

H1 2016 REPORT







CONTENT

KEY FIGURES	05
CHAIRMAN'S STATEMENT	07
H1 2016 IN BRIEF	11
Company profile	14
REIT Details	15
Portfolio Details	16
Emirates REIT in Brief	18
Performance	19
Financial Highlights	20
Dividend Distribution	22
Commercial mix	24
Retail	26
Education	28
REPORT OF THE REIT MANAGER	31
Investment Objectives	32
Key Strategies	33
Risk Profile	35
Corporate Governance Framework	36
Matters Approved by Shareholders	38
Matters to be raised to the Shareholders attention	39
Related Party Transactions	49
Shari'a compliance certificate	40
OPERATING AND FINANCIAL REVIEW	43
Summary	45
Analysis and Results of Operations	46
Liquidity and Capital Resources	52
FINANCIAL STATEMENTS as at 30 June 2016	55



Abdullah Al Hamli
CHAIRMAN

CHAIRMAN'S STATEMENT

Dear Shareholders,

We are pleased to report that during the first six months of 2016, Emirates REIT generated positive momentum from the improvements made to its property portfolio, completed its first real estate development, Jebel Ali School, and witnessed a strong conversion from previous valuation gains to increased rental income.

At the end of the reporting period, Emirates REIT's portfolio consisted of eight properties of which five were mixed office and retail, one was entirely retail and two were schools. The total portfolio value stood at USD 722 million, an increase of USD 49 million since the beginning of the year.

The REIT generated USD 23.6 million in total property income for the first half of this year. With USD 7.2 million in property related expenses, which have increased in line with the growing portfolio, the net rental income was USD 16.4 million. This represents a 25% increase from the prior year period and demonstrates a strong growth in the underlying profitability of the REIT. Adding to that revaluation gains of USD 18.8 million in the first half of the year, the REIT's net property income was USD 35.2 million. Due to significantly lower revaluation gains booked in the first half of this year, the property income was 21% lower than in the prior-year period. As the existing properties mature, and previous valuation gains are converted into cash returns, this trend is expected to continue.

After operating expenses of USD 7.3 million, which have also risen in line with the growth of the portfolio, the REIT's operating profit was USD 27.9 million. The REIT's financing costs of USD 4.2 million were slightly higher because of an increase in EIBOR rates. This led to a net profit of USD 23.8 million, which is 32% less

than it was last year. Excluding the USD 18.8 million of revaluation gains, the REIT generated funds from operations ("FFO") of USD 5.0 million, which is 39% higher than it was in the first half of last year.

The higher FFO validates the REIT's ambition to generate stronger underlying cash profitability of the business, and this trend is expected to continue as previous valuation gains are now converted into cash rental income.

The occupancy rate across the REIT's total portfolio increased to 77% from 67% year-on-year, an improvement of 10%. The weighted average lease term across the entire portfolio stood at 7.8 years, which continues to secure predictable future cash flows.

Emirates REIT continues to make progress at Index Tower, its flagship asset. Considering the office, retail and parking space, total occupancy in Index Tower stood at 16% up from 0% as of 30 June 2015. At Index Tower offices, the occupancy level has reached 20% as of 30 June 2016. For the retail space, Emirates REIT has completed a new design and decided to start with a first phase of remodelling, subsequent to DIFC's announcement to complete the "spine" that connects Index Tower directly to other DIFC properties. As a result, Emirates REIT has also started pre-leasing the retail space, and expects tenants to start their fit-out as early as the fourth quarter of 2016.

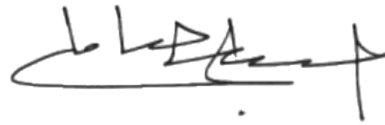
Jebel Ali School, which is a real estate development (built for purpose) that the REIT started in August 2015, has been completed ahead of schedule, and students are starting the new school year from this facility. This model was very successful both in terms of cash flow and acquisition price and is a model we intend to repeat.

Emirates REIT continues to monitor the market for further acquisitions of properties. Total debt at the end of June was USD 275 million, implying a loan-to-value ratio of 36%, which increased by 1% from 35% as at 31 December 2015. This allows for additional acquisition headroom of around USD 216 million.

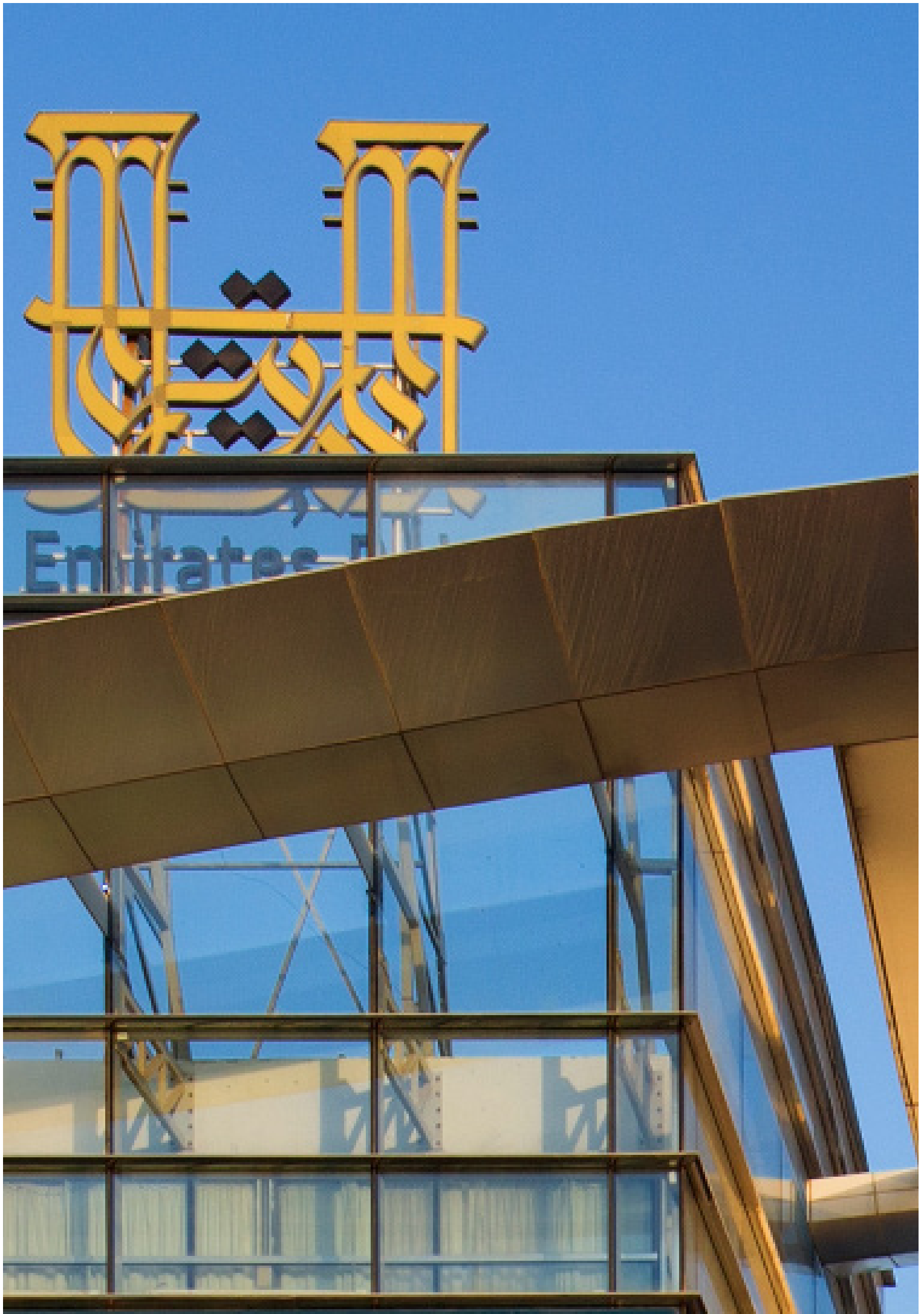
Overall, we are pleased with the progress made in the first half of the year. The completion of Jebel Ali School will further drive an increase in rental income. Combined with the continued progress made at Index Tower, in terms of the office space as well as the expected income generation from retail and parking, it will enable us to build further earnings momentum.

We would like to thank our tenants and shareholders for their continued support and look forward to a successful second half of the year.

Kind regards,



Abdulla Al Hamli
CHAIRMAN



2016 IN BRIEF

EMIRATES REIT (CEIC) LIMITED
H1 2016 REPORT



+11%

Net Asset Value

Year-on-year increase, including dividend, to USD 1.57 per share or USD 469.4 m (AED 1.7 bn) with a USD 0.08 per share total dividend paid

+17%

Portfolio Value

Year-on-year increase to USD 722 m (AED 2.7 bn) from USD 615 m due to increase in occupancy and annualized rent, as well as the acquisition and construction of Jebel Ali School and the fit out of some floors in Index Tower

+10%

Portfolio Occupancy

Year-on-year increase to 77% from 67%

+25%

Net Rental Income

Year-on-year increase to USD 16.4 m from USD 13.1 m

+39%

FFO

Year-on-year increase to USD 5 m

COMPANY PROFILE

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

It was established in the Dubai International Financial Centre (“DIFC”) on 28 November 2010 by Emirates REIT Management (Private) Limited (the “REIT Manager”). It is the first and only listed REIT in the United Arab Emirates.

Emirates REIT operates under the Dubai Financial Services Authority’s (“DFSA”) Collective Investment Rules (“CIR”) and is the first Shari’a compliant real estate investment trust incorporated in the DIFC.

In February 2013, an exclusive Ruler’s Decree was granted to Emirates REIT permitting it to purchase properties in onshore Dubai through its onshore Dubai branch.

On 8 April 2014, following an international initial public offering, Emirates REIT’s ordinary shares were admitted to the Official List of Securities of the DFSA and admitted to trading on NASDAQ Dubai Limited under the ticker symbol ‘REIT’.

For the six months ended 30 June 2016, Emirates REIT had profit and total comprehensive income of USD 23.79 million. (30 June 2015: USD 35.11 million)

Emirates REIT’s total assets were USD 765.53 million (AED 2.7 billion) as at 30 June 2016, an increase of 22.3% from USD 625.87 million (AED 2.3 billion) as at 30 June 2015.

As at 30 June 2016, Emirates REIT’s net asset value per share had remained at USD 1.57 from (USD 1.57 as at 31 December 2015).

Emirates REIT is managed by Emirates REIT Management (Private) Limited (the “REIT Manager”), which was incorporated in the DIFC on 27 October 2010 and is regulated by the DFSA.

The REIT Manager is part of Equitativa Group (previously Eiffel Management Limited), a financial group which aims to provide professional and innovative financial products.

REIT DETAILS

REIT Name	Emirates REIT (CEIC) Limited
Date of Incorporation	28 November 2010
Share ISIN	AEDFXA1XE5D7
NASDAQ Dubai Ltd Trading Symbol	REIT (Bloomberg: REIT:DU, Reuters: REIT.DI)
REIT Manager	Emirates REIT Management (Private) Limited
Portfolio Size	USD 722.0 million (AED 2.7 billion)
Net Asset Value	USD 469.0 million (AED 1.7 billion) (USD 1.57 per share)
Investment Board	Marwan Bin Ghulaita – CEO of RERA (Real Estate Regulatory Agency) Abdulla Al Hashemi – Director and Board member of DEWA (Dubai Electricity and Water Authority), Director and Owner of Al Hashemi (Planning, architectural and engineering company) Captain David Ralph Savy – Chairman of the Seychelles Civil Aviation Authority
Oversight Board	Suresh Kumar – Chairman, Values Group Fahad Kazim – Senior Advisor to the Group Chairman at Meraas Holdings Fardan Al Fardan
Advisory Board	Khalid Al Malik – Chief Business Development Officer Kunal Bansal – Director and Partner at Vintage Bullion DMCC Michael Wunderbaldinger – Chief Financial Officer at TECOM Investments
Shari'a Supervisory Board	Dr Mohamed Abdul Hakim Zoeir Mian Muhammad Nazir Fazal Rahim
Auditor	Pricewaterhouse Coopers Limited
Valuers	Asteco Property Management LLC CBRE DIFC Limited
Administrator	Maples Fund Services (Middle East) Limited Administration Fee: Sliding scale dependent on portfolio value (currently 0.04% of NAV)
Fee Structure	Management Fee: 1.5% of REIT Gross Asset Value Performance Fee: 3% of increase in NAV

FIRST LISTED REIT

in the Middle-East

40 acres

1.8m sqft | ~166,000 m²
of portfolio located in
prime areas in Dubai

8 properties

5 office-retail mix
1 retail
2 education complex

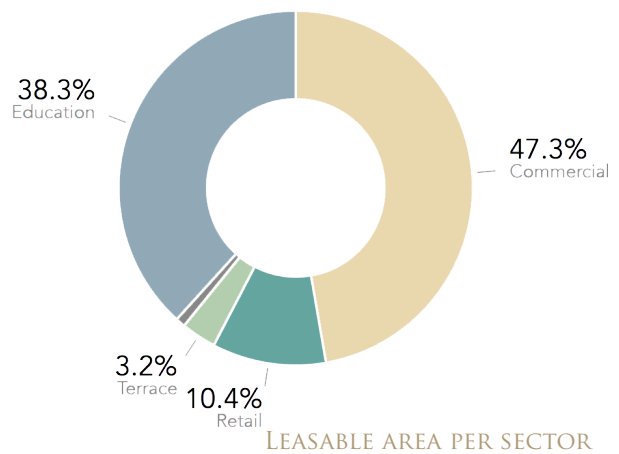
USD 722 m

AED 2.7 bn
portfolio value

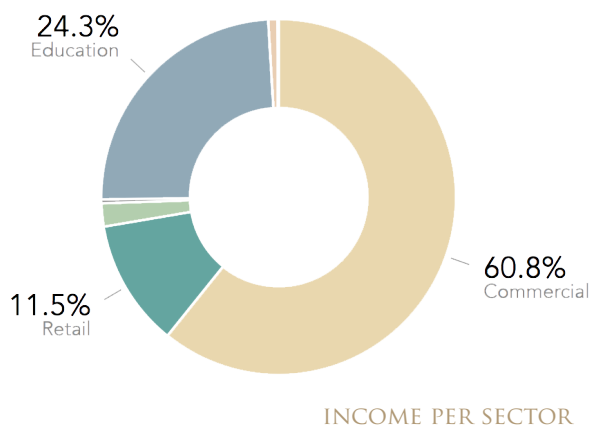
USD 469 m

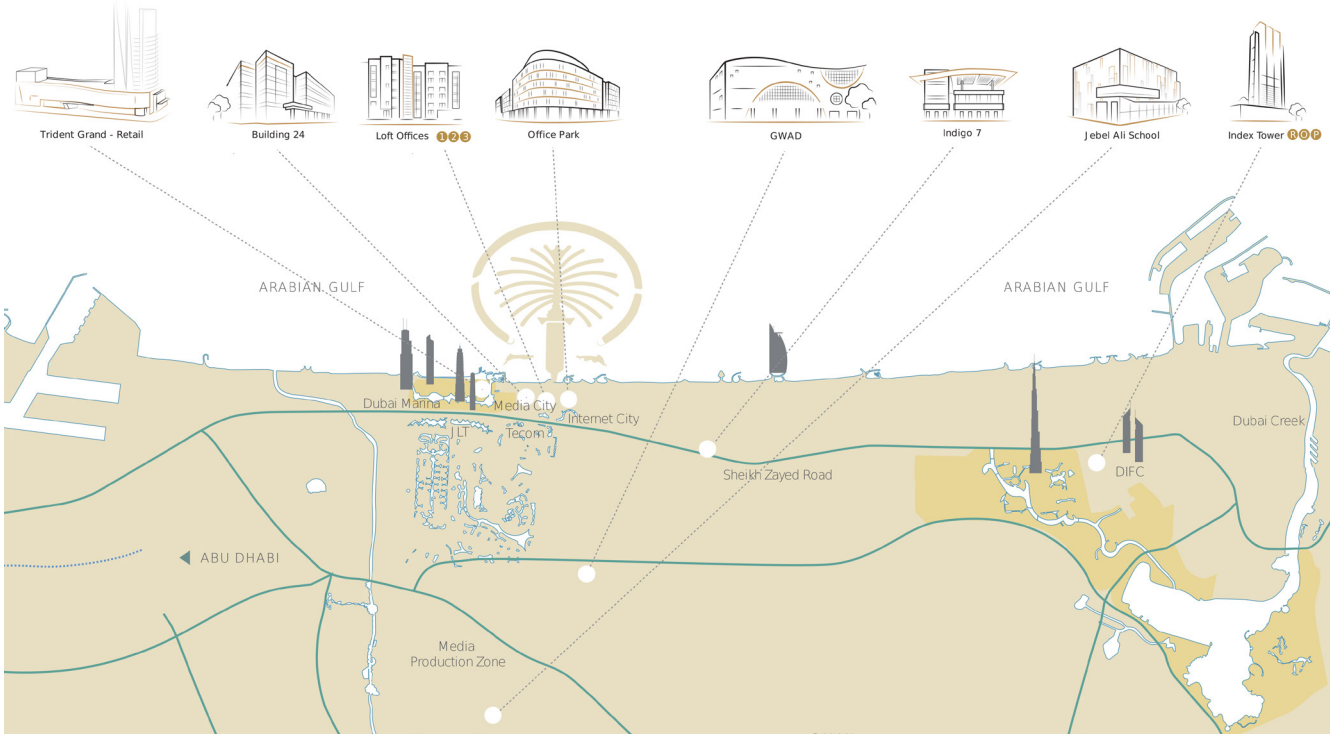
USD 1.57 per share
AED 1.7 bn
Net Asset Value

Our objective is to deliver long-term out-performance in growth, rental income and shareholders returns; while following Shari'a principles

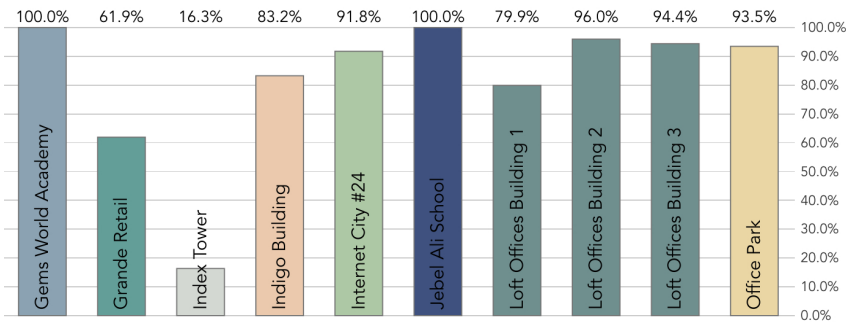


Our portfolio mix is providing a strong rental income with great opportunity for upside

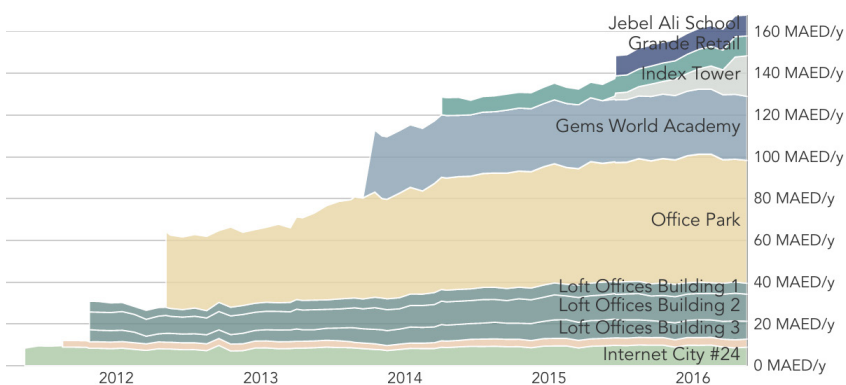




OCCUPANCY PER PROPERTY



ANNUALIZED RENT CONTRIBUTION

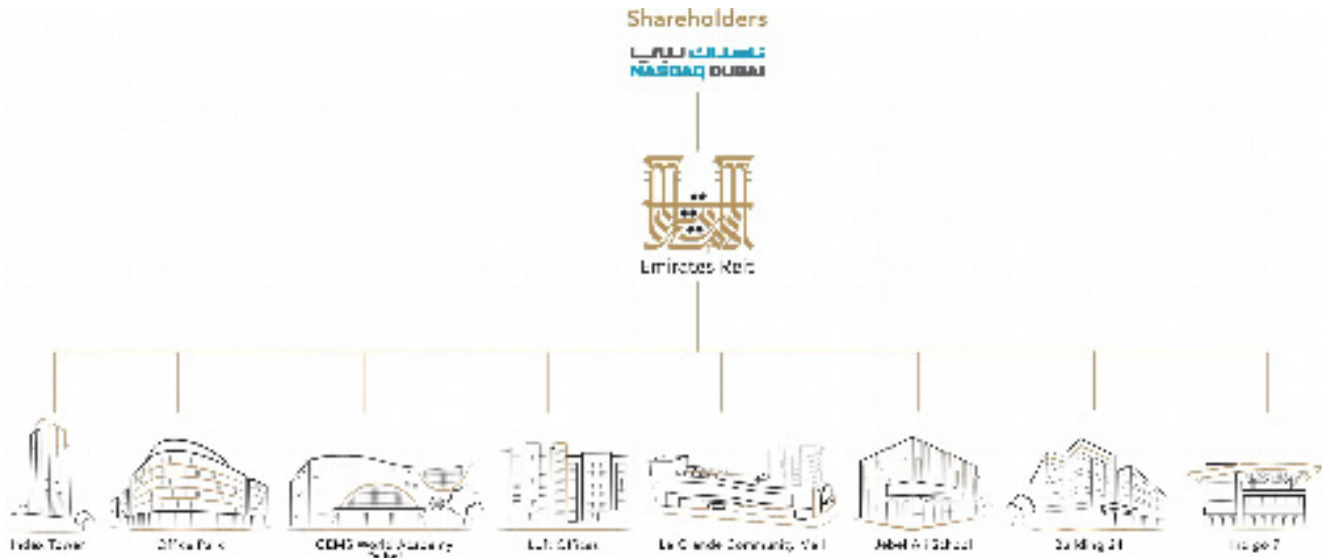


243 tenants
in commercial, retail
and education

77%
occupancy

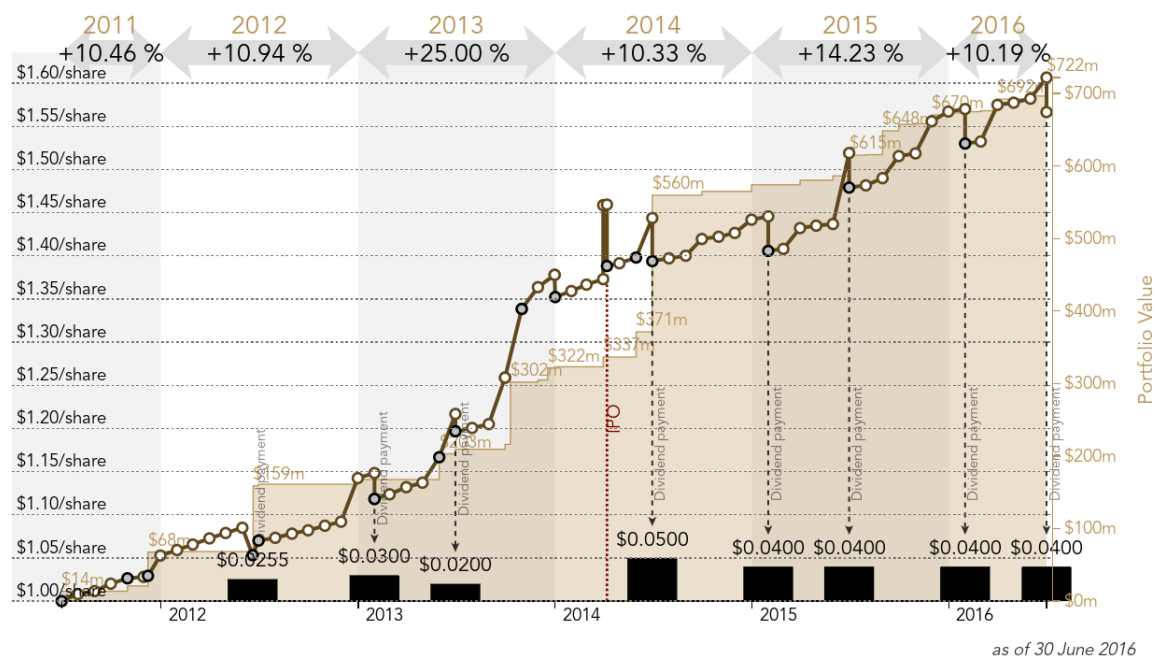
7.8 years
weighted average
unexpired lease term

EMIRATES REIT IN BRIEF



- The UAE first Shari’a compliant REIT established in the DIFC
- Focus on income-producing assets with attractive investment fundamentals
- Portfolio comprising interests in 8 properties and c.1.8 million sqft (env. 166,000 m2)
- Good degree of income visibility and embedded organic growth opportunities within existing portfolio
- Bi-Annual dividend distributions and steady increase in NAV per share since incorporation
- Experienced REIT Management with detailed knowledge of UAE real estate sector
- Active management and enhancement of the income profile of the properties
- Regulated REIT and REIT Manager with established corporate governance framework
- DIFC REIT Regulation Highlights :
 - Minimum of 80% of the net income distributed
 - Majority of the investments must be in real estate related assets
 - Limit on borrowing : 50% of Gross Asset Value
 - Limited development activity : 30% of portfolio
 - Invest only in properties under development if it intends to hold the property

PERFORMANCE



NAV per share is calculated by the REIT administrator. Growth rates are adjusted for dividends and annualized. For 2011, 2012 and 2013, the NAV per share was calculated in accordance with the REIT's Articles of Association, not IFRS. From 2014, the NAV has been calculated in accordance with IFRS.

The historical NAV per share data presented in the figure above has been adjusted to reflect the sub-division of Shares by a factor of 100 on 26 January 2014.

RECONCILIATION OF MOVEMENT IN NAV

	TOTAL (USD MILLION)	PER SHARE (USD)
NAV at 31 December 2015	469.56	1.57
Movement in property values	18.81	0.06
Dividend	(23.97)	(0.08)
Net profit for the period (1)	4.98	0.02
NAV as at 30 June 2016	469.38	1.57

(1) Net profit excluding net revaluation gains included in the income statement in H1 2016

FINANCIAL HIGHLIGHTS

The key financial highlights for the REIT for H1 2016 can be summarised as:

- Property income was USD 23.6 million, up 23.8% from USD 19.1 million for the comparable six month period ended 30 June 2015 ("H1 2015").
- Net property income (including revaluation gains of USD 18.8 million) was USD 35.2 million representing a decrease of 21.2% over prior year comparable of USD 44.7 million (including revaluation gains of USD 31.5 million).
- Net profit for H1 2016 amounted to USD 23.8 million compared to USD 35.1 million for the prior year period, a decrease of 32.3%.
- Funds From Operations (FFO) increase to USD 5.0 million from USD 3.6 million reflecting an increase of 38.9%.
- The Total Expense Ratio for 6 month ended 30 June 2016 is 2.46% of Gross Asset Value.
- Investment property revaluation gain was USD 18.8 million in H1 2016. These valuation uplifts reflect the completion of one fitted out office floor in Index Tower and construction work on the Jebel Ali School. Assumed capitalisation yields have remained consistent with those used for the valuations at 31 December 2015.
- NAV per share has remained at USD 1.57 as at 30 June 2016. Excluding the impact of the dividends paid of USD 0.08 per share, this represents an annualized percentage return of over 10.2%.
- The investment property value at 30 June 2016 stood at USD 722.00 million compared to USD 673.23 million at 31 December 2015 reflecting the impact of the valuation gains during the period.
- Borrowings to gross assets at 30 June 2016 stood at 35.9%, well below the regulatory maximum for the REIT of 50%. The REIT has scope for further financing on existing assets, including Index Tower as units are now leased. In addition, the REIT is able to leverage Jebel Ali School as soon as that is completed.
- An interim dividend for FY 2015 was paid before 31 January 2016 of USD 0.04 per share (total USD 11.98 million).
- A further final dividend for FY 2015 of USD 0.04 per share (total USD 11.98 million) was paid before 30 June 2016 to shareholders. Total dividends paid for FY 2015 totaled USD 0.08 per share (USD 23.97 million) of USD 0.04 per share (total USD 11.98 million).

Income and earnings

USD'000	Six months ended - Unaudited		ABSOLUTE CHANGE	% CHANGE
	30 JUNE 2016	30 JUNE 2015		
Property income	23,620	19,081	4,539	23.8%
Net rental income	16,387	13,138	3,249	24.7%
Net property income	35,192	44,668	(9,476)	(21.2)%
Operating profit	27,939	37,976	(10,037)	(26.4)%
Finance cost, net	(4,151)	(2,864)	(1,287)	44.9%
Net Profit	23,788	35,112	(11,324)	(33.3)%
FFO ¹	4,983	3,582	1,401	39.1%
EPS ² (USD)	0.08	0.12	(0.04)	(33.3)%

1 FFO comprises net profit excluding revaluation gains and IPO costs

2 Based on weighted average number of shares

Balance sheet

USD'000	Unaudited	Audited	ABSOLUTE CHANGE	CHANGE %
	30 JUN 2016	31 DEC 2015		
Investment property	721,996	673,227	48,769	7.24%
Total assets	765,530	741,344	24,186	3.26%
Equity	469,384	469,566	(182)	(0.04)%
Liabilities	(296,146)	(271,778)	(24,368)	8.97%
NAV per share in USD	1.5666	1.5672	(0.0006)	(0.04)%
LTV	35.89%	34.71%	1.18pp	-

DIVIDEND DISTRIBUTION

	Per Unit	Date	Total Distributed
2015			
Final	USD 0.04	30 Jun 2016	USD 11,984,821
Interim	USD 0.04	31 Jan 2016	USD 11,984,821
Total	USD 0.08		USD 23,969,642
2014			
Final	USD 0.04	30 Jun 2015	USD 11,984,821
Interim	USD 0.04	31 Jan 2015	USD 11,984,821
Total	USD 0.08		USD 23,969,642
2013			
Final	USD 0.05	30 Jun 2014	USD 14,981,027
Total	USD 0.05		USD 14,981,027
2012			
Final	USD 2.00	30 Jun 2013	USD 2,550,364
Interim	USD 3.00	31 Jan 2013	USD 3,788,886
Total	USD 5.00		USD 6,339,250
2011-2			
Final	USD 2.55	19 Jun 2012	USD 1,150,863
Total	USD 2.55		USD 1,150,863



634

632

628

626

634

632

626

430

COMMERCIAL MIX

Properties

5

Area

1 million sqft

93,700 m²

Value

AED 1.9bn

Income

(annualized rent)

AED 117.7m

Weighted Average Unexpired Lease Term

1.6 years

Long leases to strong tenants

We count amongst our tenants large international corporates, like Coca-Cola, Boehringer Ingelheim, Nokia Siemens and Boston Consulting Group. Those tenants rent larger, shell-and-core offices. These tenants invest considerable sums fitting our their space, sometimes spending the equivalent of 3-5 years' rent. We grant them longer leases to provide them an extended period over which to amortise this cost. Typical lease length for those tenants are 3 to 5 years.

Flexible all inclusive offices

Small to medium companies are constituting the majority of Dubai companies, leading to a high demand for office space of less than 2,000 sqft. The cost and time inherent to fitting-out offices highly impact such businesses. We offer "plug and work" fitted-out and furnished offices of high quality to those tenants. They benefit from the easiness and speed to set up their business, and the flexibility to be able to change to a space of appropriate size when they grow their team.

Lease terms for offices of less than 800sqft are from 6 months to 1 year. For larger offices of 1,000 to 2,000 sqft, our leases are typically 2-3 years.

Large provider of small to medium office space

Across our five properties located in various business areas of Dubai, we provide a large number of office space of less than 2,000 sqft. Lease length for those leases are between 6 months to 3 years.

Dynamic leases with competitive rates

All our leases lasting more than a year include an escalation rate from 3% to 5%, and the rates are reviewed upward-only at renewal.

The small to medium term leases practised in offices allow us reactivity and flexibility while it ensures our shareholders a consistent growth in cash flow.

70%
of current income

Income per property¹

35% Office Park
12% Index Tower
16% Loft Offices
5% Building 24
2% Indigo

Value per property¹

18% Office Park
41% Index Tower
11% Loft Offices
3% Building 24
1% Indigo



1 share of all portfolio

RETAIL

Properties

1

Area

94,000 sqft

8,700 m²

Value

AED 114m

Income

(annualized rent)

AED 9.5m

Weighted Average
Unexpired Lease Term

2.4 years

Unique location

This mall, located at the entrance of JBR caters various restaurants and coffee shops, as well as a renown kids play area. The offer is completed with a supermarket and various community services such as hairdresser, spa and pharmacy. The retail spaces are at full structural occupancy (89% occupied), while we have extended our leasing areas to the terraces. Terraces are currently leased at 49%, providing an substantial growth opportunity for our rental income.

Opportunity to reposition

We are currently in the process of studying the repositioning of the mall, by upgrading the interior design. We continue to indentify opportunities in lease space and upgrading the tenant mix.

6%
of current
income

Income per property¹
6% Grande Retail

Value per property¹
4% Grande Retail



1 share of all portfolio

EDUCATION

Properties

2

Area

683,256 sqft

63,476 m²

Value

AED 574.3m

Income

(annualized rent)

AED 40.6m

Weighted Average
Unexpired Lease Term

27 years

Strong tenants

Our education complexes are operated by two of the leading education providers in the UAE.

Premier Schools (operator of GEMS World Academy), which offers an International Bacchalaureate program from Pre-K to Grade 12.

Jebel Ali School (previously Jebel Ali Primary School), is a non-profit school which operated since 1977. They provide in their new campus a British Curriculum from Foundation to Sixth Form.

Long leases, providing a reliable base of rental income

Long leases typical of our education sector represent a fourth of our current portfolio income. Our tenants benefit from the stability of those leases, while ensuring the uptight of their premises.

Our shareholders benefit from a stable long-term cash flow.

Built-to-suit facilities

Our latest acquisition, the Jebel Ali School, is a built-to-suit property. While facilitating the exact needs of our tenant, it ensured a positive initial valuation gain and stable long term tenant.

The construction of the premises was completed in August 2016, with the opening of the school planned for the beginning of September 2016.

As Jebel Ali School is relocating from their old campus, the school is fully operational and running from the beginning of the school-year.

High-demand market

The education sector in UAE is well under-represented, with the major school forced to maintain a waiting list for new students. We still see a lot of demand for new projects, with similar profiles to the existing properties.

24%
of current
income

Income per property¹

GEMS **18%**

Jebel Ali School **6%**

Value per property¹

GEMS **12%**

Jebel Ali School **10%**



1 share of all portfolio

REPORT OF THE REIT MANAGER

EMIRATES REIT (CEIC) LIMITED
H1 2016 REPORT

Emirates REIT Management (Private) Limited (the "REIT Manager") is pleased to report the operations for Emirates REIT (CEIC) Limited (the "REIT").

INVESTMENT OBJECTIVES

Investment Objectives of the REIT

The investment objectives of the REIT is to develop a diversified portfolio of Shari'a compliant real estate properties and related assets through the acquisition of property assets.

The principal objective of the REIT is to :

- provide Shareholders with a stable source of income;
- increase shareholders value

Policy for Achieving Objectives

The REIT has implemented a range of policies for achieving its investment objectives. The REIT also employs a disciplined acquisition strategy.

The REIT pursues Shari'a compliant acquisitions with the aim of improving the overall returns and income stability of the REIT. In accordance with the REIT's Articles of Association and the current CIR, the requirements placed on the REIT with regards to investments include:

Type of Investment

The type of investments which can be undertaken by the REIT, currently include investments in real property, property related assets, shares or units in another property fund and up to a maximum of 40% in cash, government or public securities. After the REIT has assessed and approved a potential investment opportunity, it must prior to actual purchase, first be reviewed by the Investment Board (and the Oversight Board for related party transactions), and then reviewed by the Shari'a Supervisory Board to make sure that the investment is in accordance with Shari'a principles.

KEY STRATEGIES

In order to achieve its objectives, the REIT has adopted the following Key Strategies:

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

The REIT Manager will continue to pursue acquisitions with the aim of improving the overall returns and income stability of the REIT.

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

- invest in Shari'a compliant property assets;
- focus on quality properties with attractive yields.

Active Asset Management Strategy

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

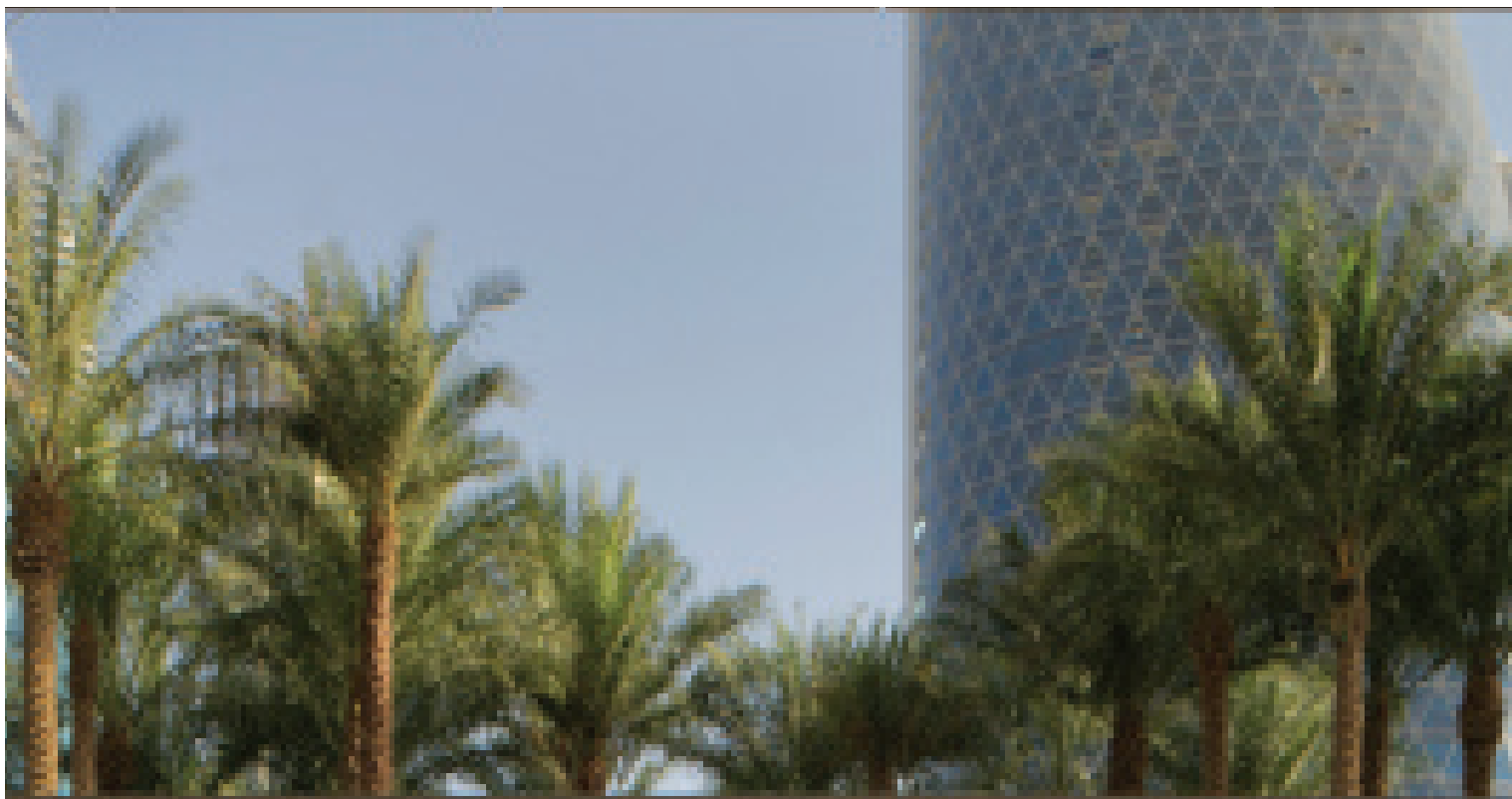
- maintaining the quality of the Portfolio by regularly monitoring the performance of the Properties; optimising the Net Leasable Area of the Properties through reconfigurations;
- establishing close relationships with tenants to increase tenant satisfaction and retention;
- increasing rental rates and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

Prudent Capital and Risk Management Strategy

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

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

- managing the risks associated with the Properties by balancing the Portfolio and focusing on acquiring a broad range of properties and seeking quality tenants with attractive lease terms and covenants;
- using Shari'a compliant debt financing as an attempt to provide additional capital and improve Shareholder returns over the long term where such Shari'a debt financing is appropriate. However, the REIT Manager is obliged to ensure that the REIT's gearing will not exceed the current limit, which is 50% of the gross asset value;
- continually revisiting lines of credit and assessing a variety of possible financing structures; and
- actively considering opportunities to raise funds by way of the issue of new Shares in the long term.



RISK PROFILE

The REIT is a closed-ended shari'a compliant investment company incorporated in the DIFC, registered by the DFSA as a Public Fund with reference number C000012. As at the date of this report, the number of issued ordinary shares is 299,620,451.

It operates under the laws and regulations of the DIFC and DFSA, and in accordance with the principles of Shari'a.

The REIT Manager is appointed to manage the REIT and its assets in accordance with the terms set out in the applicable laws and regulations, the REIT's Articles of Association and the principles of Shari'a.

The REIT Manager is authorised by the DFSA to conduct the following licensed activities:

- on Financial Products or Credit
- managing a Collective Investment Fund

Accordingly, the REIT Manager is a Category 3C Firm for prudential reporting purposes.

The REIT Manager also holds 2 endorsements to its DFSA license:

- as an Islamic Financial Institution; and
- as an entity permitted to deal with Retail Clients (this endorsement became effective on the listing of Emirates REIT, on 8 April 2014).

In February 2013, the REIT was granted a Ruler's decree which allowed the REIT to invest through its onshore Dubai Branch in properties onshore Dubai. The decree requires that the REIT must comply with Law 7 of 2006 whereby 51% ownership of the REIT must be retained by GCC nationals.

The REIT's Articles of Association state that for the shares to be transferable, at least 51% of the REIT's share capital must be owned at all times by GCC nationals, or entities. At 30 June 2016, the GCC vs. foreign percentage ownership was 60.81% vs. 39.19% respectively.

The REIT's continued performance will be subject to, among other things, the conditions of the property market in Dubai, which will affect both the value of any properties that the REIT acquires and the rental income those properties produce. Any deterioration in the Dubai property market, for whatever reason, could result in declines in market rents received by the REIT, in the occupancy rates for the REIT's properties and in the market values of the REIT's real estate assets (and the value at which it could dispose of such assets). A decline in the market value of the REIT's real estate assets may also weaken the REIT's ability to obtain financing for new investments.

Any of the above, amongst others may have a material adverse effect on the REIT's financial condition, business, prospects and results of operations. The REIT will operate within the parameters defined by its Board and as guided by the shareholders and at all times conforming to the investment policy defined by the REIT.

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

CORPORATE GOVERNANCE FRAMEWORK

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

Management Board

The Management Board is responsible for guiding the REIT in their day to day operations, expanding and optimizing the Emirates REIT Portfolio.

The Management Board of the REIT is comprised of Mr. Abdulla Al Hamli (Independent Chairman), Mr. Sylvain Vieujot (Executive Deputy Chairman), and Ms. Magali Mouquet (Executive Director).

Investment Board

The Investment Board consists of independent subject experts who review prospective investment opportunities proposed by the REIT Manager. The Investment Board is not involved in the day-to-day management of the REIT.

At the REIT's Annual General Meeting held on 13 June 2016 the shareholders approved the extension of the appointment of Mr. Marwan Bin Ghulaita, Mr. David Savy, and Mr. Abdulla Al Hashemi, each an existing member of the Investment Board, from 31 January 2017 until the conclusion of the next Annual General Meeting of the REIT.

Oversight Board

The Oversight Board is the committee appointed to oversee and supervise the activities of the REIT. All Members of the Oversight Board are independent of the REIT. The Oversight Board ensures that the REIT has adequate systems and controls in place, remains in compliance with any requirements of the relevant rules and regulations and reports its findings to both the REIT, and where necessary, to the DFSA.

As of 30 June 2016, the Oversight Board was comprised of Mr. Suresh Kumar and Mr. Fahad Kazim. Following the resignation of Mr Abdul Wahab Al Halabi on 2 May 2016, Mr. Fardan Ali Al Fardan was subsequently appointed to the Oversight Board effective 28 July 2016.

Shari'a Supervisory Board

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

At the REIT's Annual General Meeting held on 13 June 2016 the shareholders approved the extension of the appointment of Dr Mohamed Abdul Hakim Zoeir, Mr Mian Muhammad Nazir, and Mr Fazal Rahim, each an existing member of the Shari'a Supervisory Board, from 31 January 2017 until the conclusion of the next Annual General Meeting of the REIT.

Advisory Board

The Advisory Board provide expert strategic advice, general views and assistance to the REIT on the current state of the real estate market together with opinions on recent trends and developments. The Advisory Board members can also provide specific ad hoc advice in relation to various projects as needed. The Advisory Board is not involved in the day to day duties of the REIT.

The advisory board members are Mr. Khalid Al Malik (Dubai Properties Group LLC), Mr. Michael Wunderbaldinger (TECOM Investments FZ LLC), and Mr. Kunal Bansal (Vintage Bullion DMCC).

MATTERS APPROVED BY SHAREHOLDERS

Dividends

An interim dividend of USD 0.04 per ordinary share, (aggregate of USD 11.98 million), relating to the financial year ending 31 December 2015, was paid in January 2016 following approval at the General Meeting of the Shareholders held on 17 January 2016.

A final dividend of USD 0.04 per ordinary share, (aggregate of USD 11.98 million), relating to the financial year ending 31 December 2015, was paid in June 2016 following approval at the Annual General Meeting of the Shareholders held on 13 June 2016.

The total dividend paid for the year ending 31 December 2015 was USD 23.96 million (USD 0.08 per share).

At the Annual General Meeting of the Shareholders held on 13 June 2016, the Shareholders approved Emirates REIT Management (Private) Limited, as the sole Director of the REIT, to, at its discretion, pay an interim dividend to the Shareholders prior to 31 January 2017, if the REIT has sufficient retained earnings relating to the financial year ending 31 December 2016 and is able to pay its debts as they become due immediately after the dividend is paid.

Re-Appointment of Existing Members of the Investment Board

The Shareholders at the Annual General Meeting of the Shareholders held on 13 June 2016 extended the appointment of Mr Abdullah Al Hashemi, Mr Marwan bin Ghulaita, and Mr David Savy, each an existing member of the Investment Board, from 31 January 2017 until the conclusion of the next Annual General Meeting of the REIT.

Approval of REIT to make Market Purchases of its Ordinary Shares

At the Annual General Meeting of the Shareholders held on 13 June 2016, Shareholders authorized the REIT to make one or more market purchases of its ordinary shares, subject to the following conditions: (1) the number of ordinary shares which may be purchased in any given period and the price which may be paid for such ordinary shares shall be in accordance with the rules of the DFSA and Nasdaq Dubai, and any conditions or restrictions imposed by the DFSA and applicable law; and (2) the ordinary shares must be purchased prior to the conclusion of the next Annual General Meeting of the REIT unless a contract to purchase such ordinary shares under this authority was made before the expiry of this authority at the conclusion of the next Annual General Meeting of the REIT.

Related Parties Transactions

The Shareholders at the Annual General Meeting of the Shareholders held on 13 June 2016 authorised Emirates REIT Management (Private) Limited, the REIT Manager, on behalf of the REIT to enter into Related Party Transactions for the acquisition or sale of Real Property in the United Arab Emirates pursuant to the DFSA CIR Rule 13.4.11A and 8.3.2 without obtaining specific approval from the Shareholders of the REIT until the next Annual General Meeting of the REIT.

Reappointment of Auditors

The Shareholders approved the reappointment of PricewaterhouseCoopers (Dubai Branch) as the auditor of the REIT at the Annual General Meeting of the Shareholders held on 13 June 2016.

MATTERS TO BE BROUGHT TO SHAREHOLDERS' ATTENTION

Reappointment of valuer

At the end of January 2016, the REIT Manager put out to tender the appointment of a valuer on the REIT's valuation panel. The received proposals were evaluated on the basis of five criteria; valuation time-frame, level of insurance coverage, methodology employed, relevant skills & experience, and schedule of pricing. Upon evaluation of the received proposals, the proposal submitted by Asteco was determined to

have best satisfied the evaluation criteria, including by being 16% less expensive than the next closest proposal with regards to the price of an annual valuation.

On 25 February 2016, the REIT Manager reappointed Asteco for further period of 3 years.

RELATED PARTY TRANSACTIONS

There are no new Related Party Transactions during the first half of 2016.

The on-going Related Party Transactions during the first half of 2016, based on approved contracts or lease agreements meet the requirements of the DFSA Rules.

SHARI'A COMPLIANCE CERTIFICATE

Issued by the Shari'a Supervisory Board for the period ended 30 June 2016.

Subject of this Certificate

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

Shari'a summary of the REIT

The REIT is the first Shari'a compliant real estate investment trust incorporated within the DIFC and regulated by the DFSA under the CIR Rules as a public Fund. The REIT's property portfolio currently consists of eight properties, all of which are located in the Emirate of Dubai, consisting of a mixture of office, retail, educational and car parking properties.

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

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

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

Reference for this Certificate

The Shari'a Supervisory Board of the REIT has examined the Half-Yearly Report of Shari'a Review conducted by Dar Al Shari'a Legal & Financial Consultancy LLC ("Dar Al Shari'a") on the REIT for the period commencing from 1 January 2016 and ending on 30 June 2016 prepared in accordance with the DFSA Islamic Finance Rules (IFR) 6.4.1. (1) and (2) (the "Shari'a Review Report").

Shari'a Review of the REIT by Shari'a Supervisory Board

We, the Shari'a Supervisory Board of the REIT hereby provide as follows:

- a) We have reviewed the Shari'a Review Report submitted by Dar Al Shari'a covering the various Activities and Transactions of the REIT and evaluated the observations therein for the purpose of this Certificate.
- b) We have reviewed the principles followed and contracts related to Activities and Transactions undertaken by the REIT relying on the Shari'a Review Report in order to express an opinion as to whether the REIT has undertaken its Activities and Transactions in accordance with Principles of Shari'a and the specific Fatawa, resolutions and guidelines issued by us.

Pronouncement by Shari'a Supervisory Board of the REIT

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

- a) The Activities and Transactions executed by the REIT during the period commencing from 1 January 2016 and ending on 30 June 2016 (as reviewed by Dar Al Shari'a pursuant to the Shari'a Review Report) were carried out in accordance with the rules and principles of Shari'a.

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

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

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

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

f) All contracts, including leases are in accordance with the principles of Shari'a.

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

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

OPERATING & FINANCIAL REVIEW

EMIRATES REIT (CEIC) LIMITED
H1 2016 REPORT

The following is a discussion and analysis of the results of operations and financial condition of the REIT as at and for the six month period ended 30 June 2016 ("H1 2016"), and presents the REIT Manager's perspective on the results of operations and financial condition of the REIT as at this date and during this period. This operating and financial review section should be read in conjunction with the REIT's unaudited condensed interim financial information for the six months ended 30 June 2016 (the "Interim Financial Statements") set out in Appendix A to this report.

The discussion and analysis in this section is based on the Interim Financial Statements, which are prepared in accordance with International Financial Reporting Standards (IFRS). Save as disclosed, all financial information included in this "Operating and Financial Review" section has been extracted from the Interim Financial Statements or extracted from the underlying accounting records of the REIT.

The functional currency of the REIT is UAE Dirhams, however the financial statements are presented in USD, the REIT's presentational currency translated at a rate of AED 3.673 to 1 USD.

Due to rounding, numbers presented throughout this section may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

ANALYSIS AND RESULTS OF OPERATIONS

Summary income statement

USD'000	Six months ended		Absolute Change	Change %
	30 June 2016	30 June 2015		
Rental income	20,946	16,325	4,621	28.3%
Service fee income	2,512	2,621	(109)	(4.2%)
Other income	162	135	27	20.0%
Property income	23,620	19,081	4,539	23.8%
Property operating expenses	(7,233)	(5,943)	(1,290)	21.7%
Net rental income	16,387	13,138	3,249	24.7%
Net rental income margin %	69.4%	68.9%		0.5%
Revaluation gains	18,805	31,530	(12,725)	(40.4%)
Net property income	35,192	44,668	(9,476)	(21.2%)
Management fees				
- Management fee	(5,624)	(4,617)	(1,007)	21.8%
- Performance fee	(734)	(1,087)	353	(32.5%)
General and administrative	(662)	(870)	208	(23.9%)
Other expenses	(233)	(118)	(115)	97.5%
Operating profit	27,939	37,976	(10,037)	(26.4%)
Finance cost, net	(4,151)	(2,864)	(1,287)	44.9%
Net Profit	23,788	35,112	(11,324)	(32.3%)
Net Profit excluding revaluation gains	4,983	3,582	1,401	39.1%

Rental Income by property

USD'000	Six months ended		Absolute Change	Change %
	30 June 2016	30 June 2015		
Properties acquired before 2015				
Building 24	1,073	1,046	27	2.6%
Indigo 7	477	470	7	1.5%
Loft Offices	3,033	2,903	130	4.5%
Office Park	6,918	6,669	249	3.7%
GWAD	4,974	4,328	646	14.9%
Index Tower	2,005	4	2,001	50,025.0%
Le Grande	1,112	905	207	22.9%
Sub-total rental income	19,592	16,325	3,267	20.0%
Properties acquired during H2 2015				
Jebel Ali School	1,354	-	1,354	-
Total rental income	20,946	16,325	4,621	28.3%

A "like for like" comparison of properties in operation for both periods shows a 20.0% increase in rental income for H1 2016 compared to H1 2015.

Index Tower is the biggest contributor to the increase in "like for like" rental income with an increase reflecting the completion of new floors and good demand for fitted out offices

Service fee income by property

In USD '000	Six months ended		Absolute Change	Change %
	30 June 2016	30 June 2015		
Properties acquired before 2015				
Building 24	238	220	18	8.2%
Indigo 7	22	16	6	37.5%
Loft Offices	723	758	(35)	(4.6%)
Office Park	1,070	850	220	25.9%
GWAD	0	621	(621)	(100%)
Index Tower	262	0	262	-
Le Grande	197	156	41	26.3%
Total service fee income	2,512	2,621	(109)	(4.2%)

Service fee income continues to grow, particularly at the Lofts and Office Park where the policy of moving towards full recovery of operational costs continues to improve the level of service fee income.

Service charges are now audited annually and are set based on full operational cost recovery.

The decrease for GEMS World Academy is due to reclassification of service fee income at year end 2015 from service fee income to rental income.

Property Operating Expenses

In USD '000	Six months ended		Absolute Change	Change %
	30 June 2016	30 June 2015		
Property management fees	681	547	134	24.5%
Facility management fees - fixed	919	829	90	10.9%
Facility management fees - variable	521	647	(126)	(19.5%)
Utilities	1,111	1,174	(63)	(5.4%)
Community fees	102	192	(90)	(46.9%)
Land rent	623	621	2	0.3%
Service charges	2,835	1,738	1,097	63.1%
Other	441	195	246	126.2%
Total property operating expenses	7,233	5,943	(1,290)	21.7%

The biggest impact on property operating costs during H1 2016 compared to H1 2015 is due to the increase of service charges for Index Tower. The change of Body Corporate Manager and some improvements carried out on the tower lead to a substantial increase of expenses.

The negotiation and appointment of several suppliers on long term agreements led to an increase of the fixed facility management fees of 10.9%, which is offset by the decrease of variable facility management fees of 19.5%.

Gain on revaluation of investment properties

USD'000	Investment		Valuation Gain/(Loss)	Investment	
	Property fair value	Adjustments*		Property fair value	
	31 December 2015				30 June 2016
Building 24	18,478	111	(78)		18,511
Indigo 7	7,895		(57)		7,838
Loft Offices	77,403	65	553		78,021
Office Park	132,951		218		133,169
Index Tower – Retail	34,168				34,168
GWAD	86,237		231		86,468
Index Tower – Office	242,354	5,712	4,523		252,590
Index-Tower – Car park	8,712		-		8,712
Le Grande Mall	31,114		(93)		31,021
Jebel Ali School	31,994	24,397	13,508		69,899
Total	671,306	30,285	18,805		720,397

* Adjustments/additions during the period.

General and Administrative expenses

In USD '000	Six months ended		Absolute Change
	30 June 2016	30 June 2015	
Custodian fees	-	20	(20)
Board fees	126	137	(11)
Valuation fees	58	55	3
Legal and audit expenses	86	70	16
Branding / marketing	303	468	(165)
Fund administration fees	89	120	(31)
Total	662	870	(208)

Management fees

USD'000	Six months ended		Absolute Change	Change %
	30 June 2016	30 June 2015		
Management fee	5,624	4,617	1,007	21.8%
IPO performance fee	-	-	-	%
Performance fee	734	1,087	(353)	(32.5)%
Total	6,358	5,704	654	11.5%

Net Finance Cost

USD'000	30 June 2016	30 June 2015	Absolute Change	Change %
Islamic finance expense	4,213	2,864	1,349	47.1%
Islamic finance income				
Profit on current and savings accounts	(6)	-	(6)	-
Profit on Wakala deposits	(56)	-	(56)	-
Total	4,151	2,864	1,287	44.9%

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

USD'000	Six months ended		Absolute Change	Change %
	30 June 2016	30 June 2015		
Net cash from Operating activities	8,529	8,153	376	4.6%
Net Cash used in Investing activities	(19,546)	(6,287)	(13,259)	210.9%
Net cash used in financing activities	(12,530)	(9,821)	(2,709)	27.6%
Net decrease in cash	(23,547)	(7,955)	(15,592)	196.0%
Cash at the beginning of the period	63,735	16,629	47,106	283.3%
Cash at the end of the period	40,188	8,674	31,514	363.3%

Investing activities relate to the fit out of commercial floors at Index Tower Offices and the development of the Jebel Ali School.

At 30 June 2016 the REIT had contractual future minimum rentals receivable as lessor under operating leases within one year of USD 35.24 million, within two to five years of USD 65.12 million, and after more than five years of USD 231.95 million.

Islamic finance facilities

USD'000	30 June 2016	31 December 2015%
Current portion	27,461	23,963
Long-term portion	247,323	233,327
Total	274,784	257,290
Debt finance as a % of total assets	35.9%	34.7%

On 30 June 2016 Emirates REIT increased its financing with Emirates Islamic Bank PJSC to USD 168.21 million (AED 617.82 million) resulting in the receipt of additional gross funds of USD 27.23 million (AED 100 million) secured by way of mortgage on Office Park and Lofts. The terms of the financing facility remains at a profit rate of 3 month EIBOR + 2.5% (no minimum rate) with the full amount of the total borrowings being fully amortised over 10 years commencing from 30 June 2016.

Principal of USD 11.91 million was repaid during H1 2016 on all the REIT's finance facilities (H1 2015 USD 8.87 million).

The regulatory limit on borrowings for the REIT is set at 50% of gross asset value meaning that the capacity for additional borrowings at 30 June 2016 is in excess of USD 216 million.

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

FINANCIAL STATEMENTS

EMIRATES REIT (CEIC) LIMITED
H1 2016 REPORT

30 June 2016

CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2016

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION	100
CONDENSED INTERIM BALANCE SHEET	102
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	103
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY	104
CONDENSED INTERIM STATEMENT OF CASH FLOWS	105
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION	106

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the shareholders of Emirates REIT (CEIC) Limited

Introduction

We have reviewed the accompanying condensed interim balance sheet of Emirates REIT (CEIC) Limited (the "REIT") as at 30 June 2016 and the related condensed statements of comprehensive income, changes in equity and cash flows for the six month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34, 'Interim financial reporting'. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Dubai, United Arab Emirates

Audit Principal – Mohamed ElBorno
16 August 2016

CONDENSED INTERIM BALANCE SHEET

	Notes	As at 30 June 2016 USD'000 Unaudited	As at 31 December 2015 USD'000 Audited
ASSETS			
Non-current assets			
Investment properties	6	721,996	673,227
Current assets			
Trade and other receivables	7	3,346	4,382
Cash and bank balances		40,188	63,735
		43,534	68,117
Total assets		765,530	741,344
EQUITY AND LIABILITIES			
Equity			
Share capital	8	299,621	299,621
Share premium		59,393	59,393
Retained earnings		110,370	110,552
Total equity		469,384	469,566
LIABILITIES			
Non-current liabilities			
Islamic financing	13	247,323	233,327
CURRENT LIABILITIES			
Islamic financing	13	27,461	23,963
Trade and other payables	14	21,362	14,488
		48,823	38,451
Total liabilities		296,146	271,778
Total equity and liabilities		765,530	741,344
Net asset value (USD)		469,383,611	469,565,407
Number of shares		299,620,541	299,620,541
Net asset value USD per share		1.57	1.57

This condensed interim financial information was approved by the Board of Directors of Emirates REIT Management (Private) Limited on 15 August 2016 as the sole director of Emirates REIT (CEIC) Limited and signed on its behalf by:

Sylvain Vieujot
Executive Deputy Chairman

Abdul Wahab Al Halabi
Acting Chief Financial Officer

The notes form an integral part of the condensed interim financial statements

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended 30 June	
		2016 USD'000 Unaudited	2015 USD'000 Unaudited
Rental income		20,946	16,325
Service fee income		2,512	2,621
Other property income		162	135
Property Income		23,620	19,081
Property expenses		(7,233)	(5,943)
Net Rental Income		16,387	13,138
Net unrealised gain on revaluation of investment properties			
Revaluation gains	6	18,805	31,530
Net property income		35,192	44,668
Expenses			
Management fee		(5,624)	(4,617)
Performance fee		(734)	(1,087)
Board fees		(126)	(137)
Valuation fees		(58)	(55)
Legal and professional fee		(86)	(70)
REIT administration fee		(89)	(120)
Branding and marketing fees		(303)	(468)
Custodian fees		-	(20)
Other expenses		(233)	(118)
Operating profit		27,939	37,976
Finance costs		(4,213)	(2,864)
Finance income		62	-
Finance costs – net		(4,151)	(2,864)
Profit and total comprehensive income for the period		23,788	35,112
Earnings Per Share			
Basic and diluted Earnings Per Share (USD)	10	0.08	0.12

The notes form an integral part of the condensed interim financial statements

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Note	Share capital USD'000	Share premium USD'000	Retained earnings USD'000	Total USD'000
At 1 January 2015		299,621	59,393	73,022	432,036
Comprehensive income					
Profit for the period		-	-	35,112	35,112
Transactions with shareholders					
Dividends	9	-	-	(23,970)	(23,970)
At 30 June 2015 (unaudited)		299,621	59,393	84,164	443,178
At 1 January 2016		299,621	59,393	110,552	469,566
Comprehensive income					
Profit for the period		-	-	23,788	23,788
Transactions with shareholders					
Dividends	9	-	-	(23,970)	(23,970)
At 30 June 2016 (unaudited)		299,621	59,393	110,370	469,384

CONDENSED INTERIM STATEMENT OF CASH FLOWS

	Notes	Six months ended 30 June	
		2016 USD'000 Unaudited	2015 USD'000 Unaudited
Operating activities			
Profit for the period		23,788	35,112
Adjustments for:			
Net unrealised gain on revaluation of investment properties	6	(18,805)	(31,530)
Finance cost		4,213	2,864
Finance income		(62)	-
Provision for doubtful debts		-	37
Operating cash flows before changes in working capital		9,134	6,483
Changes in working capital:			
Trade and other receivables	7	1,036	(79)
Trade and other payables		(1,641)	1,749
Net cash generated from operating activities		8,529	8,153
Investing activities			
Additions to property under development		(19,608)	(6,287)
Finance income received		62	-
Net cash used in investing activities		(19,546)	(6,287)
Financing activities			
Movement in Islamic financing facilities (net)		15,175	16,817
Dividends paid	9	(23,970)	(23,970)
Finance costs paid		(3,735)	(2,668)
Net cash used in financing activities		(12,530)	(9,821)
Net decrease in cash and cash equivalents		(23,547)	(7,955)
Cash and cash equivalents at the beginning of the period		63,735	16,629
Cash and cash equivalents at the end of the period		40,188	8,674

The notes form an integral part of the financial statements

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2016

1. GENERAL INFORMATION

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

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

The REIT's activities include acquisition of properties which are then rented out. The REIT receives rental revenues from the properties, which are distributed to the shareholders through dividends.

The REIT's shares were admitted to the official list maintained by the DFSA and to trading on NASDAQ Dubai on 8 April 2014 following the REIT's Initial Public Offering ("IPO"). The REIT's business activities are subject to the supervision of a Shari'a Supervisory Board consisting of three independent members appointed by the REIT Manager who review the REIT's compliance with general Shari'a principles, specific fatwas, rulings and guidelines issued. Their review includes examination of evidence relating to the documentation and procedures adopted by the REIT to ensure that its activities are conducted in accordance with Islamic Shari'a principles.

Condensed financial information has been approved by Emirates REIT Management (Private) Limited as the sole director of the REIT on 15 August 2016.

2. BASIS OF PREPARATION

This condensed interim financial information for the six months ended 30 June 2016 has been prepared in accordance with International Accounting Standard 34 'Interim financial reporting', ("IAS 34"). These standards do not include all the information required for a complete set of financial statements. The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

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

(a) Operating segments

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

3. ACCOUNTING POLICIES

The accounting policies applied in this condensed interim financial information is consistent with those of the annual financial statements for the year ended 31 December 2015.

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial period beginning on or after 1 January 2016 that have a material impact on the REIT.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing this condensed interim financial information, the significant judgement made by management in applying the REIT's accounting policies and the key source of estimation uncertainty for the period ended 30 June 2016 is as follows:

(a) Revaluation of investment property

The REIT carries its investment properties at fair value, with changes in fair value being recognised in the statement of comprehensive income. The REIT engaged independent valuation specialists who hold recognised and relevant professional qualifications and have relevant experience in the location and type of investment properties held, to determine the fair values of investment properties as at 30 June 2016. For all investment properties, a valuation methodology based on the capitalisation method was used by calculating the net present value of expected future earnings. The valuation method adopted for these properties is based on inputs that are not based on observable market data. Valuation for parts of Index Tower properties was based on the sales comparison method by which the value of asset is derived by comparing it with prices achieved from transactions in similar properties.

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

5. FINANCIAL RISK MANAGEMENT

5.1. FINANCIAL RISK FACTORS

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the REIT's annual financial statements as at 31 December 2015.

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

5.2. LIQUIDITY RISK

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

5.3. FAIR VALUE MEASUREMENT

Fair Value of Financial Instruments

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

The fair values of financial instruments approximate their carrying values as of the period end.

6. INVESTMENT PROPERTIES

	30 June 2016 USD'000	30 June 2015 USD'000
Completed properties	692,839	613,429
Properties under construction	27,559	-
Properties under re-development	1,598	1,538
	721,996	614,967

As at 30 June 2016, the REIT held investment properties amounting to USD 720,397,531 (30 June 2015: USD 613,429,000) and investment properties under re-development and fit-out amounting to USD 1,598,086 (30 June 2015: USD 1,538,000) in a real estate portfolio which comprises of eight (2015: seven properties) located in Dubai, UAE.

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

Completed properties	USD'000
Balance at 1 January 2016	668,146
Transfers from property under re-development and fit-out	5,888
Net unrealised gain on revaluation of investment properties	18,805
Balance at 30 June 2016	692,839
Balance at 1 January 2015	574,019
Transfers from property under re-development and fit-out	7,880
Net unrealised gain on revaluation of investment properties	31,530
Balance at 30 June 2015	613,429

Properties under construction	USD'000
Balance at 1 January 2016	3,161
Additions during the period	24,398
Balance at 30 June 2016	27,559
Properties under re-development and fit-out	USD'000
Balance at 1 January 2016	1,920
Additions during the period	5,566
Transfer to completed property	(5,888)
Balance at 30 June 2016	1,598
Balance at 1 January 2015	1,313
Additions during the period	8,105
Transfer to completed property	(7,880)
Balance at 30 June 2015	1,538

One of the REIT's investment properties is constructed on a plot in Dubai which is under a concession agreement amounting to USD 7,838,279 and another one is constructed on a plot which is under a land lease agreement amounting to USD 86,468,827. These agreements are for a remaining period of 23.3 years and 40.3 years respectively.

A formal valuation of the REIT's investment properties (excluding properties under re-development and fit-out) was performed by independent certified property valuers, on an open market basis as at 30 June 2016. Based on such valuations, the fair value of the investment property at 30 June 2016 was USD 720,397,531 (31 December 2015: USD 671,307,000).

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

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

	30 June 2016	30 June 2015
Stabilised occupancy rate (%)	90 – 100	80 – 100
Equivalent yield (%)	8.00 – 8.99	8.62 – 9.50
Operating expenses (USD/sq. ft.)	7.88-25.05	6.75 – 15.44

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

Properties with a fair value of USD 496,471,781 (31 December 2015: USD 491,720,051) are mortgaged against Islamic financing facilities (Note 13).

7. TRADE AND OTHER RECEIVABLES

	30 June 2016 USD'000	31 December 2015 USD'000
Rental and service income receivables	739	375
Less: provision for doubtful debts	(184)	(184)
	555	191
Prepayments	1,642	3,261
Security deposits	198	489
Other receivables	951	441
	3,346	4,382

8. SHARE CAPITAL

	Number of ordinary shares	Ordinary shares USD'000	Shares premium USD'000	Total USD'000
At 1 January 2015	299,620,541	299,621	59,393	359,014
At 30 June 2015	299,620,541	299,621	59,393	359,014
At 1 January 2016	299,620,541	299,621	59,393	359,014
At 30 June 2016	299,620,541	299,621	59,393	359,014

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

- One Manager Share with a par value of USD100; and
- 10,000,000,000 ordinary shares with a nominal par value of USD 1 per share.

No new shares have been issued in the period.

9. DIVIDENDS

In January 2016, the REIT paid an interim dividend in respect of the year ended 31 December 2015 of USD 0.04 per ordinary share amounting to a total interim dividend of USD 11,984,821 to shareholders on the register as at 11 January 2016.

In June 2016, the REIT paid a final dividend in respect of the year ended 31 December 2015 of USD 0.04 per ordinary share amounting to a total final dividend of USD 11,984,821 to shareholders on the register as at 8 June 2016.

10. EARNINGS PER SHARE (“EPS”)

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

	30 June 2016	30 June 2015
	USD	USD
Profit attributable to ordinary shareholders	23,787,847	35,111,718
Weighted average number of ordinary shares for basic EPS	299,620,541	299,620,541

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

11. ZAKAT

Zakat is payable by the shareholders based on their share of the net assets of the REIT at the end of every reporting period. The REIT is not liable to pay Zakat.

12. RELATED PARTY AND BALANCES

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

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

(a) Related party transactions

	30 June 2016 USD'000	30 June 2015 USD'000
Emirates REIT Management (Private) Ltd		
Management fee	(5,624)	(4,617)
Performance fee	(734)	(1,027)
Rental and service income	112	-
Dubai Islamic Bank (P.J.S.C.)		
Rental and service income	127	160
Dar Al Shari'a Legal & Financial Consultancy LLC		
Professional fees	(20)	(63)
Deyaar Facilities Management LLC		
Property expenses	-	16

(b) Due to related parties comprises:

	30 June 2016 USD'000	31 December 2015 USD'000
Emirates REIT Management (Private) Ltd	858	2,145
Dar Al Shari'a Legal & Financial Consultancy LLC	5	73
	863	2,218

13. ISLAMIC FINANCING

	30 June 2016 USD'000	31 December 2015 USD'000
Current	27,461	23,963
Non-current	247,323	233,327
	274,784	257,290

On 30 June 2016 Emirates REIT increased its financing with Emirates Islamic Bank PJSC to USD 168,205,826 (AED 617,820,000) resulting in the receipt of additional gross funds of USD 27,225,701 (AED 100,000,000) secured by the way of mortgage on the Office Park and Lofts. The terms of the financing facility remains at a profit rate of 3 month EIBOR + 2.5% (no minimum rate) with the full amount of the total borrowings being fully amortised over 10 years commencing from 30 June 2016.

14. TRADE AND OTHER PAYABLES	30 June 2016 USD'000	31 December 2015 USD'000
Payable against investment properties	11,533	1,841
Tenant deposits payable	4,217	3,708
Accrued expenses	2,540	3,055
Service fee received in advance	2,119	2,594
Performance fee accrued	735	1,903
Management fee payable	122	242
Administration fee payable	30	37
Rent received in advance	-	959
Other payables	66	149
	21,362	14,488

Included in the above accounts are balances due to related parties amounting to USD 863,044 (31 December 2015: USD 2,218,488) (Note 13).

15. COMMITMENTS

(a) Capital commitments

As of 30 June 2016, the REIT had capital commitments of USD 14,463,000 (2015: USD 26,819,494) out of which USD 9,437,000 pertains to the construction of Jebel Ali School and USD 5,026,000 pertains to fit-out and re-development work at Index Tower office and retail (2015: USD 2,385,043).

(b) Operating lease commitments – REIT as lessee

The REIT has entered into commercial property leases on certain properties. These leases have an average unexpired lease term of 27.2 years (31 December 2015: 27.8 years) with mutual renewal option included in some of the contracts. There are no restrictions placed upon the REIT by entering into these leases.

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

	30 June 2016 USD'000	31 December 2015 USD'000
Within one year	626	1,251
After one year but not more than five years	5,005	5,005
More than five years	26,903	26,903
	32,534	33,159

(c) Operating lease commitments – REIT as lessor

The REIT has entered into commercial property leases on certain properties. These leases have an average unexpired lease term of 7.8 years (2015: 8.5 years) with mutual renewal option included in some of the contracts. There are no restrictions placed upon the REIT by entering into these leases.

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

	30 June 2016 USD'000	31 December 2015 USD'000
Within 1 year	35,243	34,545
After one year but not more than five years	65,119	71,023
More than five years	231,948	237,390
	332,310	342,958

This Report contains certain 'forward-looking' statements.

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

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

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

This report has been prepared by Emirates REIT Management (Private) Limited as the Manager of Emirates REIT (CEIC) Limited. Whilst every care has been taken in relation to the accuracy, no warranty is given or implied. The information provided is not investment advice and recipients should consider obtaining independent advice before making any investment decision that relies on this information.

CONTACT DETAILS

Emirates REIT Management (Private) Limited
DIFC, Index Tower - East, Level 23
PO Box 482015
Dubai United Arab Emirates

Phone: +971 (0) 4 405 REIT (7348)
www.reit.ae

Investor Relations
Magali Mouquet
Email: ir@reit.ae

Acting Chief Financial Officer
Abdul Wahab Al Halabi

Chief Executive Officer and Executive Deputy Chairman
Sylvain Vieujot





