Financial Reporting Standards.

Emphasis of matter - Basis of accounting and restriction on use

We draw attention to Note 2 to the special purpose consolidated financial statements, which describes the basis of accounting. The special purpose consolidated financial statements are prepared to assist the Company to meet the requirements of Dubai Financial Services Authority ("DFSA") in relation to the proposed listing of its shares on Nasdaq Dubai Limited. As a result, the special purpose consolidated financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Matter

We draw attention to the fact that we have not audited the accompanying special purpose consolidated statements of comprehensive income, changes in net assets and cash flows for the six month period ended 30 September 2015, or any of the related notes and accordingly, we do not express an opinion on them.

Furthermore, the date of our Independent Auditors' Report, issued on 12 January 2017 on these special purpose consolidated financial statements, has been extended up to 20 March 2017 to meet the requirements of DFSA in relation to the proposed listing of the Company's shares on Nasdaq Dubai Limited.

KPMG

Milind Navalkar
KPMG LLP

Date : 20 MAR 2017

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Special Purpose Consolidated Statement of Financial Position

	Note	As at 30 September 2016 \$	As at 31 March 2016 \$
Assets			
Non-current assets			
Investment properties	3	313,974,952	336,961,612
Current assets			
Islamic deposits and receivables	11	105,322,602	50,471,549
Profit share receivable		144,543	201,760
Trade and other receivables	4	2,434,935	3,251,017
Cash and cash equivalents	4	4,371,904	77,645,560
Total current assets		112,273,984	131,569,886
Total assets		426,248,936	468,531,498
Liabilities			
Current liabilities			
Trade and other payables	5	12,667,273	10,076,348
Total current liabilities		12,667,273	10,076,348
Non-current liabilities			
Ijarah payable	6	2,722,570	2,722,570
Total liabilities (excluding net assets attributable to Participating Shareholders)		15,389,843	12,798,918
Net assets attributable to Participating Shareholders	12	410,809,093	455,732,580
Equity			
Share capital		50,000	-
Total equity		50,000	-
Total equity and liabilities		426,248,936	468,531,498

The special purpose consolidated financial statements on pages 7 to 27 were approved and authorised for issue by the Directors on 20 March 2017 and signed on behalf of the Board by:



Director



Director

Date: 20 March 2017

The accompanying notes on pages 11 to 27 form an integral part of these Special Purpose Consolidated Financial Statements.

The Independent Auditors' report is set out on pages 5 and 6.

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Special Purpose Consolidated Statement of Comprehensive Income

		For the period ended 30 September 2016	For the period ended 30 September 2015
	Note	\$	\$ Unaudited
Income			
Rental income		13,758,302	14,570,548
Profit share		543,323	91,482
Unrealised gain / (loss) on investment properties, net	3	(267,558)	(168,965)
Realised gain on investment properties, net		329,431	-
Total income		<u>14,363,498</u>	<u>14,493,065</u>
Expenses			
Property expenses	8	4,042,208	4,911,101
Property valuation costs		50,368	43,076
Ijarah expenses		34,791	65,255
Management fees	9	3,172,166	2,986,331
Administration fees	9	193,916	162,934
Performance fees	9	-	107,870
Custodian fees	9	274,679	145,811
Audit fees		40,000	32,850
General expenses		139,207	233,451
Legal and professional fees		(262,015)	80,998
Movement in provision for doubtful debts		(211,287)	(184,052)
Total operating expenses		<u>7,474,033</u>	<u>8,585,625</u>
Finance cost			
Distribution to holders of Participating Shares	16	9,929,315	8,033,844
Change in net assets attributable to Participating Shareholders		<u>(3,039,850)</u>	<u>(2,126,404)</u>
Earnings per share			
Basic and Diluted earnings per share (USD)	17	<u>0.23</u>	<u>0.14</u>

All of the above results are from continuing operations and are prepared on a going concern basis.

The accompanying notes on pages 11 to 27 form an integral part of these Special Purpose Consolidated Financial Statements.

The Independent Auditors' report is set out on pages 5 and 6.

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)**Special Purpose Consolidated Statement of Changes in Net Assets**

	For the period ended 30 September 2016 \$	For the period ended 30 September 2015 \$ Unaudited
Balance at start of the period	455,732,580	360,922,000
Contribution and redemptions by holders of Participating Shares		
Proceeds from issuance of Participating Shares	1,498,614	59,559,197
Payments on redemption of Participating Shares	(43,382,251)	(13,391,437)
Net contributions and redemptions by holders of Participating Shares	(41,883,637)	46,167,760
Share Capital		
Issue of Share Capital	50,000	-
Change in net assets during the period	(3,039,850)	(2,126,404)
Balance at end of the period	410,859,093	404,963,356

The accompanying notes on pages 11 to 27 form an integral part of these Special Purpose Consolidated Financial Statements.

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Special Purpose Consolidated Statement of Cash Flows

	Note	For the period ended 30 September 2016 \$	For the period ended 30 September 2015 \$ Unaudited
Cash flows from operating activities			
Change in net assets		(3,039,850)	(2,126,404)
Adjustments for:			
Unrealised gain on investment properties, net	3	267,558	168,965
Profit share		(543,323)	(91,482)
Realised loss on investment properties, net		(329,431)	-
Movement in provision for doubtful debts	4	(211,287)	(184,052)
Distributions payable		9,929,315	8,033,844
Ijarah costs		34,791	65,255
		<u>6,107,773</u>	<u>5,866,126</u>
Changes in:			
Trade and other receivables		1,027,369	1,650,113
Trade and other payables		2,590,925	(1,416,303)
Net cash flows generated from operating activities		<u>9,726,067</u>	<u>6,099,936</u>
Investing Activity			
Acquisition of property		(42,369,382)	(94,257,091)
Disposal of property		65,417,915	-
Changes in Islamic deposits and Receivables		(54,851,053)	(5,012,863)
Profit share received		600,540	35,782
Net cash flows used in investing activities		<u>(31,201,980)</u>	<u>(99,234,172)</u>
Cash flows from financing activities			
Receipts on creation of Participating Shares	7	1,498,614	59,559,197
Payments on redemption of Participating Shares	7	(43,382,251)	(13,391,437)
Proceeds from issue of Share capital	7	50,000	-
Distributions paid	16	(9,929,315)	(8,033,844)
Costs paid on Ijarah		(34,791)	(65,255)
Net cash flows (used in) / generated from financing activities		<u>(51,797,743)</u>	<u>38,068,661</u>
Net decrease in cash and cash equivalents for the period		(73,273,656)	(55,065,575)
Cash and cash equivalents at the beginning of the period		77,645,560	87,133,143
Cash and cash equivalents at the end of the period		<u>4,371,904</u>	<u>32,067,568</u>

The accompanying notes on pages 11 to 27 form an integral part of these Special Purpose Consolidated Financial Statements.

The Independent Auditors' report is set out on pages 5 and 6.

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Notes to the Special Purpose Consolidated Financial Statements

1. General information

ENBD REIT (CEIC) (formerly known as Emirates Real Estate Fund Limited) – a DIFC Company Registration Number 2209 (the “Company” or “ENBD REIT”) is a wholly-owned subsidiary of Emirates Real Estate Fund Limited – a Jersey Company Registration Number 90370 (“EREF Jersey”), which is a wholly-owned subsidiary of Emirates Funds Limited (the “Ultimate Parent”), an open-ended investment company incorporated in Jersey, Channel Islands on 9 June 2005. ENBD REIT was incorporated on 18 July 2016 and did not exist prior to that date. ENBD REIT and its subsidiaries (SPVs) listed in note 2(b) are collectively referred to as “the Company”. Historically the Company’s assets were held by EREF Jersey and as a result, the Company’s financial history does not include the performance of the assets as managed by the Fund Manager through EREF Jersey. Consequently, the special purpose audited financial statements of the Company discussed below reflect what the Company’s financial results of operations, financial position and cash flows might have been had the Company operated as EREF Jersey during the periods presented.

ENBD REIT has been established as a company limited by shares under the Companies Law, DIFC Law No. 2 of 2009. EREF Jersey has been established as a Collective Investment Fund as stated in its Prospectus (the “Prospectus”) under the Collective Investment Funds (Jersey) Law 1988. It represents an interest in a separate portfolio of the Ultimate Parent, with its own distinct investment objective and policy. Separate financial statements are prepared for each subsidiary of the Ultimate Parent. These consolidated financial statements relate to the Company only.

The address of ENBD REIT’s registered office is Unit 8, Level 8, Gate Building, Dubai International Financial Centre, PO Box 506578, Dubai, United Arab Emirates. The address of EREF Jersey’s registered office is Lime Grove House, Green Street, St Helier, Jersey JE1 2ST, Channel Islands.

The investment purpose of the Company is to provide professional, institutional and high net worth investors with a professionally managed means of participating in real estate markets. The primary investment objective of the Company is to achieve high yielding rental income and medium to long-term capital growth from a diversified portfolio of property and property related assets.

The special purpose consolidated financial statements of the Company are presented in US Dollars (“\$”), which is the presentation and functional currency (refer note 2(d)(i)).

2. Accounting policies

a. Basis of presentation

The special purpose consolidated financial statements are prepared to provide the shareholders of the Company with a view of the consolidated financial position of the Company as at 30 September 2016 and its consolidated financial performance and cash flows for the years / periods then ended in preparation of a share listing on Nasdaq Dubai Limited.

The special purpose financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The special purpose financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties and financial assets and financial liabilities at fair value through profit or loss. The preparation of special purpose financial statements in conformity with IFRS requires the Directors to make certain accounting estimates and assumptions. Actual results may differ from those estimates and assumptions. It also requires the Directors to exercise judgment in the process of applying the Company’s accounting policies. Critical accounting estimates and judgments are set out on page 12.

Standards, Interpretations and Amendments issued and relevant to the Company but not yet effective

The Company has consistently applied the accounting policies to all periods provided in these special purpose consolidated financial statements.

The accounting policies were amended with effect from 1 January 2013 to accommodate the impact of IFRS 13, Fair Value Measurement.

The Company has not amended its accounting policies by early adopting IFRS 9, Financial Instruments, IFRS 15, Revenue Recognition, IFRS 16, Leases or any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 13, Fair Value Measurement, effective for annual periods beginning on or after 1 January 2013, has been adopted by the Company. The standard improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements. For each class of assets and liabilities not measured at fair value in the Statement of Financial Position but for which fair value is disclosed, IFRS 13 requires the Company to disclose the level within the fair value hierarchy which the fair value measurement would be categorised and a description of the valuation technique and inputs used in the technique. IFRS 13 mainly impacts the disclosures of the company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. IFRS 13 disclosures are provided in multiple notes, including notes 7, 11, 15 and 16.

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Notes to the Special Purpose Consolidated Financial Statements (continued)

2. Accounting policies (continued)

IFRS 9, Financial Instruments (effective for annual periods beginning on or after 1 January 2018) requires all recognised financial assets that are currently within the scope of IAS 39 - Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal, profit and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

IFRS 15, "Revenue from Contracts with Customers" specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. IFRS 15 Revenue from Contracts with Customers was issued in May 2014 and applies to an annual reporting period beginning on or after 1 January 2018.

IFRS 16 Leases was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019. The standard will replace IAS 17 and establishes principles for recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessors and lessees provide relevant information that faithfully represents those transactions. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15, "Revenue from Contracts with Customers" at or before the date of initial application of IFRS 16.

Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies that affect the reported amounts of assets and liabilities, income and expenses. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities relate to Investment Properties, Ijarah leases, doubtful debts and the fair value of securities not traded in an active market (see note 14 for more detail on these securities).

- *Valuation of the investment properties*

The valuation principles of investment properties are based, amongst other assumptions, on rental yields and expected occupancy rates. Should these yields change significantly, there may be a material impact on the valuation of the properties (refer note 3).

- *Calculation of the ijarah lease repayments*

Finance costs for the ijarah are at EIBOR plus an additional profit rate. In order to calculate future lease payments due under the ijarah it has been necessary to estimate the forward EIBOR rate based on average actual rates to date.

- *Provision for doubtful debts*

The provision for doubtful debts has been estimated as set out in note 2q.

b. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiaries at 30 September 2016, as listed below.

Subsidiary	Date of incorporation	Date of Acquisition by the Company
Arabian Oryx Property SPV 1 Limited	14 July 2014	19 October 2014
Blanford Fox Property SPV 2 Limited	24 July 2014	10 June 2015
Camel Property SPV 3 Limited	24 July 2014	27 September 2015
Dana Property SPV 4 Limited	03 September 2015	17 May 2016

The subsidiaries are consolidated from the date on which control is transferred to the Company and will cease to be consolidated from the date on which control is transferred from the Company. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the Subsidiary. Control of the subsidiaries transferred to the Company on the acquisition dates detailed above. Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. The Company fails to meet the Investment Entity definition under IFRS 10.

Common control transactions

Common control transactions are accounted at book value on the basis that the investment has transferred from one part of the group to another. Accordingly, the Company recognizes the assets acquired and liabilities assumed using the book values in the financial statements of the entity transferred. Difference between the consideration paid and the capital of the acquire, if any, is disclosed as an adjustment in equity under group restructuring reserve.

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Notes to the Special Purpose Consolidated Financial Statements (continued)

2. Accounting policies (continued)

c. Income

Rental income and lease incentives from investment properties are recognised in the Special Purpose Consolidated Statement of Comprehensive Income on a straight line basis over the term of the lease.

d. Foreign currency translation

(i) Functional and presentation currency

Since all contributions to the Company and redemptions out of the Company are denominated in \$, and the AED rate is currently pegged to \$, the Directors believe that the currency that most faithfully represents the economic effects of the underlying transactions and the performance of the Company is \$. The Company has presented its financial statements in \$.

(ii) Transactions and balances

Transactions in foreign currencies are translated at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to \$ at the foreign currency closing exchange rate ruling at the reporting date. Foreign currency exchange differences arising on retranslation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the Special Purpose Consolidated Statement of Comprehensive Income.

e. Financial instruments

Financial assets and liabilities are classified in the following categories: available-for-sale, held to maturity, fair value through profit or loss and islamic deposits and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Classification

Financial assets at fair value through profit or loss

The Company classifies financial assets into this category either by such designation on initial recognition or those financial assets which are held for trading. Held for trading investments are acquired principally for generating profits from short-term fluctuations in prices and comprise of equities.

Financial assets at fair value through profit or loss are initially recorded in the Special Purpose Consolidated Statement of Financial Position at cost which is the fair value at the date of initial recognition. Subsequent to initial recognition, financial assets at fair value through profit or loss are re-measured at fair value. Changes in fair value are recorded in the Special Purpose Consolidated Statement of Comprehensive Income as "Net gain / loss on financial assets at fair value through profit or loss".

Islamic deposits and receivables

Islamic deposits and receivables are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. Islamic deposits and receivables are carried at amortised cost using the effective yield method less any allowance for impairment. Gains or losses on disposal of islamic deposits and receivables are recognised in the Special Purpose Consolidated Statement of Comprehensive Income in the period in which they arise.

(ii) Recognition and derecognition of financial assets and liabilities

Regular purchases and sales of financial assets and liabilities are recognised on the trade date, being the date on which the Company commits to purchase or sell the instrument. The Company derecognises financial assets where: the rights to receive cash flows from the assets have expired; or the Company 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; or either

(i) the Company has transferred substantially all the risks and rewards of the assets; or

(ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has not transferred control of the asset, the asset is recognised to the extent of the Company's involvement in the asset, which is measured as the extent to which the Company is exposed to changes in the value of the transferred asset. The Company derecognises a financial liability when the obligation under the liability is discharged.

(iii) Impairment of financial assets

The Company assesses at each reporting date whether a financial asset or any group of financial assets has been impaired. Where there is objective evidence that an impairment loss has been incurred, the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted using the effective interest rate. The loss is adjusted against the carrying amount through the use of an allowance account. Evidence of impairment includes non-activity of the asset's trading, defaults in payments of the asset's coupons and indications from observable market data that there is a significant decrease in the estimated future cash flows.

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Notes to the Special Purpose Consolidated Financial Statements (continued)

2. Accounting policies (continued)

f. Investment properties

All properties in the Company are classified as investment properties, as they are held for the purpose of earning rental income or for capital appreciation or a combination of the two. Investment properties are recognized as an asset when it is probable that the future economic benefits that are associated with the investment properties will flow to the company and the cost of the investment properties can be measured reliably. Property that is held under a lease is capitalized and treated as investment property.

Investment properties are measured initially at cost. Subsequent to initial recognition Investment properties are recognised at fair value at the reporting date. Gains and losses attributable to changes in fair value of investment properties are recognised in the period in which they arise in the Consolidated Statement of Comprehensive Income as “Unrealised gain / loss on investment properties”. Gains or losses from the sale or disposal of investment properties are calculated as the difference between the selling price and the latest available fair value.

g. Share issues and redemptions

Shares in the Share Classes may be issued or redeemed at the relevant price on the quarterly subscription days at the prices calculated in accordance with the Articles of Association and based on the value of the underlying investments held.

Participating Shares are redeemable at the shareholder’s option and are classified as financial liabilities. The Participating Shares can be put back to the Company on any dealing day for cash equal to a proportionate share of the Company’s net asset value, (“NAV”), less a redemption fee. The Participating Shares are carried at the redemption amount that is payable at the reporting date if the holders thereof have exercised their right to put the Participating Shares back into the Company.

h. Cash and cash equivalents

Cash comprises cash at bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value. For the purposes of the Special Purpose Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

i. Expenses

The Share Classes and/or Company are responsible for the payment of management fees, administration fees and custodian fees, which are accrued on a monthly basis and the payment of other expenses as detailed in the Prospectus. Expenses are accounted for on an accruals basis.

j. Formation expenses

Formation costs relating to the set-up of the Sub-Fund’s Share Classes have been paid by the Company and are charged to the income statement in full as incurred.

k. Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position if, and only if, there is currently an enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

l. Finance costs

The Company pays a portion of the distributable profits as finance costs to the holders of the Income Share Class Shares. The distributable profits do not include any unrealised gains or losses arising from revaluation of investments but realised gains or losses on disposal of investments are included.

No finance costs are paid to the holders of Accumulation Share Classes Shares.

While the Company is obliged in line with the Prospectus to pay such finance costs to the holders of the Income Share Class Shares, the actual amount to be distributed is at the discretion of the Discretionary Investment Manager and will not necessarily be the total distributable profits. The Discretionary Investment Manager, in deciding the level of the payments, considers the liquidity of the Company and the intention of each Income Share Class to seek to achieve a high and rising level of income distribution commensurate with the market.

m. Outstanding redemptions

Outstanding redemptions represent amounts payable to holders of Participating Shares that have been redeemed during the period but proceeds have not yet been remitted by the Company to the holders. Outstanding redemptions are carried at the NAV of the redeemed Participating Shares at the relevant redemption date.

n. Pre-creation cash on subscriptions

Pre-creation cash on subscriptions represents cash received from prospective holders of Participating Shares in the Company for which the relevant Participating Shares have not been allotted. These amounts relate to allotments due after the end of the financial period but for which cash has already been received.

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Notes to the Special Purpose Consolidated Financial Statements (continued)

2. Accounting policies (continued)

o. Deferred sales fee and exit fee

In respect of the Company Share Classes, the Directors have determined that a subscription fee not exceeding 5% of the value of each individual subscription transaction may be charged at the Manager's discretion. The following exit fees are retained by the Share Classes of the Company from the redemption proceeds payable on the Participating Shares redeemed in each of the Share Classes made in the respective periods as set out below. In all cases, the relevant period started from the date on which such Participating Shares were registered in the redeeming shareholder's name on a first in, first out basis.

Period of Holding following Registration of Share	Exit Fee
Up to 6 months	5%
6 to 12 months	3%
12 months to 24 months	2%
24 months to 36 months	1%
More than 36 months	0%

p. Leases

Leases under the terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease.

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the lease. A reassessment is made after inception of the lease only if any of the following applies:

- There is a change in contractual terms, other than a renewal or extension of the arrangement;
- A renewal option is exercised or extension granted, unless the term of the renewal or extension was originally included in the lease term;
- There is a change in the determination of whether fulfillment is dependent on a specified asset; or
- There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Where the Company leases out property under the terms of which the Company retains substantially all the risks and rewards of ownership, such leases are classified as operating leases. Receipts from operating leases are credited to the Consolidated Statement of Comprehensive Income on a straight-line basis over the period of the lease.

All of the Company's properties are leased out on an operating lease basis.

q. Provision for doubtful debts

The Company is required to assess, at each valuation date, whether there is any objective evidence of impairment of the Rent Receivable amount reflected in the Consolidated Statement of Financial Position. If any such evidence exists, the Company is required to do a detailed impairment calculation to determine whether an impairment loss should be recognized. The calculation should be done on an individual tenant basis and can be further enhanced/adjusted on a consolidated property and fund level at the discretion of the Directors of the Company.

q. Provision for doubtful debts (continued)

The evidence mentioned above will be determined by the days past due of the receivable and as directed in the table below.

Age of the debt provision:

0 – 90 days:	0%
91 – 180 days:	25%
181 – 365 days:	50%
366 – 1,000 days:	66.7%
More than 1,000 days:	100%

As well as basing the provision on ageing, in situations where there is a legal case against the tenant, the likely outcome of the case and the tenant's ability to pay are also taken into consideration.

Bad debt write-off:

Once a receivable meets any of the following criteria, it is written off (100% in the case of points 2-4):

- Legal compromise settlement is reached with obligator (% of write-off will depend on the settlement terms)
- Obligator is placed under receivership
- Obligator is liquidated/declared bankrupt and no recovery is possible
- Obligator has absconded with no method of recovery of receivable from local assets

The Directors can also exercise their discretion in applying the 100% write-off percentage stated above.

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Notes to the Special Purpose Consolidated Financial Statements (continued)

2. Accounting policies (continued)

r. Operating segment

The Company has only one operating segment in United Arab Emirates.

3. Investment properties

	As at 30 September 2016	As at 31 March 2016
	\$	\$
Balance at start of the period	336,961,612	278,987,204
Acquisition of / addition to properties	42,369,382	95,486,314
Disposal of properties	(65,088,484)	(45,562,211)
Change in fair value	(267,558)	8,050,305
Balance at end of the period	<u>313,974,952</u>	<u>336,961,612</u>

Refer to note 13 for the schedule of investment properties.

On 25 May 2016, the Company acquired a residential building named BinGhatti Terraces at a total cost of \$ 41,580,237 (AED 152,724,212). On 10 June 2015 the Company acquired two and a half floors of a commercial building in Dubai named Burj Daman at a total cost of \$71,607,838 (AED 263,015,589). On 27 September 2015 the Company acquired all 105 units in a residential tower in Dubai named Remraam at a total cost of \$23,457,367 (AED 86,158,910).

Disposals during the 6 month period ended 30 September 2016 and 15 month period ended 31 March 2016 were as follows:

	Period ended 30 September 2016	Period ended 31 March 2016
	\$	\$
Disposals (Carrying value at date of disposal)		
Al Garhoud Star	21,813,232	-
Thuraya Tower	16,049,551	-
Al Farah Plaza	27,225,701	-
Crescent Tower	-	27,182,140
Al Buhairah Tower	-	18,380,071
Total	<u>65,088,484</u>	<u>45,562,211</u>

Investment properties were valued by CB Richard Ellis and Cavendish Maxwell Real Estate Consultant, qualified external independent valuation companies, on a quarterly basis. Investment properties are stated at fair value, being the estimated amount for which a property would 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. Fair value is estimated based on the Investment Method.

Under the Investment Method, investment value is a product of rent and yield derived using comparison techniques. In undertaking the valuation of properties under this method, an assessment has been made on the basis of a collation and analysis of appropriate comparable investment, rental and sale transactions, together with evidence of a demand within the vicinity of the subject property. With the benefit of such transactions, capitalization rates have been applied to the properties taking into account size location, terms, covenant and other material factors at the valuation date.

Investment properties	Market Value as at 30 September 2016	Valuation Technique	Equivalent Yield
	\$		
DHCC 49	31,165,260	Investment Method	8.58%
DHCC 25	25,513,204	Investment Method	8.59%
Al Thuraya, TECOM A	89,011,707	Investment Method	7.75%
Arabian Oryx House	37,952,627	Investment Method	7.75%
Burj Daman (DIFC)	65,630,275	Investment Method	8.28%
Remraam (Dubailand)	23,898,720	Investment Method	8.00%
BinGhatti Terraces	40,803,158	Investment Method	7.99%

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the entity's portfolios of investment properties are:

- Estimated Rental Value ("ERV")
- Rental growth
- Long-term vacancy rate
- Discount rate/yield

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Notes to the Special Purpose Consolidated Financial Statements (continued)

3. Investment properties (continued)

Significant increases / (decreases) in the ERV (per sqm p.a.) and rental growth p.a. in isolation would result in a significantly higher / (lower) fair value measurement. Significant increases / (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower / (higher) fair value measurement.

Generally, a change in the assumption made for the ERV (per sqm p.a.) is accompanied by:

- A similar change in the rent growth p.a. and discount rate (and exit yield)
- An opposite change in the long term vacancy rate

Property valuations are carried out in accordance with the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors ("RICS") and are undertaken by appropriately qualified valuers who are members of RICS.

As a result of current property ownership legislation in the United Arab Emirates ("UAE"), the Company may not hold direct title of all its assets but may evidence sufficient title of its assets, with the Manager's approval, either through sub-custody arrangements or through contractual arrangements where the real property may be held for the benefit of the Company through Ijarah contracts or such other means as the Directors of the Company may deem suitable and adequate to protect shareholders' interests. Ijarah contracts, which may be held by the Company, will permit the passing of economic interests while direct ownership of the underlying assets is secured by a creditor. See note 14 for those investment properties where title is secured under Ijarah agreements.

4. Trade and other receivables, and cash and cash equivalents

Rent receivable

	As at 30 September 2016	As at 31 March 2016
	\$	\$
Gross amount receivable	17,903,297	18,114,584
Less: provision for doubtful debts	<u>(17,903,297)</u>	<u>(18,114,584)</u>
	-	-
Movement in provision for doubtful debts		
Balance at start of the period	(18,114,584)	(19,100,102)
Bad debts written off	-	873,450
Reversal/(charge) for the period	<u>211,287</u>	<u>112,068</u>
Balance at end of the period	<u><u>(17,903,297)</u></u>	<u><u>(18,114,584)</u></u>

Other receivables

	As at 30 September 2016	As at 31 March 2016
	\$	\$
Receivable for		
Sale of property	65,604	65,604
Security deposit	1,364,941	1,725,872
Prepaid expenses	341,071	553,302
Deposits for Utilities	618,104	861,024
Ijarah prepayment	<u>45,215</u>	<u>45,215</u>
	<u>2,434,935</u>	<u>3,251,017</u>
Total trade and other receivables	<u><u>2,434,935</u></u>	<u><u>3,251,017</u></u>

Cash and cash equivalents

	As at 30 September 2016	As at 31 March 2016
	\$	\$
Cash at bank	1,517,725	1,736,977
Cash at bank in foreign currency	<u>2,854,179</u>	<u>75,908,583</u>
Total Cash and cash equivalents	<u><u>4,371,904</u></u>	<u><u>77,645,560</u></u>

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Notes to the Special Purpose Consolidated Financial Statements (continued)

5. Trade and other payables

	As at 30 September 2016	As at 31 March 2016
	\$	\$
Unearned income, net*	7,886,321	4,261,495
Tenants' security deposit	1,315,050	1,717,653
Management fees (refer note 9)	1,606,252	1,750,962
Administration fees (refer note 9)	216,329	198,617
Custodian fees (refer note 9)	39,969	56,378
Finance costs on Ijarah	16,839	16,135
Sundry creditors	1,586,513	2,075,108
	<u>12,667,273</u>	<u>10,076,348</u>

*Net of lease income accrued on straight line of the contractual rent.

6. Ijarah payable

	As at 30 September 2016	As at 31 March 2016
	\$	\$
Ijarah payable	<u>2,722,570</u>	<u>2,722,570</u>

The current Ijarah facility of the Company was signed for five years on 1 May 2015, and it amounts to AED 250,000,000 of which AED 10,000,000 has been drawn down on 19th May 2015. The Ijarah rate is 2.5% above the quarterly EIBOR with no floor and 7% cap. As detailed above, Ijarah is secured against investment properties and the carrying value of the pledged properties is disclosed in note 13.

The Ijarah is payable as follows:

	As at 30 September 2016	As at 31 March 2016
	\$	\$
Gross Ijarah liability		
Less than one year	31,313	28,747
Between one and five years	3,069,168	3,110,917
	<u>3,100,481</u>	<u>3,139,664</u>
Future finance costs	(377,911)	(417,094)
Net Ijarah liability	<u>2,722,570</u>	<u>2,722,570</u>

Net Ijarah liability is repayable as follows:

	As at 30 September 2016	As at 31 March 2016
	\$	\$
Net Ijarah liability		
Less than one year	-	-
Between one and five years	2,722,570	2,722,570
	<u>2,722,570</u>	<u>2,722,570</u>
Current liabilities	-	-
Non-current liabilities	<u>2,722,570</u>	<u>2,722,570</u>
	<u>2,722,570</u>	<u>2,722,570</u>

The carrying amount of net Ijarah liability approximates its fair value.

7. Shares in issue

In the reporting period, ENBD REIT has issued share capital of \$50,000 to the Parent in cash. Included below is information related to the shares in issue by EREF Jersey at the reporting date.

a. Authorised Share Capital

EREF Jersey was authorised to issue 1,000 Management Shares of no par value and 1,000,000,000 Participating Shares of no par value.

Management Shares were issued to the Manager. Management Shares exist solely to comply with the Companies (Jersey) Law 1991, which provides that no redeemable shares may be issued at a time when there are no issued shares which are not redeemable. The holders of the Management Shares are entitled to receive notice of general meetings of EREF Jersey and to attend and vote thereat. On a poll, a holder of Management Shares is entitled to one vote for each Management Share held. Management Shares carry no right to a dividend and are not redeemable. In a winding up, they rank only for a return of paid up nominal capital pari passu out of the assets of EREF Jersey (after the return of nominal capital paid up on Participating Shares).

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Notes to the Special Purpose Consolidated Financial Statements (continued)

7. Shares in issue (continued)

Participating Shares carry the right to a proportionate share in the assets of the relevant Share Class and to any dividends that may be declared. Holders of the Participating Shares are entitled to receive notice of all general meetings of EREF Jersey and to attend and vote thereat. The holder of Participating Shares is entitled to one vote for each whole share of which he is a holder. Shares are redeemable by shareholders at prices based on the value of the net assets of the relevant Share Class as determined in accordance with the Articles of Association.

b. Management Shares

The Management Shares have been issued to the Manager at \$1.00 per share and the proceeds of the issue are represented by a separate management fund. Details of the management fund at the reporting date are as follows;

	As at 30 September 2016 \$	As at 31 March 2016 \$
100 Management Shares at \$1.00 each	100	100
Issued and fully paid	<u>100</u>	<u>100</u>

The Management Shares are not reflected in the Special Purpose Consolidated Statement of Financial Position and are disclosed by way of this note only on materiality grounds.

c. Movement of shares

The following shares have been issued by EREF Jersey via the ultimate parent:

	As at 1 April 2016	Created in the period	Redeemed in the period	As at 30 September 2016	NAV per Share
A Share Class	6,628,423	74,141	(68,030)	6,634,534	\$12.9248
E Share Class	4,362,189	-	(502,915)	3,859,274	\$2.3053
Income Share Class	53,750,193	81,332	(6,051,927)	47,779,598	\$6.8173
	<u>64,740,805</u>	<u>155,473</u>	<u>(6,622,872)</u>	<u>58,273,406</u>	
Unaudited					
	As at 1 January 2015	Created in the period	Redeemed in the period	As at 31 March 2016	NAV per Share
A Share Class	6,953,241	174,071	(498,889)	6,628,423	\$12.6668
E Share Class	4,094,698	382,843	(115,353)	4,362,188	\$2.2592
Income Share Class	39,346,121	16,711,043	(2,306,970)	53,750,194	\$6.8790
	<u>50,394,060</u>	<u>17,267,957</u>	<u>(2,921,212)</u>	<u>64,740,805</u>	

8. Property expenses

	For the period ended 30 September 2016 \$	For the period ended 30 September 2015 \$
		Unaudited
Insurance	36,599	47,322
Maintenance	1,084,471	589,071
Cleaning, electricity and water	501,170	1,032,452
Miscellaneous	187,452	791,881
Air conditioning	254,745	183,864
Building managers' expenses	1,967,048	2,231,816
Legal fees	10,723	34,695
	<u>4,042,208</u>	<u>4,911,101</u>

9. Related parties and significant transactions

The following are considered related parties to the Company:

Related party	Relationship (basis for being a related party)
Emirates NBD Fund Managers (Jersey) Limited (the "Manager")	Management of the EREF Jersey.
Emirates NBD Bank PJSC (the "Discretionary Investment Manager")	Advises the Board on investment decisions.
Emirates NBD Asset Management Limited (the "Delegate Investment Manager")	Advises the Board on investment decisions.
Board of Directors (the "Board")	Directing and making key decisions for the Company.
EREF Jersey	Parent
Emirates Funds Limited	Ultimate Parent

All of the Directors are Directors of the Parent company and of each of its subsidiaries. Tariq Bin Hendi is an employee of the Delegate Investment Manager. David Marshall, Mark Creasey and Gary Clark are Directors of the Manager.

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Notes to the Special Purpose Consolidated Financial Statements (continued)

9. Related parties and significant transactions (continued)

David Marshall, Mark Creasey and Gary Clark are also Directors of Emirates Portfolio Management PCC, an investment company also managed by the Manager, and each of its subsidiaries.

The Manager pays its earned performance fee in full to the Discretionary Investment Manager.

The Directors are entitled to a maximum of \$30,000 each per annum for their services to the Parent. Directors fees charged to the Company for the period ended 30 September 2016 were \$8,600 (period ended 30 September 2015: \$8,600) and \$10,234 was owed to Directors at 30 September 2016 (30 September 2015: \$5,769).

The bases of the fees payable to the related parties are set out below. The fees incurred during the period are disclosed in the Consolidated Statement of Comprehensive Income on page 8, with amounts outstanding at the reporting date detailed in note 5.

Below are the significant transactions relevant to the Company:

Manager

The Company has appointed Emirates NBD Fund Managers (Jersey) Limited as the Manager. The Manager is entitled to receive a management fee of 1.50% of the Gross Asset Value, ("GAV"), in respect of the A, E and Income Share Classes.

The Performance Fee will be equal to up to 20% in the increase in the NAV of the Share Classes over and above the Hurdle Rate of Return (as defined in the Supplement) for all the Share Classes.

Refer to note 2(o) for details of fees relating to deferred sales and exit fees.

Administrator

The Company has appointed State Street Fund Services (Jersey) Limited as the Administrator. For all of the Share Classes, the following administration fees will apply:

Total Net Assets per Fund	Administration and Accounting Fee
On first \$100 million Net Assets	0.12% of NAV
On next \$100 million Net Assets	0.09% of NAV
On next \$100 million Net Assets	0.07% of NAV
Excess	0.05% of NAV

State Street Fund Services (Jersey) Limited, or any other Corporate Services Provider that may be appointed by the Manager from time to time, will also be paid a fee in respect of corporate services which it provides to the subsidiary at the relevant market rate and as agreed with the Manager from time to time. It is not expected that this fee will exceed \$15,000 per annum for the entire Company.

Custodian

The Company has appointed State Street Custodial Services (Jersey) Limited as the Custodian. The custodial fees are divided into two categories for each market of investment, namely safekeeping fees and transaction fees. The safekeeping fee is an annual fee, billable monthly based on the value of the month end assets. These fees are detailed in full in the schedule to the Custodian Agreement between State Street Custodial Services (Jersey) Limited and the Company and are available to shareholders on request. The custodian fee accrues on each subscription day and is payable monthly in arrears.

10. Capital Management

The Company's objectives for capital management are to ensure that there are adequate funds to seize investment opportunities as they arise, in line with the investment objectives. The Company may not obtain financing which will result in incurring interest. Generally it is intended that the Company will be financed through subscription of Participating Shares received by the Parent Company and passed on to the Company. The Company may borrow to finance up to 80% of the purchase value of the property so long as it is in accordance with Islamic Shari'a.

Redemption of Participating Shares may only be made on specific redemption days and require minimum notice periods. Depending on the holding period of the Participating Shares, a redemption charge of up to 5% of redemption proceeds may apply. Furthermore, the Manager reserves the right to reduce the redemptions proportionately on a particular redemption date, if the redemption notices exceeded a certain proportion of the NAV. The redemption requests are received by the Ultimate Parent and passed on to the Parent for fulfilment.

The Directors consider the net assets attributable to Participating Shareholders to constitute financial liability. There are no regulatory capital requirements for the Company. A quantitative analysis of liquidity risk in relation to capital is contained in note 11.2.

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Notes to the Special Purpose Consolidated Financial Statements (continued)

11. Financial risk management

The Company's investing activities expose it to various types of risk that are associated with financial instruments and markets in which it invests. These risks are dealt with in length in the private placement memorandum. The Company's approach to some of the most important types of financial risk to which the Company is exposed, including the Company's objectives, policies and procedures for managing the risks, are summarised below:

Objectives for managing financial risks

The Company's objective for managing financial risks is to ensure that shareholder value is created and protected through ongoing identification, measurement and monitoring of the risks including assessment of the returns to ensure they are commensurate with the risks taken.

Risk management structure

The Company's Delegate Investment Manager is responsible for the identification, measurement and controlling of financial risks. The Investment Committee of the Discretionary Investment Manager and the Investment Adviser provide the necessary advice and guidance in managing financial risks. The Investment Committee meets on a regular basis with the Discretionary Investment Manager to discuss and monitor the Company's risk exposure.

Concentration of financial risks

In order to avoid excessive risk concentration, the Company's policies and procedures include specific guidelines to limit some geographic, counterparty, security, industry or currency exposures.

11.1 Credit risk

Credit risk is the risk that a counterparty will be unable or unwilling to meet commitments it has entered into with the Company. The Company's main credit risk derives from its investments and the possibility for defaults on rental income and other receivables. The table below shows the maximum exposure to credit risk as at the reporting date:

	As at 30 September 2016 \$	As at 31 March 2016 \$
Financial Assets		
Islamic deposits and receivables	105,322,602	50,471,549
Cash and cash equivalents	4,371,904	77,645,560
Profit share receivable	144,543	201,760
Trade and other receivables	683,708	926,628
Maximum gross exposure to credit risk	110,522,757	129,245,497
Collateral received for Wakala / Murabaha Investments (see note 13)	(105,322,602)	(50,471,549)
Maximum net exposure to credit risk	<u>5,200,155</u>	<u>78,773,948</u>

The Company's objective for managing credit risk is to ensure that the exposure is limited to acceptable levels in line with the investment guidelines and risk management processes. The investment decisions under the supervision of the Directors are made on behalf of the Company by the Investment Manager, advised by the Investment Committee, and they reflect the medium to long-term objectives of the Company.

In determining the provisions, the Company considered the status of the counterparties, status of any recovery procedures and the likelihood of recovering these amounts. The following table summarises, for the Company, the credit quality of the financial assets that are exposed to credit risk:

	As at 30 September 2016 \$	As at 31 March 2016 \$
Ratings		
A3 (Moody's)	105,322,602	50,471,549
Other / not rated	5,200,155	78,773,948
Maximum gross exposure to credit risk	<u>110,522,757</u>	<u>129,245,497</u>

Some securities are not rated but the credit risk exposure is managed and monitored through regular reviews of the underlying issuers and making assumptions on their credit risks in relation to other rated issuers. Non-rated securities mainly relate to cash at banks held with the Custodian and receivables from brokers from trades. Credit risk on these securities is considered insignificant on the basis that the ultimate holding company of the Custodian has an investment grade credit rating of A+ (31 December 2014: A+) and the balances with brokers are relatively short-term and are recoverable within a few days of period end.

The Investment Manager monitors the counterparties with whom the Company trades to ensure that they have a sound credit standing and that they do not expose the Company to unreasonably high exposure to credit risk. As provided for in the Company's Prospectus, there are specific limits on each type of investment as a proportion of the NAV of the Company in order to limit the concentration of either counterparty or investment-type risk.

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Notes to the Special Purpose Consolidated Financial Statements (continued)

11. Financial risk management (continued)

The Company does not hold any collateral for the above financial assets. None of the amounts above are past due nor have their terms renegotiated other than the rent receivable as disclosed in the following table:

The Company's policy is to receive rent in advance for the majority of the tenants. Rental amounts not received on the agreed date are considered past due and provisions against these receivables are recorded based on the policy disclosed in note 2. Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The extent of liquidity risk for the Company is dependent upon the nature of the Company and its investment objectives, which are discussed in detail in the Directors' Report on pages 3 and 4.

11.2 Liquidity risk

The tables below show the maturity profiles and the contractual cash flows for the financial liabilities:

As at 30 September 2016	Less than 1 year \$	1 to 5 years \$	Over 5 years \$	No contractual maturity \$	Total \$
Ijarah commitments*	48,152	3,069,168	-	-	3,117,320
Net assets attributable to Participating Shareholders**	-	420,376,353	-	-	420,376,353
Other financial liabilities	4,814,113	-	-	-	4,814,113
	<u>4,862,265</u>	<u>423,445,521</u>	<u>-</u>	<u>-</u>	<u>428,307,786</u>

As at 31 March 2016	Less than 1 year \$	1 to 5 years \$	Over 5 years \$	No contractual maturity \$	Total \$
Ijarah commitments*	44,882	3,110,917	-	-	3,155,799
Net assets attributable to Participating Shareholders**	463,563,819	-	-	-	463,563,819
Other financial liabilities	5,798,718	-	-	-	5,798,718
	<u>469,407,419</u>	<u>3,110,917</u>	<u>-</u>	<u>-</u>	<u>472,518,336</u>

* Refer note 6

** Refer note 12

Reconciliation of the maturity values to the financial liabilities per the Consolidated Statement of Financial Position

	As at 30 September 2016 \$	As at 31 March 2016 \$
Total current liabilities per the Consolidated Statement of Financial Position	12,717,273	10,076,348
Net assets attributable to Participating Shareholders	420,376,353	463,563,818
Total non-current liabilities per the Consolidated Statement of Financial Position	<u>2,722,570</u>	<u>2,722,570</u>
	435,816,196	476,362,736
Add: Future lease finance costs not recognised in the financial statements (refer note 6)	377,911	417,094
Less: Deferred income excluded in maturity profile (refer note 5)	<u>(7,886,321)</u>	<u>(4,261,495)</u>
Total per maturity profile	<u><u>428,307,786</u></u>	<u><u>472,518,335</u></u>

Significant liquidity risk arises from the redemption of the Participating Shares, which do not have any contractual maturity but are redeemable at the option of the Participating Shareholders, on each quarterly Valuation date.

The Company's objective is to ensure that there are adequate liquid resources to meet the obligations under the financial liabilities. The Prospectus generally provides that save for the monies which are retained by the Company to fund the redemptions and meeting costs and expenses, all monies should be invested in accordance with the investment objectives of the Company.

In order to fund the redemptions, the Manager has determined that, where practicable, there shall be retained quarterly traded cash or other quarterly traded liquid assets as the Manager shall from time to time consider appropriate, typically 5% of NAV of the Company. In accordance with the Prospectus, there is no guarantee that such limits will be adhered to as the Manager may take investment opportunities and invest more funds to leave less than 5% in quarterly traded cash or other traded liquid assets.

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Notes to the Special Purpose Consolidated Financial Statements (continued)

11. Financial risk management (continued)

11.3 Market risk

Market risk is the risk that the fair value and/or future cash flows of financial instruments will be adversely affected by the movements in markets variables. The key components of market risk that the Company is exposed to are Currency Risk, Equity Price Risk, and Profit Rate Risk. These are considered in turn below:

Currency risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rates. The Company may hold assets denominated in currencies other than its functional currency of \$. The majority of the assets of the Company are denominated either in \$ or in currencies pegged to \$. Therefore the Company is not exposed to currency risk from such currencies.

The Company's objective for managing currency risk is to ensure that the assets of the Company in a particular currency are adequate to cover the corresponding currency liabilities. With regards to the redemptions, these can only be made on specific subscription dates based on the NAV as at that date and this automatically mitigates the currency risks arising from redemptions.

The Participating Shares of EREF Jersey are either in \$ or AED which is pegged to \$.

The investment restrictions provide for limits, such as maximum exposure to a particular country thereby limiting concentration to any one currency, or investing in collective funds that are, in themselves, well diversified.

Sensitivity analysis

The net assets attributable to Participating Shareholders of EREF Jersey have no currency volatility at the current time and accordingly have not been discussed in this section.

11.3b Equity price risk

Equity price risk is the sensitivity of the Company to movements in the value of its investments in shares or units. The Company is not exposed to any significant equity price risk.

11.3c Profit rate risk

Profit rate risk is the risk that changes in profit rates will affect future cash flows or the fair value of financial instruments of the Company.

The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market profit rates. The Company may invest in Sukuk or other fixed or floating profit rate securities.

The following table sets out the carrying amount, by maturity, of the Company's financial instruments that are exposed to profit rate risk as at **30 September 2016**:

	Within 1 year \$	Between 1 and 5 years \$	Over 5 years \$	Total \$
Floating rate				
Ijarah payable	(31,313)	(3,069,168)	-	(3,100,481)

The following table sets out the carrying amount, by maturity, of the Company's financial instruments that are exposed to profit rate risk as at 31 March 2016:

	Within 1 year \$	Between 1 and 5 years \$	Over 5 years \$	Total \$
Floating rate				
Ijarah payable	(28,747)	(3,110,917)	-	(3,139,664)

The Company considers that floating rate securities are not materially affected in their fair values by changes in profit rates. However, cash flows are affected by changes in profit rates of floating rate securities. The sensitivity analysis for the Company shows that an increase in profit rates of 50bps across Investments and Ijarah payable would impact NAV by -0.01% (2014; -0.01%). In practice, the actual movements and sensitivity may vary and the difference could be significant.

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Notes to the Special Purpose Consolidated Financial Statements (continued)

12. Reconciliation of NAV

	As at 30 September 2016 \$	As at 31 March 2016 \$
NAV per financial statements	410,809,093	455,732,580
Capital Expenditure reclassification *	2,064,557	1,430,083
Deferred Capital Expenditure	7,502,703	6,401,155
NAV per approved valuation	<u>420,376,353</u>	<u>463,563,818</u>

* Capital expenditure for Investment properties at fair value under IFRS, adjusted for amortisation over 5 years period as per the Prospectus.

The acquisition costs of property purchased by the Company will be amortised over a period of four years from the date of acquisition and will be reflected in the NAV per share of the Company and in the subscription and redemption prices of each Share Class.

If a property should be redeemed by the Company prior to the completion of the amortisation period, the balance of acquisition costs un-amortised will be written off as part of the overall property sale and factored into the resulting gain or loss.

13. Schedule of Investments

Investment properties as at 30 September 2016

	Historical cost \$	Market value \$	% of net assets
DHCC 49	39,666,921	31,165,260	7.58
DHCC 25	34,663,109	25,513,204	6.21
Al Thuraya*, TECOM A	69,295,924	89,011,707	21.67
Arabian Oryx House (formerly ART IV)	37,078,538	37,952,627	9.24
Burj Daman (DIFC)	72,717,075	65,630,275	15.98
Remraam (Dubailand)	23,457,367	23,898,720	5.82
BinGhatti Terraces	41,580,237	40,803,158	9.93
Total investment properties	<u>318,459,171</u>	<u>313,974,951</u>	<u>76.43</u>

Investments at fair value through profit and loss as at 30 September 2016

	Historical cost \$	Market value \$	% of net assets
Wakala investments	105,322,602	105,322,602	25.64
Total investments	423,781,773	419,297,553	102.07
Other liabilities - net		(8,488,460)	(2.07)
Net assets attributable to Participating Shareholders		<u>410,809,093</u>	<u>100.00</u>

Investment properties as at 31 March 2016

	Historical cost \$	Market value \$	% of net assets
Al Garhoud Star*	73,751,702	21,813,232	4.79
Al Farah Plaza*	26,016,227	28,859,243	6.33
Thuraya Tower*	12,193,435	16,049,551	3.52
DHCC 49	39,666,921	32,363,191	7.10
DHCC 25	34,663,109	25,009,529	5.49
Al Thuraya*, TECOM A	69,295,924	84,032,126	18.44
Arabian Oryx House (formerly ART IV)	37,078,538	38,257,555	8.39
Burj Daman (DIFC)	71,927,929	67,435,339	14.80
Remraam (Dubailand)	23,457,367	23,141,846	5.08
Total investment properties	<u>388,051,152</u>	<u>336,961,612</u>	<u>73.94</u>

*These properties are secured under the Ijarah arrangement (see note 6). The title to these properties is held by Emirates Islamic Bank PJSC.

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Notes to the Special Purpose Consolidated Financial Statements (continued)

13. Schedule of Investments (continued)

Investments at fair value through profit and loss as at 30 September 2016

	Historical cost \$	Market value \$	% of net assets
Murabaha investments	50,438,553	50,471,549	11.07
Total investments	438,489,705	387,433,161	85.01
Other assets - net		68,299,419	14.99
Net assets attributable to Participating Shareholders		455,732,580	100.00

Murabaha investments are money market instruments in which the borrower sells securities for cash to a lender and agreed to repurchases those securities at a later date at an agreed upon price. The value of securities lent and sold under agreements to repurchase at 31 March 2016 was \$50,471,549. The securities underlying the Murabaha investments consist of commodity investments in aluminum, nickel, platinum and palladium.

14. Fair value

The carrying amounts of investment properties, deposits, investment in financial assets, trade and other receivables and trade and other payables approximate their fair values.

Fair value hierarchy

The Company is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted market price in an active market for an identical instrument.

Level 2 - Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 - Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant impact on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Directors determine the Company's valuation policies and procedures for property valuations. The Directors appoint independent external valuers to be responsible for the external valuations of the Company's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The fair value of the property was determined by CB Richard Ellis Dubai LLC and Cavendish Maxwell Real Estate Consultant, accredited independent valuers with recognised and relevant professional qualifications and with recent experience in the location and category of the investment properties being valued. For all investment properties, their current use equates to the highest and best use. The Directors review the valuations performed by the independent valuers for financial reporting purposes at least once every quarter, in line with the Company's quarterly reporting dates.

The fair value measurement for investment properties has been categorised as Level 3 fair value based on the inputs to the valuation technique used (see note 3).

At 31 December 2014, the Company had an investment in a collective investment fund that was valued based on indicative or issued prices by the underlying fund managers, which was the NAV of the collective investment fund. Since the valuation base was based on observable market data which was readily available, the Directors took the view that this was to be classified as Level 1. The Company disposed of this investment during the period and held no other financial assets measured at fair value that required classification at the period ended 31 March 2016 or 31 December 2014. The classification of assets is based on the source of the prices, as outlined above. If the pricing sources change, the classifications will be reviewed at the reporting date.

There were no transfers between, into or out of Level 1, Level 2 or Level 3 during the period ended 31 March 2016 (31 December 2014: Nil).

The Company's assets as at 30 September 2016 are as follows

	Level 1 \$	Level 2 \$	Level 3 \$	Total Fair Value \$
Assets at fair value through profit or loss				
- Investment properties	-	-	313,974,952	313,974,952

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)
Notes to the Special Purpose Consolidated Financial Statements (continued)

14. Fair value of financial instruments (continued)

The Company's assets at 31 March 2016 were as follows:

	Level 1 \$	Level 2 \$	Level 3 \$	Total Fair Value \$
Assets at fair value through profit or loss				
- Investment properties	-	-	336,961,612	336,961,612

15. Exchange rates

The following exchange rates (against USD) were used to convert the investments and other assets and liabilities denominated in currencies other than USD at:

	30 September 2016	31 March 2016
* United Arab Emirates Dirham ("AED")	3.67300	3.67300
(* AED is pegged to USD)		

16. Distributions to holders of Participating Shares

The \$0.1998 per share declared for the period 1 January 2016 to 30 June 2016 was paid to the holders of Participating Shares in Emirates Real Estate Fund Limited Income Share Class on 26 July 2016 (30 June 2015: \$0.2017).

17. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding. The Company does not have any potential ordinary shares and accordingly Basic and Diluted Earnings per share are the same.

(i) Profit attributable to ordinary shareholders (basic and diluted)

Period	30 September 2016	30 September 2015 Unaudited
Changes in Net assets attributable to participating shareholders	(3,039,850)	(2,126,404)
Add: distributions to holders of Participating shares	9,929,315	8,033,844
Profits attributable to Participating shareholder	<u>6,889,465</u>	<u>5,907,440</u>

(ii) Weighted average number of ordinary shares (basic and diluted)

Period	30 September 2016	30 September 2015 Unaudited
A Share class		
Weighted average number of ordinary shares at year/period end	<u>3,002,299</u>	<u>4,559,041</u>
E Share class		
Weighted average number of ordinary shares at year/period end	<u>2,248,724</u>	<u>3,836,787</u>
Income Share class		
Weighted average number of ordinary shares at year/period end	<u>24,368,967</u>	<u>33,208,107</u>

ENBD REIT (CEIC) Limited (Formerly known as Emirates Real Estate Fund Limited)

Notes to the Special Purpose Consolidated Financial Statements (continued)

18. Contingent Liabilities and Commitments

The Company does not have any significant contingent liabilities or commitments as at the reporting dates.

19. Significant events during the period

The Company disposed Al Garhoud Star building on 17 May 2016. The company swapped Thuraya Tower with a residential development tower, Bin Ghatti Terraces (total purchase price \$41,574,792) under Dana Property SPV 4 Limited (date of acquisition 25 May 2016). The title of Thuraya Tower was transferred on 05 June 2016. The Company disposed Al Farah Plaza on 22 August 2016.

20. Significant events since the period end

The Company settled and cancelled the previous Ijarah on 13 October 2016 and signed a Mudaraba facility of AED 700,000,000 on 15 December 2016. This facility is secured against all the investment properties in the portfolio. The Mudaraba rate is 2.5% above the quarterly EIBOR, payable in arrears. There are two tranches of the facility of AED 350,000,000 each. On 19 December 2016 the Company had drawn down 100% of tranche 2 and AED 60,000,000 from Tranche 1. In February 2017, the Company had drawn down AED 20,000,000 from Tranche 1 of the facility.

On 20 September 2016, the Participating Shareholders in EREF Jersey voted in favour of listing of the Company on the Nasdaq Dubai Ltd. Following the approval of Net Asset Value ("NAV") as at 30 September 2016 and 30 October 2016, EREF Jersey paid significant redemption to its Participating Shareholders based on these approved NAVs. The Directors of EREF Jersey approved that all redemption charges levied against Participating Shares be waived off on these redemptions due to the proposed significant structural change to EREF Jersey.

On 25 January 2017, the directors declared a dividend of \$0.1998 per share to EREF Jersey's income share class relating to the period 1 July 2016 to 31 December 2016. This was paid to the respective shareholders in February 2017.

In March 2017, ENBD REIT was effectively re-domiciled from Jersey to Dubai International Financial Centre, by way of a distribution in specie of shares in EREF Jersey share classes of Emirates Funds Limited; which at the time of the distribution in specie was the sole shareholder of EREF Jersey.

In February 2017, the Company changed its name to "ENBD REIT (CEIC) Limited".

21. Approval of the financial statements

The financial statements were approved by the Board of Directors on 20 March 2017.

APPENDIX 2
INDEPENDENT PROPERTY VALUATION SUMMARY REPORTS

VALUATION REPORT



CBRE (Dubai) LLC & CBRE (DIFC) Ltd

Emaar Square
Building 6, Level 8
P.O. Box 506961
Dubai,
United Arab Emirates

Switchboard +971 4 437 7200
Fax +971 4 437 7201

Report Date	20 March 2017
Addressees	<p>The Directors ENBD REIT (CEIC) Limited P.O. Box 506578 Dubai, United Arab Emirates</p> <p>And The Directors Emirates NBD Asset Management Limited P.O. Box 506578 Dubai, United Arab Emirates</p> <p>And Emirates NBD Capital Limited P.O. Box 506710 Dubai, United Arab Emirates</p> <p>in their capacity as Listing Advisor, Joint Global Co-ordinator and Joint Bookrunner,</p> <p>And EFG Hermes (UAE) Limited P.O. Box 30727 Dubai, United Arab Emirates</p> <p>in their capacity as Joint Global Co-ordinator and Joint Bookrunner.</p>



The Properties	The properties held by ENBD REIT (CEIC) Limited as listed in the Schedule of Properties set out in the Appendix below.
Property Descriptions	Three office properties with retail uses to the ground floors, freehold strata title office accommodation within a further property, and three residential properties consisting of multiple apartments as more particularly described in the Appendix below.
Ownership Purpose	Investment
Instruction	To value the unencumbered Freehold/Leasehold interests in the Properties on the basis of Fair Value as at the Valuation Date in accordance with the terms of engagement entered into between CBRE and the addressees, dated 02 November 2016 and signed 03 November 2016.
Valuation Date	30 September 2016
Capacity of Valuer	External.
Purpose	<p>The valuations are compliant with the International Valuation Standards and the requirements and standards established by the rules and regulations of the Dubai Financial Services Authority (“DFSA”), including the rules relating to valuation reports set out in the Collective Investment Rules (“CIR Rules”) (including but not limited to CIR 13.4.22). The valuation reflects the fair value as required under the CIR Rules.</p> <p>The Valuation has been prepared for a Regulated Purpose as defined in the RICS Valuation – Professional Standards (January 2014) (“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 issued by ENBD REIT (CEIC) Limited pursuant to an Initial Public Offering of ordinary shares by ENBD REIT (CEIC) Limited on the Official List of Securities of the DFSA and NASDAQ Dubai stock exchange, as a result of which shares of ENBD REIT (CEIC) Limited will be admitted to and traded on the NASDAQ Dubai stock exchange market.</p> <p>We understand that our valuation report will also assist investors in making their investment decisions in</p>

connection with the offer of shares in ENBD REIT (CEIC) Limited.

The effective date of valuation is 30 September 2016.

In accordance with the RICS Valuation – Professional Standards (January 2014) (“Red Book”) we have made certain disclosures in connection with this valuation instruction and our relationship with ENBD REIT (CEIC) Limited at time of listing.

Fair Value

AED 1,153,230,000 (ONE BILLION, ONE HUNDRED AND FIFTY THREE MILLION, TWO HUNDRED AND THIRTY 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 the investment method and having regard to 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 fair values of the assets. No account has been taken in reporting these fair values of the extent of ENBD REIT (CEIC) Limited’s interests in the companies holding the Properties.

We are required to show the split of values between freehold-equivalent and leasehold property

Tenure	Number of Properties	Fair Value AED
Freehold	4	674,520,000

Freehold (strata title)	2	328,840,000
Leasehold	1	149,870,000
Total	7	1,153,230,000

There are no negative values to report.

Report Format

The Property Details and Fair Values of the Properties are set out in the Appendix below.

Compliance with Valuation Standards

The valuation has been prepared in accordance with the RICS Valuation – Professional Standards (January 2014) (“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 Valuation Standards, and are in accordance with the rules and regulations of NASDAQ Dubai and the DFSA, including the rules relating to valuation reports set out in 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 and no special assumptions have been considered.

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.

As the 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 in the time period 2006 to 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.

Within the recent years Dubai has witnessed a dampening of investor sentiment in the Dubai real estate market, which has resulted in sales and rental rates in many sectors plateauing, or even seeing slight reductions. The uncertainty has been driven by regional instability and the dip in oil prices, which has had a knock on effect leading to the UAE government announcing the first annual budget cuts in 13 years.

With this being said, demand for good quality, income producing assets has continued.

Increased liquidity in the local market, with banks and financial institutions more willing to lend, as well as continued strong rental and capital value performance from well-located operational office and residential assets in Dubai has led to increased investor appetite. This in turn has led to prime investment yields falling moderately over the past 12 - 24 months.

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 - Syria, Egypt, Lebanon, Libya, Iraq, Afghanistan and Yemen. Although in this case, the property portfolio holdings are located within the UAE, it is prudent to highlight possible general uncertainty and volatility of local property markets within the MENA region.

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 (January 2014).

Independence

The total fees, including the fee for this assignment, earned by CBRE Dubai LLC (or other companies forming part of the same group of companies within United Arab Emirates) from the Addressee (or other companies forming part of the same group of companies) are less than 5.0% of the total United Arab Emirates revenues.

It is not anticipated this situation will vary in the financial year to 31 December 2017.

We confirm that we do not have any material interest in ENBD REIT (CEIC) Limited or the Properties.

We do not consider that any conflict of interest arises in us preparing this Valuation Report and ENBD REIT (CEIC) Limited has confirmed to us that it also considers this to be the case.

Disclosure

In accordance with the Red Book we make the following disclosures:

We confirm that CBRE has been providing ENBD REIT (CEIC) Limited with valuation advice since 2005, including the quarterly valuation of the following properties for accounting purposes:

- Al Thuraya 1
- Dubai Healthcare City 25
- Dubai Healthcare City 49
- Arabian Oryx House (valued by CBRE until but not including Q2 2016)
- Burj Daman Levels 10, 14 & Part 15 (since Q2 2016)

In addition to valuation services, CBRE has also provided ENBD REIT (CEIC) Limited with agency advice and has been involved with the following lettings within the property known as Burj Daman:

- Unit 1003 – Squire Patton Boggs
- Unit 1005 – Oldendorf Carriers Middle East Limited
- Unit 1008 – Robert Walters (Dubai) Limited
- Unit 1009 – International Law firm
- Unit 1403 – International Law firm

CBRE has also been involved in the fit out and project

management of various units within the property known as Burj Daman, including the following units:

- Unit 1009 – International Law firm
- Unit 1403 – International Law firm

Responsibility

For the purposes of Article 2.10 of the DFSA Markets Rules and 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. This Valuation Report complies with the International Valuation Standards and the requirements and standards established by the rules and regulations of the DFSA including the rules relating to valuation reports set out in the CIR Rules including but not limited to CIR 13.4.22). The valuation reflects the fair value as required under the CIR Rules.

We acknowledge that our valuation report which will be incorporated in the prospectus to be issued by ENBD REIT (CEIC) Limited in connection with its IPO on NASDAQ Dubai, will also be relied on by investors in making their investment decisions in connection with the offer of shares in ENBD REIT (CEIC) Limited.

Save for any responsibility arising under the above 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 other person 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 above mentioned listing rules.

Reliance

This report is for the use only of the parties to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any parts of its contents save as set out in "Responsibility" above.

No reliance may be placed upon the contents of this Valuation Report by any party for any purpose other than in connection with the Purpose of Valuation.

Publication

We agree that a final copy of our report will be incorporated in the prospectus, to be issued by ENBD REIT (CEIC) Limited in connection with its IPO on NASDAQ Dubai (the "Prospectus") together with a consent letter to ENBD REIT (CEIC) Limited and Emirates NBD Asset Management Limited (the "Fund Manager") in the form requested by ENBD REIT (CEIC) Limited and the Fund Manager providing unqualified consent to the inclusion of the references to the CBRE name in the manner, form and context in which they are included in the Prospectus together with consent to the inclusion of the report within the Prospectus and any supplementary prospectus, subject to the provisions below.

Subject to the above paragraph, 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,



Simon Townsend MRICS
RICS Registered Valuer
Director

For and on behalf of
CBRE Dubai LLC & CBRE (DIFC) Ltd

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Project Reference: V16-DXB-179

Yours faithfully,



Simon Harrop MRICS
RICS Registered Valuer
Associate Director

For and on behalf of
CBRE Dubai LLC & CBRE (DIFC) Ltd

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SCOPE OF WORK & SOURCES OF INFORMATION

Sources of Information

We have carried out our work based upon information supplied to us by Emirates NBD Asset Management Limited, which we have assumed to be correct and comprehensive.

The information provided includes:

- Tenancy Schedules for all income-producing properties as at the following dates;

Al Thuraya Tower 1: 18 September 2016

Dubai Healthcare City 25 & 49: 14 September 2016

Burj Daman: 15 September 2016

Arabian Oryx House: 18 September 2016, together with letting updates received up to and including the valuation date;

We have received written confirmation from the client at a date post the valuation date that the information received as set out above remains valid as at the valuation date.

- Lease between Al Soor Investments LLC and Media Rotana Hotel relating to Al Ramth 57 & Al Ramth 59. Al Soor Investments was the owner of these properties at the time the lease was concluded;
- Operation and Maintenance Costs for the financial budget 2016
- Capital Expenditure (where applicable) for the financial year 2016.
- Number of units;
- Unit sizes; Leasable Areas;
- Sale & Purchase Agreement for Bingshatti Terraces;
- Title Deeds – Arabian Oryx House, Individual units at Al Ramth 57 & Al Ramth 59, Al Thuraya 1, Dubai Healthcare City 25 & Dubai Healthcare City 49.

- Affection Plans – Al Thuraya 1, Dubai Healthcare City 25 & Dubai Healthcare City 49.

We have requested but have not yet been provided with:

- Title Documentation for Binghatti Terraces – this is currently in process with the Dubai Municipality;
- Title Documentation for Burj Daman - we have been provided with letters dated 10 June 2015 from DIFC to Daman Real Estate stating there is no objection to Blanford Fox Property SPV 2 Limited (the SPV in which the property is held) purchasing Unit C1001, C1401 and C1502, we have also been provided with documentation that Blanford Fox Property SPV 2 Limited is owned by ENBD REIT (CEIC) Limited. We understand further that the strata plan has not yet been registered. Based on the information received to date, we have made an Assumption that the property is held freehold and can be transferred without restriction;
- Affection Plan for Arabian Oryx House, Al Ramth 57 & Al Ramth 59, Binghatti Terraces or Burj Daman.

The Properties

Our report contains a brief summary of the property details on which our valuation has been based.

Inspection

We have inspected the Properties as follows:

Property	Inspection Date
Al Thuraya Tower 1, Tecom A	26 June 2016
Burj Daman – Level 10,14 & Part 15, DIFC	26 June 2016
Dubai Healthcare City 49	26 June 2016
Dubai Healthcare City 25	26 June 2016
Binghatti Terraces, Dubai Silicon Oasis	16 November 2016
Arabian Oryx House, Barsha Heights	16 November 2016
Buildings 57 & 59 Al Ramth, Remraam	17 November 2016

Areas

We have not measured the Properties but have relied upon the floor areas provided. We have undertaken plausibility checks on site for a representative sample.

We have relied upon the floor areas given in the documents provided, which Emirates NBD Asset

Management Limited advise us are correct.

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 and have made the assumption that all properties comply in this respect.

Titles, Tenures and Lettings

Details of title/tenure under which the Properties are held and of lettings to which they is subject are as supplied to us. We have not generally examined nor had access to 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.

ENBD REIT (CEIC) Limited has confirmed and we confirm that our Assumptions are correct as far as ENBD REIT (CEIC) Limited 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 and where 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 valuation.

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

Value Added Tax (VAT) is currently not applicable in the UAE, therefore 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.

Energy Performance Certificates

Energy Performance Certificates are not required within the UAE.

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 Properties;

(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.

Appendix: Schedule of Properties

Property Details: Properties held for Investment

Property	Description, Age and Tenure	Tenancy Overview	Passing Rent Per Annum	ERV Per Annum	Key Valuation Assumptions	Fair Value (100%)
Al Thuraya Tower 1, Tecom A, Dubai.	<p>The property is a commercial tower with a total leasable area of approximately 19,376.60 sq m (208,568 sq ft) and comprises retail (ground floor) and office accommodation. The property comprises two basement floors, ground floor and 29 upper floors (including five podium levels). Parking is provided within the two basement levels and the five podium levels. There are a total of 606 car parking spaces to service the building.</p> <p>Levels 1-24 comprise fitted office units of various standards. The units inspected comprised suspended ceilings with recessed cat II lighting, central air conditioning and raised flooring with floor boxes.</p> <p>Each floor has male and female WC facilities.</p> <p>The building is served by four Mitsubishi passenger lifts with a load bearing capacity of 1150 kg (15 persons), one service lift and two stair cases.</p> <p>The property is approximately 10 years old.</p> <p>The property is well located within Dubai Media City and can be accessed via Sheikh Zayed road (E11), the main arterial route linking the Emirates. The surrounding area comprises similar mixed-use commercial towers, hotels and residential buildings.</p>	<ul style="list-style-type: none"> ■ No. of tenants: 96 ■ Main tenants: Global Telecommunications Company, IPSOS Stat, MEED, Telecommunications Market Research Company, JCDecaux, TV Home Shopping Network Company 	AED 31,558,435	AED 33,865,305	<p><u>ERV Groups:</u></p> <ul style="list-style-type: none"> ■ Office: AED 152.25 – 160 per sq ft per annum ■ Store: AED 60 – 75 per sq ft per annum ■ GF Retail Units 1,2 & 3: AED 195 per sq ft per annum ■ GF Retail Unit 4: AED 180 per sq ft per annum ■ Costa Kiosk: AED 126,000 per annum ■ Infopod Kiosk: AED 9,000 per annum ■ Roof DU: AED 60,000 per annum ■ Roof ARN: AED 55,200 per annum ■ Parking: AED 3,500 per space <p><u>Costs/Deductions:</u></p> <ul style="list-style-type: none"> ■ The retail/office rental rates are a gross rate. Our valuation incorporates an operational expenditure of AED 26 per sq ft of which AED 12.50 per sq ft is recovered from the tenant. ■ Our valuation also incorporates 	AED 326,940,000

Property	Description, Age and Tenure	Tenancy Overview	Passing Rent Per Annum	ERV Per Annum	Key Valuation Assumptions	Fair Value (100%)
					a contribution to TECOM of 15% of the ERV. <u>Permanent Void:</u> <ul style="list-style-type: none"> Main Building: 3% Storage: 10% Parking: 5% <u>Letting void on vacant space:</u> <ul style="list-style-type: none"> Office: 6 months Storage: 12 months <u>Yield assumptions:</u> <ul style="list-style-type: none"> Equivalent yield: 7.75 % 	
Burj Daman (office tower) – Level 10, 14 & Part 15	The property comprises the entire tenth, fourteenth and part of the fifteenth floor of the office element of the Burj Daman building. The total leasable area is 8,139.98 sq m (87,618 sq ft). The property includes 299 car parking spaces allocated as follows: Level 10: 105 spaces Level 14: 105 spaces Part 15: 39 spaces Additional: 50 spaces Burj Daman is a mixed-use development also comprising retail, hotel, and residential elements. The commercial tower was completed in 2013. The office element of Burj Daman comprises ground plus sixteen floors,	<ul style="list-style-type: none"> No. of tenants: 5 Main tenants: Squire Patton Boggs, Oldendorff Carriers, Robert Walters, International Law firm 	AED 5,768,094	AED 21,736,600	<u>ERV Groups:</u> <ul style="list-style-type: none"> 10th Floor Offices (shell and core): AED 240 per sq ft per annum Fitted Office (Category A): AED 260 per sq ft per annum 14th Floor Offices (Shell and Core) AED 245 per sq ft per annum 15th Floor Offices (Shell and Core) AED 250 per sq ft per annum Car parking: AED 18,000 per space per annum 	AED 241,060,000

Property	Description, Age and Tenure	Tenancy Overview	Passing Rent Per Annum	ERV Per Annum	Key Valuation Assumptions	Fair Value (100%)
	<p>each with a rectangular floor plate arranged in a figure of eight around two service cores.</p> <p>Access between floors is by way of two staircases and six passenger lifts located in each of the two service cores. Additionally each core has a set of male and female washrooms/WC facilities.</p> <p>The tenth floor currently comprises nine units with varying leasable areas between 2,000-10,000 sq ft. The units have either been provided as shell and core offices or fitted to Category A standards.</p> <p>The fourteenth floor comprises eight units with varying leasable areas between 3,000 – 6,000 sq ft. The units have been provided on a shell and core basis.</p> <p>The property includes part of the fifteenth floor which currently comprises 17,585 sq ft on a shell and core basis. This area has the potential to be divided into two units of just over 7,000 sq ft each.</p> <p>The property includes an additional 50 conventional car parking spaces.</p> <p>DIFC is a well-established commercial district situated along the north bound side of Sheikh Zayed Road (E11) and is in close proximity to the Downtown Area. Surrounding amenities include Dubai Mall, numerous hotels, restaurants and leisure facilities as well as Financial Centre and Emirates Towers metro stations.</p> <p>Access and egress to and from Burj Daman is from Al Sa'ada Street (D86)</p>				<p><u>Costs/Deductions:</u></p> <ul style="list-style-type: none"> ■ The office rental rates are a net rate excluding any service charges. Our valuation incorporates the follow service charges: ■ Level 10 Burj Daman: AED 32 per sq ft ■ Level 14 Burj Daman: AED 32 per sq ft ■ Level 15 Burj Daman: AED 30 per sq ft <p><u>Capital Expenditure</u></p> <ul style="list-style-type: none"> ■ 14th Floor Offices – AED 1,600,000 ■ 15th Floor Offices – AED 2,000,000 <p><u>Permanent Void:</u></p> <ul style="list-style-type: none"> ■ Offices: 3% ■ Parking: 10% <p><u>Letting void on vacant space:</u></p> <ul style="list-style-type: none"> ■ Level 10: 6 months void + 4 months RF period ■ Level 14: 6/9 months void + 6 months RF period ■ Level 15: 9 months void + 6 	

Property	Description, Age and Tenure	Tenancy Overview	Passing Rent Per Annum	ERV Per Annum	Key Valuation Assumptions	Fair Value (100%)
	which is easily accessible from Sheikh Zayed Road (E11) and Financial Centre Road (D71).				<p>months RF period</p> <ul style="list-style-type: none"> Parking: up to 9 months void <p><u>Yield assumptions:</u></p> <ul style="list-style-type: none"> Leased Offices: Term & Reversion: 7.0% & 7.5% respectively. Vacant Offices: 8.00% Car Parking: 10.00%. <p>The Equivalent Yield equates to 8.28%</p>	
Dubai Healthcare City 49	<p>The property is a commercial building with a total leasable area of approximately 7,507.31 sq m (80,808 sq ft) and comprises retail (ground floor) and office accommodation. The property comprises two basement floors, ground floor and five upper floors. Parking is provided within the two basement levels. There are a total of 161 car parking spaces to service the building.</p> <p>The building is serviced by four lifts of which one is a service lift and three staircases. The passenger lifts are manufactured by Kone with a load bearing capacity of 800 kg (10 persons). The office units are equipped with A/C, suspended ceilings, a kitchenette and communal toilets.</p> <p>The property is approximately 10 years old.</p> <p>The Property is located to the south of Dubai Healthcare City (DHCC) Phase</p>	<ul style="list-style-type: none"> No. of tenants: 24 Main tenants: Hill-Rom, International Dermatology Company, Medical Supply Company 	AED 9,061,917	AED 12,385,625	<p><u>ERV Groups:</u></p> <ul style="list-style-type: none"> Office: AED 150 per sq ft per annum Retail excl. Unit 8: AED 160 per sq ft per annum Retail (Unit 8): AED 145 per sq ft per annum Infopod Kiosk: AED 4,200 per annum Storage: AED 75 per sq ft per annum Car parking: AED 12,000 per annum <p><u>Costs/Deductions:</u></p> <ul style="list-style-type: none"> The retail/office rental rates are a gross rate. Our valuation 	AED 114,470,000

Property	Description, Age and Tenure	Tenancy Overview	Passing Rent Per Annum	ERV Per Annum	Key Valuation Assumptions	Fair Value (100%)
	One, in close proximity to Wafi Mall and the Raffles Dubai Hotel. DHCC Phase One is located to the south-east of central Dubai, between Sheikh Rashid Road (E11) and Dubai Creek. The district is a free zone which also allows 100% foreign ownership, with a focus on the healthcare sector.				<p>incorporates an operational expenditure of AED 28 per sq ft.</p> <p><u>Permanent Void:</u></p> <ul style="list-style-type: none"> Main Building: 5% Parking: 5% <p><u>Letting void on vacant space:</u></p> <ul style="list-style-type: none"> Office: 4 months Storage: 6 months <p><u>Yield assumptions:</u></p> <ul style="list-style-type: none"> Term & Reversion: 8.25% & 8.50% respectively Vacant: Hardcore - 9.00% Storage/Car Parking: Hardcore - 9.00% Equivalent Yield equates to 8.58% 	
Dubai Healthcare City 25	The property is a commercial building with a total leasable area of approximately 6,599.28 (71,034 sq ft) and comprises retail (ground floor) and office accommodation. The property comprises two basement floors, ground floor and six upper floors. Parking is provided within the two basement levels. There are a total of 98 car parking	<ul style="list-style-type: none"> No. of tenants: 24 Main tenants: Global Medical Technology Company, International Health Facilities Planner, Global Pharmaceutical 	AED 8,489,963	AED 10,150,625	<p><u>ERV Groups:</u></p> <ul style="list-style-type: none"> Retail: AED 150 per sq ft per annum Office: AED 140 per sq ft per annum Office (roof level): AED 145 per 	AED 93,710,000

Property	Description, Age and Tenure	Tenancy Overview	Passing Rent Per Annum	ERV Per Annum	Key Valuation Assumptions	Fair Value (100%)
	<p>spaces to service the building.</p> <p>The building is serviced by three lifts of which one is a service lift and two staircases. The passenger lifts are Sigma lifts with a load bearing capacity of 750 kg (11 persons). The service lift has a load bearing capacity of 1,000 kg (15 persons).</p> <p>The office units are equipped with A/C, suspended ceilings, a kitchenette and communal toilets.</p> <p>The property is approximately 10 years old.</p> <p>The Property is located to the east of Dubai Healthcare City (DHCC) Phase One. DHCC Phase One is located to the south-east of central Dubai, between Sheikh Rashid Road (E11) and Dubai Creek. The district is a free zone which also allows 100% foreign ownership, with a focus on the healthcare sector.</p>	<p>Company, MENA Pharmaceuticals Company</p>			<p>sq ft per annum</p> <ul style="list-style-type: none"> ■ Office (with poor natural light – Unit 207): AED 135 per sq ft per annum ■ Infopod Kiosk: AED 4,200 per annum ■ Parking: AED 8,500 per annum <p><u>Costs/Deductions:</u></p> <ul style="list-style-type: none"> ■ The retail/office rental rates are a gross rate. Our valuation incorporates an operational expenditure of AED 25 per sq ft. <p><u>Permanent Void:</u></p> <ul style="list-style-type: none"> ■ Main Building: 5% ■ Parking: 5% <p><u>Letting void on vacant space:</u></p> <ul style="list-style-type: none"> ■ Office: 3-6 months <p><u>Yield assumptions:</u></p> <ul style="list-style-type: none"> ■ Term & Reversion: 8.25% - 8.50% respectively. ■ Vacant: Hardcore - 9.00% ■ Storage/Car Parking: Hardcore - 9.00% ■ Equivalent Yield: 8.59% 	

Property	Description, Age and Tenure	Tenancy Overview	Passing Rent Per Annum	ERV Per Annum	Key Valuation Assumptions	Fair Value (100%)
Binghatti Terraces	<p>The property comprises a new residential building over ground, mezzanine, and ten upper floors with four levels of podium parking to the rear of the building comprising 242 parking spaces.</p> <p>The property has five fitted retail units at ground floor level where each has an individual WC facility and storage room.</p> <p>There are 201 residential units (77 x one bedroom, 11 x one bedroom duplexes, 1 x two bedroom, 9 x two bedroom duplexes, 1 x three bedroom, 5 x three bedroom duplexes). The total leasable area of the building is 16,612.69 sq m (178,907sq ft) inclusive of balconies.</p> <p>The apartments comprise open plan kitchens, painted and plastered walls, access to balconies (except for those on the mezzanine level) and a mixture of ceramic tiled floors and wooden strip flooring.</p> <p>The property is serviced via three Mitsubishi lifts with a load bearing capacity of 1,350 kg.</p> <p>The property has the benefit of a swimming pool, gym and jacuzzi facilities on level 1D.</p> <p>The property was recently completed in July 2016 and has been constructed and finished to a high standard.</p> <p>The Subject Property is located in Dubai Silicon Oasis (DSO), which is a free-zone located to the south-east of central Dubai. The district comprises residential, commercial office and industrial properties.</p> <p>DSO benefits from good road transport</p>	Vacant.	AED 0	AED 13,106,200	<p><u>ERV (to a single tenant):</u></p> <ul style="list-style-type: none"> ■ Residential: AED 12,350,000 per annum <p>Based on a discounted ERV (5%) from AED 12,965,000 per annum for taking whole building:</p> <ul style="list-style-type: none"> ■ Studio: AED 54,000 per annum ■ 1BD: AED 68,000 per annum ■ 1 BD Duplex: AED 76,000 per annum ■ 2BD: AED 90,000 per annum ■ 2BD Duplex: AED 95,000 per annum ■ 3BD: AED 110,000 per annum ■ 3 BD Duplex: AED 120,000 per annum ■ Retail: AED 200 per sq ft <p><u>Costs/Deductions:</u></p> <ul style="list-style-type: none"> ■ 2.5% of Rental Value for facilities management <p><u>Rental Guarantee:</u></p> <p>From the information provided to us by the Client, we understand that a rental guarantee has been agreed between the purchaser and the developer of the building. The agreed rental guarantee is for a sum of AED</p>	AED149,870,000

Property	Description, Age and Tenure	Tenancy Overview	Passing Rent Per Annum	ERV Per Annum	Key Valuation Assumptions	Fair Value (100%)
	links. Both Sheikh Mohamed Bin Zayed Road (E311) and Emirates Road (E611) are found in close proximity to the area. Al Ain Road (E66) also runs along the western boundary of the district and provides access to central Dubai. DSO is also approximately 10km from Dubai International Airport (DXB).				<p>14,500,000 for a period of 12 months from 31 July 2016.</p> <p>We have prorated the amount on a monthly basis, not including the months prior to the valuation date and have incorporated this sum as a capital receipt to the owner on 31 July 2017.</p> <p>We understand that any income received as a result of signed leases, prior the expiry of the rental guarantee, this same amount will be deducted from the rental guarantee. However our valuation does not assume that any income will be received within this period.</p> <p>Therefore the remaining rental guarantee has been calculated as AED 11,029,183.</p> <p><u>Permanent Void:</u></p> <ul style="list-style-type: none"> ■ Residential : 3% ■ Retail: 3% <p><u>Letting void on vacant space:</u></p> <ul style="list-style-type: none"> ■ Residential: 9 months ■ Retail: 6 to 15 months (6 months /12 months /15 months) + 3 months RF Period 	

Property	Description, Age and Tenure	Tenancy Overview	Passing Rent Per Annum	ERV Per Annum	Key Valuation Assumptions	Fair Value (100%)
Arabian Oryx House	<p>The property is a stand-alone residential apartment building which comprises 128 x apartments (52 x one bedroom, 74 x two bedrooms & 2 x four bedroom duplexes). The residential units are arranged over 1st to 13th floors, with covered parking on the ground floor and a single basement level. The total leasable area of the building is 12,396.23 sq m (133,432 sq ft) inclusive of balconies. There are a total of 128 car parking spaces to service the building.</p> <p>The ground floor of the property comprises a reception area, play room, gym, outdoor swimming pool and male/female changing facilities.</p> <p>The building is serviced by 3 lifts and two staircases forming the core of the building. Two passenger lifts have a load bearing capacity of 600kg (8 persons) whilst the service lift has a capacity of 750kg (10 persons).</p>	<ul style="list-style-type: none"> No. of tenants: 120 Multi-let to individuals 	AED 10,880,413	AED 12,744,000	<p><u>Yield assumptions:</u></p> <ul style="list-style-type: none"> Residential: Hardcore 8% Retail: Hardcore 7.75% Equivalent Yield: 7.99% <p>*We understand that the building is held on a 99 year lease from 18/07/2004 and expiring on 18/07/2103. We have incorporated a sinking fund provision within our valuation using a sinking fund rate of 4%.</p> <p><u>ERV Groups:</u></p> <ul style="list-style-type: none"> 1 BD: AED 82,000 per annum 2BD: 110,000 per annum 4BD Duplex: AED 170,000 per annum <p><u>Costs/Deductions:</u></p> <ul style="list-style-type: none"> Our valuation incorporates an operational expenditure of AED 1.2 million per annum which equates to 9.42% of the ERV. <p><u>Permanent Void:</u></p> <ul style="list-style-type: none"> 3% <p><u>Letting void on vacant space:</u></p> <ul style="list-style-type: none"> 1 - 2 months 	AED 139,400,000

Property	Description, Age and Tenure	Tenancy Overview	Passing Rent Per Annum	ERV Per Annum	Key Valuation Assumptions	Fair Value (100%)
	<p>Each apartment has a semi-open fitted kitchen with white goods. The apartments are fitted with granite tiled floors, painted and plastered walls, hanging light fixtures and access to a balcony.</p> <p>The property is approximately 10 years old.</p> <p>The Property is located within Barsha Heights, formerly known as TECOM C, a residential district situated in the south of the Emirate of Dubai, in close proximity to Dubai Media City. The district predominantly comprises mid-rise apartment buildings, but is also the location of several commercial office buildings.</p> <p>Barsha Heights benefits from good transport links, with Hessa Street, Al Khail Road and Sheikh Zayed Road easily accessible from the area. The Dubai Internet City Metro Station (Red Line) is approximately 1 km from the Property.</p>				<p><u>Yield assumptions:</u></p> <ul style="list-style-type: none"> ■ Leased Residential: Term and reversion 7.25% & 7.75% respectively. ■ Vacant Residential: 7.75% ■ Equivalent Yield : 7.75% 	
Buildings 57 & 59 Al Ramth	<p>The properties comprise two adjacent residential buildings with a shared ground floor car park and common podium at first floor level. Building 57 comprises 48 apartments (4 x studio, 18 x one bedroom, 20 x two bedroom and 6 x three bedroom). Building 59 comprises 57 apartments (5 x studio, 24 x one bedroom, 22 x two bedroom and 6 x three bedroom).The total leasable area of both buildings is 10,419.47 sq m (112,154.22 sq ft) inclusive of balconies.</p> <p>There is secured entry access to the</p>	Single-let to Media Rotana Hotel on a lease expiring 14 July 2017.	AED 7,000,000	AED 7,307,000	<p><u>ERV (to a single tenant) :</u></p> <ul style="list-style-type: none"> ■ Building 57: AED 3,377,000 per annum ■ Building 59: AED 3,930,000 per annum <p>Based on a discounted ERV (5%) for taking both buildings:</p> <ul style="list-style-type: none"> ■ Studio: AED 44,000 per annum ■ 1BD small: AED 55,000 per annum 	AED 87,780,000

Property	Description, Age and Tenure	Tenancy Overview	Passing Rent Per Annum	ERV Per Annum	Key Valuation Assumptions	Fair Value (100%)
	<p>ground floor car park, covered, comprising 122 spaces between the 2 buildings.</p> <p>The residential apartments comprise ceramic tiled floors, painted & plastered walls, open kitchen, fitted cupboards, double glazed windows and balconies.</p> <p>The properties are approximately 3 years old. Each building does not have its own gymnasium or swimming pool however all residents have access to a communal swimming pool and gym facility located within the Al Ramth community.</p> <p>The Properties are located in Al Hebiah Fifth, Dubai within a residential community known as Remraam. Remraam comprises two smaller sub-communities known as Al Thammam and Al Ramth.</p> <p>Al Ramth comprises residential development around a small ring road. Some of the plots within Al Ramth remain vacant and undeveloped with others currently under construction. Where the buildings are complete, they are almost identical and arranged over G+5-7 floors.</p> <p>Remraam is accessible via Remraam - Desert Road, located directly off Emirates Road (E611) when travelling south bound towards Dubai World Central airport.</p>				<ul style="list-style-type: none"> ■ 1 BD medium: AED 60,000 per annum ■ 1 BD large: 68,000 per annum ■ 2BD small: AED 77,000 per annum ■ 2BD large : AED 89,000 per annum ■ 3BD small: AED 111,000 per annum ■ 3BD large: AED 120,000 per annum <p><u>Capital Expenditure:</u></p> <ul style="list-style-type: none"> ■ AED 500,000 <p><u>Permanent Void:</u></p> <ul style="list-style-type: none"> ■ N/A <p><u>Letting void on vacant space:</u></p> <ul style="list-style-type: none"> ■ N/A <p><u>Yield assumptions:</u></p> <ul style="list-style-type: none"> ■ Term and reversion 7.5% & 8% respectively. ■ Equivalent Yield: 8% 	

APPENDIX 3
MARKET RESEARCH REPORT

**ENBD REIT (CEIC) Ltd
UAE – DUBAI & ABU DHABI
MARKET RESEARCH**

December 2016

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INTRODUCTION

Disclaimer

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EXECUTIVE SUMMARY

MENA Key Economic Trends

MENA growth forecasts for the majority of its economies have been subdued in recent times, with the length of the current oil pricing slump remaining uncertain. According to the World Bank, real gross domestic product (GDP) growth rates for the region as a whole is projected at around 2.3% in 2016. This figure is slightly lower than the earlier forecasts of 2.7% in April 2016, and would be the lowest level recorded over the past four years. With uncertainty as to the timing of a possible oil price recovery, growth prospects for oil exporting economies in the MENA region are expected to be even more subdued averaging 1.8% in 2016, or roughly half of the observed rate in 2015. In contrast, non-oil growth in the region is likely to reach 3.7% in 2016, significantly higher than the oil-exporting countries, but notably lower than the 5.0% achieved during 2015.

UAE Historical Economic Performance

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. Following a drop in real GDP during 2009 amidst the global financial crisis, UAE witnessed a period of sustained economic growth from 2010-2015, reaching a compound annual growth rate (CAGR) of 4% during the period. However, as the economy experiences a general levelling off in performance, the IMF believes that real GDP growth will grow to 2.3% in 2016 and an improved 2.7% and 3.3% in 2017 and 2018 respectively. As the country recovers from financial adjustments and sees the benefits of reforms, economic growth is then forecast to improve further to 3.6% in 2019.

According to The Global Competitiveness Report, 2016– 2017 released by the World Economic Forum, the UAE ranked in sixteenth place amongst the countries included in the study, up by one place from the previous ranking. In terms of infrastructure, the UAE is currently ranked eighth globally and first amongst the GCC countries. Overall, the country's well developed infrastructure and efficient goods market are cited as amongst the main competitive strengths of the country. The report further highlighted the importance of enhancing innovation as part of its goal of diversification strategy.

UAE Demographic Performance

Over the 15 years the population of the UAE has increased by close to 180% due to the rapid influx of expatriate workers against the backdrop of rising economic activities in the country. Since 2001, the UAE population has expanded from 3.3 million to reach 9.2 million during 2015, representing an average annual growth rate of close to 6.8%.

Approximately 83% of the UAE population is between the economically productive age group of 15-64 years, with the remaining 17% of residents in the dependent age groups (0-14 years and 65 years and above). The economic productive age 15-64 years largely comprises of the foreign workforce, the majority of whom are single residents, such as labourers and staff in the service industries, which typically leave their families back at home.

Dubai Office Market

Although severely impacted by the global financial crisis and the downturn in local real estate markets, the Dubai office sector witnessed a recovery and the emergence of growth during the period 2013 to 2014. Demand levels from corporate occupiers have since remained strong, with a number of global companies activating major office searches over the past three years.

As a result prime offices rentals have continued to outperform the wider market average, with demand outstripping available supply in some locations. This has led to the establishment of a more sizable pre-leasing market since 2014, which has seen multiple transactions complete in locations such as TECOM, D3, and the central business district ("CBD"), which comprises the area between Downtown Dubai and Trade Centre

Roundabout along the Sheikh Zayed Road, underlining the latent demand for large, high quality efficient office spaces available over contiguous floors.

As of Q3, 2016, commercial office stock stands at close to 8.8 million m², rising from around 8.3 million m² at the same point last year. This reflects an addition of 0.5 million m² and an increase of around 6% year on year. Since 2008, office stock has shown a compound annual growth rate ("CAGR") of close to 9%, reflecting the massive level office completions particularly during 2009 - 2012.

Roughly 35% of Dubai's total existing commercial office stock is categorised as strata title space, much of which has been sold horizontally and vertically to multiple different investors. In addition, more than 50% of upcoming supply for the period 2016-2018 will also be impacted by strata title ownership. As a direct result of Dubai's office ownership structure, a two-tiered office market has emerged between single owned office assets and the strata titled properties.

In total, close to 1.33 million m² of new office space is expected to be released into the Dubai office market from Q4 2016 through to 2019. On average Dubai will see the addition of 0.39 million m² of office space per year through 2017 to 2019. The majority of upcoming and future office stock (approximately 30%) will be delivered in Business Bay, and much of this will be impaired by its fractional ownership structure. However, supply within the freezones during this period is expected to be far more limited.

Average prime rental rates within the CBD area, but outside of the DIFC district, currently average around AED1,900 m² per annum, whilst secondary rentals are close to AED1,100 m² per annum. Over the past 12 months, the CBD area has registered modest growth in rentals as a result of increased demand from corporate occupiers to locate in the CBD area. However, the secondary market is witnessing declining rates, amidst significant oversupply and weakening demand from smaller occupiers.

The widening disparity between the prime and secondary office sub-markets is a reflection of a clear two tiered market emerging in Dubai's commercial office sector. Prime locations and good quality accommodation, particularly in TECOM, DIFC and the CBD, continue to see rising rentals rates, amidst tight supply and sustained demand from global corporate occupiers. Whilst, secondary locations and strata impacted properties continue to face declining rentals and rising vacancy rates.

The limited availability of Grade A office space is driving a new wave of commercial development, particularly within the freezones. A number of new projects have started in the TECOM freezone during 2016, whilst other speculative office projects are also underway, underlining the strong levels of latent demand for good quality and well located offices. This trend is envisaged to gather further momentum over the next quarters and 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.

Dubai Retail Market

Dubai has effectively championed the regions drive away from the traditional high street location, moving towards larger bespoke mall formats through the establishment of major destinations centres. As a result, Dubai remains the principal regional draw as an established 'luxury retail tourism market', and is also one of the world's top destinations for the leading international retail brands. According to the 2016 edition of 'How Global is the Business of Retail', the UAE ranks third following UK and China which hold first and second places respectively. While within the Middle East, the UAE held first rank. In terms of positioning by city, Dubai ranks second with 57% of all retailers in the survey, while London holds first place attracting 57.9% of all retailers.

As of Q3 2016, the total organised retail stock in Dubai had reached close to 2.91 million m², rising around 5% from the same period last year. Since 2005, over 1.65 million m² of new retail gross leasable area (GLA) has been added to the market, reflecting growth of close to 150% between 2005 – Q3 2016. This translates to a CAGR 8% during the same period.

Most of Dubai's major malls are now running at close to full occupancy, including Dubai Mall, Mall of Emirates and Ibn Battuta Mall. All of these facilities are either undergoing renovation or expansion works, or have recently completed the same, underlining the

current strength of the market and sustained demand for retail spaces in prime centres. Other major malls, such as Mirdif City Centre Mall and Deira City Centre Mall, also remain close to full capacity.

Dubai Residential Market

Residential sales prices remained relatively stable during Q3 2016, with minimal downward movement in the average price at less than 1%. This reflects the gradual improvement in the overall investors' sentiment compared to previous quarters, despite the ongoing market pressures.

With weaker global oil prices and challenging economic conditions, the average rental and sales rates have experienced declines during 2015, with the market showing signs of market fragmentation. This downward trend continued in 2016 following lower demand levels for both rental and sales market.

As of Q3 2016, the total number of residential units stood at over 470,000 units. This stock is comprised of a majority of apartments with 371,640 (79%) units as compared with around 98,800 (28%) villas, townhouses and Arabic houses. Total residential supply in Dubai has seen a rapid rise since the advent of freehold ownership for foreign nationals. Approximately 62,000 new residential units (apartments and villas) could enter the market in Dubai during the period Q4 2016 to 2019, provided that construction delays are minimal. Much of the upcoming supply is expected from secondary and tertiary locations, with 26% of all apartments units to be delivered in Dubailand, Jumeirah Village Circle and Business Bay.

During Q3 2016, Dubai's average residential rents continued to slide albeit at a slower pace, by around 1% on a quarterly basis and 2% year-on-year. This was widely observed both in prime developments (Dubai Marina, Downtown Dubai, etc.) and secondary locations (IMPZ, Sports City, etc.). Larger unit sizes, and those in the high-end and upscale segments had severe declines compared to the observed market rental levels. Whilst, middle segments had shown more resilience, a reflection of the current strong demand for reasonably priced accommodations particularly in freehold communities.

Dubai Hospitality Market

The tourism sector has been at the heart of Dubai's diversification strategy and a key factor in the development of 'Brand Dubai'. The impact of tourism has also led to a major expansion within the retail industry. As part of the Tourism Vision 2020, the Emirate of Dubai hopes to attract 20 million tourists a year by 2020. The recent opening of major tourism and theme park projects within Dubailand and Dubai Parks is likely to go some way to help achieving these target.

Huge growth in Dubai's hotel room nights in recent years has been made possible by a robust and sustained increase in passenger arrivals to Dubai International Airport. Dubai has now become a major stopover destination, aided by ease of travel to a multitude of destinations. More and more these transit passengers are also inclined to spend 2 -3 days in the emirate enjoying various tourism attractions that the city has to offer.

Total hotel keys in Dubai have risen close to 80,000 rooms, and combined with hotel apartments the total room inventory is now close to 110,000. The market is still dominated by 4-Star and 5-Star hotels, which comprise over 60% of the total market.

Based on the hotel projects under construction the total number of new hotel rooms and apartments from the second half of 2016 to 2019 is expected to be close to 33,000 rooms. Of the total upcoming supply, hotel properties will account for the majority at 82% whilst the balance of 18% will be for hotel apartments across different locations in Dubai. The majority of this new supply will enter the market in locations around Downtown Dubai, Business Bay, DIFC and Sheikh Zayed Road as well as beachfront areas such as Palm Jumeirah.

The sheer volume of upcoming supply, which equates to more than 25% of the existing inventory, highlights the major push which Dubai's developers are embarking on in the build up to the Expo 2020 event. Close to 4,000 new rooms are expected to be delivered during the second half of 2016, following on from a similar delivery schedule in the first half

of 2016. The annual supply delivery is expected to increase further over the next three years, with close to 10,000 rooms to be completed each year up to 2019.

According to data from STR Global, Dubai's hospitality market continues to witness declining Average Daily Rates ("ADRs") and lower room revenues during Q3 2016, as hoteliers' battle to sustain higher occupancy rates by cutting room rates amidst mounting competition from new supply. The situation is being further compounded by wider challenges in the tourism market brought about by the prevailing strength of the US dollar, which is making the Emirate a costlier destination for European visitors. However, occupancy rates have proven to be relatively resilient, with year to date average rates still above 75% across the Dubai market during 2016.

Dubai Industrial Space

Dubai's diversified economy is driven by trade, tourism and logistics, which has been shaped by the government's strategy to build superior infrastructure and to support and incubate a free trade environment. This is strongly reflected in the success of major facilities such as Jebel Ali Port and Dubai International Airport ("DXB"), which remains the world's busiest international airport by passenger traffic volumes. Whilst oil makes little direct contribution to Dubai's economy, the falling oil prices have still clearly diminished consumer and investor confidence in the region's trade, financial and tourist hub, as neighbouring governments cut subsidies and economists lower growth forecasts for the coming years.

Dubai continues to solidify its position as an important staging post for the fast growing economies in Africa and West Asia, offering occupiers superior infrastructure and supply chain (warehouses, ports, roads and airports) than facilities in other regional countries, with ease and quality of staffing and political stability other key drivers of this trend. 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.

Despite the emergence of economic headwinds, the industrial and logistics sector in Dubai is expected to remain relatively resilient in the face of weakening supply from oil and gas occupiers. However, CBRE does expect to see a two-tiered market emerge, with prime and high quality industrial spaces outperforming the wider market and maintaining rentals, whilst inferior products and aging and secondary locations are likely to face a period of declining rentals and rising vacancy rates. That said, the overall lack of speculative supply will at least help to cushion the market from more pronounced declines.

Dubai Education Market

The private education sector in Dubai continues to witness a period of increased development as education awareness, rapid population growth, government reforms and private sector participation drives industry demand. Education, and social infrastructure in general, also remains a key focus for the UAE's national agenda with numerous announcements geared towards improving and expanding the regions education offering.

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 education development representing 21.2% of the 2016 federal budget.

Dubai Healthcare Market

Health awareness, rapid population growth, government reforms and private sector participation continue to drive industry demand, with the industry remaining a key focus of the UAE's national agenda with numerous announcements geared towards improving and expanding the regions healthcare offering.

Over the last decade, the Dubai and UAE governments have invested heavily into social infrastructure through the development of new healthcare facilities and significant healthcare

insurance coverage reforms. This strategy remains highly evident today with healthcare development representing 7.9% of the 2016 federal budget.

Abu Dhabi Office Market

Based on our analysis of the market, total existing office stock in Abu Dhabi is estimated at 3.88 million m² of which a majority is situated within the CBD and upper part of the Abu Dhabi island including off-island locations such as Al Maryah and Al Reem Island. This reflects an addition of 0.15 million m² and an increase of 4% year on year. Assuming minimal delays, the Abu Dhabi market will likely see circa 0.4 million m² of new office spaces annually over the next three years.

Average office rents continued to slide with an observed drop of 2% during Q3 2016, translating into roughly 9% decline from similar period last year. Starting last year, a number of international firms whose main clients involved the government and energy sectors had pulled out of Abu Dhabi with staffs being moved to Dubai, Doha or other locations within Europe, the Middle East and Africa ("EMEA" region).

With the current economic condition, CBRE envisages a more fragmented marketplace, with more pronounced declines to be experienced in secondary locations and for inferior products. As a result, CBRE forecasts that performance within the prime office submarket is likely to remain steadier, aided by the limited availability of stock, both currently and within the future development pipeline.

During a downturn, a flight to quality has become a common phenomenon, with well managed buildings with better specifications, viewed as having higher resilience as compared to similar properties of lesser quality.

Abu Dhabi Retail Market

Abu Dhabi's retail market has undergone a notable transformation over the past two decades, with the delivery of a number of major new malls, which have effectively changed the landscape of the market, encouraging a host of international brands to start operations in the capital. Completion of other high profile mixed-use developments has also helped to raise the profile and quality of product on offer, with an increasing number of prominent developments containing significant retail offerings.

At the end of Q3 2016, total organised retail stock had reached to around 1.6 million GLA m², of which mall space comprised the vast majority (85%), with the remaining stock from smaller centres and retail facilities within mixed-use developments. Abu Dhabi Mall, Marina Mall, Al Wahda Mall, Dalma Mall and Yas Mall are the largest operational retail facilities in the capital, with most of these centres forming part of wider mixed-use schemes.

By 2020, Abu Dhabi's retail market could see the addition of over 600,000 m² of organised retail supply, delivered through the completion of a number of major regional sized malls. This also includes an expansion of the community retail market, with multiple new retail centres being developed as part of mixed-use masterplan developments, and within the Emirate's satellite towns as the government strives to provide better facilities to the local population. Major upcoming retail centres include Maryah Central and Reem Mall, with both centre categorised as regional sized.

Abu Dhabi's retail occupancy levels generally remain high, particularly within established malls, although some of the smaller and aging centres are now facing increasing occupancy issues. Organised retail space in Abu Dhabi City is now close to full capacity, with malls such as Abu Dhabi Mall and the Marina Mall reaching near to full occupancy. Other major malls in the city centre such as Al Wahda Mall and Khalidiya Mall are also enjoying high occupancy rates between 95%-98% respectively. The recently opened Yas Mall is nearly fully occupied at 98% whilst Deerfields Town Centre is estimated at around 96%.

Abu Dhabi Residential Market

After a period of sustained rental growth, the Abu Dhabi residential market is now experiencing slight declines in rents, particularly for the larger unit sizes. However, studios and 1 bedroom units have continued to display stability and growth, but at a very minimal rate of change. This reflects the general shift towards affordability amidst economic uncertainty, and weaker corporate demand.

More affordable units remain in demand, reflecting the demographic of the vast majority of

expatriate workers. With limited stock against current requirements, rental rates for affordable units have remained steady with minimal fluctuation recorded against the general slowdown observed in the upper segments.

Abu Dhabi's total residential stock now comprises over 252,000 units. Of the total residential units, 76% are apartments while the remaining 24% is comprised of villas and townhouses. On average, circa 8,000 units were delivered to the market annually during the period 2008 – Q3 2016. This translates to a CAGR of around 4%. However, in 2015, only around 5,500 units were actually completed, which has helped to insulate the market from more pronounced declines in rental rates.

Over the next three years, the level of new supply in Abu Dhabi looks to be very consistent, averaging just over 6,000 units per annum, and totalling roughly 21,800 units. In comparison, Dubai is expected to see over 18,000 units per annum during the same period.

Abu Dhabi Hospitality Market

In 2000, just 603,000 guests visited Abu Dhabi. However, by 2012 this had increased to nearly 2.4 million. During 2013, growth continued with approximately 2.7 million guests arriving, equivalent to 14% annual growth. During the first nine months of 2016, close to 3.3 million guests have been recorded, reflecting growth of around 9% as compared to last year.

Total hospitality inventory in Abu Dhabi has now reached over 27,960 hotel rooms and apartments spread across the city area. CBRE's analysis of the future development pipeline in Abu Dhabi indicates that around 5,500 additional new hotel rooms and hotel apartments rooms are scheduled to be completed between Q4 2016 – 2019. This is expected to further raise competition levels and add further pressure to room rates, hoteliers and hotel owners. Assuming minimal levels of delay, this would take the total room inventory to around 33,450 keys by the end of 2019.

According to data from STR Global, the overall average occupancy rate in Abu Dhabi fell from 72% in September 2015 to 70% in September 2016. Both the average daily rate (ADR) and the revenue per available room ("RevPAR") dropped by 10% and 12% respectively from the same period last year. ADR's fell from close to AED488 per room per night in September 2015, to roughly AED441 per room per night in September 2016. During the same period, RevPARs also declined from AED352 per room per night to AED310 per room per night.

Abu Dhabi Education Market

The private education sector in Abu Dhabi continues to witness a period of increased development as education awareness, rapid population growth, government reforms and private sector participation continue to drive industry demand. Education remains a key focus on the UAE's national agenda with numerous announcements geared towards improving and expanding the regions education offering.

Over the last decade, the Abu Dhabi 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 education development representing 21.2% of the 2016 federal budget.

The Abu Dhabi Education Council ("ADEC") counted 186 private schools in the 2015 academic school year providing education to approximately 236,000 students which accounts for 64.5% of the total students enrolled in the emirate. This is a 5.3% increase in student enrolment compared to the previous year. The 2016 school year saw the opening of a further nine private schools (17,326 seats) and there are approximately ten schools expected to complete construction in time for the 2017 academic year which contributes to ADEC's goal of providing approximately 284,000 school places by 2020.

Abu Dhabi Industrial Market

Abu Dhabi's industrial market is heavily linked to the oil and gas sector, with 49% of GDP contributed by the hydrocarbon industry. As a result of prevailing lower oil prices and the reduced investment in oil exploration, demand from downstream and upstream petrochemical companies has reduced significantly over the past 18 months. Cost-reduction measures are also noticeably in force with curbs on non-essential spending. Occupiers,

particularly in the oil & gas sector, have been evaluating the possibility of sub-leasing and selling excess capacity wherever possible to help streamline operations.

Reflective of the economic backdrop, the total number of industrial enquiries has reduced year-on-year. As a result of the more challenging economic climate, industrial rentals in Abu Dhabi have also started to show some declines, although the drop so far has been relatively low, with Mussafah registering a 4% decrease year-on-year. Average industrial rents are now at AED450 m² per annum although this may start to fall, if declines become more widespread across Abu Dhabi's main industrial locations. However, as is the case in Dubai, good quality industrial accommodation remains in short supply across the entire industrial market, meaning prime spaces are likely to reflect greater resilience than secondary quality products and locations.

Abu Dhabi Healthcare Market

Historically Abu Dhabi has suffered from a relatively limited supply of healthcare services, particularly hospital beds and primary healthcare. However, as interest levels in the sector have risen in recent years, infrastructure investments have increased. Over the past five years there has been significant growth in many specialties where capacity gaps existed, including orthopaedics, medical oncology and obstetric services which were previously in severe shortage.

The current Abu Dhabi population is young and has a high rate of chronic diseases that is set to increase as it ages. The current model of care in Abu Dhabi does not adequately support self-care or prevention–screening programmes and diagnostic services are not integrated into care plans which causes inefficiencies. By 2025 there is sufficient projected demand for an additional 1,226 acute overnight beds. Already there are more than 1,500 beds planned, mostly in the Abu Dhabi region. There is need for investment in acute overnight care for specific specialties and in specific areas such as a specialised children's hospital.

DEMOGRAPHIC AND ECONOMIC OVERVIEW

MENA Key Economic Trends

MENA growth forecasts for the majority of its economies have been subdued in recent times, with the length of the current oil pricing slump remaining uncertain. According to the World Bank, real gross domestic product (GDP) growth rates for the region as a whole is projected at around 2.3% in 2016. This figure is slightly lower than the earlier forecasts of 2.7% in April 2016, and would be the lowest level recorded over the past four years. With uncertainty as to the timing of a possible oil price recovery, growth prospects for oil exporting economies in the MENA region are expected to be even more subdued averaging 1.8% in 2016, or roughly half of the observed rate in 2015. In contrast, non-oil growth in the region is likely to reach 3.7% in 2016, significantly higher than the oil-exporting countries, but notably lower than the 5.0% achieved during 2015.

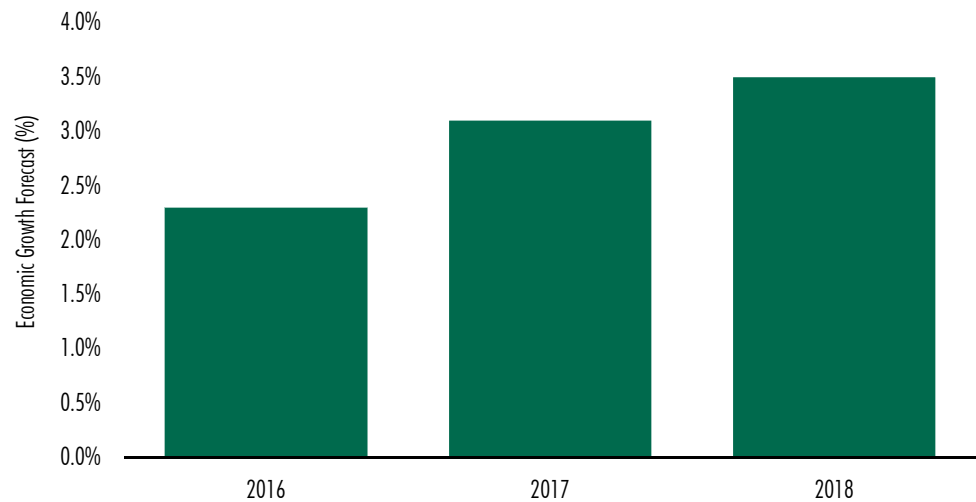
Budget cuts and an overall reduction in capital spending have also pulled down the performance of the non-oil sector for some economies. The International Monetary Fund (IMF) has reported observed spending cuts in Algeria, Iraq, United Arab Emirates, Saudi Arabia, Bahrain, Qatar and Oman. In addition to the national budget reductions, new revenue strategies have also been implemented in various countries, with Oman and Bahrain having increased taxes levied on corporate income, and tobacco & alcohol respectively, whilst Iran has reduced tax exemptions. There has also been widespread moves to introduce a value added tax (VAT) within the Gulf Cooperation Council (GCC) region.

With no imminent signs of an oil price recovery, growth prospects for oil exporting economies in the MENA region are expected to remain subdued at 1.8% in 2016, or roughly half of the observed rate in 2015. In contrast, non-oil growth in the region is likely to reach at 3.7% in 2016, significantly higher than the oil-exporting countries, but notably lower than the 5.0% achieved during 2015.

With tougher economic and macro conditions likely to prevail in the short term at least, the World Bank estimates that the region's fiscal deficit is expected to remain unchanged from last year's level at 9.1% of GDP. A fiscal imbalance would likely continue over the next two years, albeit at a slightly lower rate. As part of economic reforms, a number of oil-exporting countries in the region have undertaken energy price adjustments within local economies. This has included moves to raise fuel, water and electricity charges in Oman and the United Arab Emirates.

As per World Bank forecasts, the region is estimate to see a slight improvement during the period 2017-2018 with 3.1% and 3.5% growth respectively. The minimal uptick depicts the favourable results generated by recent austerity measures and widespread reforms undertaken by the region's various governments.

MENA ECONOMIC GROWTH FORECASTS (2016 – 2018)



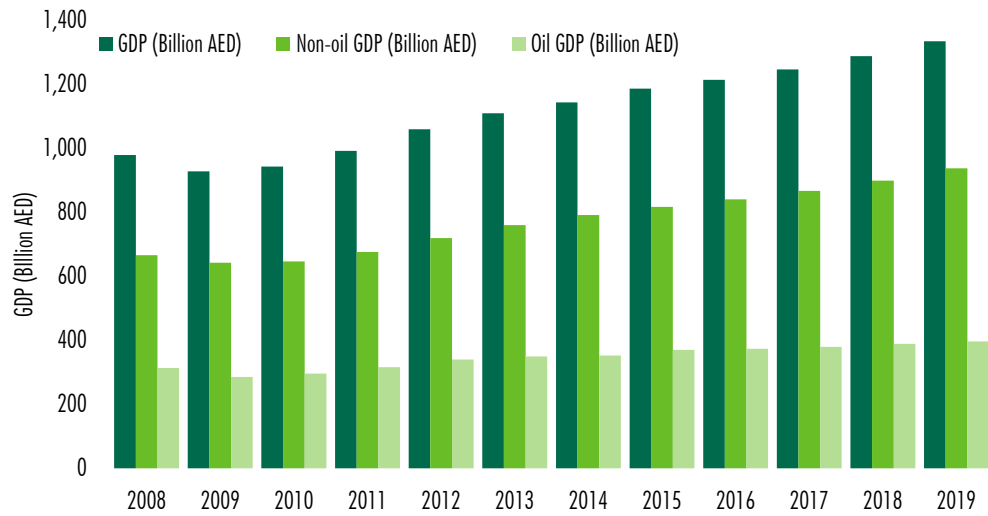
Source: World Bank

UAE Historical Economic Performance

Following a notable drop in real GDP in 2009 amidst the global financial crisis, the UAE witnessed a period of sustained economic growth from 2010-2015, reaching a compound annual growth rate (CAGR) of 4% during the period. However, as the economy continues to experience a general slowdown in performance, the IMF believe that real GDP growth will grow at 2.3% in 2016 and an improved 2.7% and 3.3% in 2017 and 2018 respectively. As the country recovers from financial adjustments and sees the benefits of reforms, economic growth is then forecast to improve further, reaching 3.6% in 2019.

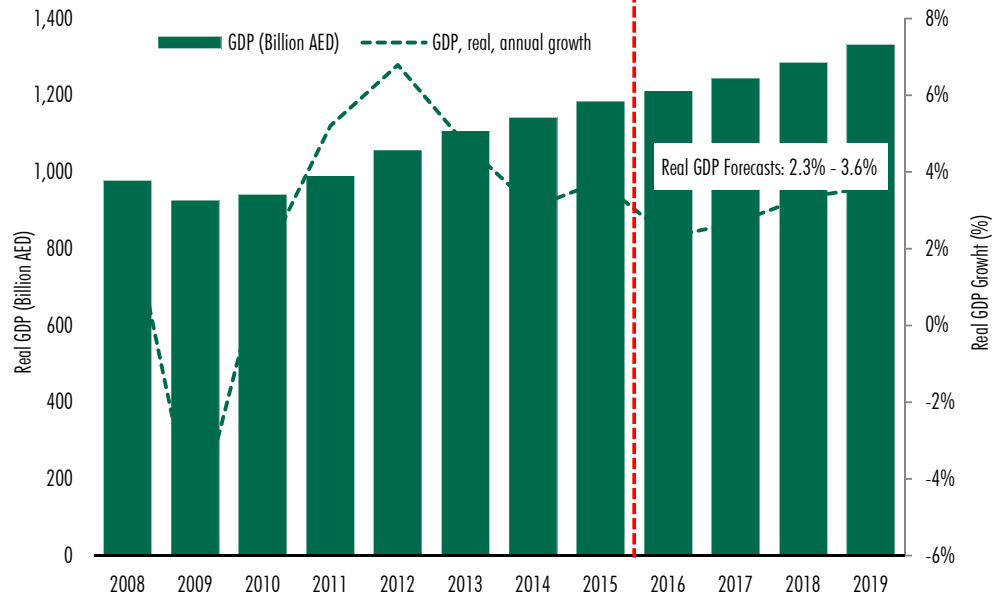
Despite its weak performance, the oil sector remains one of the largest single contributors to GDP, adding close to AED369 billion during 2015 and representing a share of 31.18% of the total GDP figure, just slightly higher than the 30.81% total contribution of oil sector to the economy in 2014. Should there be no major fluctuations in oil prices, estimates from Oxford Economics suggest that the proportion of oil revenues to hover around 30-31% during 2016 – 2019.

UAE REAL GDP (2000 – 2019)



Source: Oxford Economics

UAE REAL GDP & GROWTH (2000 – 2015)



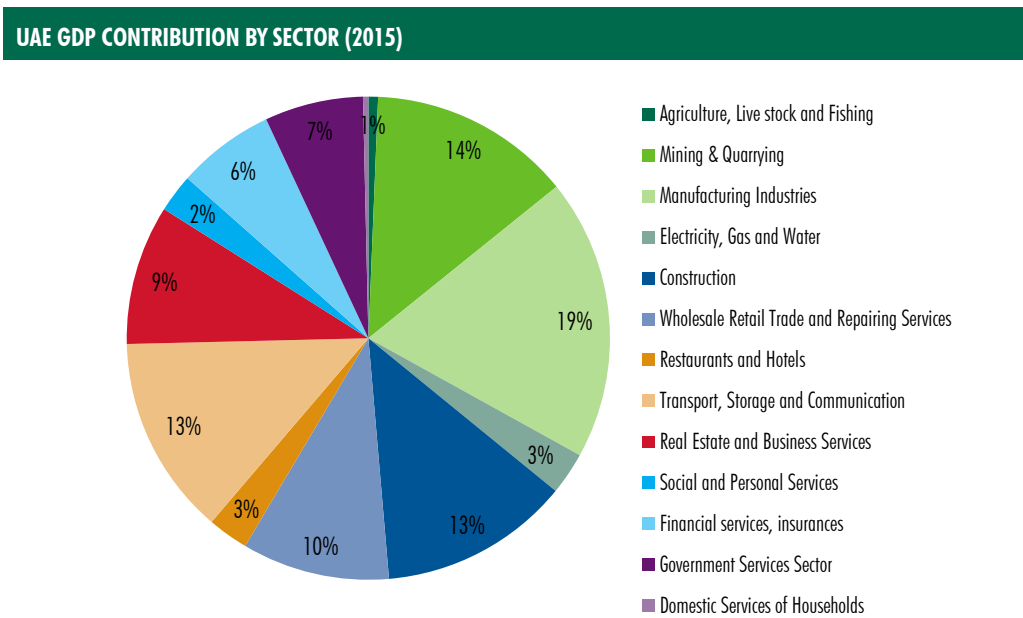
Source: Oxford Economics

Historically, the UAE has sustained an average 6% annual growth during 2002 - 2008, with oil revenues injected back in the non-oil sectors of the economy (Oxford Economics). Through large scale public spending, the Government has aimed to strongly promote an extensive diversification program, allowing for the higher inflow of foreign direct investments (FDI) into the country. The creation of free trade zones and investment zones across the various Emirates has become a pivotal strategy in strengthening the non-oil sector, particularly the manufacturing sector and transport and telecommunication sectors. The manufacturing sector now represents the highest contributor to the nation's GDP adding a total of AED464 billion to the national accounts during 2015, representing a total share of 19%. In comparison, the mining and quarrying which covers the revenues generated from oil activities contributed 14% or roughly AED369 billion to the total GDP. As an oil-exporting economy, the oil-sector used to be the largest contributing sector particularly

during peak of oil price in global market and before the creation of special economic zones in the country.

The opening up of the UAE real estate in specified freehold areas to foreign investors has also been a major driver of growth for the country, particularly in relation to the construction sector and the real estate and business services sector. Activities related to construction contributed AED314 billion during 2015 whilst the real estate and business services sector reached to AED AED230 billion. Data from the Department of Economic Statistics highlight that these two sectors had a combined contribution of 22% in 2015.

As the country aims to lessen overreliance on the hydrocarbon industry, other economic sectors have significantly improved the overall contribution to the national GDP. The transport, storage and communication sectors represented 14% of the GDP, whilst the wholesale retail and financial services have each contributed circa 10% and 6.5% respectively. The drop in oil prices has certainly highlighted more prominent role of certain economic activities outside the oil-sector.



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. Following a drop in real GDP during 2009 amidst the global financial crisis, UAE witnessed a period of sustained economic growth from 2010-2015, reaching a compound annual growth rate (CAGR) of 4% during the period. However, as the economy experiences a general levelling off in performance, the IMF believes that real GDP growth will grow to 2.3% in 2016 and an improved 2.7% and 3.3% in 2017 and 2018 respectively. As the country recovers from financial adjustments and sees the benefits of reforms, economic growth is then forecast to improve further to 3.6% in 2019.

According to The Global Competitiveness Report, 2016– 2017 released by the World Economic Forum, the UAE ranked in sixteenth place amongst the countries included in the study, up by one place from the previous ranking. In terms of infrastructure, the UAE is currently ranked eighth globally and first amongst the GCC countries. Overall, the country's well developed infrastructure and efficient goods market are cited as amongst the main competitive strengths of the country. The report further highlighted the importance of enhancing innovation as part of its goal of diversification strategy.

GLOBAL COMPETITIVE INDEX (2016-2017)						
	UAE	Bahrain	Kuwait	Oman	Saudi Arabia	Qatar
Overall Ranking	16	48	38	66	29	18
Infrastructure	4	32	52	38	31	18
Macroeconomic Environment	38	113	6	81	68	2
Health & Primary Education	40	34	76	69	51	27
Higher Education & Training	34	44	94	85	46	30
Goods Market Efficiency	3	22	85	51	41	7
Labour Market Efficiency	11	35	115	82	65	17
Financial Market Development	28	43	65	55	47	21
Technology Readiness	18	37	60	57	41	33

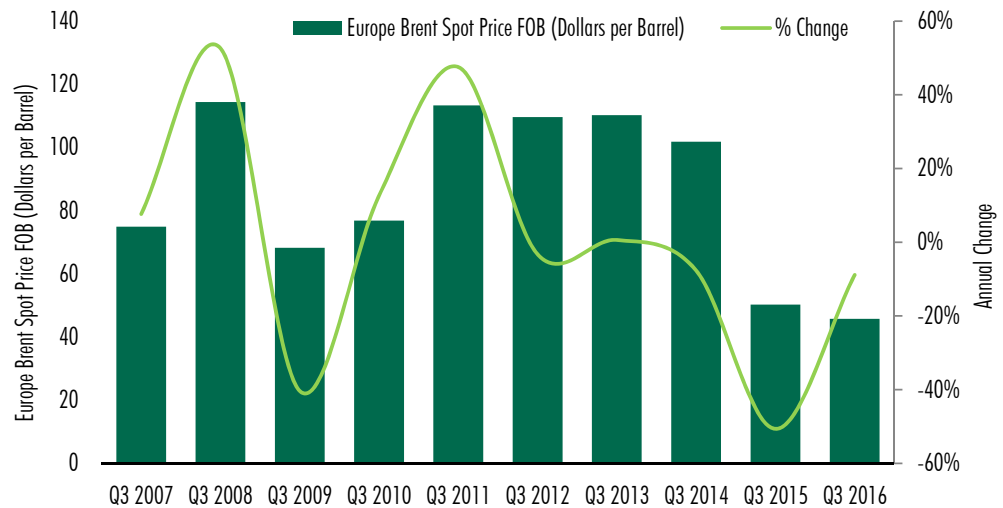
Source: The Global Competitiveness Report 2016-2017, World Economic Forum

According to Oxford Business Group, with earnings from oil accounting for more than 80% of governmental income, the halving of prices since June 2014 has significantly eroded state revenue and could impact the extensive capital works programme in 2015, despite a government pledge to hike this year's spending by 4.5% from its earlier plans.

It is difficult to pinpoint directly the impacts of lower oil prices on particular economic sectors, although it is clearly having broadly negative impacts on the overall economy of the country. The immediate impact of falling oil prices would result in budget deficits which have to be balanced by outside borrowing or using the surplus which has been accumulated over the years. Furthermore, falling oil prices could result in decreased government spending towards infrastructure projects, cautious spending, reduction in public subsidies and employment opportunities. This is reflected in the 4.2% decline in 2015 announced by the federal government. These factors have had a negative impact on overall confidence in the market from a business and consumer perspective resulting in cautious spending and reduced demand.

Since June 2014, spot prices for Europe Brent crude oil have fallen by over 50%, dropping from US\$113 per barrel to hover around US\$45 per barrel in Q3 2016. In January 2016, the country witnessed the lowest oil price so far for this year at less than US\$31 per barrel.

EUROPE BRENT CRUDE SPOT PRICES (US\$ PER BARREL)



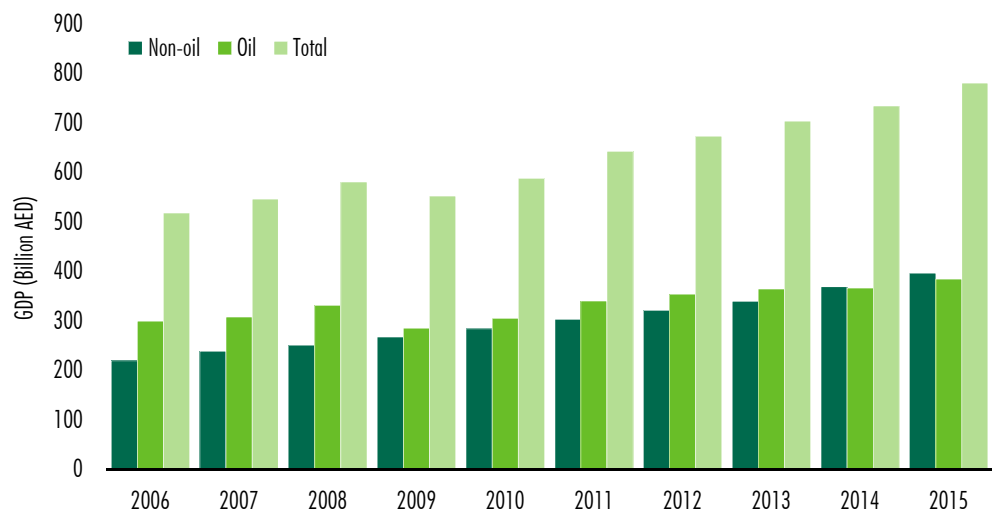
Source: www.eia.gov

Abu Dhabi Historical Economic Performance

According to SCAD, the Abu Dhabi's total GDP at constant prices in 2015 stood at AED780 billion as compared to AED734 billion in 2014, registering an increase of 6.2%. During 2015 GDP for the non-oil sector witnessed an increase of around 7.6% reaching AED396 billion as compared to AED368 billion the previous year (Statistics Centre – Abu Dhabi).

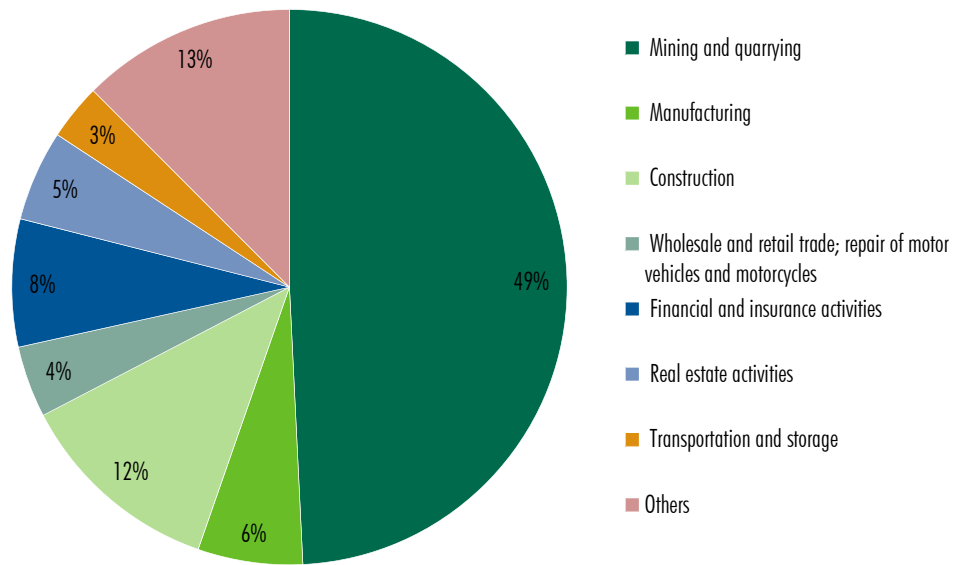
Oil prices remained low hovering at US\$45 per barrel prompting Abu Dhabi to likely experience modest growth of 2-3% this year. As per IMF estimates, this growth forecast is slightly lower from last year's forecasts of 3-4% (IMF Estimates). Overall, Abu Dhabi's economic is still generally favourable, although recognising the associated volatility from oil price dip into the local economy.

ABU DHABI REAL GDP BY OIL & NON-OIL SECTORS (2006 – 2015)



Source: Statistics Centre Abu Dhabi (SCAD)

ABU DHABI GDP CONTRIBUTION BY SECTOR AT CONSTANT PRICES (2015)



Source: Statistics Centre Abu Dhabi (SCAD)

Despite persistent low levels of oil prices in the global market, the hydrocarbon sector remains the largest single contributor to the Abu Dhabi GDP at roughly 49%. In 2015, the oil sector contributed 49% of Abu Dhabi's GDP, translating to AED384 billion. Amidst oil price fluctuations, still the sector witnessed a 5% growth from 2014 performance, with oil sector GDP at AED366 billion (SCAD). Undeniably, this sector will continue to play vital role in the local economy amidst fluctuating performance.

With sustained activity in construction, the sector accounted for 12% of the total GDP in 2015, making it the second highest contributor to the Abu Dhabi economy. In 2015, the construction sector had seen a 5% growth from the previous year's contribution, rising from AED89.74 billion in 2014 to reach AEDAED93.81 billion. As the Emirate continues to embark upon new developments, whilst also completing on-going planned projects, the construction sector is envisaged to remain as one of the leading economic drivers of Abu Dhabi.

The third largest sector was the financial and insurance activities sector which contributed AED57.95 billion in 2015 accounting for 8% of the total GDP and depicting a 9% increase from 2014 performance. The manufacturing sector grew by 11% each from last year's observed value.

Despite its relatively minimal contribution at 3% of the Abu Dhabi national account in 2015, the electricity, gas and water supply and waste management activities had one of the highest growth rates at around 14%, rising from AED20.51 billion in 2014 to AED23.39 billion in 2015. At the end of 2015, the Government announced cuts to utility subsidies and subsequently raised electricity and water tariffs as a further measure to increase the Emirate's revenues.

Dubai Historical Economic Performance

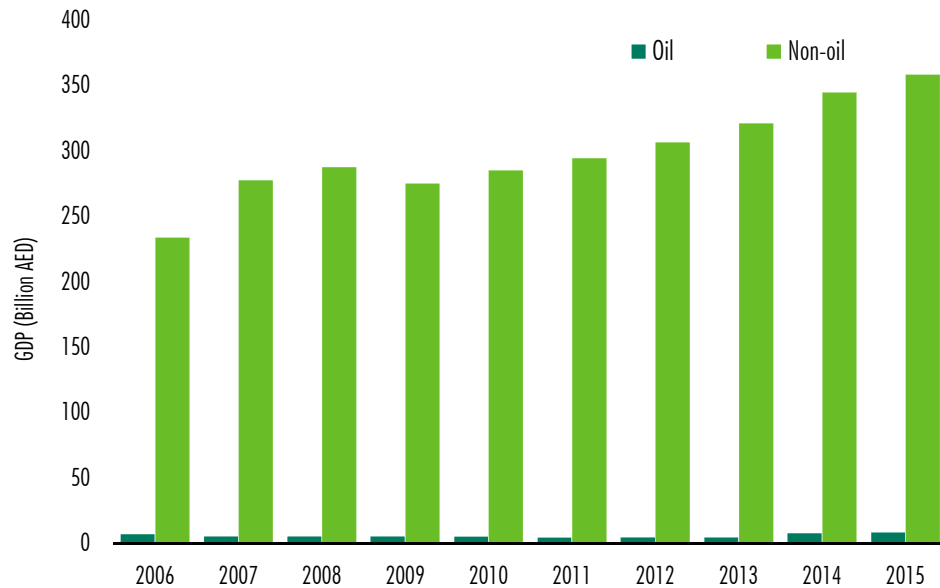
Dubai illustrated greater dependence upon the hydrocarbon sector during the period 2001-2005, when oil activity comprised between 5.4% and 7.8% of the economy. The Emirate has since reduced its reliance on oil, with the non-oil sector contributing 97-98% of the Emirate's GDP during the period 2007-2015.

Around 98% of Dubai's economic activity was attributed to the non-oil sector during 2015, adding AED358.1 billion to the total GDP and reflecting 4.1% growth from the previous

year. The majority of this inputs is contributed by the Emirate of Abu Dhabi which has the majority of the UAE's natural reserves.

According to Oxford Economics, despite the economic uncertainty brought about by oil price plunge, Dubai's economy is still poised for growth led by the tourism, real estate, construction and retail sectors.

DUBAI REAL GDP BY OIL & NON-OIL SECTORS (2006 – 2015)

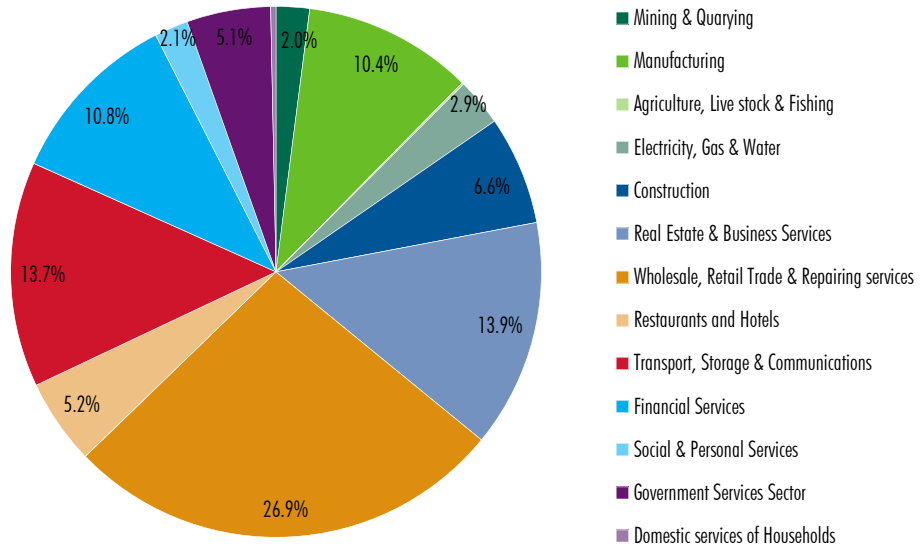


Source: Dubai Statistics Centre

In 2015, the restaurant and hotel industries saw the highest growth in economic contribution, increasing 8% from the previous year and representing 5.64% of total GDP. The wholesale, retail trade and repairing services sectors remains the highest single contributor to Dubai's GDP, representing a 29% share of GDP and registering a nominal increase by 4% year on year. The second largest sector is the real estate and business services sector which accounts for 15% of the total GDP, reflecting an increase of 4.4% year-

on-year. The transport, storage and communication sector is the third largest constituent of Dubai's GDP, constituting 14.8% of the economy.

DUBAI GDP CONTRIBUTION BY SECTOR AT CONSTANT PRICES (2015)

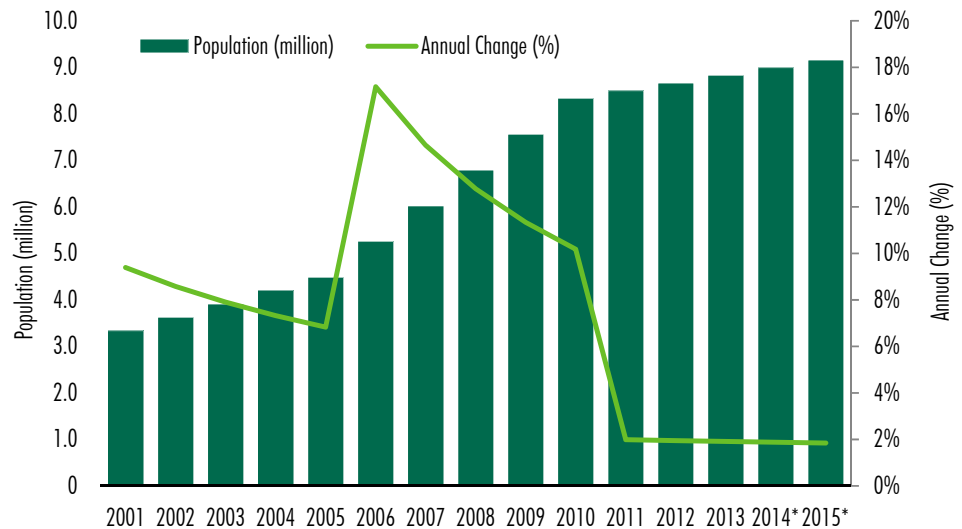


Source: Dubai Statistics Centre

UAE Historical Demographic Performance

Over the 15 years the population of the UAE has increased by close to 180% due to the rapid influx of expatriate workers against the backdrop of rising economic activities in the country. Since 2001, the UAE population has expanded from 3.3 million to reach 9.2 million during 2015, representing an average annual growth rate of close to 6.8%.

UAE POPULATION GROWTH ESTIMATES (2001 – 2015)

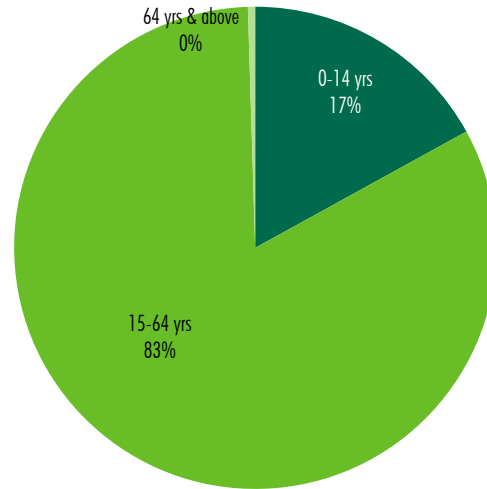


Note: *2014-2015 are estimated figures

Source: Oxford Economics

Approximately 83% of the UAE population is between the economically productive age group of 15-64 years, with the remaining 17% of residents in the dependent age groups (0-14 years and 65 and above). The economic productive age 15-64 years largely comprises of the foreign workforce, the majority of whom are single residents, such as labourers and staff in the service industries, which typically leave their families back at home.

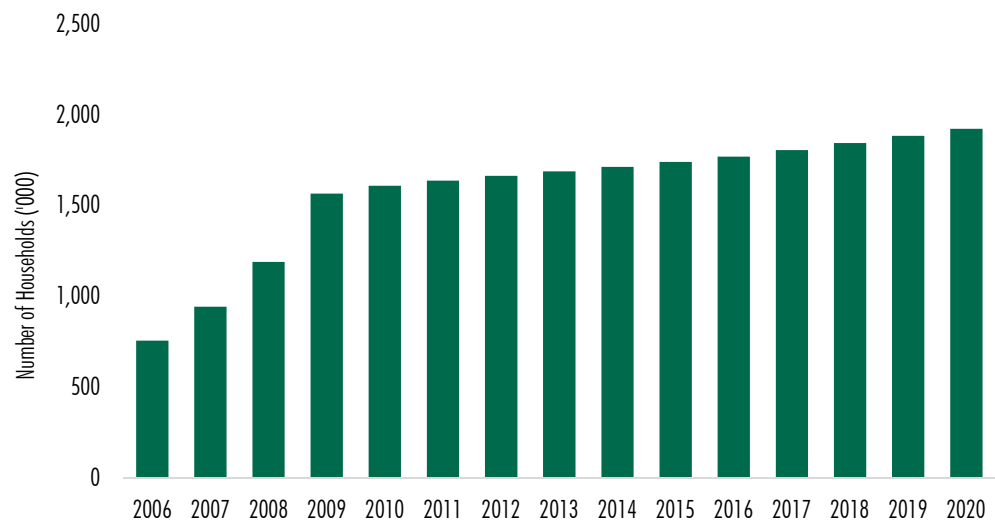
UAE POPULATION BY AGE GROUP (2015)



Source: Oxford Economics

Growth in households has been relatively stable over the past 5 years and is expected to remain so, with average annual growth of around 2%. With an increase in the population and residential supply, the number of households more than doubled in the period 2006 – 2009. After the GFC, growth in UAE household numbers stabilised at an average of 2% annually.

UAE HOUSEHOLD GROWTH AND FORECASTS (2006 – 2020)

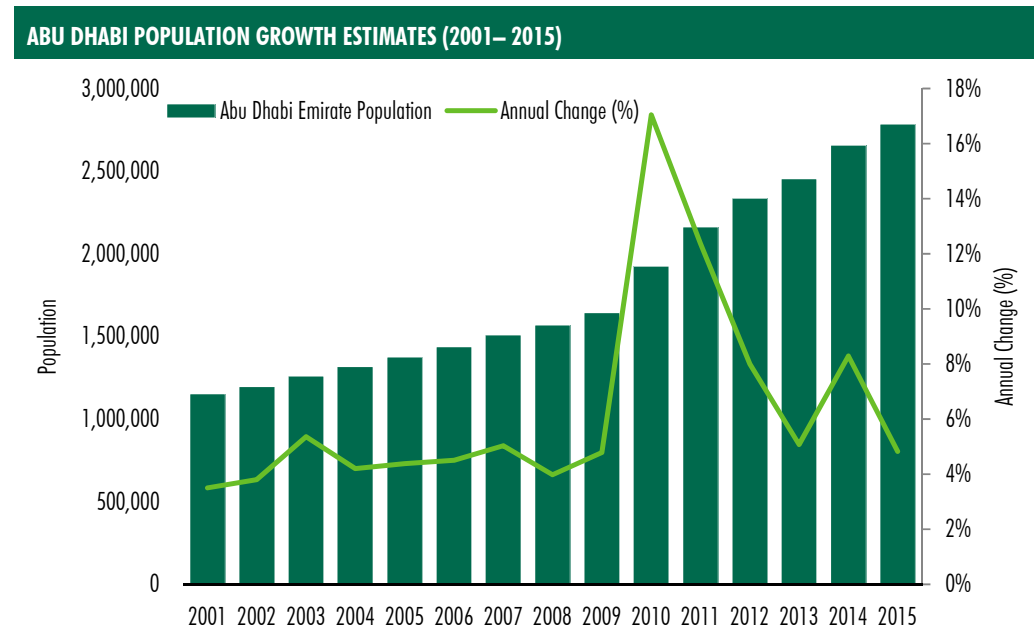


Source: Oxford Economics

Abu Dhabi Historical Demographic Performance

Abu Dhabi has witnessed rapid growth in its population from over 642,000 residents in 2000 to circa 1.27 million in 2010. By the end 2015, it was estimated that the Abu Dhabi population had reached roughly around 1.72 million residents. According to Oxford Economics, the total population of Abu Dhabi grew by circa CAGR 6% during 2000 – 2015.

The commercial production of oil triggered an influx of expatriate population and brought about a significant improvement in the overall living standards. As a result, Abu Dhabi has become a multi-ethnic society, of which the bulk majority (80%) of the population are expatriates, whilst Emiratis constitute the balance 20% of the total population. The majority of foreign workers originate from Asian countries such as India, Pakistan, Iran, Bangladesh, Sri Lanka and the Philippines, whilst other major sources include Arab national from across the Levant, and Western expatriates from European countries.



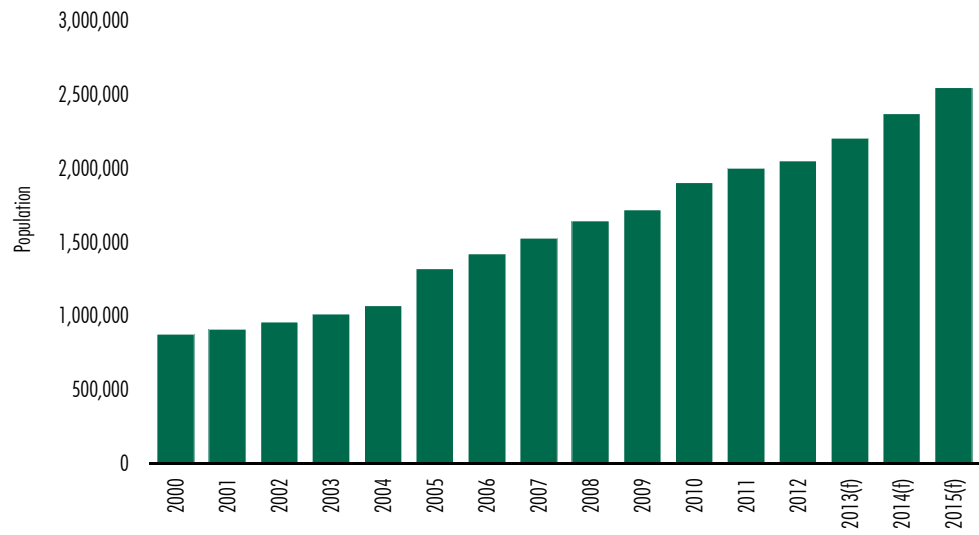
Source: Statistics Centre Abu Dhabi

Dubai Historical Demographic Performance

Dubai’s population has been growing steadily throughout the last decade with official population figures more than doubling since 2000. According Oxford Economics, Dubai’s total number of inhabitants has grown from 906,970 to an estimated 2.41 million at the end of 2015, averaging growth of close to 7% per annum during the period.

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 far 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 MARKET OVERVIEW

Dubai Property Laws

Among the seven emirates, Dubai currently has the most advanced and comprehensive property laws. Although, when compared to other more mature markets, real estate laws in the Emirate are still somewhat underdeveloped and will consequently require further regulation in order to be able to provide further safeguards for investors, 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, as well as 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 over 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.

SELECTED FREEHOLD LOCATIONS/PROJECTS IN DUBAI

Locations/Projects	Locations/Projects
Al Furjan	Dubailand
Arabian Ranches	Emirates Living (includes Emirates Hills, Springs, Meadows, Greens, Views)
Burj Dubai Development	IMPZ
Business Bay	International City
Culture Village	International Media Production Zone
Discovery Gardens	Jumeirah Beach Residence
Downtown Burj Khalifa	Jumeirah Golf Estates
Downtown Jebel Ali	Jumeirah Lakes Towers
Dubai Biotechnology & Business Park	Jumeirah Park
Dubai International Financial Centre	Jumeirah Village
Dubai Investment Park	Lagoons
Dubai Marina	Meydan
Dubai Maritime City	Motor City
Dubai Silicon Oasis	Palm Jebel Ali
Dubai Sports City	Palm Jumeirah
Dubai Waterfront	Sheikh Mohammed Bin Rashid City
Dubai World Central	Tecom C

Source: CBRE

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:

- 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;
- 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;
- 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
- 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.

Fees of Land Department

Executive Council Resolution No. 30 of 2013 highlights the guidelines in determining fees in Land Department. Below are some key features of the law:

- Unless agreed otherwise, the Fee for the sale of real property will be shared equally by the seller and purchaser
- Unless agreed otherwise, the Fee for registering a usufruct or long-term lease right provided for by the above mentioned Law No. (7) of 2006 will be paid by collection of two percent (2%) of the value of the real property from the owner, landlord, or holder of a usufruct right, and collection of two percent (2%) of the value of the real property from the tenant or holder of the usufruct right;
- Unless agreed otherwise, the Fee for registering a rent-to-own contract will be paid by collection of two percent (2%) of the value of the real property from the landlord, and collection from the tenant of two percent (2%) of the value of the real property plus a quarter of a percent (0.25%) of the value of the amount financed;
- The Fees for registering the subdivision of co-owned real estate will be paid by the co-owners in proportion to their respective shares prior to the subdivision; and
- Unless agreed otherwise, the Fees for registering contracts for the use and development of the land of another person (Musataha), contracts transferring the share of real property belonging to an heir to the other heirs (Takharuj), gifts, wills, mortgages, debt conversions, family endowments (Family Waqf), and registering the rights of the heirs of tenants, will be paid by the person to whom the rights are transferred.

Establishing a Special Tribunal of Cheque Disputes

By virtue of Decree No. 56 of 2009, a special tribunal for the settlement of cheque disputes was established in 2009.

The Tribunal will have exclusive jurisdiction to settle complaints related to dishonoured cheques which are issued by a purchaser and made payable to a real estate developer, or those cheques issued by those with usufruct rights or with long-term leasehold rights, whose rights are preserved pursuant to the above mentioned Law No. (7) 2006.

Regulating the Interim Property Register in the Emirate

Below are the salient features of Law No. 9 of 2009

- If the purchaser breaches any of the terms of the sale contract of the Real Property Unit concluded with the developer, the developer must notify the Department of such breach, and the Department must give a thirty (30) days' notice to the purchaser, in person, by registered mail or by email, to fulfil his contractual obligations.
- If the notice period mentioned above expires and the purchaser fails to perform his contractual obligations, the following provisions will apply:
 - Where the developer has completed at least eighty percent (80%) of the real estate development project, the developer may retain all payments and claim the balance of the contract value from the purchaser, failing which the developer may request the sale of the Real Property by way of public auction to recover the balance of the amounts to which he is entitled;
 - Where the developer has completed at least sixty percent (60%) of the real estate development project, the developer may terminate the contract and retain a maximum of forty percent (40%) of the value of the Real Property Unit stipulated in the contract;
 - Where the developer starts the construction works but fails to reach the sixty percent (60%) threshold of the real estate development project, the developer may terminate the contract and retain a maximum of twenty-five percent (25%) of the value of the Real Property Unit stipulated in the contract; and
 - Where the developer, for reasons beyond his control but without any negligence on his part, fails to start the construction works, the developer may terminate the contract and retain a maximum of thirty percent (30%) of the payments made by the purchaser.

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.

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.

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 Expo 2020

Dubai's successful bid to host the 2020 expo, is expected to have a broadly positive impact on the market. Ultimately 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.

Dubai's economy is expected to see continued economic expansion over the next five years with GDP growth underpinning the government's current and planned spending on infrastructure as it continues down the path towards diversification. Dubai's expansion is being further fuelled by the Dubai Expo 2020 event which is behind the fast-tracking of a number of the emirates major infrastructure and real estate projects, including planned extensions to the metro line.

In total, Dubai authorities are expected to spend US\$8 billion for the Expo-related preparations, including extending Dubai's metro and road infrastructure. This will have a direct and positive impact on the country's real estate sector, with infrastructure development helping to raise the quality of the living, work and investment environment. Since the announcement in 2014, the Dubai Government and private and quasi-government developers have launched a number of large scale projects that will ultimately help to significantly improve the emirate's international tourism appeal, whilst also cementing the Emirates position as an attractive regional business hub.

The successful Expo 2020 bid has also led to improved levels of business confidence, and will ultimately result in the creation of a significant number of new job opportunities, which will attract both local and international talent to the emirate.

Freezones

Over the past 25 years, the UAE has strived to create a more investor-friendly environment through the implementation of Freezones, improved regulatory systems and a reduction of barriers to free trade, in order to attract greater foreign investment and boost the overall trade capacity of the country.

Freezones in the UAE evolved as part of the country's sea ports and airports, and were ultimately established to help attract investors. This was achieved by allowing companies to undertake import and re-export activities in relation to manufacturing and trade. This was made possible by the provision of no taxation, no customs duties on import and re-export of goods, 100% foreign ownership (hence no requirement for a majority local partner), easy access and administration for residency visas. The oldest freezone is Jebel Ali Free Zone (JAFZA), which was established in 1985. Newer Freezones include Dubai Healthcare City (DHCC), Dubai International Financial Center (DIFC) and Dubai Media City. Whilst each and every freezone has its own authority and slightly different rules and regulations, the basic incentives are broadly similar across the different market specific zones.

These moves have been pivotal in helping to establish Dubai as a global business hub, which is now home to many of the world's Fortune 500 companies. Over the past decade Dubai has effectively established itself as the location of choice for major corporate occupiers across the commercial office and industrial sectors. This has been made possible by the high quality of infrastructure from the airports, to the ports, from the hotel to the offices, allowing Dubai to remain more competitive and attractive than other locations in the region.

Another important element has been the decision to create industry focussed zones, which would allow 100% company ownership and repatriation of profits, without the need to have a majority local partner involved.

The creation of dedicated Freezones has led to widespread clustering of the emirates occupier base, with Dubai now having around 30 individual zones incorporated covering a variety of industry sectors from Financial Services to Internet and Media, and from Industry and Manufacturing to the Automotive sector. Even outside of the emirates Freezones there remains a noticeable occupier trend with specific areas synonymous with certain industry types.

ABU DHABI MARKET OVERVIEW

Abu Dhabi Property Laws

Abu Dhabi has recently been quite proactive in developing its property laws, although it still remains behind Dubai in this regard. Hence, further regulation is still required to make the market more attractive to international investors.

Law No. 3 of 2005 – Property Ownership Laws

Relaxation of the property laws in Abu Dhabi commenced in 2005 with the announcement of Law No. 3 of 2005, concerning the registration of real property, including the establishment of a Land Registration Department at Abu Dhabi and Al Ain Municipalities. The 2005 legislation implies that UAE nationals and legal entities wholly owned by them have the right to acquire or sell freehold ownership to properties anywhere in Abu Dhabi provided that at least 5 years must have passed since the date of such allotment.

Law No. 19 of 2005 further introduced the creation of Investment Zones and highlighted the provisions relating to ownership, development, leasing and mortgaging of land and property in Abu Dhabi, and differentiated between the rights of UAE nationals, GCC nationals and non-UAE/GCC nationals.

Non-UAE nationals do not have the right to own or sell freehold land in the UAE. GCC nationals cannot own freehold land but may provide the land is within a designated Investment Zone have the right to own 'surface property' (but not the land itself). These 'surface' property rights take the form of usufruct rights (for up to 99 years). All other investors will be restricted to Musataha rights in land within designated Investment Zones which may be granted for up to a 50- term under federal law. Both property rights are renewable by mutual consent.

In 2010, Executive Council Resolution No. 64 set out following clarifications with regards to real estate registration:

- Register ownership rights (and issue registration certificates/title deeds) to non-UAE nationals for property rights located within the Investment Zones;
- Clarified and confirmed the status of long-term leases granted to non-UAE nationals over land located within the Investment Zones, by directing registration of rights to long-term leases;
- Register ownership of property rights in respect of property located outside the Investment Zones (as may be permitted pursuant to current legislation); and
- Register mortgages over property and property rights, (whether same are located inside or outside the Investment Zones)

According to Plan Abu Dhabi 2030, the following locations/developers have been designated with Investment Zone status:

- Al Raha Beach
- Al Reem Island
- Al Reef
- Building Material City
- Hydra Village
- Lulu Island
- Masdar
- Maryah Island
- KIZAD
- Saadiyat Island
- Seih Sdeirah
- Yas Island

In 2014, the Abu Dhabi Municipality has started to issue title deeds for property owners within selected development in Abu Dhabi. This includes owners of residential apartments from various developments within Investment Zones. Since 2005, foreign investors are allowed to purchase properties in these locations, but it was only recently that the Municipality started to issue title deeds to buyers.

Law No. 3 of 2015 Regulating the Real Estate Sector in the Emirate of Abu Dhabi

Before the year concluded, the Law No. 3 of 2015, “Regulating the Real Estate Sector in the Emirate of Abu Dhabi”, took effect starting January 2016. The said law introduces a number of significant regulatory provisions particularly relating to protecting the rights of buyers and sellers within the investment zones.

The law specifically tasked the Abu Dhabi’s Department of Municipal Affairs (DMA) with regulating the real estate sector in the Emirate and overseeing the implementation of the law.

One of the striking features of Law No. 3 is the provision regarding regulation of off-plan sales. Marketing and actual off-plan sales are only possible with developers’ proof of ownership of the properties and escrow accounts are mandatory for the developments. The law highlights the need to set up an escrow account prior to undertaking sales and marketing activities for an off-plan project. Taking into account the restrictions in collecting payments and utilising prepayments by buyers, the introduction of Escrow certainly provides security blanket for off-plan buyers and guidance for developers as well.

Under the new law, off-plan units and basically all properties are required to be registered under the Abu Dhabi’s Department of Municipal Affairs (DMA). The law regulates the overall collection of registration fees from investors, and that existing 2% registration fee on property re-sales would no longer be applicable.

Law No. 3 of 2015 also features compensations for delayed projects. The DMA may post penalties to developers in order to compensate purchasers for project delays extending more

than six months. Should there be significant delays, the law highlights for the possibility of cancellation of projects or appointment of a new developer.

The law also clearly imposes 10-year building liability for developers. This clearly set the legal responsibilities particularly relating to structural defects in the building. There is also a provision including a one-year defects liability period after hand-over.

The publication of this long awaited regulatory framework depicts the strong commitment of the Government to strengthen the property market and create an investor-friendly atmosphere.

The development of the real estate services along with other economically productive sectors outside the hydrocarbon sector is crucial amidst oil price slump.

Law No. 4 of 2013 – Abu Dhabi Global Market (ADGM)

This law relates to the establishment of ADGM as a Financial Free Zone.

The Financial Free Zone shall have an independent legal personality and enjoy full legal capacity and financial and administrative independence.

The main objectives of the Global Market are to promote the Emirate as a global financial centre, to develop the economy of the Emirate and make it an attractive environment for financial investments and an effective contributor to the international financial services industry

The ADGM has introduced regulations which provide for a set of strata specific laws which deal with the stratification of real estate interests situated within the ADGM. The regulations are similar in many respects to the strata title system adopted by the Dubai International Financial Centre which itself draws upon the legislative strata title framework of jurisdictions such as Singapore, Australia, Canada and South Africa. The strata regulations appear, on the whole, to apply to developments on Al Maryah Island that are structured or sold on a leasehold basis. Under the regulations it is mandatory for any developer of a leasehold structured development to apply the provisions of the regulations to its project. It is not clear whether existing developments, which have been sold off-plan on a leasehold basis, will need to fall in line with the regulations, including any timeframe to do so.

Where the strata regulations apply to any future leasehold development, the developer will be required to satisfy various obligations. These include the establishment of an owner' association for management and control of the common areas, the establishment of a body corporate for each 'use' within a development, the opening of a project escrow account with a licensed institution within the ADGM and the deposit of a sum equivalent to between 10-25% of off-plan purchaser deposits received as security for its development obligations for the project and the registration of a strata plan at the ADGM Land Register.

No such taxation applies under the applicable laws in Abu Dhabi. However, there are fees arising from real estate security including the ADGM Land Register fees relating to mortgage registration and notarial fees in relation to various security interests which are required to be notarised, for example real estate mortgages, commercial mortgages and share pledges (Source: DLA Piper – Abu Dhabi Investment Guide).

DUBAI OFFICE MARKET OVERVIEW

Introduction

Although severely impacted by the GFC and the downturn in local real estate markets, the Dubai office sector witnessed a recovery and the emergence of growth during the period 2013 to 2014. Demand levels have since remained strong from corporate occupiers, with a growing number of global companies activating major office searches over the past three years. Whilst the small and medium enterprises (SME) sector also witnessed growth up to the end of 2014, which lead to growth in secondary market rents, there is now growing evidence that the sector is experiencing greater challenges amidst tighter credit lines and ongoing economic uncertainty.

Prime offices rentals have continued to perform above than the market average, with demand outstripping available supply. This has led to the establishment of more sizable pre-leasing market since 2014, which has seen multiple large transactions complete in locations such as TECOM, D3, and the central business district CBD, which comprises the area between Downtown Dubai and Trade Centre Roundabout along the Sheikh Zayed Road, underlining the latent demand for large, high quality efficient office spaces available over contiguous floors.

Roughly 35% of Dubai's total existing commercial office stock is categorised as strata title space, much of which has been sold horizontally and vertically to multiple different investors. In addition, more than 50% of upcoming supply for the period 2016-2018 will also be impacted by strata title ownership. As a direct result of Dubai's office ownership structure, a two-tiered office market has emerged between single owned office assets and the strata titled properties.

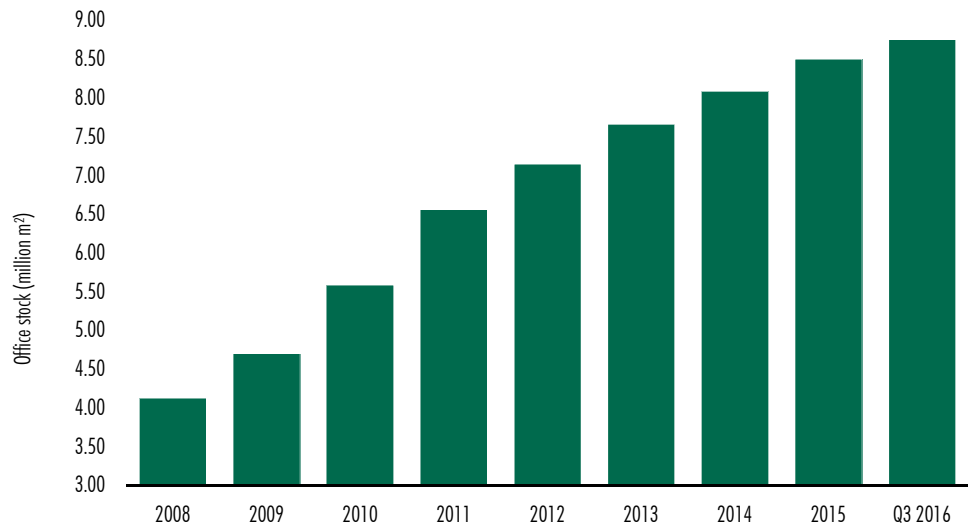
New office space has typically been emerging from within master planned developments such as Business Bay, Jumeirah Lake Towers (JLT) and Dubai Silicon Oasis (DSO), with existing business locations in Deira and Bur Dubai seeing more marginal increases in new supply during the past year. Supply levels in popular freezone locations such as TECOM has been relatively constrained, with a number of upcoming office completions (Butterfly Building and The Edge) already close to achieving total pre-leasing status before completion in Q4 2016.

Office Stock

As of Q3, 2016, commercial office stock stands at close to 8.8 million m², rising from around 8.3 million m² at the same point last year. This reflects an addition of 0.5 million m² and an increase of around 6% year on year. Since 2008, office stock has shown a CAGR of close to 9%, reflecting the massive level office completions particularly during 2009 - 2012.

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, inefficient floors or the presence of columns on the floor-plate, lack of on-site facilities, poor vertical transportation (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 2016)



Source: CBRE Research

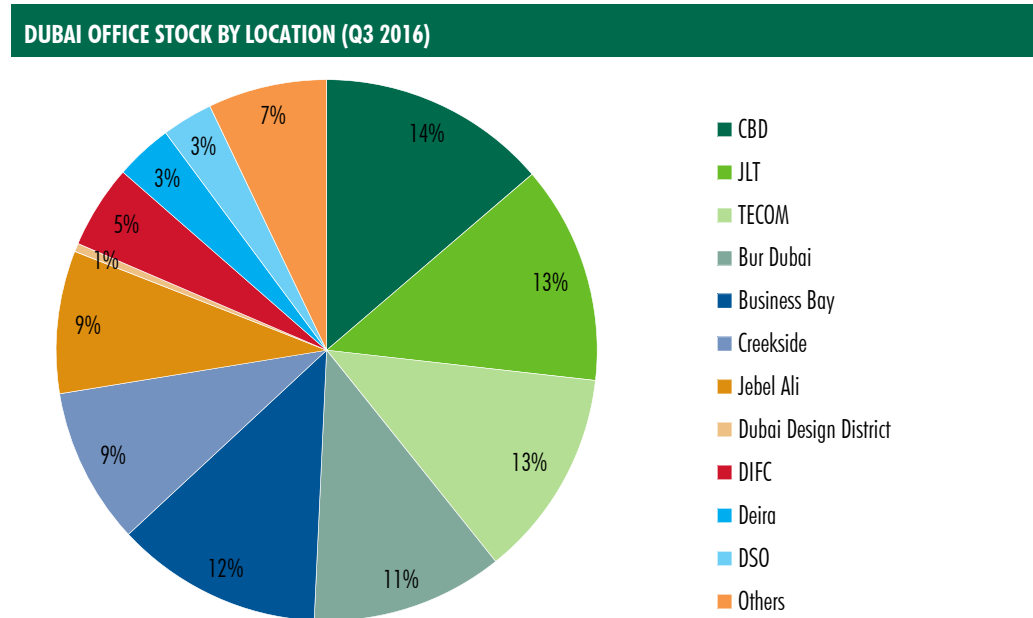
The CBD contributes around 14% of Dubai's total office space, whilst master plan districts such as JLT, which forms the Dubai Multi Commodity Centre (DMCC) freezone, offers 13% of the total existing office space with just over 1.1 million m² of space, the vast majority of which is impaired by its strata ownership title.

During the peak of the property market in 2006 – 2008, most spaces in JLT were marketed on an off-plan basis with accommodation sold vertically and horizontally, with multiple owners across even a single floor. The presence of multiple small office units and multiple landlords rather than full floors, has subsequently made it very difficult to attract larger corporates to these spaces. As such the market is quite fragmented with rental rates seeing considerable disparity dependent on the owner's financial position and their appetite to rent their units.

Office accommodation within 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 with only minimal availability, whilst strata properties have the highest vacancy rates.

Bur Dubai (once the most sought after location amongst financial sector firms) remains a top contributor to overall office space with 11% of the total.



Source: CBRE Research

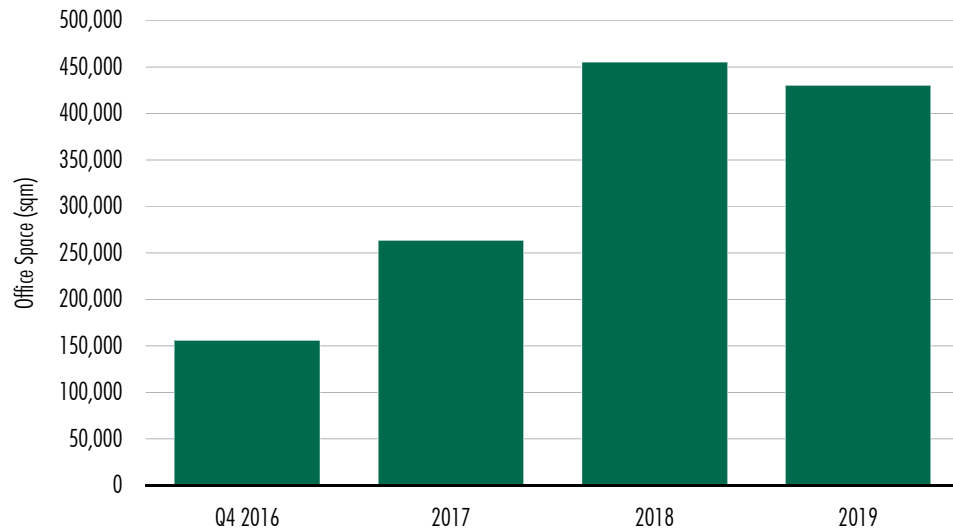
Office developments such as Emaar Business Park, Emaar Square, DIFC (managed portfolio) and TECOM (A & B) have traditionally been able to attract the cream of international and local companies, offering a superior quality of office product and a wide array of complimentary facilities and amenities, in a more integrated commercial environment.

The TECOM area, which includes office space from Tecom A (Dubai Media City, Dubai Internet City, and Knowledge Village), TECOM B, Dubai Outsource Zone and TECOM C, contributes 1.01 million m² of the total office supply and represents 12% of the total available space. Much of the early supply from the development was developed and owned by the Tecom Authority. However, private developers were given an opportunity to invest and own properties in the Tecom A and B area, resulting in emergence of higher quality office space across high rise towers, although many of these buildings are impaired by poor vertical transportation and inadequate parking facilities.

Office Development Pipeline

In total, close to 1.33 million m² of new office space is expected to be released into the Dubai office market from Q4 2016 through to 2019. On average Dubai will see the addition of 0.39 million m² of office space per year through 2017 to 2019.

OFFICE DEVELOPMENT PIPELINE (Q4 2016 – 2019)

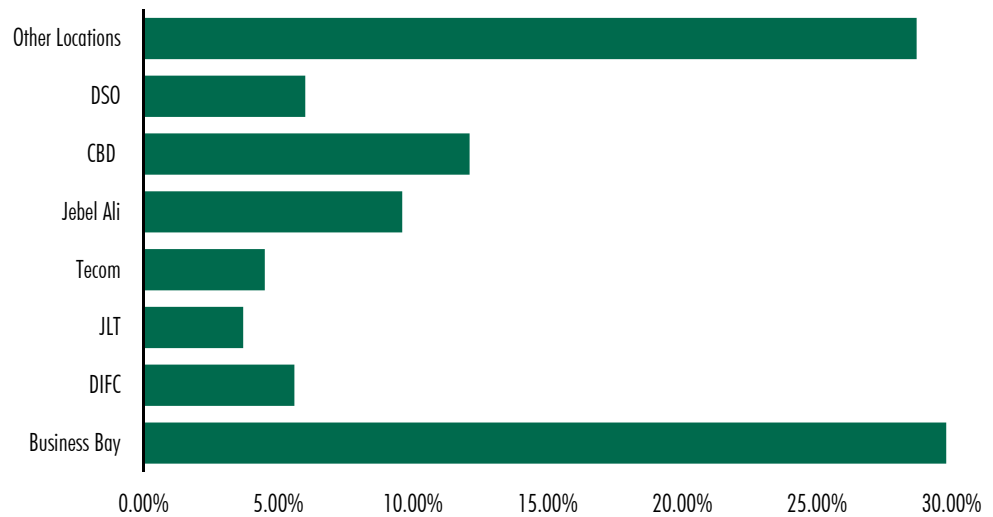


Source: CBRE Research

Of the total 1.3 million m² of new office supply, the majority (approximately 30%) will be delivered in Business Bay, and much of this will be impaired by its fractional ownership structure. However, supply within the freezones during this period is expected to be far more limited.

The CBD will account for 12% of the total upcoming office supply whilst 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 10%. Areas with smaller contributions include the DIFC and TECOM with 6% and 5% respectively, Dubai Silicon Oasis (DSO) with 6% and Jumeirah Lake Towers (JLT) with 4%. Other locations such as Dubailand, Meydan and non-freehold districts account for a combined 29% share of the total expected office supply.

OFFICE DEVELOPMENT PIPELINE BY LOCATION (Q4 2016 – 2019)



Source: CBRE Research

OFFICE DEVELOPMENT PIPELINE BY SUB-MARKET AREA (Q4 2016 – 2019)

Sub-Market	New Office Supply (m ²)	New office Supply (%)
Business Bay	388,758	29.80%
DIFC	73,055	5.60%
JLT	48,269	3.70%
Tecom	58,705	4.50%
Jebel Ali	125,238	9.60%
CBD	157,852	12.10%
DSO	78,273	6.00%
Other Locations	374,408	28.70%
Total Supply	1,304,000	100%

Source: CBRE Research

Of the new office space to be delivered over the next four years, around 47% of this inventory is held on multiple ownership title (Strata Title), whilst the balance 53% is single ownership title. The large overhang of strata space from the last cycle is likely to result in portions of Dubai's office accommodation remaining vacant and unused. If we also consider that a significant portion of the future single owned space will be delivered in secondary and tertiary locations, then this diminishes the quality future supply even further.

Office Rental Performance

Average prime office rental rates witnessed a huge increase in the period up to 2008, before plummeting at the onset of the downturn in local real estate markets from the end of 2008. This was driven by massive new supply at a time when demand was weakening amidst the GFC. Whilst there has been a solid recovery since 2008, rentals have never recovered to close to previous levels.

Average prime rental rates within the CBD area, but outside of the DIFC district, currently average AED1,884 m² per annum with a few exceptions including Emirates Towers and One Financial Tower which typically demand slightly higher lease rates, whilst secondary rentals are close to AED1,100 m² per annum.

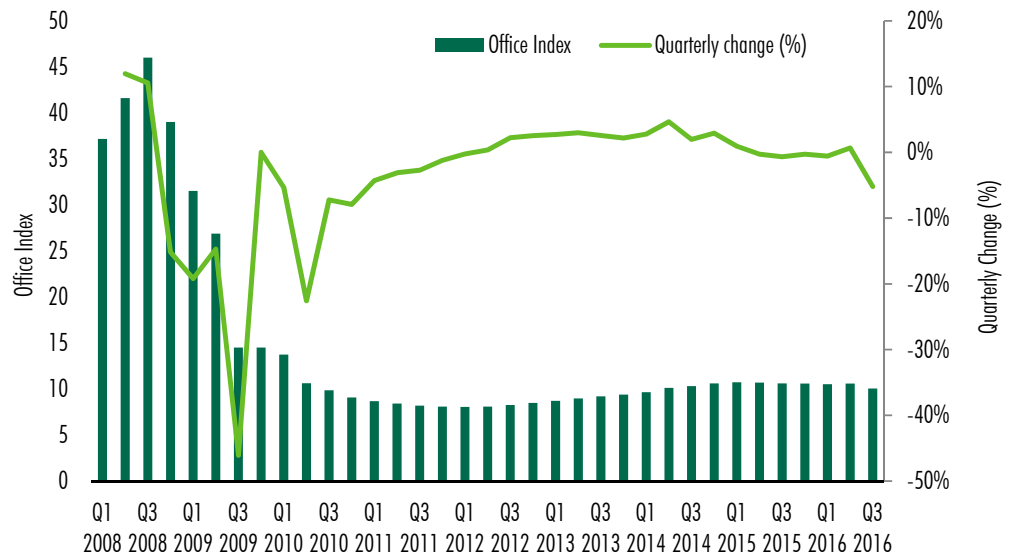
Over the past 12 months, the CBD area has registered modest growth in rentals as a result of increased demand from corporate occupiers to locate in the CBD area. However, ageing properties continue to struggle in maintaining healthy occupancies and rental rates due to widespread migration of tenants towards better quality assets.

DUBAI OFFICE RENTAL MAP (Q3 2016)

Dubai freezone / non-freezone areas



DUBAI OFFICE RENTAL INDEX (Q1 2008 - Q3 2016)

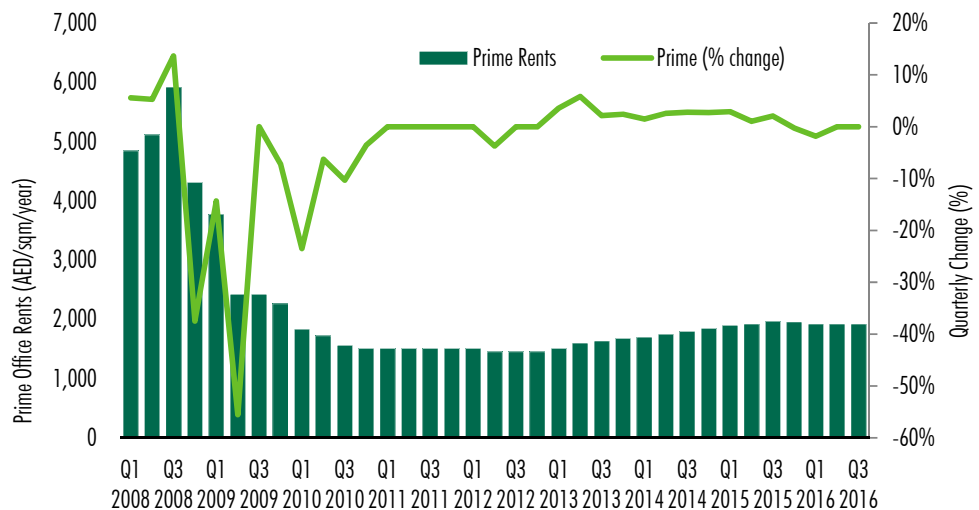


Note: Index is generated using 2007 as base year.

Source: Reidin/ CBRE Research

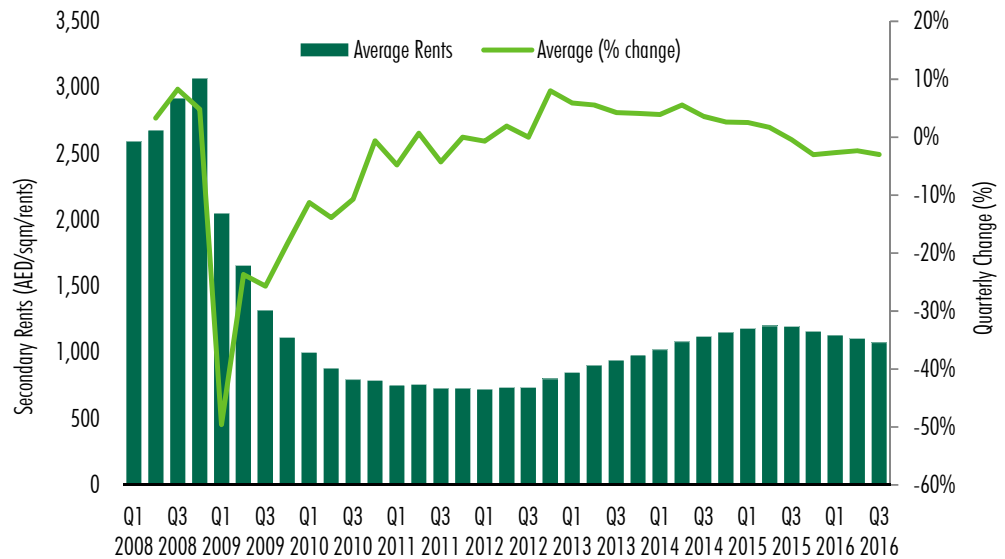
The emergence of competitive rentals and delivery of better quality office spaces with dedicated facilities and amenities has encouraged the movement of tenants away from ageing properties, establishing a two-tiered market between new and old buildings and between the freezones and the historical business 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 RATE MOVEMENTS FOR CBD OFFICES (Q1 2008 – Q3 2016)



Source: CBRE Research

AVERAGE RENTAL RATE MOVEMENTS FOR SECONDARY OFFICES (Q1 2008 – Q3 2016)



* Secondary locations include: Jumeirah Lakes Towers, Business Bay, TECOM C, Bur Dubai, Oud Metha & Al Barsha

Source: CBRE Research

The widening disparity between the prime and secondary office sub-markets is a reflection of a clear two tiered market emerging in Dubai's commercial office sector. Prime locations and good quality accommodation, particularly in TECOM, DIFC and the CBD, continue to see rising rentals rates, amidst tight supply and sustained demand from global corporate occupiers. Whilst, secondary locations and strata impacted properties continue to face declining rentals and rising vacancy rates.

Office Vacancy Rates

Office vacancy rates vary across the Dubai market, with a significant variance between the performance of prime locations and accommodations versus strata impacted developments. The average occupancy rate in the JLT development is around 70%, with the virtually all space in the masterplan impacted by strata title ownership structure with the exception of One JLT. In popular freezone locations such as TECOM, the level of supply is far more constrained with occupancy rates within the freezone managed portfolio at close to 100%. The performance of private managed buildings is slightly more varied, with offices such as Arenco Tower and Concorde Tower suffering slightly due to the quality of vertical transportation, and parking facilities. However, the majority of other private managed building in Media City and Internet City currently experiencing high occupancy rates, as demand for office spaces remains high amidst the limited new delivery of office accommodation in recent years.

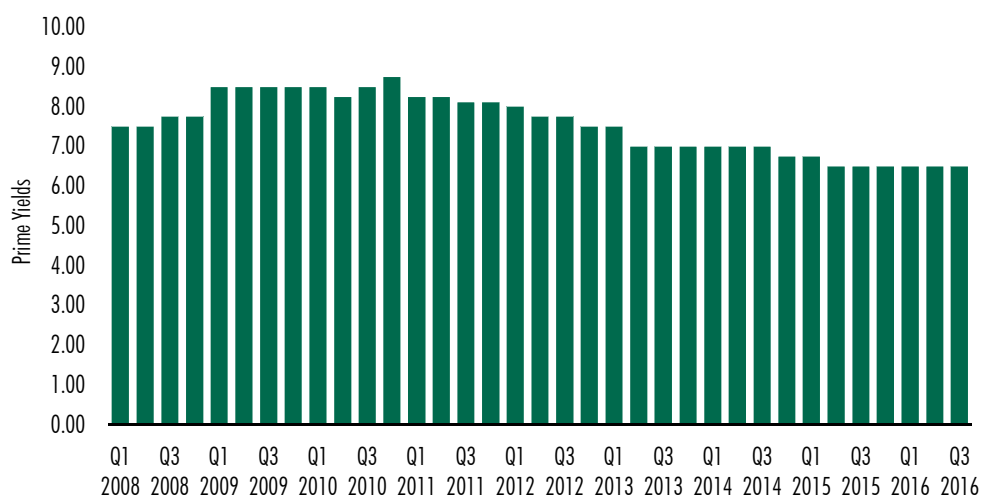
In the DIFC masterplan, the occupancy performance is vary starkly related to the ownership title of the building, with the DIFCA managed portfolio with less than 1% vacancy. Other private managed and single held ownership buildings such as Currency House, are also virtually fully occupied. However, strata titled buildings such as Index Tower remain largely vacant, with the majority of larger corporate occupiers unwilling to lease accommodation from multiple landlords and hence will only consider single held assets with one landlord. The one exception is really the Buildings by Daman, which offers large floor-plates which

have not been sold to multiple investors, which means they are still attractive for some larger occupiers.

Prime Office Yields

Prime office yields remained stable during 2009 - 2010, before moving out during 2010 as yields hovered between 7.5% - 7.75%. 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 6.5%. Amidst market uncertainty, we expect to see prime yields to remain steady, mainly due to the limited availability for this products within the short run period.

PRIME OFFICE YIELDS (Q1 2008 – Q3 2016)



Source: CBRE Research

Office Market Outlook

The market is currently experiencing an overall oversupply with delivery of new inventory comfortably outstripping demand. With around 1.3 million m² of new office supply set to be completed over the next three year, this trend appears likely to continue. However, whilst overall market vacancy is high, demand for prime spaces is also rising.

The limited availability of Grade A office is driving a new wave of commercial development activity particularly within freezones. A number of new projects have started in the TECOM Freezone during 2016. This includes the new headquarters of Chinese telecommunications manufacturer Huawei, whilst other speculative office projects are also underway, underlining the strong levels of latent demand for good quality and well located offices.

This trend is envisaged to gather further momentum over the next quarters and 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.

With a large volume of accommodation still in the pipeline, Landlords of existing onshore offices are now offering greater flexibility on lease and rental terms in order to secure larger tenancies. This reflects a slight change of tact amongst local owners, perhaps driven by economic concerns across the wider region, and uncertainty about the longevity of the current demand cycle.

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. There are also several large corporate occupiers that are looking for new premises, which could lead to further pre-leasing activity.

DUBAI RETAIL MARKET OVERVIEW

Introduction

Over the years, the emirate has effectively championed the regions drive away from the traditional high street location, moving towards larger bespoke mall formats. Whilst Qatar, KSA and other gulf economies are currently undertaking similar aggressive expansion programs, Dubai remains the principal regional draw as an established 'retail tourism market'. This is reflected by the huge number of people going to the Dubai Mall which opened in May 2009, and attracted over 80 million visitors in 2015.

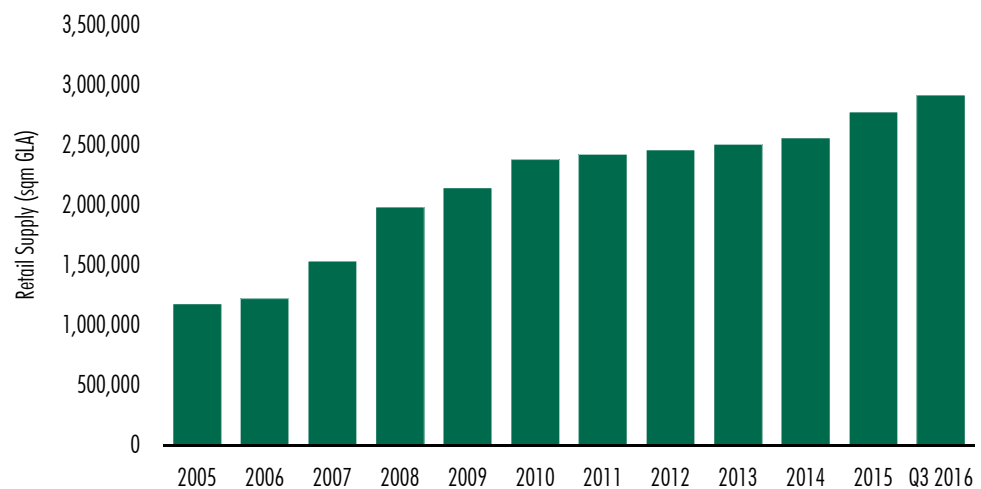
The introduction of major international brands emerged in the country, and this trend has since continued for 25 years, making the UAE as one of the top destinations for the leading international retail brands. According to the 2016 edition of 'How Global is the Business of Retail', the UAE ranks third following UK and China hold first and second places respectively. While within the Middle East, the UAE held first rank. In terms of positioning by city, Dubai ranks second with 57% of all retailers in the survey, while London holds first place attracting 57.9% of all retailers.

Retail Space and Future Supply

As of Q3 2016, the total organised retail stock in Dubai had reached close to 2.91 million m², rising around 5% from the same period last year. Since 2005, over 1.65 million m² of new retail gross leasable area (GLA) has been added to the market, reflecting growth of close to 150% between 2005 – Q3 2016. This translates to a CAGR 8% during the same period.

In 2015 around 215,000 m² of new retail GLA was finished, with the expansion of the Mall of the Emirates and Dragon Mart, and the opening of Box Park (Al Wasl Road), Golden Mile on the Palm Jumeirah and City Centre Me'aisem Phase I in IMPZ. During the first nine months of the 2016, circa 141,700 m² GLA has been added. The additional retail supply has been a combination of new retail schemes and expansions of already operational shopping centre facilities such as Ibn Battuta Mall.

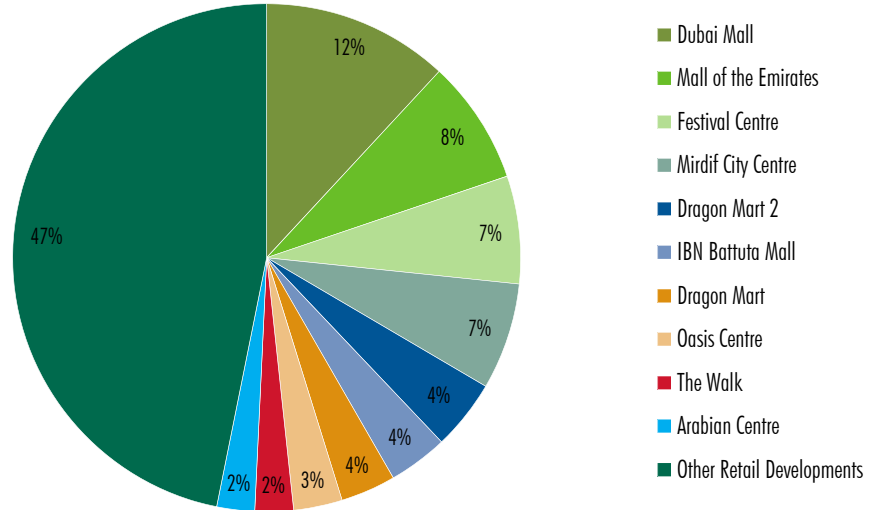
EVOLUTION OF DUBAI'S ORGANISED RETAIL SPACE GROWTH (2005 – Q3 2016)



Source: CBRE Research

To date, the largest shopping malls by size are Dubai Mall, Mall of Emirates, Festival City, Mirdif City Centre, Deira City Centre, Dragon Mart and Ibn Battuta Mall, which amongst them account for around 1.36 million m² of GLA and roughly 46% 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 further expansion programs.

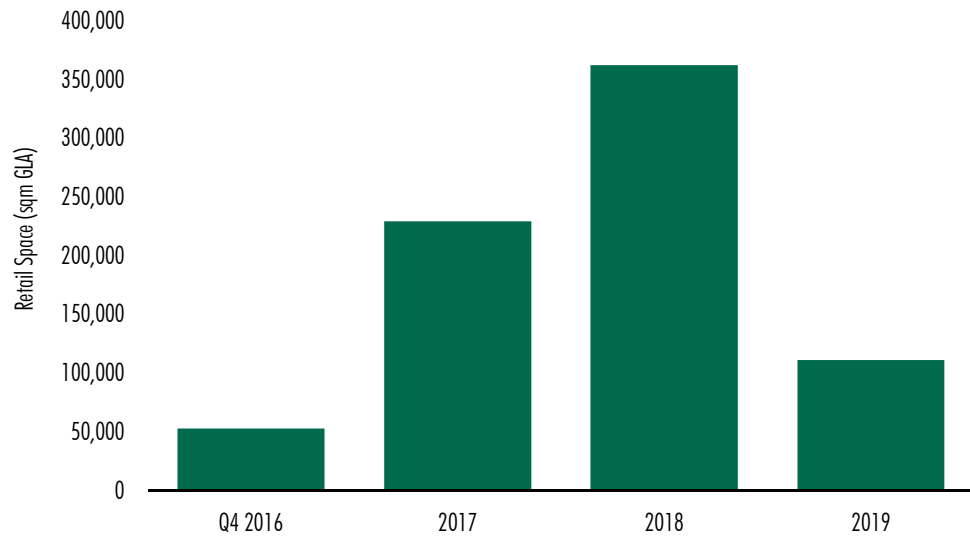
RETAIL SPACE DISTRIBUTION BY DEVELOPMENTS



Source: CBRE Research

Following the current construction trend, 755,000 m² of new retail GLA is expected to be handed over in the Dubai market during Q4 2016 – 2019.

FUTURE RETAIL SUPPLY (Q4 2016 – 2019)



Note: 2019 figure covers retail developments that are currently under-construction and excludes planned and on-hold developments

Source: CBRE Research

SELECTED MAJOR UPCOMING RETAIL DEVELOPMENTS

Centre	Location	Developer	GLA (M ²)	Est. Completion Date
Under-construction Retail Developments				
Parkland Shopping Centre	IMPZ	Parkland Shopping Centre FZ LLC	11,500	2017
Dubai Mall (Expansion)	Downtown	Emaar Malls Group	52,400	2017
Marsa Al Seef Phase 1	Dubai Creek	Meraas	40,000	2017
The Circle Mall	Jumeirah Village Circle	Nakheel RetailCorp	40,135	2018
The Pointe	Palm Jumeirah	Nakheel RetailCorp	48,310	2018
Legends Mall	Dubailand	Tanmiyat Global	28,000	2018
Cityland Mall	Jumeirah Village Circle	Cityland Management	100,000	2018
Palm Mall (On the Trunk)	Palm Jumeirah	Nakheel RetailCorp	111,485	2018
Al Khail Avenue	Jumeirah Village Triangle	Nakheel RetailCorp	111,485	2019
Planned & On-hold Developments				
Agora Mall	Jumeirah	ARJ Group	21,165	On Hold (2018)
Gate Avenue Retail District	DIFC	DIFC	61,000	2018
Sobha Hartland Mall	MBRC	Sobha Hartland	11,000	2019-2022
Dubai Hills Estate Mall	MBRC	Emaar Properties	180,000	2019-2022
Avenues Mall	Dubai Silicon Oasis	Line Investments	83,000	2019-2022
Silicon Park	Dubai Silicon Oasis	Ahmed bin Saeed	25,000	2019-2022
Deira Mall	Deira Island	Nakheel	360,464	2019-2022
Mall of Arabia (On-Hold)	Dubailand	I & M Galadari Group	371,613	2019-2022
Ibn Battuta Mall - Expansion 2	Jebel Ali	Nakheel	71,000	2019-2022
Arena Mall	Dubailand	ARJ Group	130,064	2019-2022

Source: CBRE Research

In 2017, a number of new retail developments will be completed, including the Parkland Shopping Centre situated in IMPZ and the expansion of Dubai Mall. The Nakheel Mall (Trunk Mall), expected to open in 2018, will be the largest new mall addition over the next three years.

There are currently nine planned retail developments (including on-hold retail project) with estimated completion and delivery between 2019 and 2022. In total, these developments will feature another 1.3 million m² leasable retail space in the market.

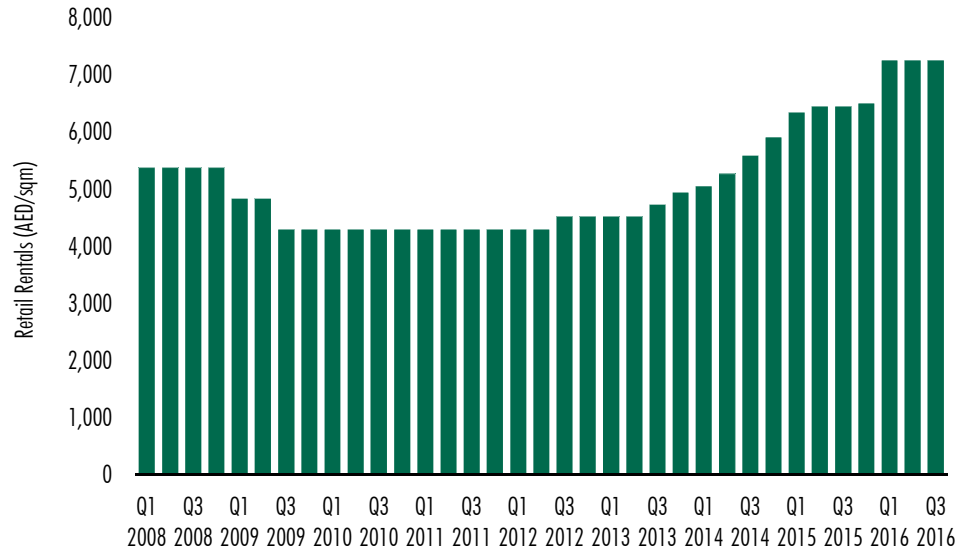
Whilst the development of major malls has slowed in recent years, there has been steady growth in retail space from within mixed-use developments, with an increasing number of projects being developed in the emirate. In general, these facilities do not attempt to compete directly with the major malls rather they offer a more focussed retail offer that caters to the convenience and F&B needs of occupiers within the development and its immediate surrounding areas. This includes upcoming retail as part of new developments in DIFC such as Brookfield Place, which will offer close to 14,000 square metres GLA of space.

Retail Mall Rental Performance

Retail rental levels have witnessed a period of sustained growth in recent years, driven by strong demand for new spaces from both local and international brands, and an undersupply of available units within the major mall facilities.

However, prime rentals in the super regional malls have remained broadly stable during the quarter, with further stability expected as the market is impacted by greater economic uncertainty, low oil prices and US dollar strength, although this will be tempered slightly by the continuation of Dubai's economic growth in the short term.

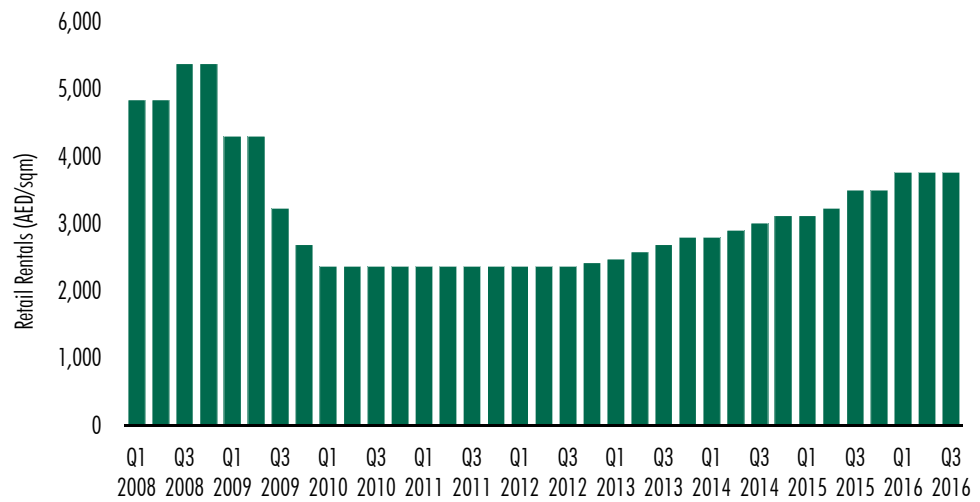
AVERAGE PRIME RETAIL RENTALS (2008 – Q3 2016)



Source: CBRE Research Estimates

Rental rates for retail spaces in mix-used developments are typically lower than in similar mall facilities, typically averaging around AED2,700-4,300 m² per annum. The highest rentals are generally commanded by locations such as Emirates Towers and The Gate Complex in DIFC.

HIGH STREET / MIXED-USE RETAIL RENTALS (2008 – Q3 2016)



Source: CBRE Research Source: CBRE Research Estimates
Estimates

Retail Occupancy Rates

Most of Dubai's major malls are now running at close to full occupancy, including Dubai Mall, Mall of Emirates and Ibn Battuta NMall. All of these facilities are either undergoing renovation / expansion works or have recently completed the same, underlining the current strength of the market. Other major malls such as Mirdif City Centre Mall and Deira City Centre Mall also remain close to full capacity.

MAJOR SHOPPING MALLS OCCUPANCY LEVELS (Q3 2016)

Shopping Mall	Retail GLA (m ²)	Estimated Retail Occupancy Rate
The Dubai Mall	350,245	99%
Mall of the Emirates	250,000	99%
Mirdif City Centre	196,000	98%
Deira City Centre	115,000	98%
Ibn Battuta Mall	110,050	99%

Source: CBRE Research

Prime Retail Yields

Retail malls in the UAE are rarely traded, reflecting the constraints of the land ownership for most mall facilities, as well as the mentality of owners as long term holders of property. In fact there is no real precedent for major land owners, trading families and developers in selling their assets once operational, instead they are held to build wealth and benefit from long term income streams. As such we are not aware of any sale of a major retail asset during the past ten 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 mall yields are now estimated to be around 7.0%, reflecting the movement of 100 basis points since Q3 2013, when they were around 8.0%. This reflects the positive performance of the market during this period amidst strong tourist growth, high occupancy rates, and rising rental levels. The prime yield has since remained steady since Q1 2015, with no movement recorded.

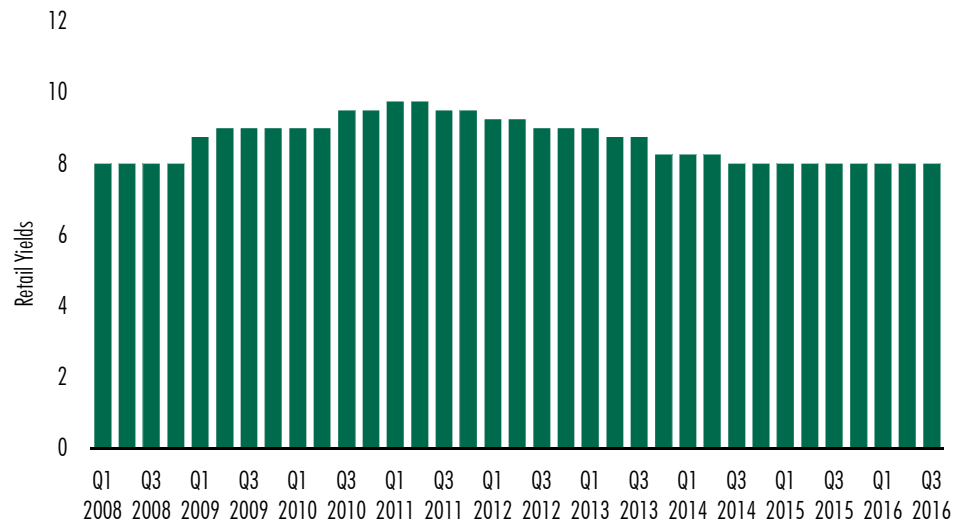
PRIME MALL RETAIL YIELDS (2008 – Q3 2016)



Source: CBRE Research Estimates

Yield movements for prime street retail / mixed use developments have seen little movement in recent times, remaining steady at around 8.00%, 100 basis points higher than for prime malls.

STREET RETAIL / MIXED-USE RETAIL YIELDS (2008 – Q3 2016)



Source: CBRE Research Estimates

Retail Market Outlook

Dubai's retail market is constantly evolving with an ever improving offer of facilities being created in response to sustained consumer demand from both the local population and external visitors from across the GCC, Europe, Asia and beyond.

Current and future demand for retail space in Dubai is largely dependent on three growth areas; the tourism sector, the expatriate workforce, and the economy. Together these factors drive demand and create a case for additional retail product. 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.

Overall, major retail destinations in Dubai are maintaining a strong level of performance, both in terms of occupancy and rental rates, although there does appear to be a little more pressure on non-mall formats. This scenario is likely continue over the next few years, particularly when major malls such as Nakheel Mall and other smaller centres are delivered.

DUBAI RESIDENTIAL MARKET OVERVIEW

Introduction

Over the past decade, the Dubai residential market has shifted its traditional base in Deira and Bur Dubai to new emerging districts, typically offering freehold status. The introduction of freehold property to all nationalities has changed the landscape of the residential market in Dubai and created new avenues for inward investment flow.

Housing prices remained relatively stable until 2007, when increased speculative demand propelled a 30% price appreciation. Repercussions from the financial crisis began to impact Dubai from Q3 2008 and the following three years saw a consistent decline in prices before growth resumed from late 2011 to mid-2014. The government implemented legislation to regulate price movements and curb speculative activity by increasing property registration fees and raising mortgage requirements, which have subsequently cooled the market.

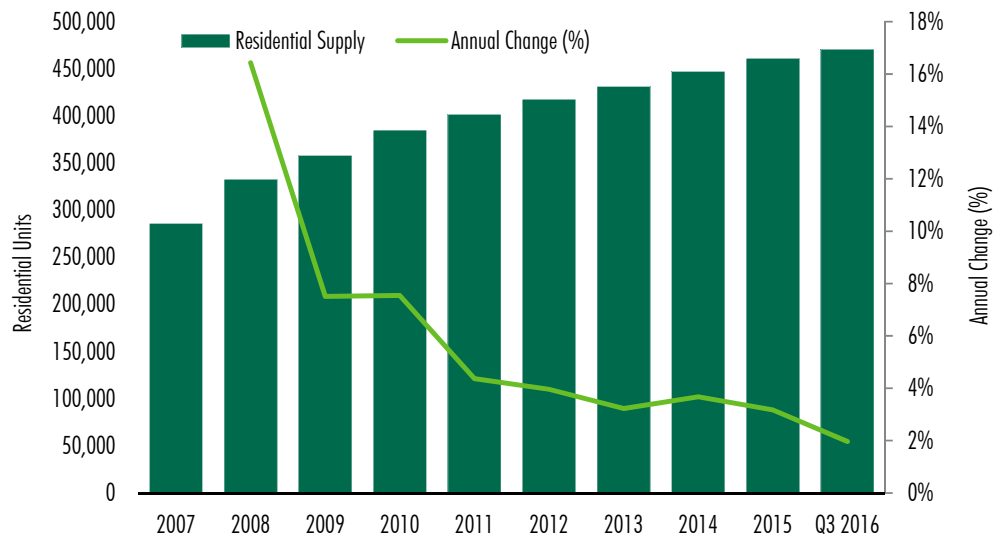
The UAE Central Bank announced the new mortgage law in Q4 2013 which stipulates that first home lending to non-nationals should be restricted to 75% and 80% for nationals. Second home lending and lending on subsequent properties should be restricted to 60% for non-nationals and 65% for nationals. The ruling set by the UAE Central Bank aims to cap bank Loan-To-Value (LTV) ratios for first and second homebuyers reflects the desire to further regulate the real estate market. With many local banks accused of over exposure to the property sector in the aftermath of the economic crisis, implementation of more stringent lending procedures would appear to be a reasonable response to regulate the market.

With weaker global oil prices and challenging economic conditions, the average rental and sales rates have experienced further declined during 2015, with the market showing signs of market fragmentation. This downward trend continued in 2016 following lower demand levels for both rental and sales market.

Residential Existing and Future Supply

As of Q3 2016, the total number of residential units stood at over 470,000 units. This stock is comprised of a majority of apartments with 371,640 (79%) units as compared with around 98,800 (28%) villas, townhouses and Arabic houses. Total residential supply in Dubai has seen a rapid rise since the advent of Freehold ownership for foreign nationals.

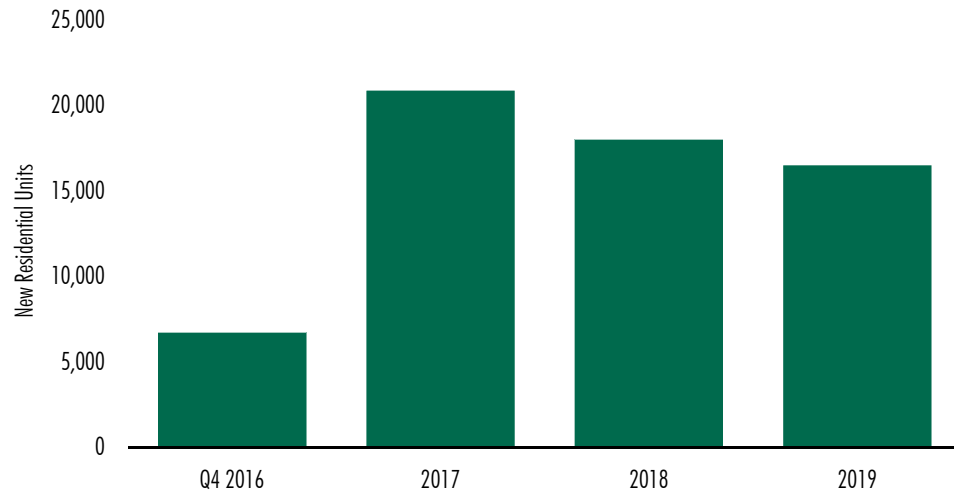
DUBAI RESIDENTIAL SUPPLY (2007 – Q3 2016)



Source: CBRE Research

Approximately 62,000 new residential units (apartments and villas) could enter the market in Dubai during the period Q4 2016 to 2019, provided that construction delays are minimal. Much of the upcoming supply is expected from secondary and tertiary locations, with 26% of all apartments units to be delivered in Dubailand, Jumeirah Village Circle and Business Bay.

EXPECTED FUTURE RESIDENTIAL SUPPLY (2016 – 2019)



Source: CBRE Research

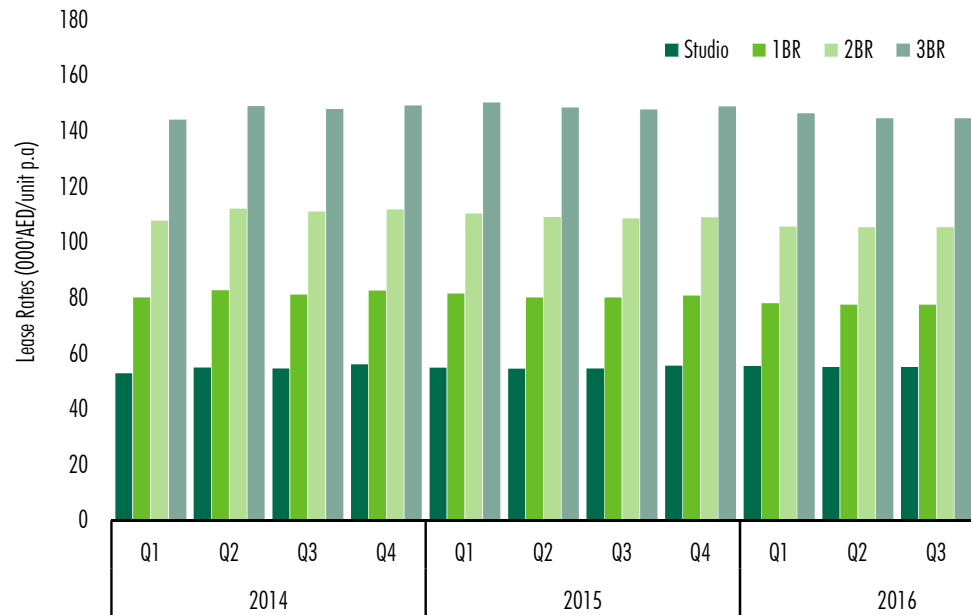
Amidst weaker demand levels due to redundancies and lower accommodation budgets, we expect to see continuation of on-going and planned residential developments. The majority of upcoming supply is expected to be delivered in locations such as Dubailand, Jebel Ali, Meydan and Mohammed Bin Rashid.

Rental Performance

During Q3 2016, Dubai's average residential rents continued to slide albeit at a slower pace, by around 1% on a quarterly basis and 2% year-on-year. This was widely observed both in prime developments (Dubai Marina, Downtown Dubai, etc.) and secondary locations (IMPZ, Sports City, etc.). Larger unit sizes, and those in the high-end and upscale segments had severe declines compared to the observed market rental levels. Whilst, middle segments had shown more resilience, a reflection of the current strong demand for reasonably priced accommodations particularly in freehold communities.

Although, not fully insulated with the challenging market conditions, the affordable housing segments had also witnessed rental declines in some locations such as Al Barsha, Oud Metha and Bur Dubai. Similar downward rental trend was also observed in freehold sub-markets such as International City, although at a more significant drop. Higher availability coupled with weaker demand levels contributed to the notable rental decline in this location.

DUBAI AVERAGE APARTMENT RENTS (Q1 2014 – Q3 2016)



Source: CBRE Research

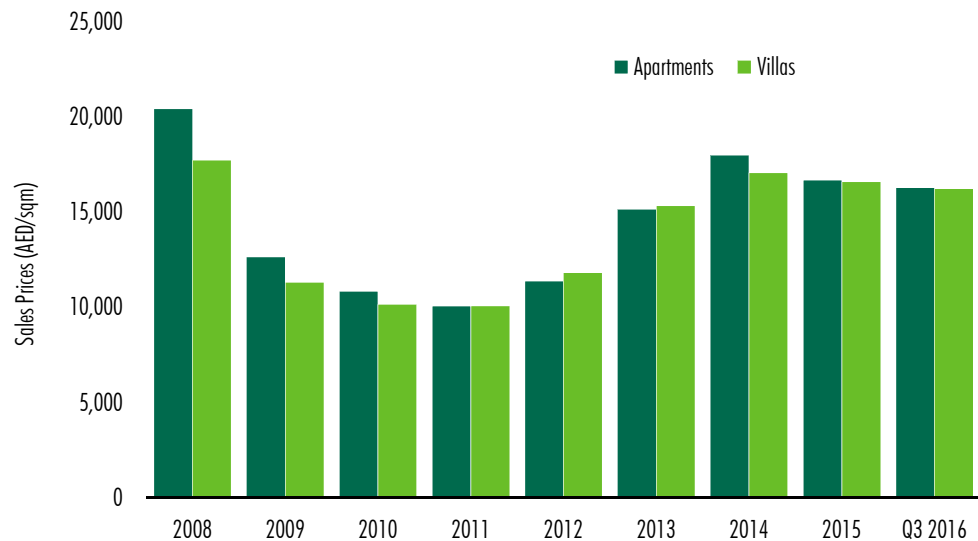
The rental market has also witnessed a marginal drop in rental rates, with a 1% drop in average rents recorded during the quarter. The drop in performance reflected a relatively universal dip in rentals, which has been brought about by increasing supply levels across the Emirate in recent quarters, as previously delayed units were finally released to the market.

Prime and strategic locations will remain highly favoured by high paying residents with demand remains directed towards ready to move in properties across premium locations of Downtown Dubai, Emirates Living, Palm Jumeirah and Dubai Marina. However, mid-market segments will remain popular as alternative locations for low to middle income population.

Sales Performance

Residential sales prices remained relatively stable during Q3 2016, with minimal downward movement in the average price at less than 1%. This reflects the gradual improvement in the overall investors' sentiment compared to previous quarters, despite the ongoing market pressures.

DUBAI SALES PERFORMANCE (2008 – Q3 2016)



Source: CBRE Research

After a period of strong growth from 2012 through to 2014, residential sales prices have entered into a period of decline, with rates falling by an average of 2% during the course Q3 2016. The softening of values has been caused by a mixture of changes to local market dynamics and global economic fundamentals which have generated negative sentiment and caused investors to become more cautious.

Residential Market Outlook

Should this challenging local and global market conditions persist, the Dubai's residential market is envisaged to continue with deflationary pressures in both sales and rentals. This downward trend is mainly due to the weakening economic fundamentals and subdued employment market, which is contributing to reduced demand amidst rising supply levels. However, we also expect to higher degree of fragmentation, with certain areas achieving stability or minimal growth, whilst others see further downside pressures.

A shift in focus is now taking place as developers seek to address the gap in the affordable housing market, as Dubai's existing residential supply generally fails to meet the requirements of many in the low to middle income groups. High rental rates have driven a large proportion of Dubai's workforce to live in other Emirates and commute to Dubai. This presents notable opportunity for developers to cater to this current market shortage.

The residential sector continues to show its positive stride as a result of strong economic performance. The successful bid of Expo 2020 has further improved business confidence resulting in creation of new job opportunities attracting local and international talent. The influx of new workforce has further boosted demand for residential properties across all residential districts. Increase in sales and leasing activity over the past 12 months further reflects rise in demand for residential properties in the Emirate.

DUBAI HOTEL MARKET OVERVIEW

Introduction

The tourism sector has been at the heart of Dubai's diversification strategy and a key factor in the development of 'Brand Dubai'. The impact of tourism has also led to a major expansion within the retail industry, which has been developed in tandem, specifically through initiatives such as the Dubai Shopping Festival and Dubai Summer surprises. Both events have become established dates in the Dubai calendar and in turn have helped to create a retail tourism niche that attracts both regional and international tourists alike.

The importance of tourism to Dubai comes in stark contrast to the UAE as a whole, which remains heavily reliant on oil based revenue. As part of the Tourism Vision 2020, the Emirate of Dubai hopes to attract 20 million tourists a year by 2020. The recent opening of major tourism and theme park projects within Dubailand and Dubai Parks is likely to go some way to help achieving these target.

UAE Tourism

According to the World Travel & Tourism Council (WTTC) report on the economic impact of tourism, the direct contribution of Travel & Tourism to the UAE's GDP during 2015 was AED64.9 billion, which equated to 4.2% of the total GDP. This figure is forecast to rise by around 4.2% during 2016, and then by 5.7% per annum during the period 2016 – 2026. This would result in a contribution of AED118.1 billion during 2026, equating to 5.6% of total GDP. This underlines the success of the current diversification program, which has seen tourism contribution rise notably in recent years. These figures cover activities generated by industries such as hotels, travel agents, airlines and other passenger transportation services, restaurants and leisure industries directly supported by tourists. The total contribution of Travel & Tourism to GDP (including the wider effects from investment, the supply chain and induced income impacts) was calculated at AED133.8bn in 2015, which amounted to around 8.7% of GDP. During 2016 the total contribution is expected to grow by 4.4%, and then to rise 5.4% per annum to 236.8 billion in 2026, equating to 11.2% of GDP.

The UAE continues to lead in the travel and tourism competitiveness in the region. The UAE benefits from its natural landscapes, particularly its beaches, which have been the focal point of the luxury tourism offer. The country has also invested heavily in the development of cultural, sports and other forms of leisure and entertainment facilities. The UAE has also established a world class transport infrastructure (rank 4 globally), which further boosts its travel and tourism competitiveness amongst other countries assessed particularly within the GCC. According to Travel and Tourism Competitiveness Index, 2015 released by the World Economic Forum, the UAE remains the leader in the region with an overall ranking of 24.

Hotel Performance

The UAE market has by and large witnessed a more challenging hospitality performance during 2016, with occupancy rates up 0.2% for the first nine months of 2016 versus the same period last year, but with ADR rates down by around 9.8% and RevPAR is down 9.6%. This reflects the negative impact on the regional economy of current low oil prices, and resulting slowdown in demand. This is combined with a strong US dollar and sustained increases in supply, with many markets seeing a notable rise in the number of new keys, which together has forced rates lower and lead to heightened competition.

STR GLOBAL UAE HOTEL PERFORMANCE (SEPTEMBER 2016 YEAR TO DATE) - LOCAL CURRENCY RATES										
Emirate	Occ.		ADR		RevPAR		Percentage Change from 2015			
	2016	2015	2016	2015	2016	2015	Occ.	ADR	RevPAR	Room Rev
UAE	73.7	73.6	606.81	672.88	447.47	495.01	0.2	-9.8	-9.6	-5.0
Abu Dhabi	70.2	72.2	440.91	487.61	309.52	352.26	-2.8	-9.6	-12.1	-8.9
Dubai	76.1	76.0	685.88	767.80	522.00	583.61	0.1	-10.7	-10.6	-5.3
RAK+	70.5	62.1	593.63	621.74	418.44	385.81	13.6	-4.5	8.5	12.3
Sharjah+	69.6	71.0	269.61	301.77	187.57	214.27	-2.0	-10.7	-12.5	-12.5
Fujairah+	73.9	62.8	422.28	438.98	311.98	275.82	17.6	-3.8	13.1	13.1

Source: STR Global

GCC Hotel Performance

The GCC market has experienced predominantly difficult conditions during 2016 as a result of more subdued economic growth, brought about by a period of lower oil pricing, US dollar strength and other local and global challenges. This has resulted in widespread declines in occupancy, ADR's and hotel revenues, as corporate demand was softened.

The UAE was recorded the best performance year-to-date, averaging an occupancy of 73.7% for the first nine months of the year, versus 62.2% in Saudi Arabia, 61% in Qatar, 52.7% in Oman, 53.8% in Bahrain and 49.2% in Kuwait. During the same period ADR's have averaged US\$230 per room per night in Kuwait, US\$211 per room per night in Saudi Arabia, US\$203 per room per night in Bahrain, US\$167 per room per night in Oman, US\$165/ per room per night in UAE and US\$135 per room per night in Qatar. The net impact on RevPAR's during the same period resulted in a rate of US\$131 per room per night in Saudi Arabia, US\$122 per room per night in UAE, US\$113 per room per night in Kuwait, US\$109 per room per night in Bahrain, US\$88 per room per night in Oman and US\$82 per room per night in Qatar.

Qatar experienced the largest declines in occupancy, RevPAR and room revenues with year-to-date drops of 13.9%, 19.8% and 12.4%. Oman also witnessed some very challenging conditions with year-to-date drops of 2.4%, 11.8% and 14.0% for occupancy, ADR's and RevPAR, resulting in a 7.2% decline in room revenues.

STR GLOBAL GCC HOTEL PERFORMANCE (SEPTEMBER 2016 YEAR TO DATE) – US DOLLAR RATES

Emirate	Occ.		ADR		RevPAR		Percentage Change from 2015			
	2016	2015	2016	2015	2016	2015	Occ.	ADR	RevPAR	Room Rev
Bahrain	53.8	53.1	203.40	214.11	109.46	113.73	1.3	-5.0	-3.8	0.1
Kuwait	49.2	51.8	229.97	235.30	113.20	121.89	-5.0	-2.3	-7.1	-3.8
Oman	52.7	54.0	166.75	189.13	87.89	102.15	-2.4	-11.8	-14.0	-7.2
Qatar	61.0	70.8	134.92	144.90	82.29	102.62	-13.9	-6.9	-19.8	-12.4
Saudi Arabia	62.2	65.3	211.02	216.09	131.26	141.05	-4.7	-2.3	-6.9	-2.5
UAE	73.7	73.6	165.21	183.19	121.83	134.77	0.2	-9.8	-9.6	-5.0

Source: STR Global

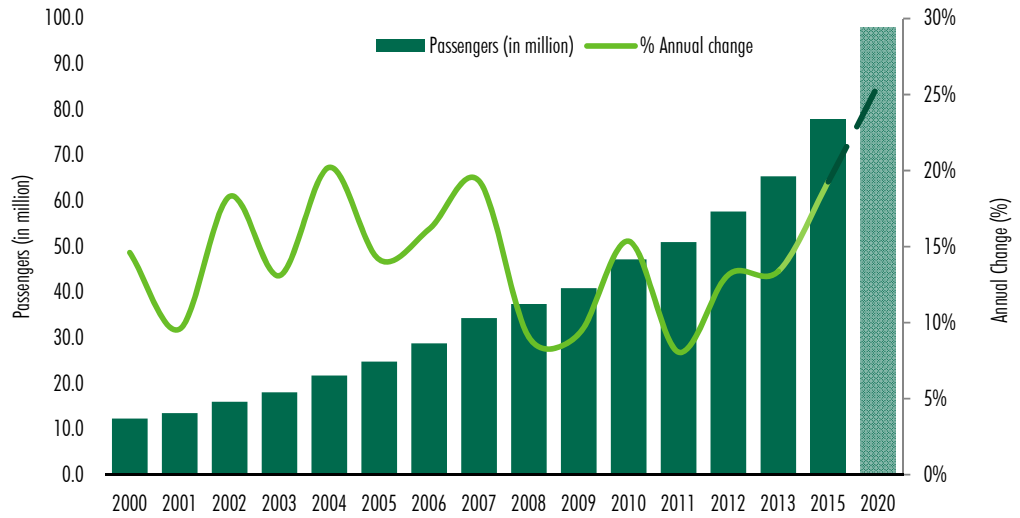
Dubai Airport

Dubai International Airport (DXB) is currently ranked the fourth busiest airport in the world in terms of international passenger traffic volumes. In 2015, more than 78 million passengers travelled through Dubai International Airport, reflecting roughly 11% annual growth. With more than 100 airlines serve 240 destinations on six continents, DXB is projected to reach to 83 million by end of 2016.

In February 2016, Dubai Airports opened the US\$1.2 billion Concourse D to serve 60 airlines that operate into Dubai International Terminal 1 last February 2016, expanding the current airport's annual capacity from 75 million passengers to 90 million passengers.

Huge growth in Dubai's hotel room nights in recent years has been made possible by a robust and sustained increase in passenger arrivals to DXB. Dubai has now become a major stopover destination, aided by ease of travel to a multitude of destinations. More and more these transit passengers are also inclined to spend 2 -3 days in the emirate enjoying various tourism attractions that the city has to offer.

DUBAI AIRPORT ARRIVALS (2000 – 2020)

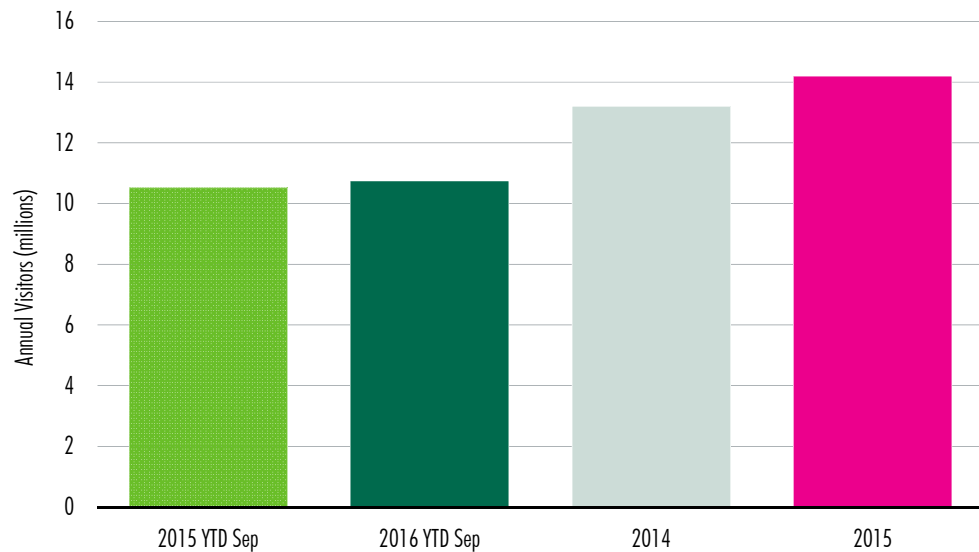


Source: Dubai Airport website/Dubai Statistics Centre/CBRE

Dubai Total Tourist Arrivals

Visitor growth to Dubai continues to grow with 10.72 million tourist arrivals recorded during the first nine months of the year, reflecting close to 2% growth over the same period last year. As a result, the Emirate is well on the way to beating last year's total of 14.2 million annual visitors.

DUBAI TOURIST ARRIVALS (2014 – YTD SEP-2016)



Source: DTCM and CBRE Estimates

Existing Hospitality Supply

As per the DTCM figures, total hotel keys in Dubai are now around 75,000, with a further 25,000 hotel apartments. The market is dominated by 4-Star and 5-Star hotels which comprise over 55% of the total hotel market. Bur Dubai, Deira, and Al Barsha are popular locations for 1-3 Star Hotels and Hotel Apartments, whereas Downtown Dubai, Jumeirah Beach, Dubai Marina and the Palm Jumeirah are popular locations for 5 Star Hotels.

DUBAI HOTEL SUPPLY BY QUALITY				
Type of Property	Number of Properties	Total Rooms	% of Inventory	Average Occ. (%)
5-Star	93	31,953	32%	75%
4-Star	108	22,108	22%	76%
1-3-Star	266	21,104	21%	74%
Deluxe HA	64	9,417	9%	79%
Standard HA	141	15,430	16%	81%
2016 YTD Sep	672	100,012		76%
2015 YTD Sep	670	95,675		76%

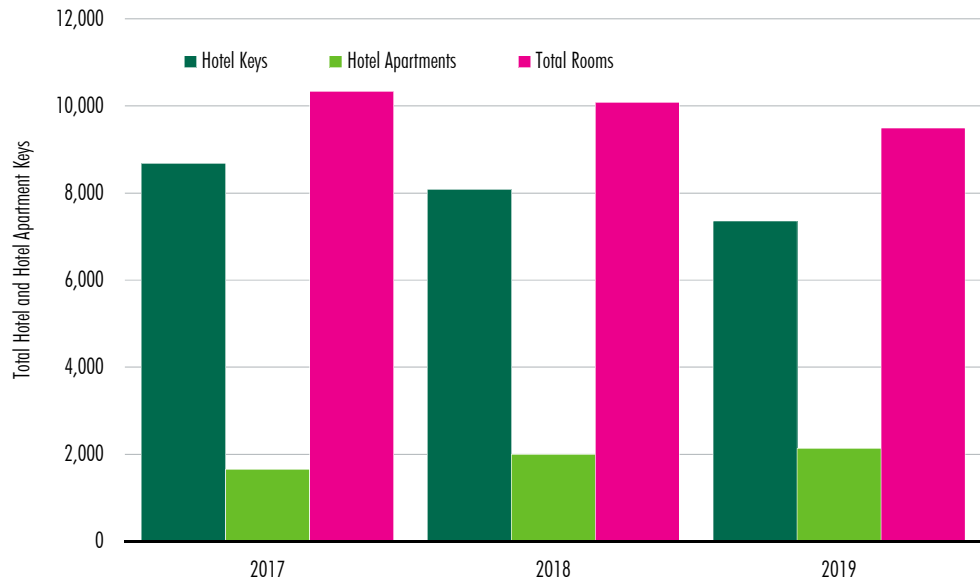
Source: DTCM

Future Hotel Supply

Based on the hotel projects under construction the total number of new hotel rooms and apartments from 2017 to 2019 is expected to be close to 30,000 rooms. Of the total upcoming supply, hotel properties will account for the majority at 81% whilst the balance of 19% will be for hotel apartments across different locations in Dubai. The majority of new supply will enter the market in city locations around Downtown Dubai, Business Bay, DIFC and Sheikh Zayed Road, as well as waterfront locations such as Palm Jumeirah.

The sheer volume of upcoming supply, which equates to roughly 30% of the existing inventory, highlights the major push which Dubai's developers are embarking on in the build up to the Expo 2020 event. Close to 4,000 new rooms are expected to be delivered during the second half of 2016, following on from a similar delivery schedule in the first half of 2016.

FUTURE HOTEL SUPPLY (2017 – 2019)



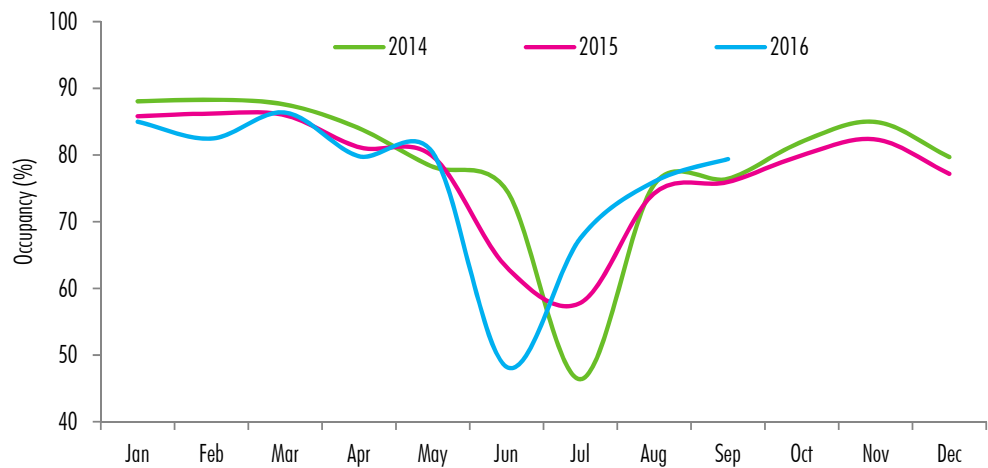
Source: CBRE Research

Hotel Performance

According to data from STR Global, Dubai's hospitality market continues to witness declining Average Daily Rates (ADR's) and lower room revenues during Q3 2016, as hoteliers' battle to sustain higher occupancy rates by cutting room rates amidst mounting competition from new supply.

The situation is being further compounded by wider challenges in the tourism market brought about by the prevailing strength of the US dollar, which is making the Emirate a costlier destination for European visitors.

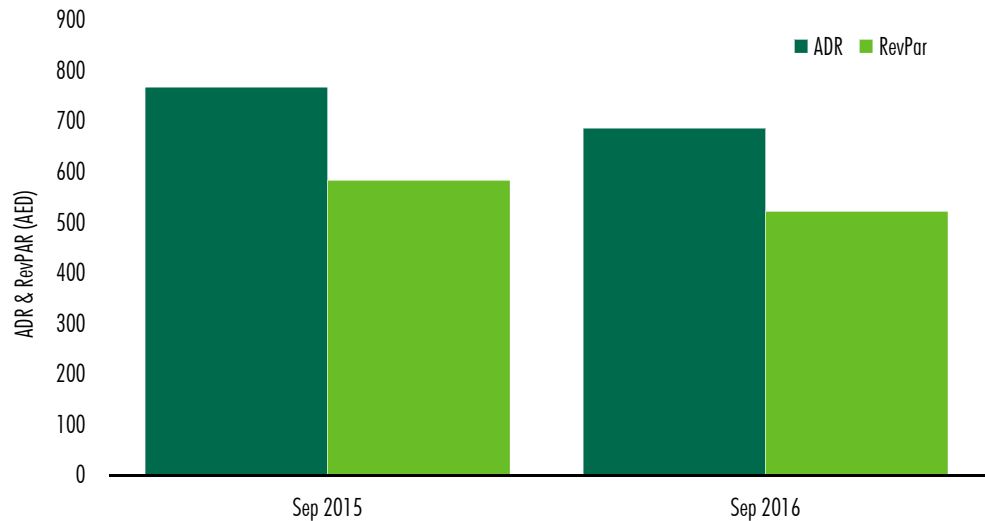
DUBAI AVERAGE OCCUPANCY RATES (2014 – Q3 2016)



Source: STR Global/CBRE Research

ADR's during September 2016 were down around 11% versus the same month last year at AED686 per room per night, with RevPAR similarly down by 11% at close to AED522 per room per night. However, whilst room revenues were lower, hotel occupancies have actually remained relatively strong with an increase of 5.4% recorded for September versus the same month last year, although the year to date occupancy depicts a much lower increase at 0.1% on the same period last year. However, year to date occupancy rates are proving to be resilient, averaging above 75% across the Dubai market during 2016.

DUBAI ADR & REVPAR (SEP 2015 VS SEP 2016)



Source: STR Global/CBRE Research

Hotel Market Outlook

Over the past decade, Dubai has effectively positioned itself as an aviation and tourism hub, and the emirate is currently reaping the spoils of this strategy. The sustained rise in the average length of stay and the growing number of longer stay products really highlights that people are now enjoying Dubai for longer.

This will be a very important trend, if Dubai is to be successful in attracting 20 million visitors annually by 2020, tripling the contribution made by tourism to the economy. Whilst attracting new visitors year on year does not appear to be a problem for Dubai, maintaining and growing the average length of stay may prove to be more of a challenge. Over the next decade the emirate will need to develop and improve its leisure and entertainment infrastructure significantly to ensure that tourists stay for longer periods and in order to attract an increasing number of leisure focussed tourists. If this can be done in conjunction with sustained visitor growth, then it seems likely that hotel market performance will be maintained amidst rising hotel stock level.

DUBAI INDUSTRIAL MARKET OVERVIEW

Industrial Space

Dubai's diversified economy is driven by trade, tourism and logistics, which has been shaped by the government's strategy to build superior infrastructure and to support and incubate a free trade environment. This is strongly reflected in the success of major facilities such as Jebel Ali Port and DXB, which remains the world's busiest international airport by passenger traffic volumes. Whilst oil makes little direct contribution to Dubai's economy, the falling oil prices have still clearly diminished consumer and investor confidence in the region's trade, financial and tourist hub, as neighbouring governments cut subsidies and economists lower growth forecasts for the coming years.

Dubai continues to solidify its position as an important staging post for the fast growing economies in Africa and West Asia, offering occupiers superior infrastructure and supply chain (warehouses, ports, roads and airports) than facilities in other regional countries, with ease and quality of staffing and political stability other key drivers of this trend. 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.

However, the market is not without its challenges with the lack of good quality available warehousing supply clearly constraining occupier movements, although rentals have remained broadly in check, despite the underlying upward pressure on rentals in the prime industrial segment. Vacancy levels are found to be low across good quality industrial accommodation, reflecting the sustained demand for well-located and high quality facilities.

As of Q3 2016, the total size of Dubai's industrial areas is estimated in excess of 200 million m² 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 the total space in the Emirate.

INDUSTRIAL LOCATIONS OF 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, cold storage, small scale industries
Ras Al Khor Industrial Area	Onshore	Logistics, storage, cold storage, small scale industries
Jebel Ali Industrial Area	Onshore	Logistics, storage, small scale industries
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
Nadd Al Hamar area	Onshore	Logistics

Source: CBRE Research

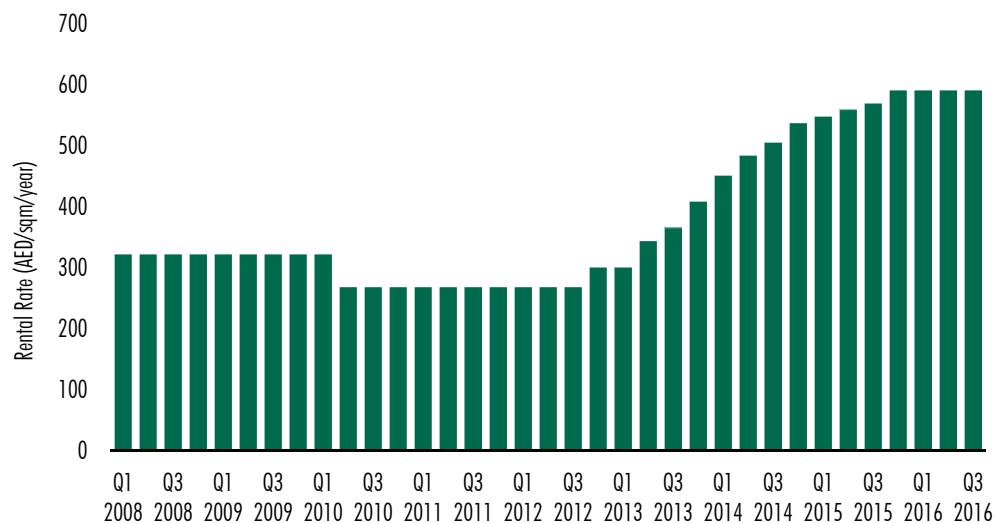
Dubai's diversified economy is driven by trade, tourism and logistics, which has been shaped by the government's strategy to build superior infrastructure and to support and incubate a free trade environment. Dubai's position as global integrated logistics hub has already been enhanced by the bonded transport and logistics corridor from Jebel Ali Free zone Authority (JAFZA) to DWC, which gives international occupiers the facility to bulk break goods arriving in Jebel Ali Port and then send them via air freight from DWC airport potentially within 3 – 6 hours.

Industrial Warehouse Performance

Dubai's position as global integrated logistics hub has already been enhanced by the bonded transport and logistics corridor from Jebel Ali Free Zone Authority (JAFZA) to DWC, which gives international occupiers the facility to bulk break goods arriving in Jebel Ali Port and then send them via air freight from DWC airport potentially within 3 - 6 hours.

In terms of completed industrial units/warehouses, vacancy rates have dropped substantially over the past three years as a result of improved economic and business environment in the emirate. The overall vacancy rate across all industrial estates in the emirate is estimated at circa 20% as of Q3 2016.

AVERAGE WAREHOUSE RENTAL RATES (Q1 2008 – Q3 2016)



Source: CBRE Research

Over the past year, the overall average rental rate for warehousing within our basket of industrial locations, has remained flat. However, there has been some fragmentation between the performance of individual areas, reflecting the differing demand and supply dynamics. This is largely driven by the quality of available facilities and infrastructure, with many older areas seeing more limited interest in recent quarters as occupiers seek a flight to quality.

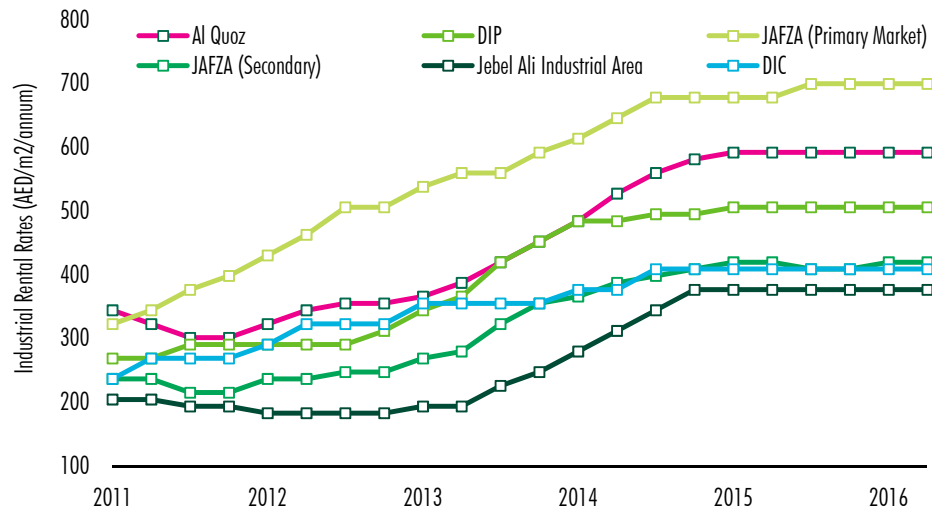
Overall market wide occupancy rates remain high despite more challenging economic conditions. The lack of available supply was a key driving force behind the rental growth achieved during the period 2013 - 2014, but despite this speculative development activity remains low with the majority of occupiers and owners preferring to follow a build to suit strategy.

One location that has continued to experience growth is JAFZA, witnessing a year-on-year increase of around 3%. Warehouses or LIU's from JAFZA (in the primary market) currently have <5% vacancy rates, underlining the strength of the market. These smaller warehouse

units are typically utilised as incubators, enabling JAFZA to transition companies before they become large enough to build their own facility. JAFZA also has a very active secondary market, with an increase in properties available for sub-lease and sale. This has in part been led by declining capital values, which have fallen by close to 15% year on year for class 1 industrial assets.

Despite a small year-on-year decline in the average rental rate, Dubai Investment Park (DIP) continues to be one of the preferred on-shore locations, whilst also boasting an active secondary market. DIP attracted 436 new companies during the first half of 2015, taking the total number to nearly 4,500. This number has continued to grow during 2016.

DUBAI INDUSTRIAL RENTS (2011 – Q3 2016)



Source: CBRE Research

Whilst overall demand levels have remained steady during the first nine months of 2016, there has been a noticeable increase in demand for warehousing facilities from the food and beverage sector, as well as global fashion retailers, primarily for new locations in Dubai South and JAFZA. These occupiers were primarily seeking to bulk break, sort into smaller packing and re-package and service Asia and Africa. Third party logistics and light Industrial requirements have also seen a sustained uptick in demand.

Global automobile majors continue to show demand for creating regional hubs within free zones for training, research centers and regional parts storage hubs, with JAFZA the preferred hub. The zone currently hosts over 7,300 companies from 125 countries, and is home to more than 525 of the world's biggest automotive and spare parts companies. These companies benefit from JAFZA's customised manufacturing spaces, warehouse facilities, dedicated areas for packaging and repacking and a customs bonded corridor connecting the Free Zone with air cargo and shipping hubs.

New terraced industrial unit schemes are expected from all the master developers in Dubai Science Park, JAFZA, IMPZ and DWC over the next 12 – 18 months. Developers are actively seeking pre-leases before construction works finish, in order to de-risk projects and provide opportunities for occupiers to secure quality premises within free zones. Multiple new warehouse schemes offering terraced units, and developed by private developers, are now ready for leasing in DIP with units typically ranging from 500 – 2,000 square meters. As a result, we anticipate that further rental deflation will occur in the area during the next 12 months as supply levels rise, whilst net demand also falls. However, positively the improvement of road infrastructure with construction of flyovers and road widening on the E311 and the Jebel Ali Lahbab Road have improved access to DIP and DIC.

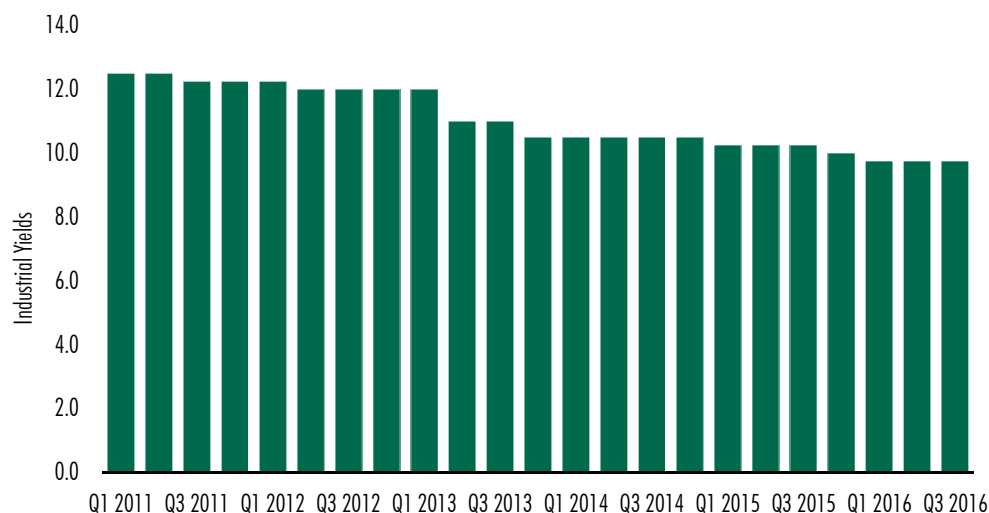
There is widespread migration of occupiers from traditional non free zone industrial areas

such as Umm Ramool, Al Quoz and Ras Al Khor are relocating to newer locations such as DIP or DIC. This reflects ‘a flight to quality’ where occupiers are moving to newer facilities with lower rentals, better infrastructure and connectivity, and security of tenure (longer leasehold tenures) and access to amenities. Dubai South (formerly DWC) continues to attract larger occupiers intent on consolidating their business. Panalpina recently signed with Dubai South for an additional 40,000 square metre logistics facility. The district has had roughly 100,000 square metres of built to suit BTS enquiries as of Q3 2016, with automobile, food & beverage and the fashion sector constituting the majority of recent enquiries.

Yields

Prime industrial yields have tightened since the start of 2011, with rates compressing from 12.5% to 11.0% in 2013 and reaching to 9.75% by Q3 2016. The recovery in yields has taken place in tandem with a steady improvement in the industrial sector amidst stronger performance from manufacturing and Government promotion of diversification initiatives.

DUBAI INDUSTRIAL RENTS (Q1 2011 – Q3 2016)



Source: CBRE Research

Industrial Market Outlook

Despite the emergence of economic headwinds, the industrial and logistics sector in Dubai is expected to remain relatively resilient in the face of weakening supply from oil and gas occupiers. However, CBRE does expect to see a two-tiered market emerge, with prime and high quality industrial spaces outperforming the wider market and maintaining rentals, whilst inferior products and aging and secondary locations are likely to face a period of declining rentals and rising vacancy rates. That said, the overall lack of speculative supply will at least help to cushion the market from more pronounced declines.

Capital values across Dubai, particularly in JAFZA (the secondary market / leasehold property's sales) are anticipated to experience further drops in the coming quarters. We also expect short-term rental declines in certain districts, including DIP which is driven by an influx of new supply. We also anticipate further tenant migration, with occupiers relocating from secondary locations to better quality properties and superior industrial locations. This flight to quality reflects the strategy of opportunistic occupiers, seeking to secure better quality facilities on longer term commitments. However, there remains a major disconnect between new units that are typically being constructed and actual occupier requirements, including issues relating to the site density, loading, eaves height and power. However, the

industrial market is showing signs of evolution with more developers and landlords offering custom build / build to suit solutions with longer term leases (10 – 15 years).

DUBAI EDUCATION MARKET OVERVIEW

Introduction

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.

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.

The private education sector in Dubai continues to witness a period of increased development as education awareness, rapid population growth, government reforms and private sector participation drives industry demand. Education, and social infrastructure in general, also remains a key focus for the UAE's national agenda with numerous announcements geared towards improving and expanding the regions education offering.

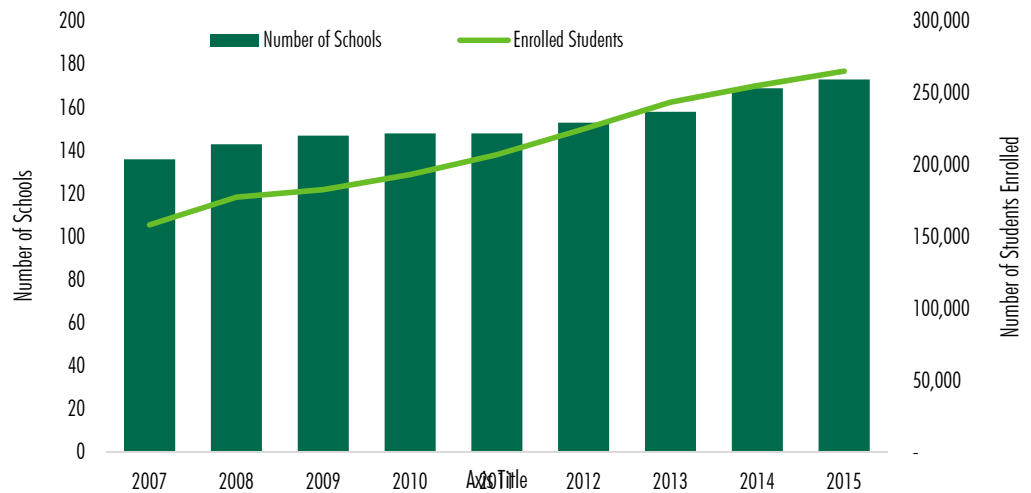
Over the last decade, the Dubai and UAE governments have invested heavily into social infrastructure, including development of new education facilities and significant improvement made to the wider education environment. This strategy remains highly evident today with education development representing 21.2% of the 2016 federal budget.

Private Education Market

Student enrolment continues to grow within Dubai as expatriate numbers increase and Emirati families begin to gravitate towards the private education market. To regulate market growth and the quality of schools within Dubai, the Knowledge and Human Development Authority (KHDA) was established in 2006.

The KHDA counted 172 private schools in the 2015 academic school year providing education to 265,299 students. This is a 5.6% increase in student enrolment compared to the previous year. The 2016 school year saw the opening of a further 15 private schools and there are several schools announced for completion in 2017 which contributes to the KHDA's goal of providing 360,000 school places by 2020.

PRIVATE SCHOOL GROWTH (2007 – 2015)



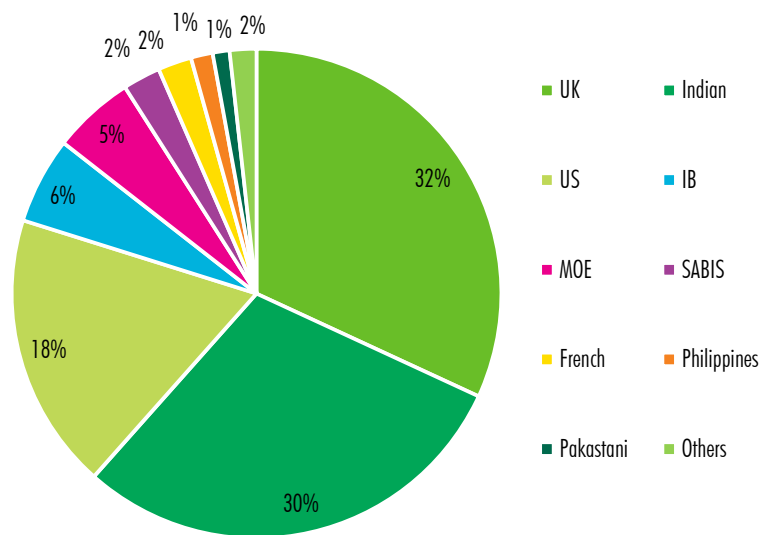
Source: KHDA data / CBRE Research

Over the past nine years, a total of thirty seven new schools have been added to the private schools list, averaging just over four new schools per year. In spite of the growth in private education infrastructure, many parents continue to struggle enrolling children in desired schools and there is a clear preference to enrol children in schools that have a strong KHDA rating.

During the 2015 academic year, students from 183 nationalities enrolled for education in Dubai's private schools. The top five nationalities in terms of enrolment are India, UAE, Pakistan, Egypt and the United Kingdom.

The British curriculum is the most prevalent curriculum, representing 32% of Dubai's total education market. Indian and Unites States (US) curriculums are also popular alternatives and there has been an increasing interest in schools offering International Baccalaureate (IB) education in recent years.

STUDENTS BY CURRICULUM

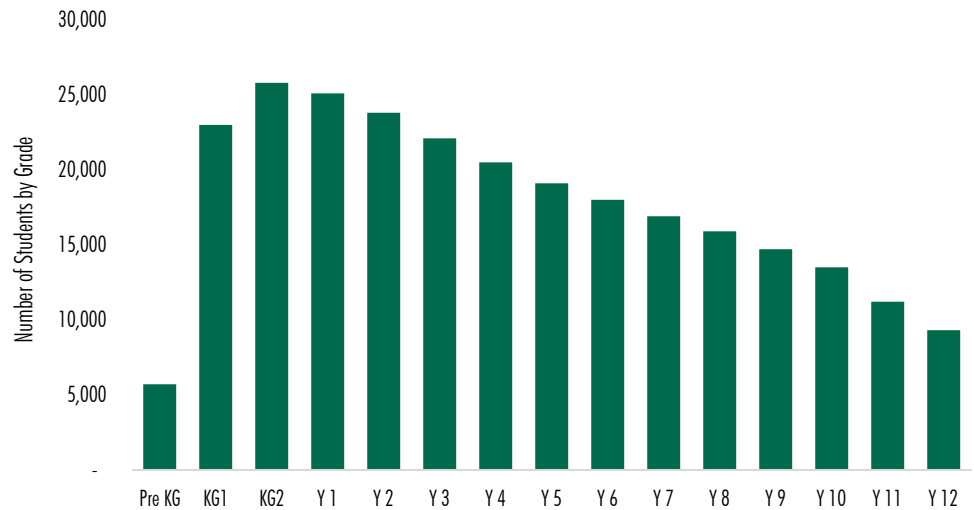


Source: KHDA data / CBRE Research

Early education cycles (foundation and primary stages) have the highest enrolment, representing over 60% of the total student population. This high proportion is primarily a function of younger expat families residing within the Emirate as well as expatriate students returning home to their country of origin to complete higher education. Schools therefore generally offer a proportionate number of junior classes and tend to open the primary

school before expanding into secondary school development once students matriculate through the education system.

STUDENTS BY GRADE



Source: KHDA data / CBRE Research

Education Market Outlook

One of the industry's largest challenges is currently an acute lack of local teaching staff, resulting in a strong reliance on an expatriate workforce. To encourage expatriate staff into the region, salaries are generally higher than those achievable in more developed countries. Additionally, there has been a trend of poaching teachers from competing schools creating an inflated salary environment.

In the 2015 academic school year, there was an average turnover rate of approximately 22% and there were 12,118 teachers and 3,343 teaching assistants, with an average student teacher ratio of one teacher to every fifteen students. Going forward, we expect a greater focus on staff accommodation options, staff education and retention initiatives as this asset class continues to mature.

The private sector education in Dubai is now worth around AED 6.1 billion, representing 1.7% of the total GDP of the emirate. Whilst Dubai's education sector continues to mature, both domestic and international investment appetite is projected to increase, primarily due to the industry offering safe returns on investment and it being relatively immune to economic fluctuations. Well known international operators are expected to continue to move into the region, driving competition within the industry. This will ultimately contribute to greater education standards and a reduction in costs as demand meets supply.

DUBAI HEALTHCARE MARKET OVERVIEW

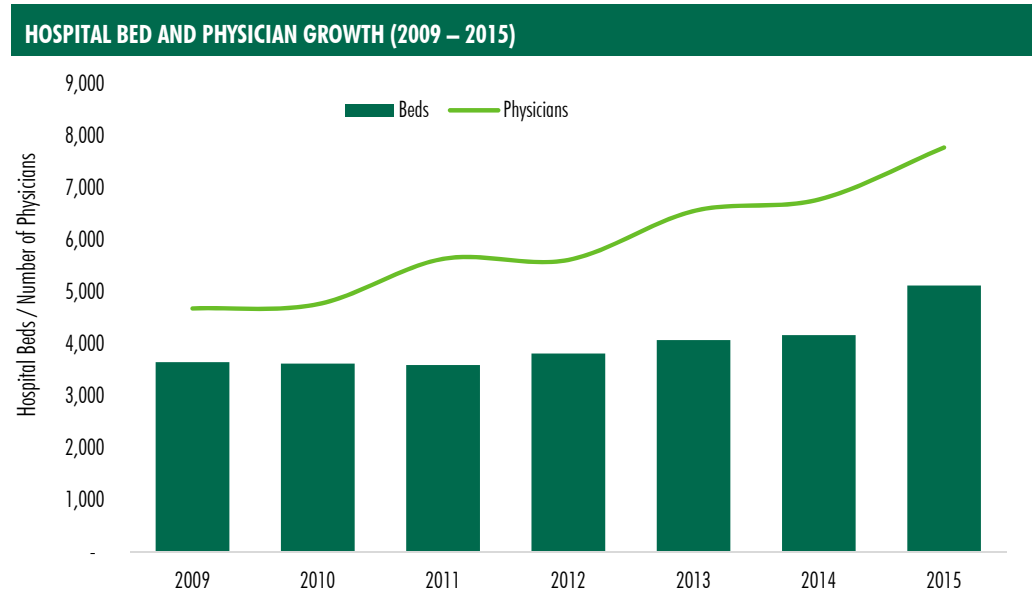
Introduction

The healthcare sector in Dubai continues to witness a period of increased growth as health awareness, rapid population growth, government reforms and private sector participation continue to drive industry demand. Healthcare remains a key focus on the UAE's national agenda with numerous announcements geared towards improving and expanding the regions healthcare offering.

Over the last decade, the Dubai and UAE governments have invested heavily into social infrastructure through the development of new healthcare facilities and significant healthcare insurance coverage reforms. This strategy remains highly evident today with healthcare development representing 7.9% of the 2016 federal budget.

Healthcare Sector Growth

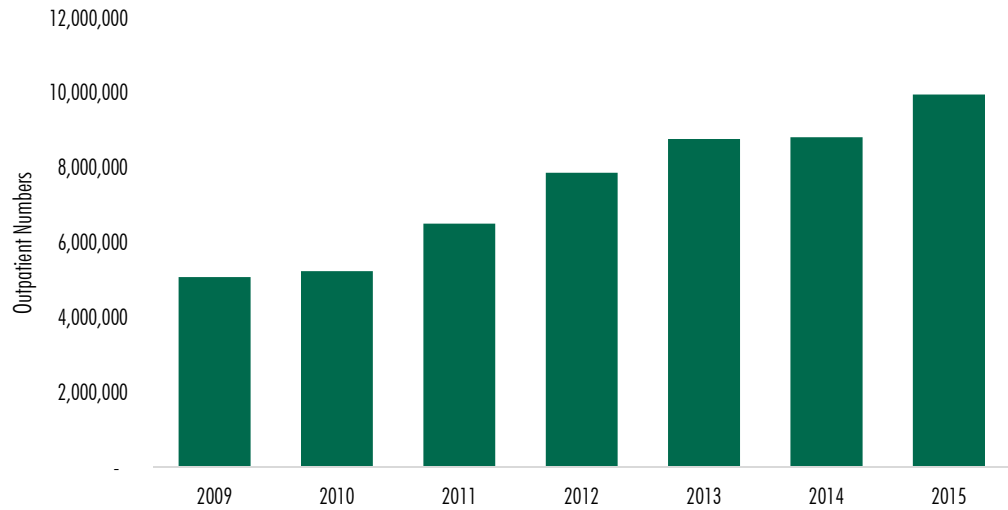
The Dubai Health Authority (DHA) is responsible for overseeing the healthcare sector within the Emirate of Dubai as well as operating public hospitals and promoting private sector engagement. 2015 saw the addition of a number of hospitals and extensions resulting in a 22.93% increase in hospital beds and a 14.78% increase in physicians from the previous year. These large increases are a function of population growth and an increase in demand following the introduction of new insurance initiatives. As a result of the above, both inpatient and outpatient numbers have grown significantly since 2009 representing an increase of 44.39% and 95.78% respectively.



Source: DHA data / CBRE Research

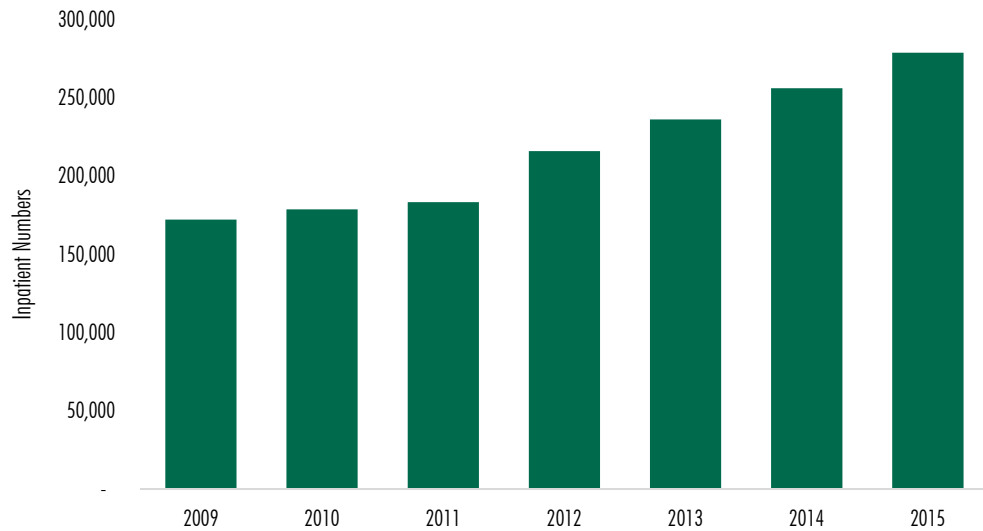
During the period 2009 to 2015, the total number of outpatients in Dubai increased from around 5 million to 10 million, reflecting 100% growth in just six years. During the same period the number of inpatients increased from around 172,000 to close to 279,000.

OUTPATIENTS (2009 – 2015)



Source: DHA data / CBRE Research

INPATIENTS (2009 – 2015)



Source: DHA data / CBRE Research

The DHA have set a goal for the private sector to provide 70% of all patient care within the Dubai healthcare market. As of early 2016, there were 28 private hospitals providing 2,386 hospital beds and approximately 20 new hospitals are at various stages within the development pipeline. The average occupancy rate for private hospitals is 44.6% however, CBRE would strongly caution that this figure is skewed predominantly because a number of these hospitals are recently established and are still within their business build up stages. In 2015, there were 3,571,737 outpatients and 167,097 inpatient within the private healthcare system. Nationals constituted only 17.1% of total private outpatient encounters in 2015.

In recent years, Dubai has shifted its attention to the introduction of medical tourism into the region and is successfully working towards its goal of achieving 500,000 medical tourism visits annually by 2020. Dubai has a globally strategic location, offers a sophisticated hospitality market and has strong existing healthcare infrastructure providing an ideal

environment to attract international medical tourists. In response to these strong demand fundamentals, the government of Dubai has introduced various initiatives to bolster the country's health infrastructure and broaden the regions medical tourism offering. To differentiate itself globally, Dubai is focused on offering luxurious world class services and business ease to its patients. The recent introduction of the Dubai medical tourism platform has facilitated industry growth by offering a simple one stop shop reservation platform to its international patients.

As of June this year, health insurance became mandatory for all expatriate employees which is expected to increase the demand for healthcare services considerably. Under the new mandatory health insurance regulations, companies with more than 1,000 employees were required to insure their employees from October 2014, and those employing over 100 staff members had to provide cover as of July 2015. The gradual introduction of medical insurance has prevented a sudden spike in treatment which was an issue in other gulf countries. From the second half of 2016, all potential employees will have to demonstrate that they are insured, as well as fit to work in order to receive a visa. This insurance will cover even the lowest paid workers which was a key focus when introducing the insurance.

In spite of considerable projected growth, the healthcare sector faces market constraints. The biggest issue facing the industry is the shortage of local physicians and allied healthcare staff resulting in a strong reliance on the expatriate workforce. To encourage expatriate staff into the region, salaries are generally higher than those achievable in more developed countries and staff accommodation is required for a large portion of the hospital staff. This has a detrimental effect on the hospitals overall profitability and is something that requires close monitoring when projecting a hospitals financial performance. In 2015, the private sector had 3,659 specialists, 1,358 dentists and 1,703 dentists, this number is expected to increase considerably as the sector continues to grow at a rapid pace. To encourage local residents to enter the medical industry, the Mohammed bin Rashid University of Medicine and Health Science was opened in 2016 and is Dubai's first co-educational undergraduate college of medicine. Going forward, we expect a greater focus on staff accommodation options, staff education and retention initiatives as this asset class continues to mature.

Overall, it is estimated approximately 12% of Dubai's population are national citizens, it is unusual for expatriates to retire within the emirate and most residents will instead return home when their visas expire. As a result, Dubai's demographic profile is unique with a large proportion of the population under the age of 65 years old. As a result, aged care initiatives are practically non-existent. As Dubai continues to develop, it is likely that visas will be introduced that will allow for people who would like to reside in Dubai post retirement. This brings enormous opportunity to healthcare investors that specialize in retirement and aged care solutions.

In addition to aged care initiatives, another area of growth is the development of rehabilitation and long term care which will assist the healthcare industry in two ways. The first being a reduction in the average length of stay at hospitals and the second being a reduction in costly insurance reimbursements as patients generally seek out overseas treatment for this type of care.

Healthcare Market Outlook

Whilst Dubai's healthcare sector continues to mature, both domestic and international investment appetite will increase primarily because the industry offers safe returns on investment and it is relatively immune to economic fluctuations. Well known international hospital operators will continue to move into the region and we expect to see existing hospitals look into sale and leaseback opportunities.

ABU DHABI OFFICE MARKET OVERVIEW

Introduction

This section provides in-depth overview of the Abu Dhabi office market. In particular, this section highlights the variables that could impact the overall performance of the office market in Abu Dhabi.

Historically, the market was dominated by large-scale government-owned companies (mostly from the oil and gas sector) and other government related entities. This trend continues to date, with a number of recent completions being purpose built accommodations for Government occupiers.

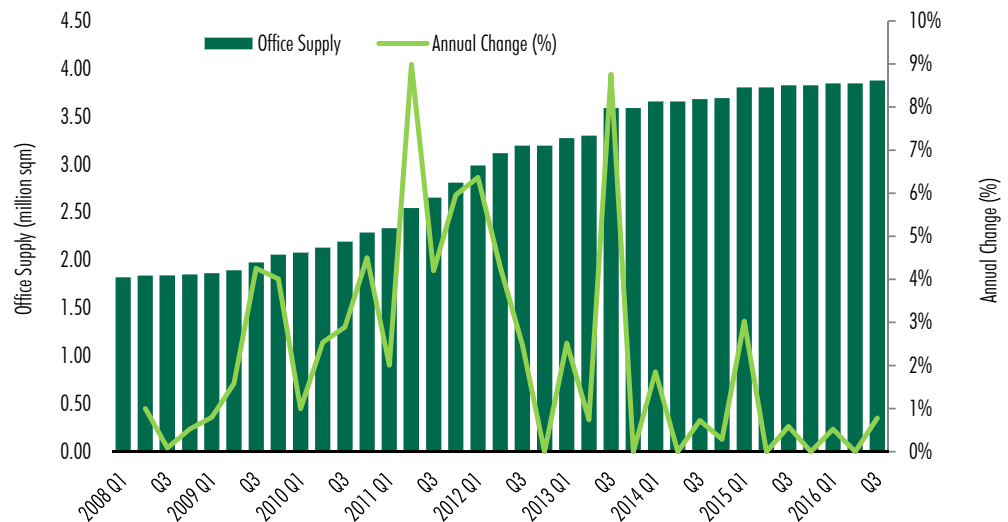
The oil and gas sector remains one of the largest occupiers in the market with banking, insurance, and local and federal government sectors also occupying a significant share in the overall commercial market in Abu Dhabi. In addition, there are a growing number of professional service firms in Abu Dhabi but these are still considered relatively small in size and stature. In most cases, such companies occupy relatively small office units with only few local and international professional companies occupying in excess of 1,000 m².

Office Stock

Based on our analysis of the market, total existing office stock in Abu Dhabi is estimated at 3.88 million m² of which a majority is situated within the CBD and upper part of the Abu Dhabi island including off-island locations such as Al Maryah and Al Reem Island. This reflects an addition of 0.15 million m² and an increase of 4% year on year.

Historically there has been very little speculative development of dedicated office buildings in Abu Dhabi, with the majority of accommodation delivered in the past designed for owner occupation. A significant number of dedicated office buildings have been built and owner occupied by quasi-government organisations including ADNOC and ADIA, with circa 90,000 m² and 80,000 m² of office space respectively. Many of the large, local commercial banks have also taken this route (e.g. Abu Dhabi Commercial Bank, First Gulf Bank, National Bank of Abu Dhabi). In addition, prime buildings are generally reserved for the government and quasi-government sector (e.g. ADPC, ADCCI, ADMC and ADTA).

ABU DHABI OFFICE STOCK GROWTH (2008 – Q3 2016)



Source: CBRE Research

The Abu Dhabi commercial market is concentrated both in location and size. The low level of office development in the past is reflected in the relatively poor quality of older commercial and mixed-use buildings in Abu Dhabi. It was not until 2008 that Abu Dhabi saw a significant increase in the overall number of construction of commercial developments.

The existing central business district is situated along the Al Markaziyah district and peripheral locations. Khalidiya, Corniche and the wider Al Markaziyah (East & West) areas are amongst the popular commercial locations in Abu Dhabi. Al Markaziyah is generally viewed as the existing city centre and the main business district in Abu Dhabi.

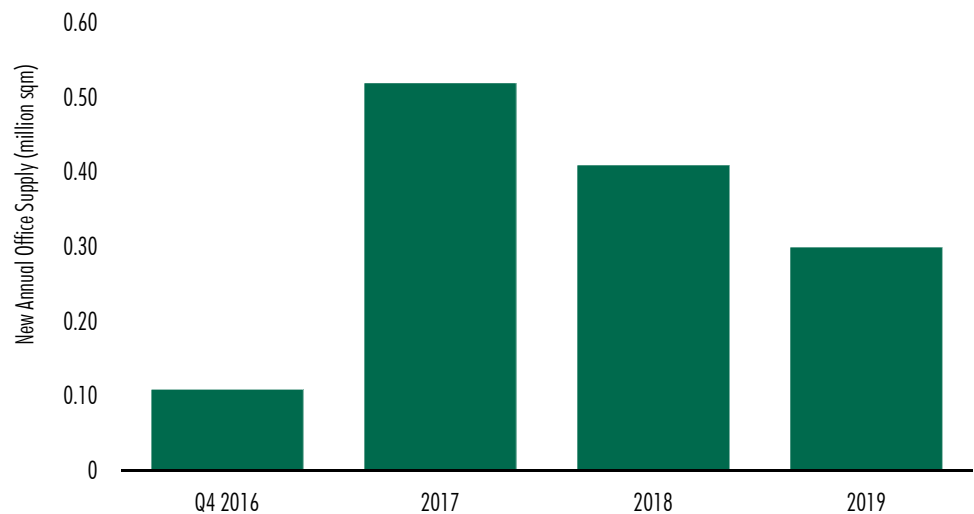
The quality and offerings of office supply in the Emirate is improving as new developments such as ADGM Square, Etihad Towers, Nation Towers and International Tower are completed. The completion and delivery of Grade A offices in Al Maryah Island and Capital Centre further expanded the current CBD.

Office Development Pipeline

Based on our analysis of the market, total existing office stock in Abu Dhabi is estimated at 3.88 million m² of which a majority is situated within the CBD and upper part of the Abu Dhabi island including off-island locations such as Al Maryah and Al Reem Island.

Assuming minimal delays, the Abu Dhabi market will likely see circa 0.4 million m² of new office spaces annually over the next three years.

OFFICE DEVELOPMENT PIPELINE (Q4 2016 – 2019)



Source: CBRE Research

Of the total 1.34 million m² of new office supply, around 39% is expected to be delivered in the CBD area whilst 25% of the new office stock is expected to come from Reem Island. The Corniche area, which includes all Markaziyah areas and Bateen district, will contribute a further 9%. Areas with smaller contributions include Al Maryah Island, Meena and Khalifa Park with circa 3% each respectively. Other locations such as mid to lower part of the Abu Dhabi Island as well as off-island locations account for a combined 14% share of the total expected office supply.

OFFICE DEVELOPMENT BY SUB-MARKET AREA (Q4 2016 - 2019)

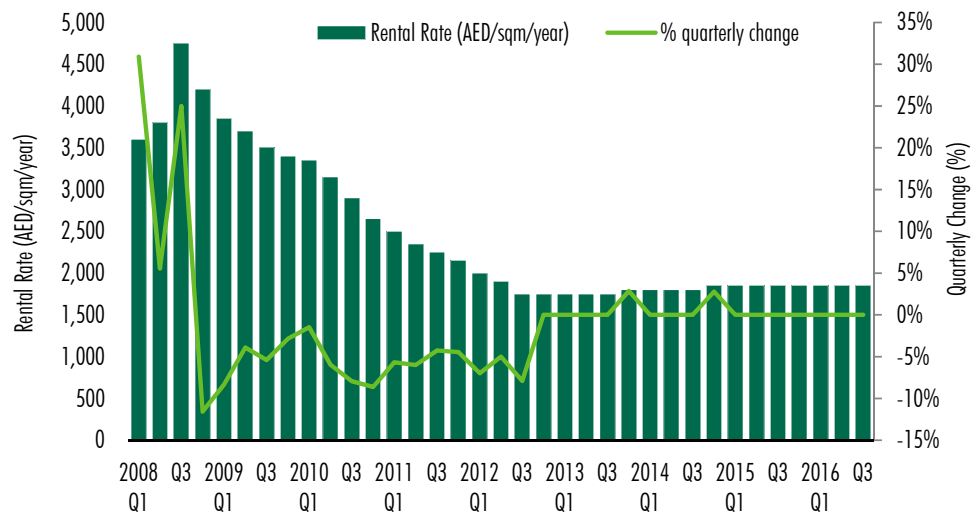
Sub-market	New Office (sqm)	% from Total New Office Supply
CBD	520,422	38.84%
Corniche	120,000	8.96%
Reem Island	337,197	25.16%
Maryah Island	35,570	2.65%
Danet Abu Dhabi	26,000	1.94%
Rawdhat Abu Dhabi	25,000	1.87%
Meena	44,839	3.35%
Khalifa Park	40,750	3.04%
Others	190,222	14.20%
Total Office Supply	1,340,000	100.00%

Source: CBRE Research

Office Rental Performance

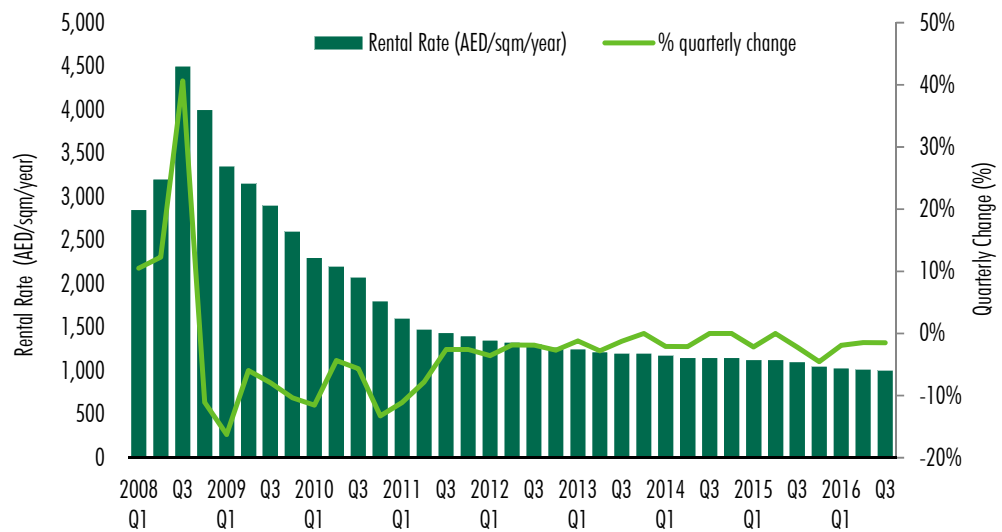
Average office rents continued to slide with an observed drop of 2% during Q3 2016, translating into roughly 9% decline from similar period last year. Starting last year, a number of international firms whose main clients involved the government and energy sectors had pulled out of Abu Dhabi with staffs being moved to Dubai, Doha or other locations within the EMEA region.

AVERAGE PRIME OFFICE RENTAL RATE MOVEMENTS (Q1 2008 – Q3 2016)



Source: CBRE Research

AVERAGE RENTAL RATE MOVEMENTS FOR SECONDARY OFFICES (Q1 2008 – Q3 2016)



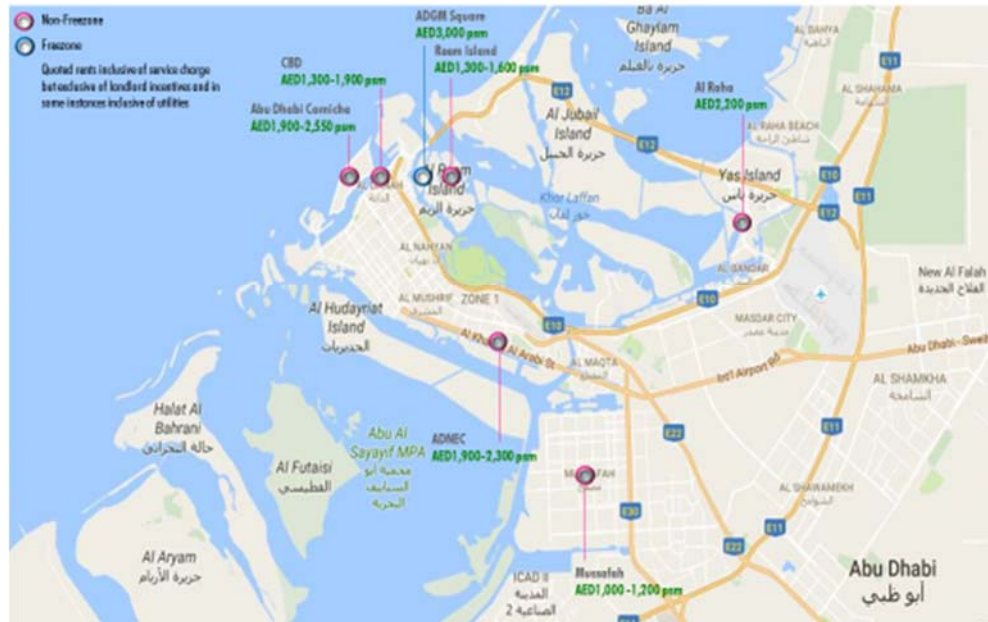
Source: CBRE Research

During the quarter, rents for Shell & Core units within prime office properties are priced up to AED1,800 - 2,000 m² per annum, whilst rents for CAT A offices range between AED1,600 - AED2,000 m² per annum. The sustained softening on rents resulted to landlords showing greater flexibility and a willingness to negotiate with major tenants, which further results to a more noticeable gap between Landlord's quoting rentals and the actual achieved rentals. This underlines a sustained shift towards becoming a tenant friendly market.

On top this, annual rent costs for price offices occupiers need to pay service costs which typically ranges from 15 to 20% of the headline rents. Albeit maintaining its strong performance against other similar office spaces, rents for upscale commercial properties are now at less than half of the peak rates achieved in 2008.

ABU DHABI OFFICE RENTAL MAP (Q3 2016)

Abu Dhabi freezone / non-freezone areas



Source: CBRE Research

Vacancy Rates

Prior to 2009, the commercial office market in Abu Dhabi was supply-side constrained, in that it was not adequately meeting the office space requirements of the business community and socio-civic organisations. With the completion and delivery of new commercial buildings, both as standalone projects and as part of master planned developments, the Abu Dhabi office market witnessed significant transformation from very tight office supply into a market with increasing vacancy rate.

Although the Abu Dhabi office market had a very low vacancy rate of less than 1% during the property boom in 2006-8, office vacancy rates in Abu Dhabi are now around 35%. Despite the current economic conditions and rising office supply, vacancy rates for office accommodations in Abu Dhabi remain relatively low as compared to the 45% observed in Dubai.

An additional factor in the higher vacancy rate is that much of the available stock within the CBD and on peripheral areas is of inferior quality and lacks the appropriate specifications befitting for a dedicated office space based on international standards. Such properties often also lack essential facilities such as parking space.

Office Market Outlook

The softening of rents presents opportunities for commercial occupiers to choose suitable accommodations at relatively more affordable rates. In addition to quality, the expansion of the office stock level highlights other fundamental office determinants such as location, facilities and legal status (e.g. Free Zone).

Having the Government and Oil and Gas sectors as the primary office generator, the reduced activities and interests from these sectors certainly pulled down overall demand for office accommodations.

With the current economic condition, CBRE envisages a more fragmented marketplace, with more pronounced declines to be experienced in secondary locations and for inferior products. As a result, CBRE forecasts that performance within the prime office submarket is likely to remain steadier, aided by the limited availability stock, both currently and within the

future development pipeline.

During a downturn, a flight to quality has become a common phenomenon, with well managed buildings with better specifications, viewed as having higher resilience as compared to similar properties of lesser quality.

ABU DHABI RETAIL MARKET OVERVIEW

Introduction

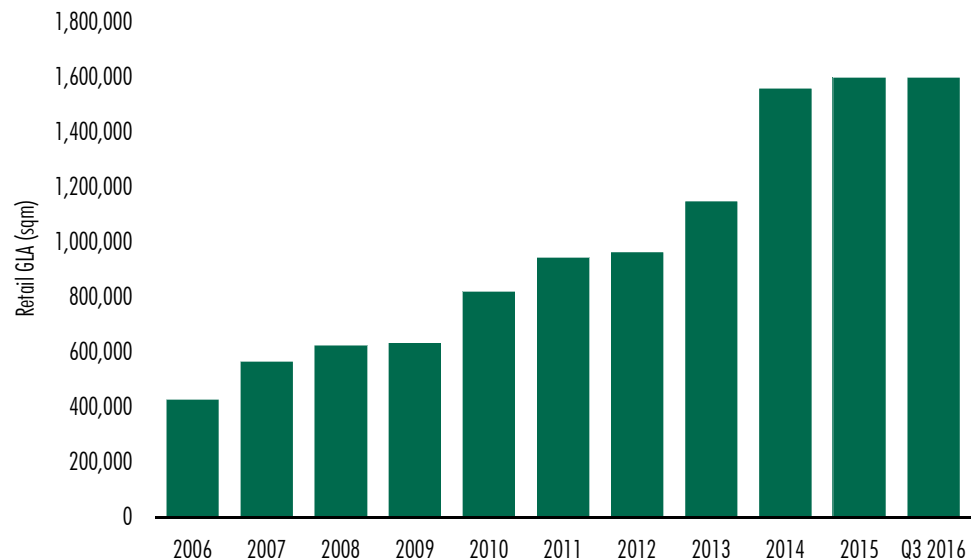
Abu Dhabi's retail market has undergone a notable transformation over the past two decades, with the delivery of a number of major new malls, which have effectively changed the landscape of the market, encouraging a host of international brands to start operations in the capital. Completion of other high profile mixed-use developments has also helped to raise the profile and quality of product on offer, with an increasing number of prominent developments containing significant retail offerings.

Despite the growing importance of the hospitality industry, Abu Dhabi's retail market remains underpinned by domestic retail demand. However, as major cultural and leisure drivers are completed, we do expect to see a rise in prominence of tourism related demand, potentially following in the footsteps of neighbouring Dubai's successful transformation into a retail global tourism destination.

Retail Space and Future Supply

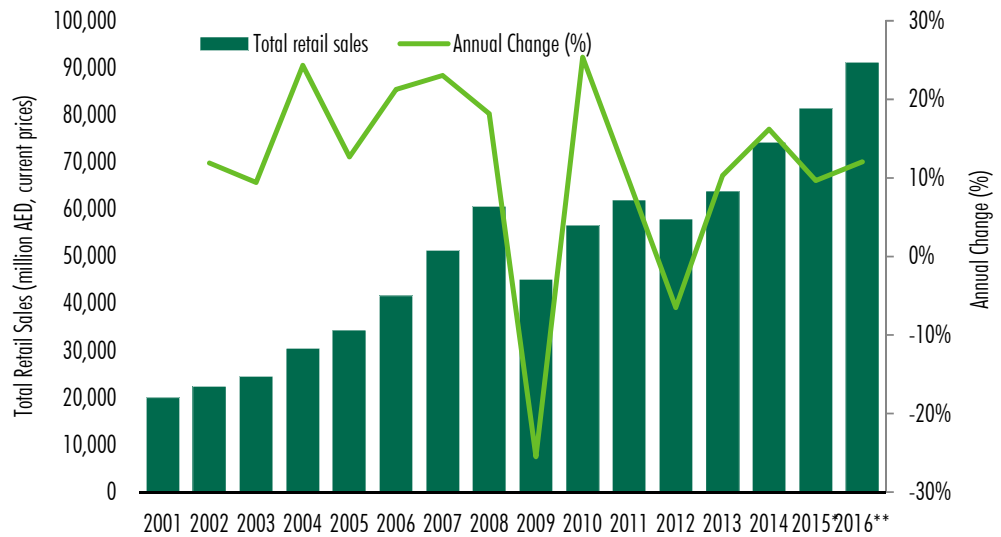
Since 2006, Abu Dhabi's retail landscape has witnessed steady growth and a dramatic improvement in the quality of its offering. At the end of Q3 2016, total organised retail stock had reached to around 1.6 million GLA m², of which mall space comprised the vast majority (85%), with the remaining stock from smaller centres and retail facilities within mixed-use developments. Abu Dhabi Mall, Marina Mall, Al Wahda Mall, Dalma Mall and Yas Mall are the largest operational retail facilities in the capital, with most of these centres forming part of wider mixed-use schemes.

EVOLUTION OF ABU DHABI'S ORGANISED RETAIL SPACE GROWTH (2006 - Q3 2016)



Source: CBRE Research

ABU DHABI TOTAL RETAIL SALES (2000 - 2016)

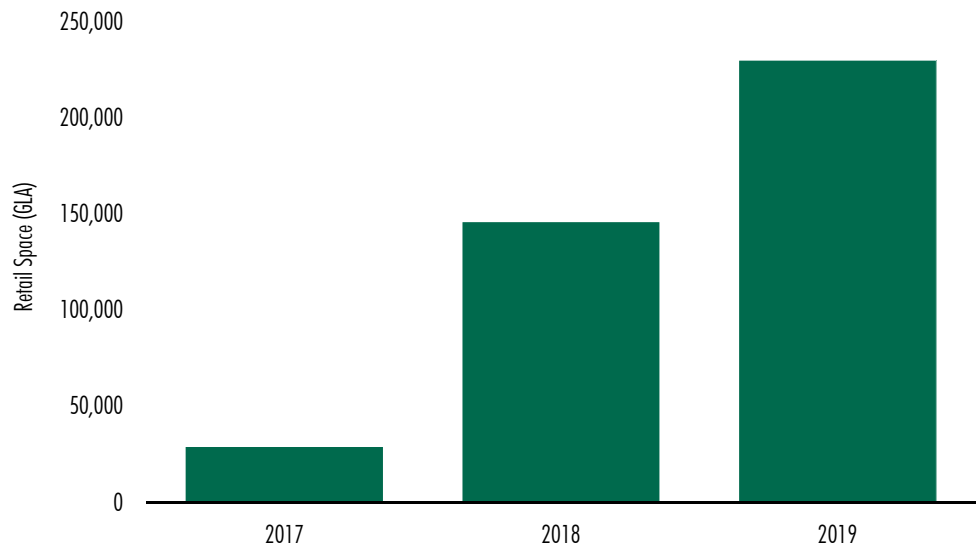


Note: * Preliminary estimate, **forecast

Source: Oxford Economics

By 2020, Abu Dhabi's retail market could see the addition of over 600,000 m² of organised retail supply, delivered through the completion of a number of major regional sized malls. This also includes an expansion of the community retail market, with multiple new retail centres being developed as part of mixed-use masterplan developments, and within the Emirate's satellite towns as the government strives to provide better facilities to the local population. Major upcoming retail centres include Maryah Central and Reem Mall, with both centre categorised as regional sized.

ABU DHABI FUTURE RETAIL SUPPLY (2017 - 2019)



Source: CBRE Research

Retail Occupancy Rates

Abu Dhabi's retail occupancy levels generally remain high, particularly within established malls, although some of the smaller and aging centres are now facing increasing occupancy issues. Organised retail space in Abu Dhabi City is now close to full capacity, with malls such as Abu Dhabi Mall and the Marina Mall reaching near to full occupancy. Other major malls in the city centre such as Al Wahda Mall and Khalidiya Mall are also enjoying high occupancy rates between 95%-98% respectively. The recently opened Yas Mall is nearly fully occupied at 98% whilst Deerfields Town Centre is estimated at around 96%.

Retail Rental Performance

Abu Dhabi's rents are found to be markedly lower than in Dubai, with the highest annual rental rates achieved during the peak of the market in Q3 2008 at around AED 5,500 m² annum for prime shopping centres as compared to around AED 6,600 m² annum in Dubai. The current average asking rental rates range for mall based stores, range from AED2,750 – 4,000 m² annum for in-line stores, which is around 25%-45% lower than the average rates achieved during 2008.

It should be noted the lack of transparency and transactional evidence make it difficult to fully identify the incentives and packages provided to occupiers as rent are largely dependent on the level of tenant bargaining power. The table below provided typical indicative rents for community retail category across a variety of store types.

SELECTED MALL DEVELOPMENTS - ABU DHABI (Q3 2016)	
Shopping Mall	Typical Line Shop (AED/sq m/year)
Abu Dhabi Mall	3,200 – 4,000
Al Raha Mall	2,750 – 3,800
Al Wahda Mall	3,200 – 4,000
Capital Mall	2,750 – 3,800
Dalma Mall	3,000 – 4,000
Deerfields Mall	3,000 – 4,000
Khalidiya Mall	3,200 – 3,800
Marina Mall	3,200 – 4,000
Mushrif Mall	3,000 – 3,800

Source: CBRE Research

Retail Market Outlook

Despite the sluggish economy, Abu Dhabi consumer confidence remained firm. According to the General Index for Consumer Confidence in Abu Dhabi released by the Emirate's Department of Economic Development (DED), residents in the Emirate remained optimistic amidst economic challenges. UAE nationals depicted higher level of optimism compared to other nationalities. The report highlighted a generally positive outlook for the Emirates to withstand the adverse effects of low oil prices in the global markets.

The current known upcoming retail developments will certainly raise the profile of the retail sector. Although, the increasing supply of new retail centres will likely put pressures on inferior and older retail facilities, hence, inevitably pushing landlords to undertake refurbishments/redevelopment to cope up with the competition. This is envisaged to meet the growing retail requirements from the Emirates increasing number of residents and tourists. The strong investment in tourism and projected growth in the Abu Dhabi market will support development of shopping malls particularly those shopping centres that are positioned as tourist's retail destinations.

ABU DHABI RESIDENTIAL MARKET OVERVIEW

Residential Supply

The Abu Dhabi residential market has undergone a major transformation in recent years as the development of its island locations has taken shape. There has also been a major push to resolve historic infrastructure issues through projects such as the Eastern Ring Road, Sheikh Zayed Bridge and the Salam Street Tunnel.

The completion of the Sheikh Khalifa highway that links Abu Dhabi Island to Saadiyat Island, Yas Island and the mainland was arguably one of the key projects to be completed. The route has significantly reduced the driving time to Dubai and also made developments such as Al Reef, Raha Beach, Saadiyat Island and Yas Island far more accessible and appealing. The impact of new infrastructure has been to open up the development potential of various natural islands situated around the city, paving the way for the creation of entirely new residential and commercial locations for the populace to expand into.

The following summarises the main composition of the existing residential market in Abu Dhabi:

- The Central Business District (CBD) which comprises mainly of the areas situated at the upper part of the main Abu Dhabi island, and is characterised by high-rise and high-density residential and mixed-use buildings;
- The areas surrounding the CBD, such as Al Nahyan Camp, Mushrif, Muroor, and Khalidiya are comprised of blocks of mid-to-high rise apartments, often including low-rise villas and townhouses in the centre of each grid;
- Low-rise private villas in the lower part of the island and on the coastal flanks, notably in Al Bateen and Karama. These generally range from large individual plots of higher value to the more modest villas found in Al Matar;
- On the mainland, there are a number of low-rise, low-density suburban areas including Musaffah, Khalifa Cities A and B, Between the Two Bridges area and Mohammed Bin Zayed City. There are also middle-income focused masterplan developments such as Hydra Village and Al Reef Downtown.
- The area also comprises a mix of high-end residential offerings of apartments and villas from the Al Raha Beach and Al Raha Gardens, as well as the newly constructed residential development for Emiratis situated on Yas Island; and
- Recently completed and delivered high-end and prime residential units situated on the north-east part of the main Abu Dhabi Island. This includes large scale master planned developments such as Saadiyat Island and Al Reem Island.

Residential Existing Supply Analysis

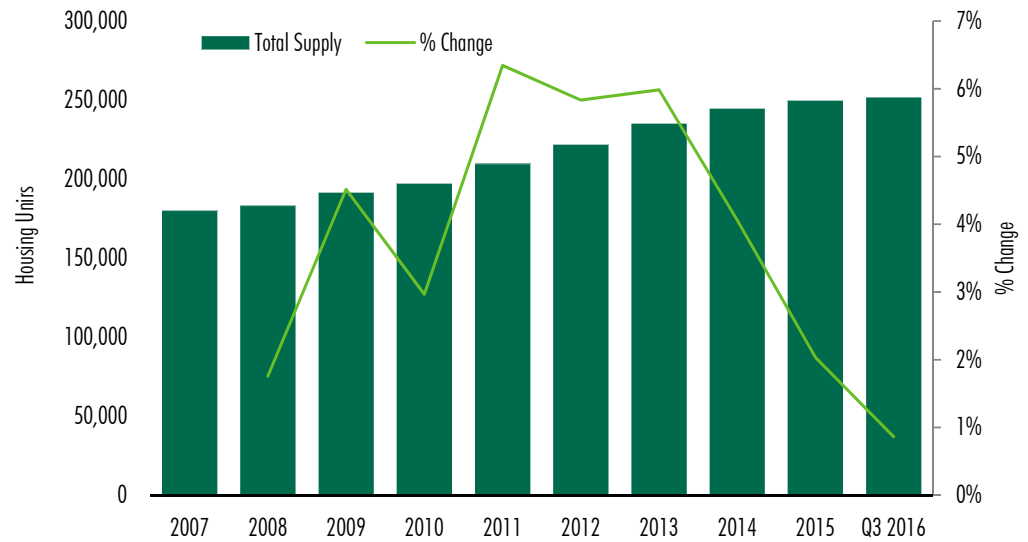
Prior to 2009, the flow of new residential supply into the Abu Dhabi market was slow with just over 3,000 units completed in 2008, due principally to major infrastructure restraints in the form of bridges and roads which created a significant barrier to development and also placed constraints on the movement of goods and people. However, in recent years the completion of new transport infrastructure has significantly helped to accelerate the speed of development.

Abu Dhabi's total residential stock now comprises over 252,000 units. Of the total units, 76% are apartments while the remaining 24% is comprised of villas and townhouses. On average, circa 8,000 units were delivered to the market annually during the period 2008 – Q3 2016. This translates to a CAGR of around 4%. However, in 2015, only around 5,500 units were actually completed, which has helped to insulate the market from more pronounced declines in rental rates.

New developments are predominately focussed around the investment zones such as Al Reem Island, Al Raha Beach Development and Saadiyat Island.

Other large scale developments in mainland locations have also seen substantial growth in the number of available housing units. This is apparent in the newly created communities outside of the main Abu Dhabi island, including Al Reef, Hydra Village and Al Ghadeer development near the border of Abu Dhabi and Dubai.

ABU DHABI RESIDENTIAL STOCK (2007 – Q3 2016)

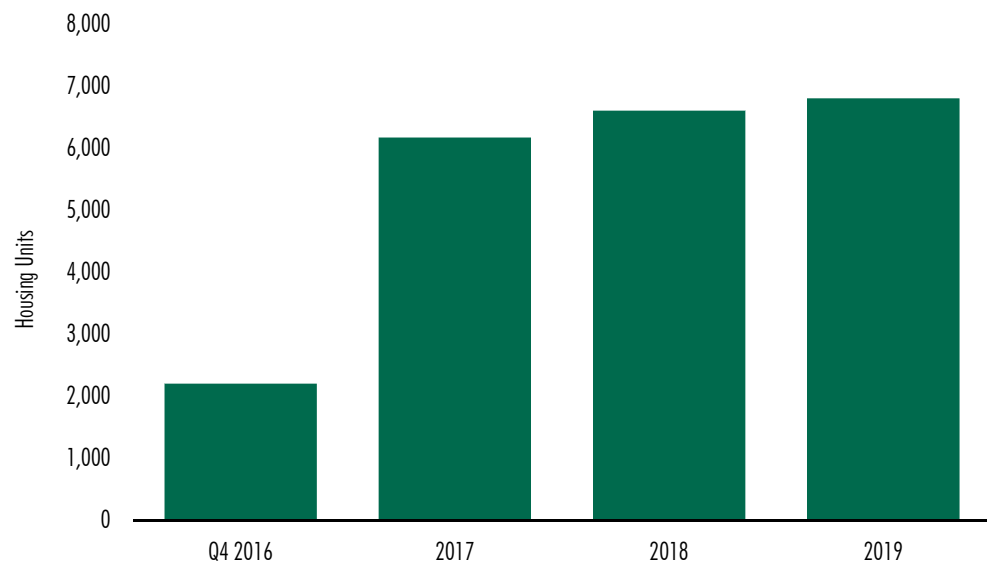


Source: CBRE Research

Residential Future Supply Analysis

Over the next three years, the level of new supply in Abu Dhabi looks to be very consistent, averaging just over 6,000 units per annum, and totalling roughly 21,800 units. In comparison, Dubai is expected to see over 18,000 units per annum during the same period.

FUTURE RESIDENTIAL SUPPLY (Q4 2016 – 2019)



Source: CBRE Research

The majority of new supply in the capital will be delivered within master planned developments, including Reem Island, Saadiyat Island, Al Raha Beach and Al Reef. In total Reem Island will contribute close to 16,000 new apartments over the next three years, with Saadiyat seeing around 1,500 units completed.

The traditional leasehold areas, including the CBD (Upper Island), Middle Island and Lower Island segments of Abu Dhabi island, will see around 20% of the total supply which comprises close to 7,000 apartment and townhouses / villas.

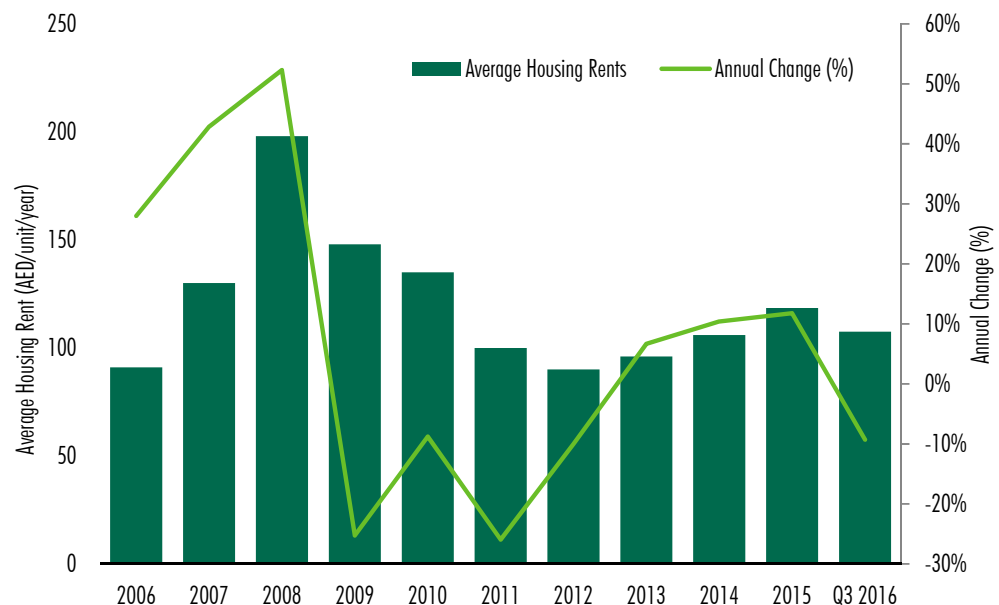
Off-island locations such as MBZ and Khalifa will also see the completion of significant new properties, contributing roughly 34,000 new units between Q4 2016 and 2019, assuming minimal delays in delivery and continuity with on-going project developments.

Rental Market Performance

Average rentals in Abu Dhabi climbed sharply during the period 2006 to 2008 as a lack of available housing supply and strong economic conditions resulted in rapidly rising rates. Subsequent to the GFC, these rates dipped, before beginning to recover once more in 2012. The next growth cycle was driven by a resurgence in the economy, but also government intervention, with the ruling to make it mandatory for all government employees to reside in the emirate in order to qualify for housing allowances and the also the removal of the 5% rent cap. These changes which took effect towards the end of 2013, effectively generated a large increase in the demand for residential units in the capital and allowed rental growth to take place.

After a period of sustained rental growth, the Abu Dhabi residential market is now experiencing slight declines in rents, particularly for the larger unit sizes. However, studios and 1 bedroom units have continued to display stability and growth, but at a very minimal rate of change. This reflects the general shift towards affordability amidst economic uncertainty, and weaker corporate demand.

RESIDENTIAL RENTAL RATES (2006 – Q3 2016)

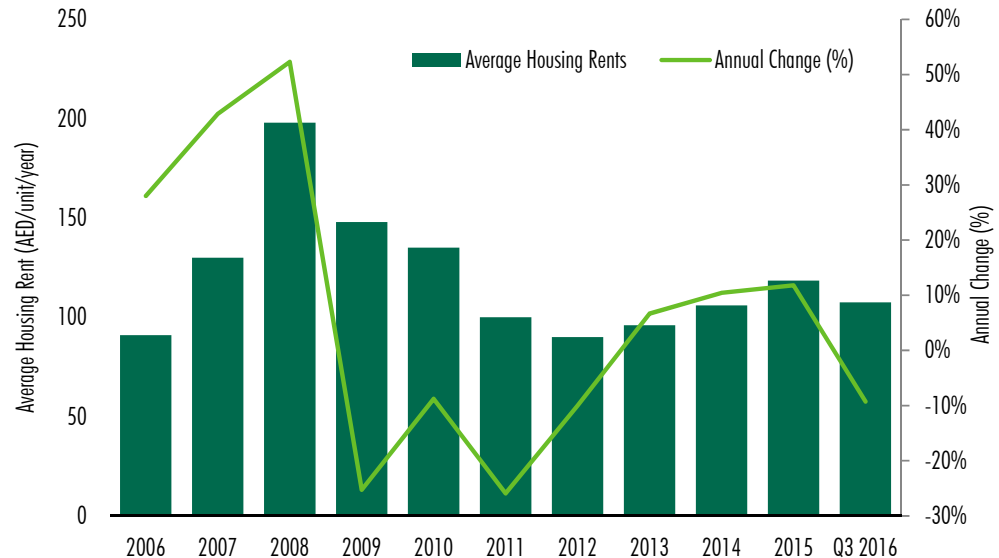


Source: CBRE Research

In 2016 negative sentiments further haunted the market with redundancy announcements by both private and public firms (Etihad Rail, Dana Gas, Taqa, FGB, Standard Chartered, ADIB, etc.). Delivery of new supply and weaker demand have increased competition for tenancies, resulting in a more cautious approach by some landlords who have become more realistic with their rental requests.

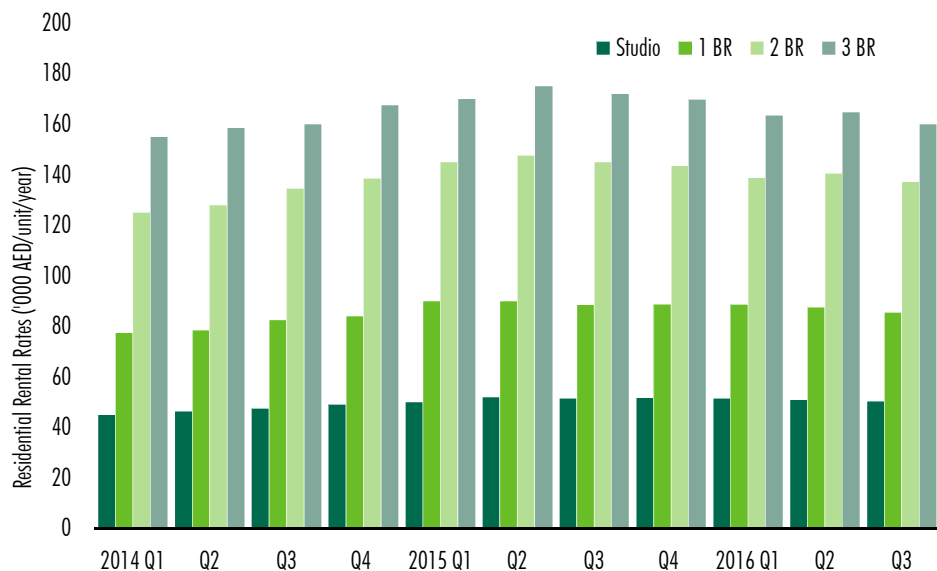
More affordable units remain in demand, reflecting the demographic of the vast majority of expatriate workers. With limited stock against current requirements, rental rates for affordable units have remained steady with minimal fluctuation recorded against the general slowdown observed in the upper segments.

AVERAGE RESIDENTIAL RENTAL RATES (2006 – Q3 2016)



Source: CBRE Research

AVERAGE RESIDENTIAL RENTAL RATES BY PROPERTY TYPE (Q1 2014 – Q3 2016)

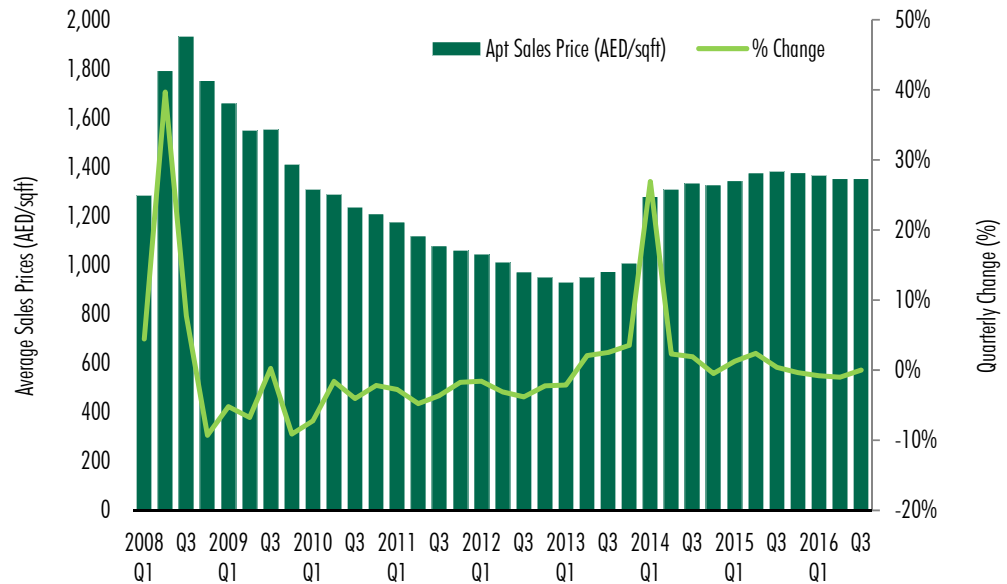


Source: CBRE Research

Sales Market Performance

Abu Dhabi's sales market experienced steady progress during 2014, with average prices rising 12% across a selection of schemes. However, a sluggish economy and market uncertainties resulted in a softening of sales rates during 2015. During 2016, the market continued to witness low levels of activity and sustained price declines albeit at a relatively slow pace. Investors are largely inactive due to the on-going economic situation and prevailing market uncertainties resulting to majority of locations seeing either no growth or slight falls.

AVERAGE RESIDENTIAL SALES RATES (Q1 2008 – Q3 2016)



Source: CBRE Research

Residential Market Outlook

Abu Dhabi has seen some progress with its real estate laws, but it remains some way behind neighbouring Dubai in this regard. Dubai already has an established governing body (RERA), a formalised Escrow Law, a Strata Law, which is still to be properly formalised in relation to Owners Associations, and has further laws in draft awaiting approval.

We still expect to see a further overhaul of the regulatory environment in Abu Dhabi, although there have been draft laws (Strata Law, Escrow Law, etc.) under review by the Executive Council for a number of years, and with no imminent signs that these will be formalised any soon.

A restructuring and standardisation of the local and federal property laws would be seen as a positive step towards achieving improved market transparency as well as a way to improve investor confidence in the future of the market. At present there appears to be no level of consistency in the governing laws with each emirates implementing varying rental caps, ownership laws and a variety of other nuances that can be confusing to potential investors, especially those living outside the Emirates. To help gain clarity and to bring forth some uniformity in regulations an overriding UAE law on property would be considered wholly beneficial to the market.

ABU DHABI HOSPITALITY MARKET OVERVIEW

Introduction

From an international perspective, the tourism industry in the UAE is still comparatively small. However, the sector has experienced exceptional growth in recent years, which has effectively transformed the industry into a key contributor to the UAE's gross domestic product.

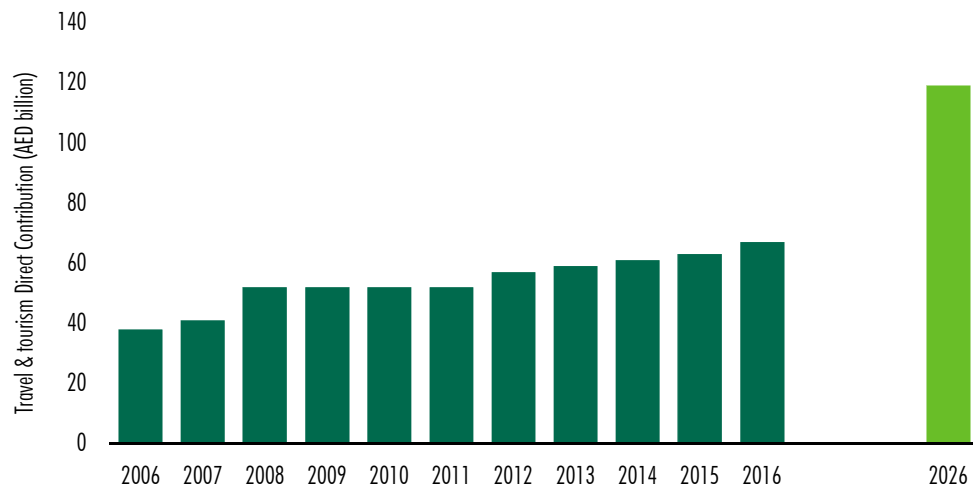
Dubai has historically led the way in the UAE's tourism development, in a bid to diversify the economy. The Emirate started to invest more heavily in its tourism infrastructure around 20 years ago and the sector now contributes significantly more to Dubai's GDP than its oil income. Abu Dhabi is now trying to follow the success of its neighbour with a plan to transform the Emirate into an attractive tourist destination with significant leisure attractions.

Economic Impact of Tourism

According to the World Travel and Tourism Committee (WTTC) report on the economic impact of tourism, the direct contribution of travel and tourism to the UAE's GDP in 2015 was estimated at AED65 billion which accounted for approximately 4% of total GDP during the period. This is estimated to reach AED67.76 billion by the end of 2016.

Between 2016 and 2026, the average annual growth rate is estimated at 6% per annum, reaching AED118 billion by 2026. This reflects the economic activities generated by industries related to travel and tourism such as hotels, travel agents, airlines, other passenger transportation services and other activities of restaurant and leisure industries directly linked to this sector.

DIRECT CONTRIBUTION OF TRAVEL & TOURISM TO GDP (2006 - 2026)



Source: World Travel & Tourism Council (WTTC), Economic Impact 2016 – UAE

In 2015, the WTTC report further highlighted that the travel and tourism investments in the UAE were estimated at AED 27.4 billion or roughly 6% growth from the previous year's investment contribution. This is forecast to rise by 6.8% per annum over the next decade to reach AED 54.4 billion in 2026 or roughly 8.2% of total investments in the country.

In terms of spending, the travel and tourism industry recorded AED123 billion from both leisure and business tourism. As the sector continues to grow, this figure is anticipated to reach AED 173 billion by 2026 or CAGR of 5% during the period. In terms of generating employment opportunities, travel and tourism is estimated to have created 330,000 jobs directly in 2015 and forecast to increase by 3.8% in 2016 or roughly 342,000 jobs. Over

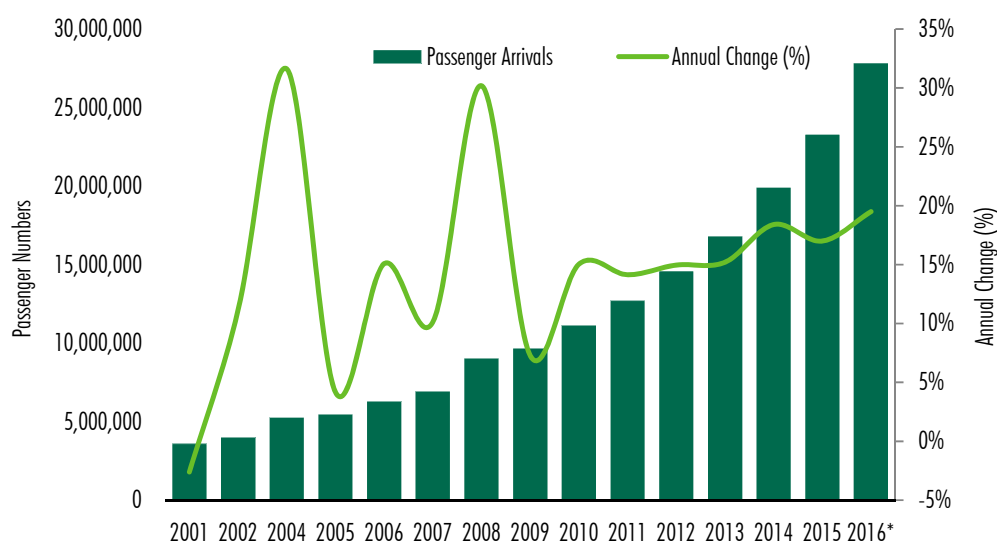
the next ten years, the industry will account for around 520,000 direct jobs, reflecting a compound annual growth rate (CAGR) of 4.3% by 2026.

Abu Dhabi Airport

In 2015, the Abu Dhabi International Airport (AUH) welcomed more than 23million passengers, reflecting growth of close to 17% from the previous year. As of H1 2016, ADAC reported that overall passenger traffic reached to roughly 11 million passengers, translating to 6.6% growth compared to similar period last year.

Assuming a similar trend for the remaining months of the year, total passenger arrivals is envisaged to reach in excess of 27 million passengers. The ongoing rise in the number of international flight routes and expansion of the airport’s facilities are seen as instrumental in maintaining growth levels going forward.

ABU DHABI AIRPORT PASSENGER ARRIVALS (2001 – Q3 2016)



Note: *2016 figure composed of H1 2016 actual figure combined with estimated figure for the remaining six months

Source: Abu Dhabi Airport Company (ADAC)/CBRE estimate

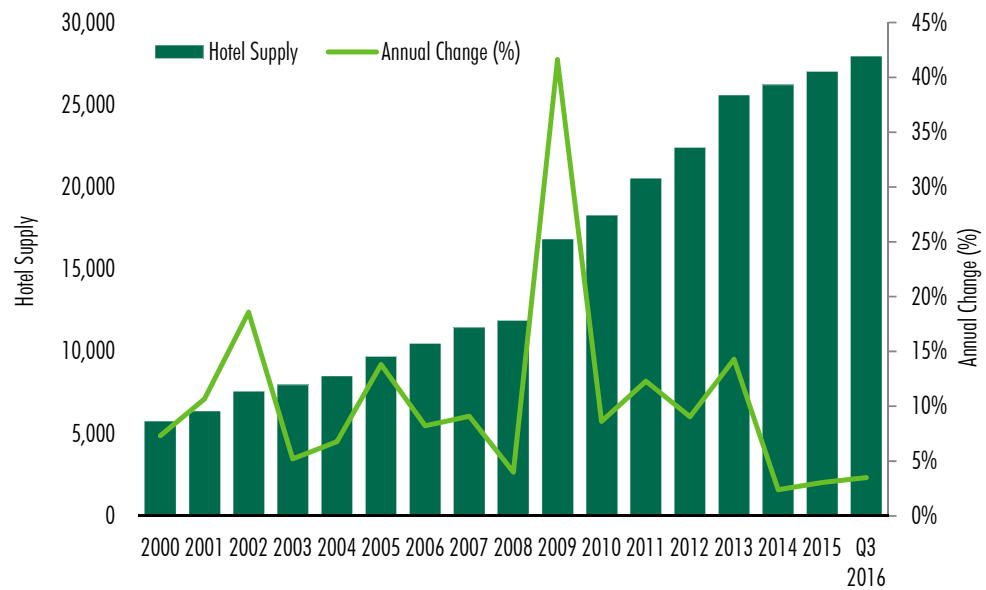
In 2000, just 603,000 guests visited Abu Dhabi. However, by 2012 this had increased to nearly 2.4 million. During 2013, growth continued with approximately 2.7 million guests arriving, equivalent to 14% annual growth. During the first nine months of 2016, close to 3.3 million guests have been recorded, reflecting growth of around 9% as compared to last year.

Existing Hotel Supply

Total hospitality inventory in Abu Dhabi has now reached over 27,960 hotel rooms and apartments spread across the city area. The majority of these keys are located in the Upper Island area in locations such as Al Hosn and Al Markaziyah, Corniche East and West, Tourist Club, Madinat Zayed, Al Charfah, Al Wahdah, and Defence.

In 2009, Abu Dhabi witnessed a huge spike in the total number of hotel rooms, with inventory rising from less than 8,500 keys to over 12,500 by year end. This growth was in response to the inaugural F1 race, and driven by the timing of development completions at Yas Island and the Grand Mosque District.

EVOLUTION OF HOSPITALITY SUPPLY (2000 – Q3 2016)



Source: ADTA/CBRE Research

During the first nine months of 2016, the total number of new rooms completed was close to 2,000 keys, underlining the continued expansion of the sector. This included new high profile properties such as the Four Seasons Abu Dhabi with 200 keys and 125 hotel apartments, as well as sharia hotels such as Gloria Downtown Hotel which comprises 156 rooms.

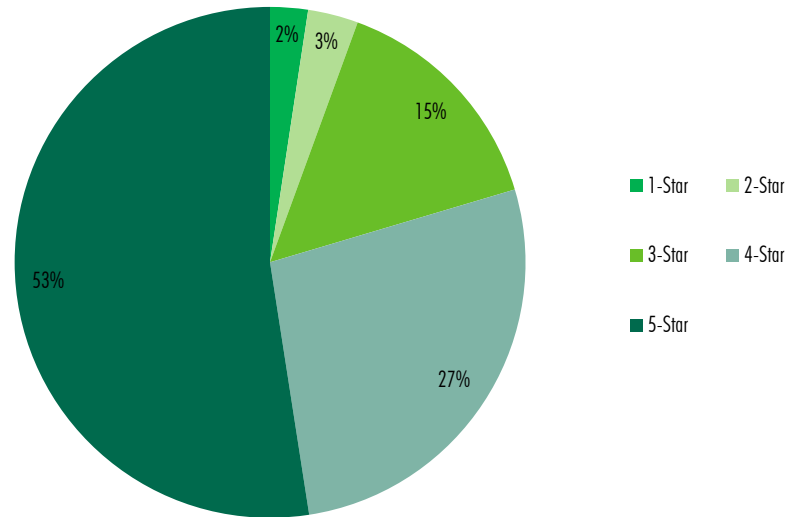
COMPLETED HOTEL & HOTEL APARTMENTS - 2016				
	Location	Hotel Apartments	Total Hotel Units	Total Units
Al Seef Resort & Spa by Andalus	Khalifa Park		210	210
Four Seasons Abu Dhabi	Sowwah Square	125	200	325
Gloria Downtown Hotel	Khalifa St.		156	156
Al Nakheel Hotel Apartment	Muroor Road	66		66
Marriott Executive Apartments Abu Dhabi	Airport Road	64		64
Bab Al Qasr Hotel	Al Ras Al Akhdar	229	448	677
Abu Dhabi Marriott Hotel - Bloom Central	Airport Road		315	315
Total Units		484	1,329	1,813

Source: ADTA/CBRE Research

As of Q3 2016, a total of 1,813 hotel and hotel apartments were added into the market, of which 67% are categorised as 5-star classification, whilst 4-star hotel room and apartments accounted for 30% of the total new hotel supply. Budget hotel accommodations represented less than 4% of the total new hotel rooms and apartments that became available during the first nine months of 2016.

Overall, the majority of the existing room supply is comprised of 5-Star properties with just under half of all hotels, whilst 4-Star keys account for nearly a third. This dynamic is unlikely to see much change in the coming years with 5-star properties continuing to dominate the future pipeline.

HOTEL ROOM SUPPLY BY STAR CLASSIFICATION

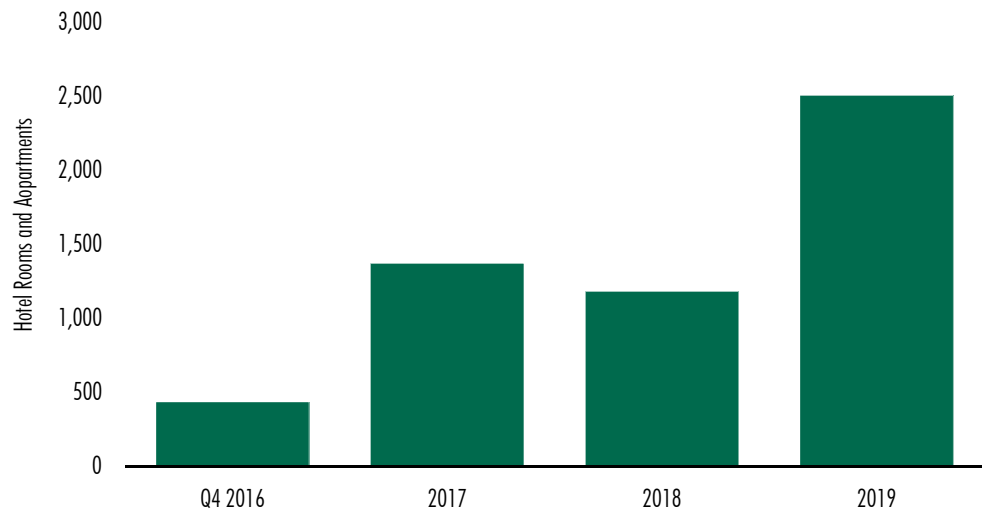


Source: CBRE

Future Hotel Supply

CBRE's analysis of the future development pipeline in Abu Dhabi indicates that around 5,500 additional new hotel rooms and hotel apartments are scheduled to be completed between Q4 2016 – 2019. This is expected to further raise competition levels and add further pressure to room rates, hoteliers and hotel owners. Assuming minimal levels of delay, this would take the total room inventory to around 33,450 keys by the end of 2019.

ABU DHABI FUTURE HOTEL SUPPLY (Q4 2016 – 2019)



Source: ADTA/CBRE Research

The luxury segment will continue to dominant hotel supply over the next three years with nearly 48% of additional rooms to be of 5-Star quality, with around 33% from the 4-Star category. It is apparent that the majority of the new rooms will be of 5-Star quality which could lead to a sustained period of lower rates for the upscale and luxury segments.

The whole dynamic of hotel development has significantly changed over the past ten years, as thousands of new hotel rooms have been announced and delivered, with many in newly established investment zone locations. These locations, along with other major master-planned projects, are likely to be key locations for new hotel properties with a large number of hospitality designated sites still to be developed. Hence, in the longer term supply could accelerate as many new hotels form part of major schemes, such as the developments on Saadiyat Island, Al Maryah Island (Sowwah Island), Raha Beach and Reem Island.

In an attempt to control future supply, ADTA has announced that it will be selective in the issuance of new hotel licenses in the capital, particularly for 5-Star properties. This move is aimed at managing the adverse impact of oversupply, similar to what was experienced during 2010 subsequent to the inaugural Formula 1 event at Yas Circuit.

Abu Dhabi Hotel Performance

According to data from STR Global, the overall average occupancy rate in Abu Dhabi fell from 72% in September 2015 to 70% in September 2016. ADR and RevPAR dropped by 10% and 12% respectively from the same period last year. The ADR fell from close to AED488 per room per night in September 2015, to roughly AED441 per room per night in September 2016. During the same period, the RevPAR also declined from AED352 per room per night to AED310 per room per night.

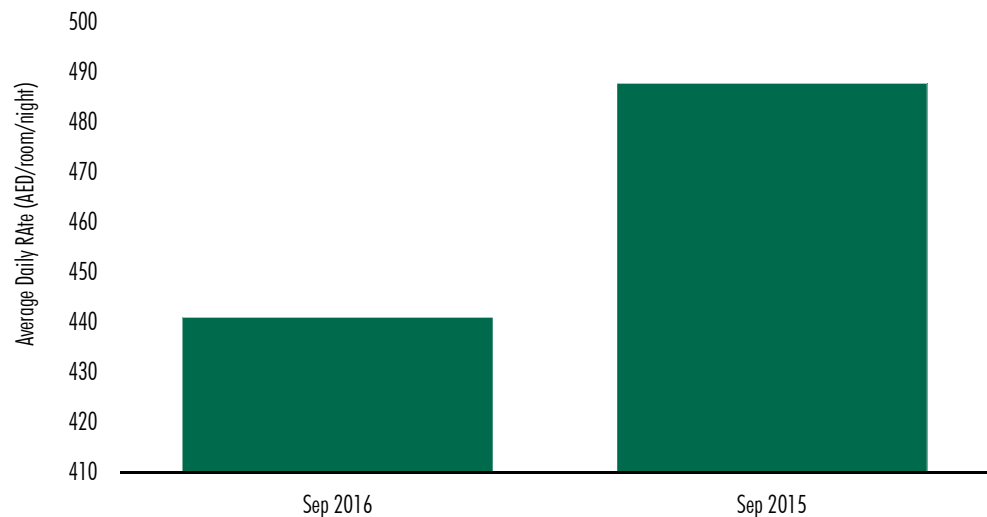
COMPARATIVE HOTEL PERFORMANCE ANALYSIS – (YEAR-TO-DATE SEPTEMBER 2016)

	Occupancy (%)	Change from 2015 (%)	ADR (US\$/room/night)	Change from 2015 (%)	RevPAR (US\$/room/night)	Change from 2015 (%)
Manama	53.37	1.41	193.60	-4.10	103.33	-2.74
Kuwait City	47.47	-8.37	234.46	-0.40	111.30	-8.74
Muscat	55.02	-8.02	177.62	-12.19	97.72	-19.23
Doha Central	58.76	-17.35	107.19	-8.55	62.99	-24.42
Jeddah	71.30	-6.49	274.88	5.36	195.98	-1.48
Riyadh	53.65	-10.43	211.30	-7.49	113.36	-17.14
Abu Dhabi	70.20	-2.83	120.04	-9.58	84.27	-12.13
Dubai	76.11	0.13	186.74	-10.67	142.12	-10.56

Source: STR Global

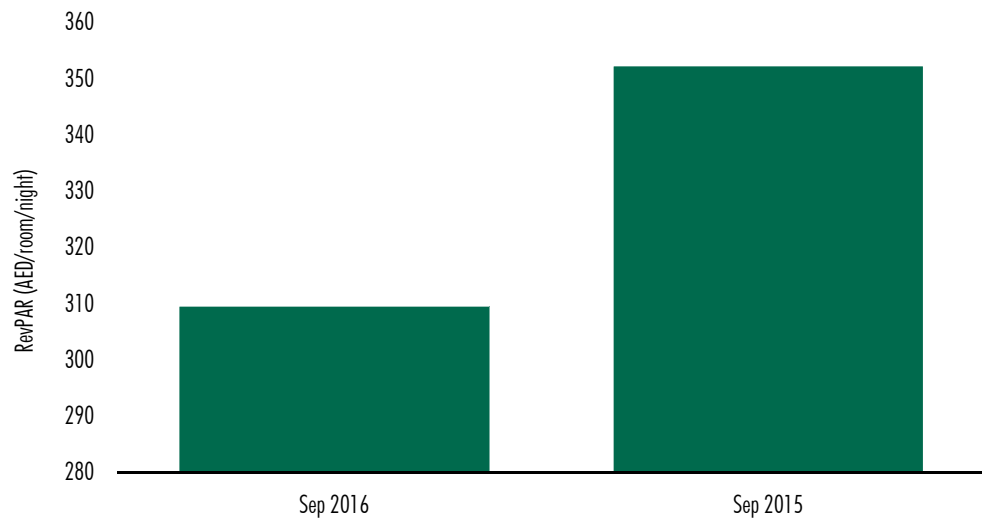
The downward trend in performance reflected the combined adverse effects of increasing hotel competition, US dollar strength and an overall slowdown in tourism growth. However, positively for the market, overall visitor numbers do continue to increase on year-on-year basis. In comparative terms, the Abu Dhabi market also proved to be more resilient than many other locations in the region.

ABU DHABI AVERAGE DAILY RATE (YEAR-TO-DATE SEPTEMBER 2016)



Source: STR Global

ABU DHABI REVPAR (YEAR-TO-DATE SEPTEMBER 2016)



Source: STR Global

Hotel Market Outlook

With its various marketing and tourism initiatives, Abu Dhabi has good prospects of boosting further hotel guests arrivals from overseas markets. By 2015, total tourist arrivals reached to roughly 4.1 million from just under 3.4 million in 2014, translating to circa 21% annual growth.

Despite notable initiatives to boost the overall tourism and hospitality market, the market is primarily driven by corporate requirements. With the on-going austerity measures observed by both private and Government agencies, the weaker corporate demand coupled with sustained growth in room supply had inevitably slowed down the local hospitality performance.

With a number of high profile regional and international events scheduled over the next quarter, the Abu Dhabi tourism is poised to experience substantial rebound from the apparently low hotel performance. These various events play important role in boosting the overall visitor numbers and stimulate demand for hotel accommodations.

Although there will be a growing number of hospitality keys entering the market in the coming years, many of which will be situated on Yas Island and Raha Beach, leveraging on the Yas Island entertainment offering, coupled with the proximity to International Airport.

ABU DHABI INDUSTRIAL MARKET OVERVIEW

Introduction

The UAE's diversification strategy is heavily reliant on the performance of the industrial sector, with the government implementing various measures to help reduce dependency on hydrocarbon revenues. This has resulted in the establishment of multiple industrial zones and locations focussed on differing areas of the industry.

Currently, Abu Dhabi's industrial market is heavily linked to the oil and gas sector, with 49% of GDP contributed by the hydrocarbon industry. As a result of prevailing lower oil prices and the reduced investment in oil exploration, demand from downstream and upstream petrochemical companies has reduced significantly over the past 18 months. Cost-reduction measures are also noticeably in force with curbs on non-essential spending. Occupiers, particularly in the oil & gas sector, have been evaluating the possibility of sub-leasing and selling excess capacity wherever possible to help streamline operations.

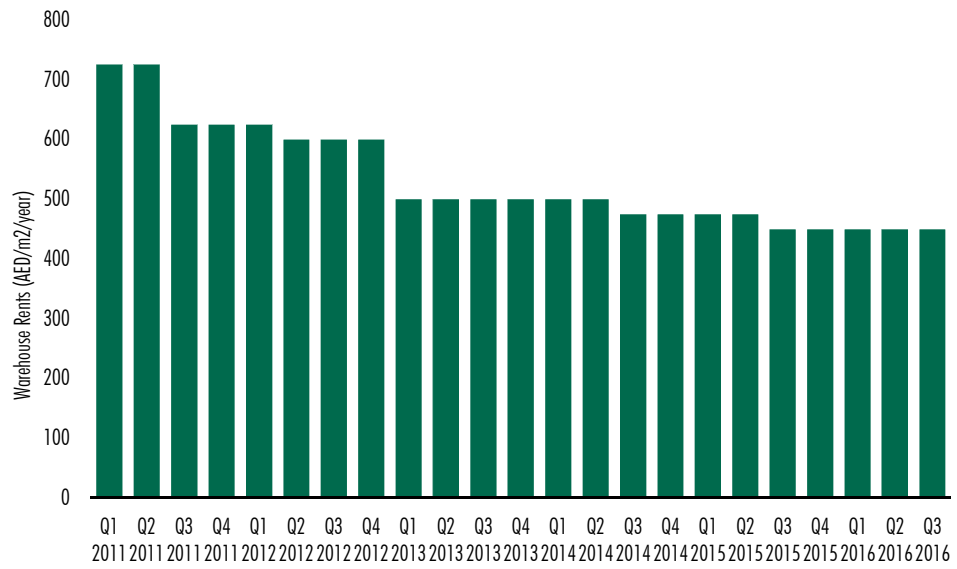
There are six main locations in the Abu Dhabi city area where industrial, storage, distribution and warehouse uses are the dominant form. This includes Abu Dhabi Airport Free Zone (ADAFZ) – situated around the Abu Dhabi International Airport and offers wide range of Free Zone services, Al Markaz – which is located 4 kms off the main Tarif Highway E11 some 20 kms from Abu Dhabi, Industrial City – Abu Dhabi (ICAD) - located 30 kilometres from the heart of Abu Dhabi city and adjacent to the Mussafah Industrial Area, Khalifa Industrial Zone – Abu Dhabi (KIZAD) - located within Khalifa Port, one of the world's most advanced deep-water seaports and the main commercial port of Abu Dhabi, Mussafah - situated 30 km from the Abu Dhabi city centre adjacent to Mussafah Port, is managed by Abu Dhabi Municipality and Port Zayed - located on the main island just north east of Abu Dhabi's CBD. However, the Port Zayed area is earmarked for future redevelopment, with many occupiers already moved to KIZAD.

Industrial Warehouse Performance

Reflective of the economic backdrop, the total number of industrial enquiries has reduced year-on-year. As a result of the more challenging economic climate, industrial rentals in Abu Dhabi have also started to show some declines, although the drop so far has been relatively low, with Mussafah registering a 4% decrease year-on-year. Average industrial rents are now at AED450 per m² per annum although this may start to fall, if declines become more widespread across Abu Dhabi's main industrial locations.

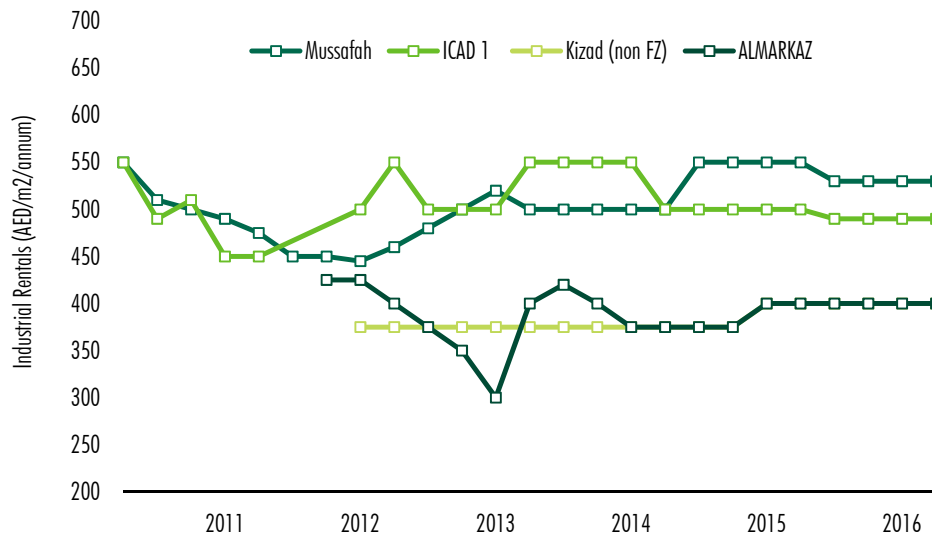
However, as is the case in Dubai, good quality industrial accommodation remains in short supply across the entire industrial market, meaning prime spaces are likely to reflect greater resilience than secondary quality products and locations.

ABU DHABI INDUSTRIAL RENTS (Q1 2011 – Q3 2016)



Source: CBRE Research

ABU DHABI INDUSTRIAL RENTS BY LOCATIONS (Q3 2016)

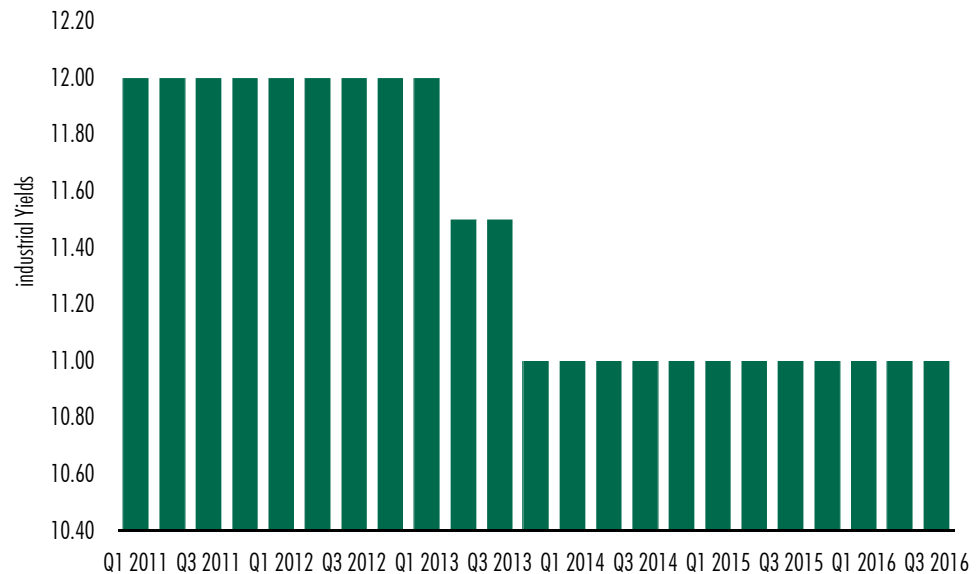


Source: CBRE Research

Yields

Prime industrial yields in Abu Dhabi are estimated at around 11% and have remained steady since Q1 2014, in comparison to the 12% yields observed during 2012. The expansion of the wider industrial sector brought about by notable improvements in the manufacturing and other industrial business activities have made yield rates more attractive for investors. In addition, the various cost-reduction measures and incentives create a market more conducive environment for investors.

ABU DHABI INDUSTRIAL YIELDS (Q1 2011 – Q3 2016)



Source: CBRE Research

Industrial Market Outlook

Prevailing weak oil prices will challenge the overall performance of the industrial market in terms of rents and occupancy rates. This is mainly due to Abu Dhabi's greater reliance on the oil and gas sector and expected delivery of new supply across major industrial locations. The current downturn has resulted in a noticeable increase in the amount of available space for sub-lease with occupiers looking to dispose of excess space amidst dwindling demand levels and weakening economic outlook.

In comparison to new created industrial areas in Abu Dhabi, much of the offerings in the traditional industrial/logistic areas in Mussafah remain of poor quality and are found to be relatively old. Disparity on rents will become more visible as more industrial facilities with good quality and better specifications become available in KIZAD and Al Markaz.

Recent recognition of the industrial sector in Abu Dhabi has come about due to the more proactive role being played by the local Government in relation to economic diversification. In the effort to reduce dependency on revenue away from the hydrocarbon sector, the Government has been strongly supporting in the development of the overall infrastructure and industrial support facilities in the Emirate. The Abu Dhabi Economic Vision 2030 highlights the crucial role the wider industrial sector, with the non-oil sector envisaged to contribute 64% of the total GDP by 2030.

ABU DHABI EDUCATION MARKET OVERVIEW

Introduction

The education sector of the United Arab Emirates is governed by the Ministry of Education (MoE). MoE implements the Federal Mandate and oversees all Emirate based education councils and authorities within the country. Regulation and development of the education sector in Abu Dhabi is overseen by the Abu Dhabi Education Council (ADEC). ADEC are focused on attracting international school operators to the Emirate in order to reduce the burden on the public sector and also improve the quality of education available. Education in Abu Dhabi is organised into three main categories:

- Public Schools
- Private Schools
- Higher Education

In addition to regulating the education market, ADEC own and operate several public schools in Abu Dhabi

Private Education Market

The private education sector in Abu Dhabi continues to witness a period of increased development as education awareness, rapid population growth, government reforms and private sector participation continue to drive industry demand. Education remains a key focus on the UAE's national agenda with numerous announcements geared towards improving and expanding the regions education offering.

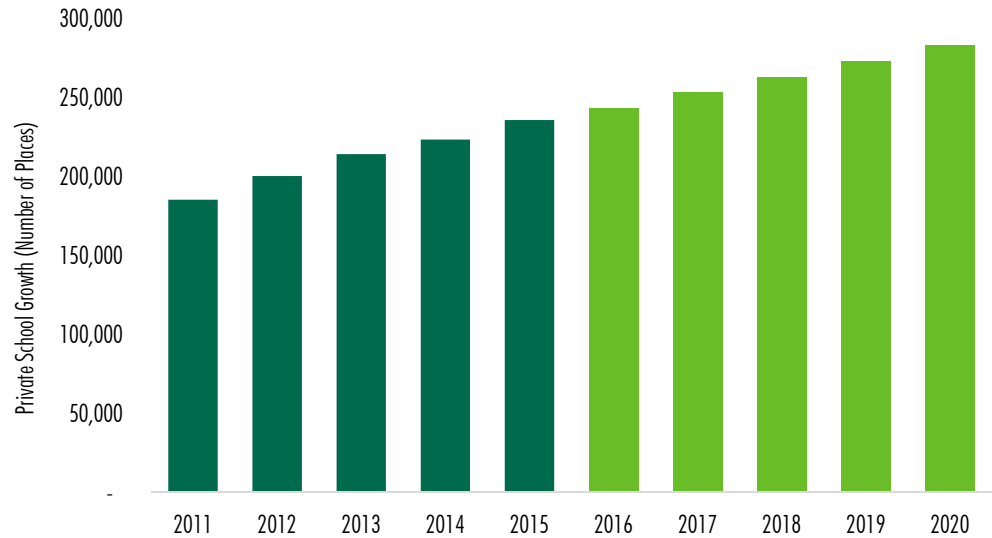
Over the last decade, the Abu Dhabi and UAE governments have invested heavily into social infrastructure, including development of new education facilities and significant improvement made to the wider education environment. This strategy remains highly evident today with education development representing 21.2% of the 2016 federal budget.

Student enrolment continues to grow within Abu Dhabi as expatriate numbers increase and Emirati families begin to gravitate towards the private education market. To regulate market growth and the quality of schools within Abu Dhabi, the Abu Dhabi Education Council (ADEC) was established in 2005.

ADEC counted 186 private schools in the 2015 academic school year providing education to approximately 236,000 students which accounts for 64.5% of the total students enrolled in the emirate. This is a 5.3% increase in student enrolment compared to the previous year. The 2016 school year saw the opening of a further nine private schools (17,326 seats) and there are approximately ten schools expected to complete construction in time for the 2017

academic year which contributes to ADEC’s goal of providing approximately 284,000 school places by 2020.

PRIVATE SCHOOL GROWTH (2011 – 2020) ACTUAL AND PROJECTED GROWTH

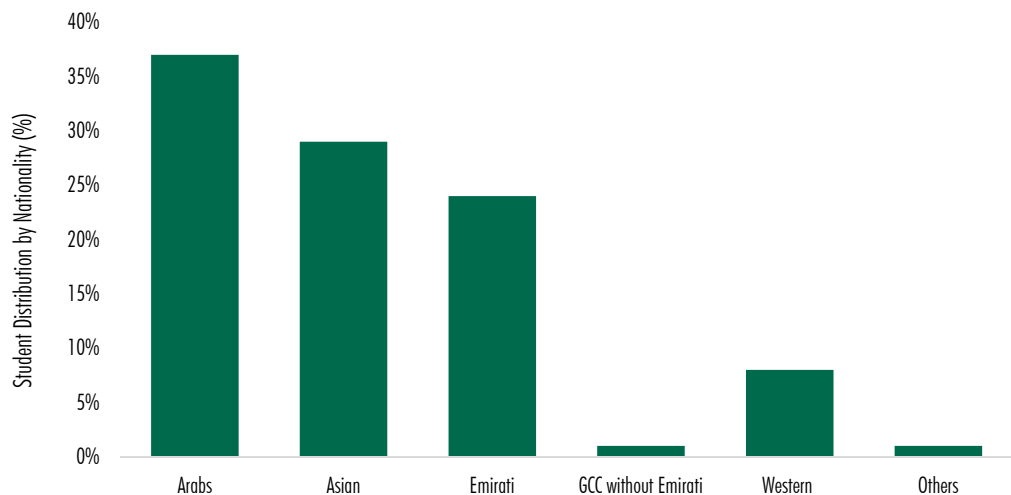


Source: ADEC data / CBRE Research

Over the past five years, a total of 55 new schools have been added to the private schools list, averaging over 11 new schools per year. In spite of the growth in private education infrastructure, many parents continue to struggle enrolling children in desired schools and there is a clear preference to enrol children in schools that have a strong *Band A* ADEC rating.

Emiratis represent 24% of the total students enrolled for private education in Abu Dhabi. Western expats represent a small proportion of the overall student distribution.

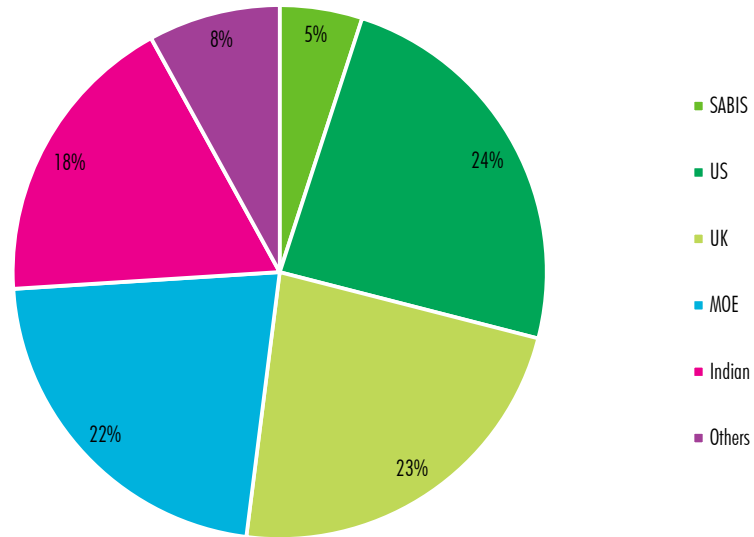
STUDENT DISTRIBUTION BY NATIONALITY



Source: ADEC data / CBRE Research

The US curriculum is the most prevalent curriculum, representing 24% of Abu Dhabi's total education market. UK and Indian curriculums are a popular alternative and there has been an increasing interest in schools offering International Baccalaureate (IB) education in recent years. The Abu Dhabi education market differs from Dubai in that a large proportion of students attend the private ministry of education schooling (MOE), this is a reflection of the larger proportion of Emiratis living in the emirate.

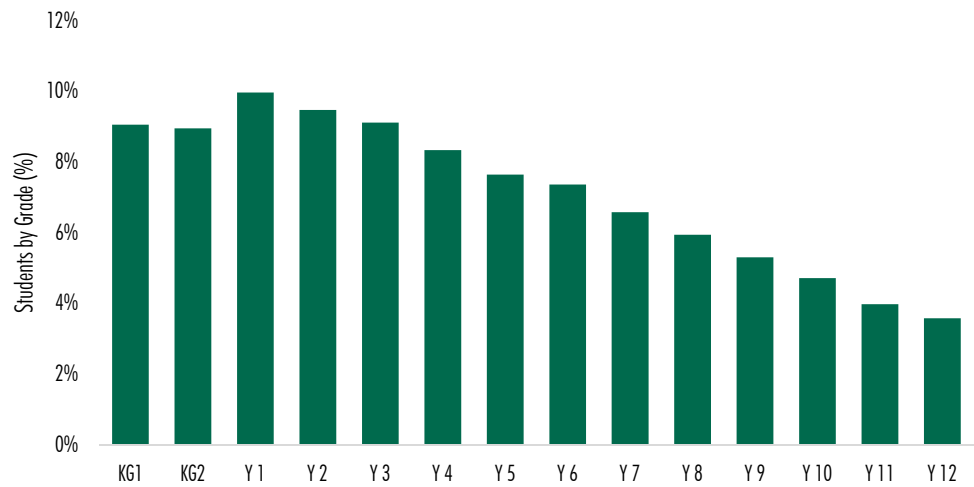
STUDENTS BY CURRICULUM



Source: ADEC data / CBRE Research

Early education cycles (foundation and primary stages) have the highest enrolment, representing over 60% of the total student population. This high proportion is primarily a function of younger expat families residing within the Emirate as well as expatriate students returning home to their country of origin to complete higher education. Schools therefore generally offer a proportionate number of junior classes and tend to open the primary school before expanding into secondary school development once students matriculate through the education system.

STUDENTS BY GRADE



Source: ADEC data / CBRE Research

Education Market Outlook

The industry's largest challenge is that there is an acute lack of local teaching staff, resulting in a strong reliance on an expatriate workforce. To encourage expatriate staff into the region, salaries are generally higher than those achievable in more developed countries. Additionally, there has been a trend of poaching teachers from competing schools creating an inflated salary environment. In the 2015 academic school year, there were 11,959 teachers and assistants, with an average student teacher ratio of one teacher to every 14 students. Going forward, we expect a greater focus on staff accommodation options, staff education and retention initiatives as this asset class continues to mature.

Whilst Abu Dhabi's education sector continues to mature, both domestic and international investment appetite is projected to increase, primarily due to the industry offering safe returns on investment and it being relatively immune to economic fluctuations. Well known international operators are expected to continue to move into the region, driving competition within the industry. This will ultimately contribute to greater education standards and a reduction in costs as demand meets supply.

ABU DHABI HEALTHCARE MARKET OVERVIEW

Introduction

Historically Abu Dhabi has suffered from a relatively limited supply of healthcare services, particularly hospital beds and primary healthcare. However, as interest levels in the sector have risen in recent years, infrastructure investments have increased. Over the past five years there has been significant growth in many specialties where capacity gaps existed, including orthopaedics, medical oncology and obstetric services which were previously in severe shortage.

In 2006, the Health Authority Abu Dhabi (HAAD) was created to regulate all healthcare sectors including the public and private markets as well as the accompanying professional sector. HAAD does not build or operate healthcare facilities, but instead is working towards bridging the supply gaps identified, particularly in the outpatient sectors through close work with investors and international operating companies.

The introduction of mandatory health insurance has helped to provide residents in Abu Dhabi access to high quality care. As per the most recent Operational Statistics Report available from HAAD, the Emirate has a total of 45 hospitals including public and private hospitals.

Healthcare Market Summary

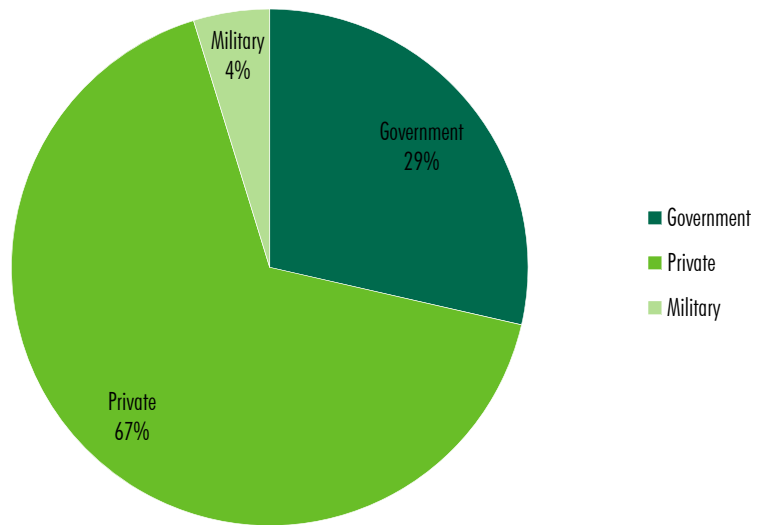
Private hospitals represent 67% of the total number of hospitals within the Emirate. The Abu Dhabi region accounts for more than half (55%) of the total existing private hospitals, whilst the remaining 45% are distributed in Al Ain and Al Gharbia regions. During June 2014 – July 2015, there were 7,416,741 in patient encounters and 6,971,783 outpatient encounters. The latest Operational Statistics report finds that in the past five years, 12 new private hospitals have opened adding an additional 608 beds. In addition, 323 new clinics and centers have opened, with more planned, for completion over the short term.

ABU DHABI KEY HEALTHCARE STATISTICS

Indicator		
Population	2.76 million residents	<ul style="list-style-type: none"> ▪ 18.0% Nationals ▪ Median age of 31 for expatriates, 19 for Nationals ▪ 38,035 births, 3,153 deaths
		<ul style="list-style-type: none"> ▪ 1.4% inpatient (210,549) ▪ 40% by Nationals ▪ 47% by Hospitals
Encounters	14.95 million encounters	
Providers	<ul style="list-style-type: none"> ▪ 7,516 physicians ▪ 16,577 nurses ▪ 5,743 allied health ▪ 1,369 dentists 	<ul style="list-style-type: none"> ▪ 1,811 licensed facilities ▪ 45 hospitals ▪ 991 centres and clinics ▪ 557 pharmacies and stores
		<ul style="list-style-type: none"> ▪ 42 licensed providers ▪ 22.1 million claims ▪ 99.1% of claims for outpatients
Insurance	<ul style="list-style-type: none"> ▪ 3.5 million insurance contracts 	

Source: Health Authority – Abu Dhabi (HAAD), Health Statistics Abu Dhabi (updated September 2015)

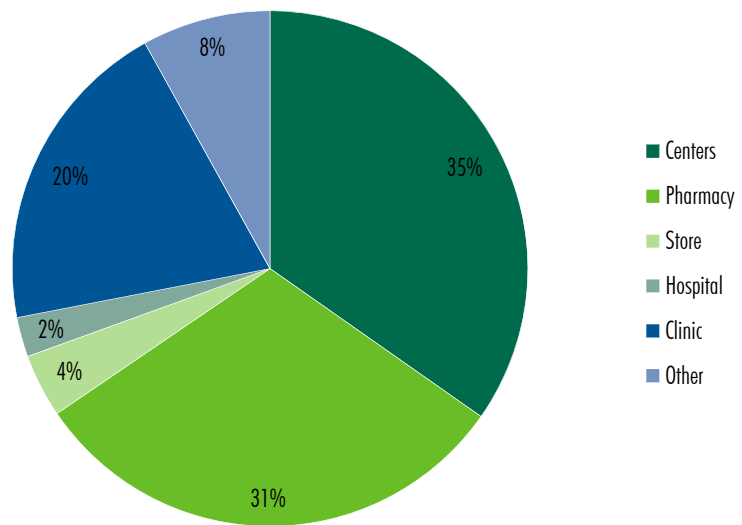
TYPE OF HOSPITALS IN ABU DHABI



Source: Health Authority – Abu Dhabi (HAAD), Health Statistics Abu Dhabi (updated September 2015)

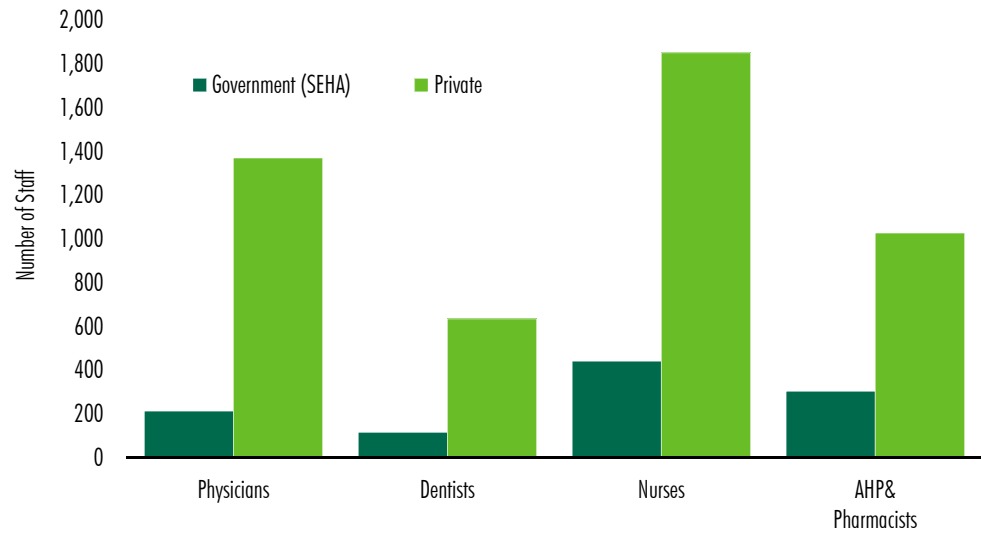
The majority (72%) of the total healthcare providers are located within the Abu Dhabi region whilst other parts of the Emirate only account for 28% of the total number of healthcare providers. Perhaps the biggest challenge facing the Middle Eastern Healthcare sector is the shortage of local physicians and allied healthcare staff resulting in a strong reliance on the expatriate workforce. To encourage expatriate staff into the region, salaries are generally higher than those achievable in more developed countries, annual leave allowances are longer than standard and staff accommodation is required for a large portion of the hospital staff. This can have a detrimental effect on the hospitals' overall profitability. Going forward, we expect a greater focus on enrolling members of the local population as well as staff education and retention initiatives.

DISTRIBUTION OF HEALTHCARE FACILITIES IN ABU DHABI



Source: Health Authority – Abu Dhabi (HAAD)

DISTRIBUTION OF HEALTHCARE PROVIDERS IN ABU DHABI REGION



Source: Health Authority – Abu Dhabi (HAAD)

Healthcare Market Outlook

The current Abu Dhabi population is young and has a high rate of chronic diseases that is set to increase as it ages. The current model of care in Abu Dhabi does not adequately support self-care or prevention –screening programmes and diagnostic services are not integrated into care plans which causes inefficiencies.

By 2025 there is sufficient projected demand for an additional 1,226 acute overnight beds. Already there are more than 1,500 beds planned, mostly in the Abu Dhabi region. There is need for investment in acute overnight care for specific specialties and in specific areas such as a specialised children's hospital.

There is a general undersupply of consultants and specialists within the region with particular shortages of specialists whom provide: primary care, emergency medicine and psychiatry. Overall, Abu Dhabi is witnessing general shortage of skilled medical practitioners as more medical and healthcare facilities became available in the Emirate.

