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CONFIRMATION OF YOUR REPRESENTATION: By accepting this e-mail and accessing, reading or making any other use of the Document, you shall be deemed to have represented to Dubai Islamic Bank PJSC, Emirates NBD PJSC, Standard Chartered Bank and Warba Bank (K.S.C.) (together, the **Joint Lead Managers**), Emirates REIT Sukuk Limited (the **Trustee**), Emirates REIT (CEIC) Limited (the **Obligor**), Equitativa (Dubai) Limited (the **REIT Manager**) and Citibank, N.A., London Branch (the **Delegate**) that: (1) you are located outside the United States and are not a U.S. person, or acting for the account or benefit of any U.S. person; (2) you consent to delivery by electronic transmission; (3) you will not transmit the Document (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the prior written consent of the Joint Lead Managers, the Trustee, the Obligor and the REIT Manager; and (4) you acknowledge that you will make your own assessment regarding any credit, investment, legal, Shari'a, taxation or other economic considerations with respect to your decision to subscribe for or purchase any of the securities described herein.

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You are reminded that the information contained in the Document is not complete and may be changed. Neither the Joint Lead Managers nor any of their respective affiliates accepts any responsibility whatsoever for the contents of the Document or for any statement made or purported to be made by any of them, or any on their behalf, in connection with the Trustee, the Obligor, the REIT Manager or the offer. The Joint Lead Managers and their respective affiliates accordingly disclaim all and any liability whether arising in tort, contract, or otherwise which they might otherwise have in respect of the Document or any such statement. No representation or warranty, express or implied, is made by any of the Joint Lead Managers or their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in the Document.

The Joint Lead Managers are acting exclusively for the Trustee, the Obligor and the REIT Manager and no one else in connection with the offer. They will not regard any other person (whether or not a recipient of the Document) as their client in relation to the offer and will not be responsible to anyone other than to the Trustee, the Obligor and the REIT Manager for providing the protections afforded to its clients nor for giving advice in relation to the offer or any transaction or arrangement referred to herein.

If you received the Document by e-mail, you should not reply by e-mail. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. If you received the Document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Trustee in such jurisdiction.

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Recipients of the Document who intend to subscribe for or purchase any securities to be issued are reminded that any subscription or purchase may only be made on the basis of the information contained in the final version of the Document.

The distribution of the Document and the offer or sale of the securities described herein in certain jurisdictions may be restricted by law. Persons into whose possession the Document comes are required by the Joint Lead Managers, the Trustee, the Obligor and the REIT Manager to inform themselves about, and to observe, any such restrictions.



EMIRATES REIT SUKUK LIMITED

(an exempted company incorporated with limited liability under the laws of the Cayman Islands)

U.S.\$400,000,000 Trust Certificates due 2022

The U.S.\$400,000,000 trust certificates due 2022 (the **Certificates**) of Emirates REIT Sukuk Limited (in its capacity as issuer and trustee, the **Trustee**) will be constituted by a declaration of trust (the **Declaration of Trust**) dated 12 December 2017 (the **Issue Date**) entered into between the Trustee, Emirates REIT (CEIC) Limited (**Emirates REIT** or the **Obligor** (which expression shall be construed as referring to Emirates REIT (CEIC) Limited acting in all its relevant capacities under the Transaction Documents (as defined herein) to which it is a party unless the context otherwise requires)) and Citibank, N.A., London Branch (the **Delegate**). The Certificates confer on the holders of the Certificates from time to time (the **Certificateholders**) the right to receive certain payments (as more particularly described herein) arising from an undivided ownership interest in the assets of a trust declared by the Trustee pursuant to the Declaration of Trust (the **Trust**) over the Trust Assets (as defined herein) and the Trustee will hold such Trust Assets upon trust absolutely for the Certificateholders pro rata according to the face amount of Certificates held by each Certificateholder in accordance with the Declaration of Trust and the terms and conditions of the Certificates (the **Conditions**).

Periodic Distribution Amounts (as defined in the Conditions) shall be payable subject to and in accordance with the Conditions on the outstanding face amount of the Certificates from (and including) the Issue Date to (but excluding) 12 December 2022 (the **Scheduled Dissolution Date**) at a rate of 5.125 per cent. per annum. Payments on the Certificates will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Cayman Islands, the Dubai International Financial Centre (the **DIFC**), the United Arab Emirates (the **UAE**) or the Emirate of Dubai or any authority therein or thereof having power to tax to the extent described under Condition 11.

The Certificates shall be redeemed on the Scheduled Dissolution Date but the Certificates may be redeemed before the Scheduled Dissolution Date: (i) at the option of the Trustee in whole but not in part in the event of certain changes affecting taxes of the Cayman Islands, the DIFC, the UAE and/or the Emirate of Dubai; (ii) following a Dissolution Event (as defined in the Conditions), in each case at the Dissolution Distribution Amount (as defined in the Conditions); or (iii) at the option of the Obligor at the Dissolution Distribution Amount on the Clean Up Call Right Dissolution Date (as defined in the Conditions). The Trustee will pay the Dissolution Distribution Amount solely from the proceeds received in respect of the Trust Assets which include payments by the Obligor under the Transaction Documents.

The Certificates will be limited recourse obligations of the Trustee. An investment in the Certificates involves certain risks. In addition, certain of the Transaction Documents and the Certificates contain provisions which may permit their modification without the consent of all, or even a majority of, investors. In particular, certain Reserved Matters (as defined below) only require approval by way of Extraordinary Resolution of 50.1 per cent. of votes cast at a Certificateholders' meeting. Investors should carefully review the risks described herein under "Risk Factors".

This Prospectus has been approved by the Central Bank of Ireland (the **Central Bank**), as competent authority under Directive 2003/71/EC, as amended including by Directive 2010/73/EU (the **Prospectus Directive**). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange plc for the Certificates to be admitted to the official list (the **Official List**) and to trading on its regulated market (the **Main Securities Market**). The Main Securities Market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC) (**MIFID**). References in this Prospectus to the Certificates being **listed** (and all related references) shall mean that the Certificates have been admitted to listing on the Official List and have been admitted to trading on the Main Securities Market.

The Certificates will be issued in registered form in minimum denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

The Certificates will initially be represented by a global certificate in registered form (the **Global Certificate**) deposited on or before the Issue Date, and registered in the name of the nominee of a common depository for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**). Interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg.

The Certificates are expected to be assigned a rating of BB+, with a stable outlook by Fitch Ratings Limited (**Fitch**).

Fitch Ratings Limited is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such, Fitch Ratings Limited is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. **A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency organisations.**

The transaction structure relating to the Certificates (as described in this Prospectus) has been approved by the Shari'a Supervisory Board of the Obligor, the Shariah Supervisory Committee of Standard Chartered Bank and the Shariah Board advisers to Dubai Islamic Bank PJSC. Prospective Certificateholders should not rely on such approvals in deciding whether to make an investment in the Certificates and should consult their own Shari'a advisers as to whether the proposed transaction described in such approvals is in compliance with their individual standards of compliance with Shari'a principles.

The Certificates have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**)) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

Sole Global Coordinator
Standard Chartered Bank

Joint Lead Managers

Dubai Islamic Bank PJSC
Standard Chartered Bank

Emirates NBD PJSC
Warba Bank

The date of this Prospectus is 7 December 2017

This Prospectus comprises a prospectus for the purposes of Article 5.4 of the Prospectus Directive and is for the purpose of giving information with regard to the Trustee, the Obligor, the REIT Manager (as defined herein) and the Certificates which, according to the particular nature of the Trustee, the Obligor, the REIT Manager and the Certificates, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Trustee and the Obligor.

Each of the Trustee and the Obligor accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Trustee and the Obligor (each having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

No representation, warranty or undertaking, express or implied, is made and no responsibility accepted by the Joint Lead Managers, the Delegate or the Agents (as defined herein) as to the accuracy or completeness of the information contained in this Prospectus or any other information supplied in connection with the Certificates. Each person receiving the Prospectus acknowledges that such person has not relied on any of the Joint Lead Managers, the Delegate or any of the Agents in connection with its investigation of the accuracy of such information or its investment decision and each person must rely on its own assessment of the Trustee, the Obligor and/or the Certificates. Nothing contained in this Prospectus is, or is to be construed as, or shall be relied on as a promise, representation or warranty, whether as to the past or future, by any of the Joint Lead Managers, the Delegate or any of the Agents in any respect. To the fullest extent permitted by law, none of the Joint Lead Managers, the Delegate or the Agents accepts any responsibility whatsoever for the contents of this Prospectus. Each of the Joint Lead Managers, the Delegate and the Agents accordingly disclaims all and any liability, whether arising in tort, contract or otherwise, which it might otherwise have in respect of this Prospectus.

No person is or has been authorised by the Trustee, the Obligor, the REIT Manager, the Joint Lead Managers, the Delegate or the Agents to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Certificates and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Trustee, the Obligor, the REIT Manager, the Joint Lead Managers, the Delegate or the Agents.

Neither this Prospectus nor any other information supplied in connection with the offering of the Certificates: (a) is intended to provide the basis of any credit or other evaluation; or (b) should be considered as a recommendation by the Trustee, the Obligor, the REIT Manager, the Joint Lead Managers, the Delegate or the Agents that any recipient of this Prospectus or any other information supplied in connection with the offering of the Certificates should purchase any Certificates. Each investor contemplating purchasing any Certificates should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Trustee and the Obligor.

Neither the delivery of this Prospectus nor the offer, issue, sale or delivery of the Certificates shall, under any circumstances, imply that there has been no change in the affairs of the Trustee or the Obligor since the date hereof or that there has been no adverse change in the financial position of the Trustee or the Obligor since the date hereof or that the information contained in it or any other information supplied in connection with the Certificates is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Joint Lead Managers, the Delegate and the Agents expressly do not undertake to review the financial condition or affairs of the Trustee or the Obligor during the life of the Certificates or to advise any investor in the Certificates of any information coming to their attention or that there has been no change in the affairs of any party mentioned herein since that date.

In connection with the issue and sale of the Certificates, each of the Joint Lead Managers and any of their respective affiliates acting as an investor for its own account may take up Certificates and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Trustee, the Obligor or the REIT Manager or related investments, and may offer or sell such securities or other investments otherwise than in connection with the issue and sale of the Certificates. Accordingly, references in this Prospectus to the Certificates being offered, issued or sold should be read as including any offer, issue or sale of securities to the Joint Lead Managers and any of their affiliates acting in such capacity. The Joint Lead Managers do not intend to disclose the extent of any such transactions or investments otherwise than in accordance with any legal or regulatory obligation to do so.

No comment is made, or advice is given by, the Trustee, the Obligor, the REIT Manager, the Joint Lead Managers, the Delegate or the Agents or any of their respective directors, affiliates, advisers or agents in respect of taxation matters relating to the Certificates or the legality of the purchase of the Certificates by an investor under applicable or similar laws. Any investor in the Certificates should be able to bear the economic risk of an investment in the Certificates for an indefinite period of time.

EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN TAX ADVISER, LEGAL ADVISER, BUSINESS ADVISER AND SHARI'A ADVISER AS TO TAX, LEGAL, BUSINESS, SHARI'A AND RELATED MATTERS CONCERNING THE PURCHASE OF CERTIFICATES.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy Certificates in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. None of the Trustee, the Obligor, the REIT Manager, the Joint Lead Managers, the Delegate or the Agents makes any representation to any investor in the Certificates regarding the legality of its investment under any applicable laws.

The distribution of this Prospectus and the offering, sale and delivery of the Certificates in certain jurisdictions may be restricted by law. None of the Trustee, the Obligor, the REIT Manager, the Joint Lead Managers or any of their respective directors, affiliates, advisers, agents, the Delegate or the Agents represents that this Prospectus may be lawfully distributed, or that Certificates may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Trustee, the Obligor, the REIT Manager, the Joint Lead Managers or any of their respective directors, affiliates, advisers, agents, the Delegate or the Agents which is intended to permit a public offering of the Certificates or distribution of this Prospectus in any jurisdiction where action for that purpose is required.

Accordingly, the Certificates may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material 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 are required by the Trustee, the Obligor, the REIT Manager and the Joint Lead Managers to inform themselves about and to observe any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Certificates in the United States, the United Kingdom, the Cayman Islands, the UAE (excluding the DIFC), the DIFC, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, the State of Qatar (including the Qatar Financial Centre), Japan, Hong Kong, Malaysia and Singapore.

For a description of the restrictions on offers, sales and deliveries of Certificates and on the distribution of this Prospectus and other offering material relating to the Certificates, see "*Subscription and Sale*".

This Prospectus does not constitute an offer or an invitation to subscribe for or purchase Certificates and should not be considered as a recommendation by the Trustee, the Obligor, the REIT Manager, the Joint Lead Managers, the Delegate, the Agents or any of their respective directors, affiliates, advisers, agents or any of them that any recipient of this Prospectus or any other information supplied in connection with the issue of the Certificates should subscribe for, or purchase, the Certificates. Each recipient of this Prospectus should make, and shall be taken to have made, its own independent investigation and appraisal of the condition (financial or otherwise) and affairs, and its own appraisal of the creditworthiness, of the Trustee and the Obligor. None of the Joint Lead Managers, the Delegate or any Agent undertakes to review the financial condition or affairs of the Trustee or the Obligor during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Certificates of any information coming to the attention of any of the Joint Lead Managers, the Delegate or any Agent.

The Certificates may not be a suitable investment for all investors. Each potential investor in the Certificates must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Certificates, the merits and risks of investing in the Certificates and the information contained in this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Certificates and the impact the Certificates will have on its overall investment portfolio;

- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Certificates, including where the currency for payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Certificates and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Certificates are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Certificates unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Certificates will perform under changing conditions, the resulting effects on the value of such Certificates and the impact this investment will have on the potential investor's overall investment portfolio.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (a) the Certificates are legal investments for it; (b) the Certificates can be used as collateral for various types of borrowing; and (c) other restrictions apply to its purchase or pledge of any Certificates. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Certificates under any applicable risk-based capital or similar rules.

The transaction structure relating to the Certificates (as described in this Prospectus) has been approved by the Shari'a Supervisory Board of the Obligor, the Shariah Supervisory Committee of Standard Chartered Bank and the Shariah Board advisers to Dubai Islamic Bank PJSC. Prospective Certificateholders should not rely on such approvals in deciding whether to make an investment in the Certificates and should consult their own Shari'a advisers as to whether the proposed transaction described in such approvals is in compliance with their individual standards of compliance with Shari'a principles. None of the Trustee, the Obligor, the REIT Manager, the Joint Lead Managers, the Delegate or any of the Agents makes any representation as to the Shari'a compliance of the Certificates and/or any trading thereof.

STABILISATION

In connection with the issue of the Certificates, Standard Chartered Bank (the **Stabilisation Manager**) (or persons acting on behalf of the Stabilisation Manager) may over-allot Certificates or effect transactions with a view to supporting the market price of the Certificates at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the Issue Date and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Certificates. The Stabilisation Manager (or persons acting on behalf of the Stabilisation Manager) must conduct such stabilisation in accordance with all applicable laws and rules.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some statements in this Prospectus may be deemed to be forward-looking statements. The words "anticipate", "believe", "expect", "plan", "intend", "targets", "aims", "seeks", "estimate", "project", "will", "would", "may", "could", "continue", "should" and similar expressions are intended to identify forward-looking statements. All statements other than statements of historical fact included in this Prospectus, including, without limitation, those regarding the financial position of the Obligor, or the business strategy, management plans and objectives for future operations of the Obligor, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Obligor's actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are contained in the sections entitled "*Risk Factors*" and "*Description of Emirates REIT*" and other sections of this Prospectus. The Obligor has based these forward-looking statements on the current view of its management with respect to future events and financial performance. These forward-looking statements are based on numerous assumptions regarding the Obligor's present, and future, business strategies and the environment in which the Obligor expects to operate in the future. Important factors that could cause the Obligor's actual results, performance or achievements to differ materially from those in the forward-looking statements are discussed in this Prospectus (see "*Risk Factors*").

Forward-looking statements speak only as at the date of this Prospectus and, without prejudice to any requirements under applicable laws and regulations, the Trustee and the Obligor expressly disclaim any obligation or undertaking to publicly update or revise any forward-looking statements in this Prospectus to reflect any change in the expectations of the Trustee or the Obligor or any change in events, conditions or circumstances on which these forward-looking statements are based. Given the uncertainties of forward-looking statements, the Trustee and the Obligor cannot assure potential investors that projected results or events will be achieved and the Trustee and the Obligor caution potential investors not to place undue reliance on these statements.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

Since its date of incorporation, no financial statements of the Trustee have been prepared.

Unless otherwise indicated, the balance sheet, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows included in this Prospectus relating to Emirates REIT have been extracted from the audited financial statements of Emirates REIT as of and for the financial years ended 31 December 2016 and the notes thereto (the **2016 Financial Statements**) and 31 December 2015 and the notes thereto (the **2015 Financial Statements** and, together with the 2016 Financial Statements, the **Audited Financial Statements**) and the reviewed condensed interim financial information of Emirates REIT as of and for the nine months ended 30 September 2017 and the notes thereto set forth elsewhere herein (the **Reviewed Financial Statements** and, together with the Audited Financial Statements, the **Financial Statements**).

The Audited Financial Statements have been prepared in accordance with International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board (**IASB**) and have been audited by PricewaterhouseCoopers (**PwC**) in accordance with International Standards on Auditing (**ISA**) as stated in their audit reports included elsewhere in this Prospectus. The Reviewed Financial Statements have been prepared in accordance with International Accounting Standard No. 34, Interim Financial Reporting (**IAS 34**) and have been reviewed by PwC, in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as stated in their review report included elsewhere in this Prospectus.

Emirates REIT's financial year ends on 31 December, and references in this Prospectus to any specific year are to the 12-month period ended on 31 December of such year.

Alternative Performance Measures

A number of the financial measures presented by Emirates REIT in this Prospectus are not defined in accordance with IFRS. However, Emirates REIT believes that these measures provide useful supplementary information to both investors and Emirates REIT's management, as they facilitate the evaluation of company performance. It is to be noted that, since not all companies calculate financial measurements in the same manner, these are not always comparable to measurements used by other companies. Accordingly, these financial measures should not be seen as a substitute for measures defined according to IFRS. Unless otherwise stated, the list below presents alternative performance measures, along with their reconciliation to the extent that such information is not defined according to IFRS and not included in the Financial Statements included herein:

1. *Total borrowings as a percentage of gross asset value:* Total borrowings (which is equivalent to current and non-current "Islamic financing") divided by gross asset value (which is equivalent to "total assets");
2. *Operating profit (before unrealised gains or losses on property revaluation) to finance cost:* Operating profit before unrealised gains or losses on property revaluation (which is equivalent to "operating profit" minus "unrealised gain/loss on revaluation of investment property") divided by finance cost; and
3. *Islamic financing as a percentage of NAV:* Current and non-current Islamic financing divided by NAV (as defined herein).

Certain Differences Between IFRS and IFRS-EU

Certain differences exist between IFRS and IFRS as adopted by the European Union (**IFRS-EU**) which might be material to the financial information herein. This Prospectus does not include any reconciliation to IFRS and IFRS-EU with respect to any financial statements and related footnote disclosures included herein or any other

financial information. Moreover, this Prospectus does not include any narrative description of the differences between IFRS and IFRS-EU and Emirates REIT have not made any attempt to identify or quantify the differences between IFRS and IFRS-EU that might be applicable to each of them or their respective financial statements and related footnote disclosures or other financial information. It is possible that a reconciliation or other qualitative or quantitative analysis would identify material differences between the financial statements and related footnote disclosures included herein and other financial information prepared under IFRS and IFRS-EU. Accordingly, such information is not available to investors, and investors should consider this in making their investment decision.

Market and Industry Information

This Prospectus contains historical market data and industry forecasts, which have been obtained from industry publications, market research and other publicly available information.

Each of the Trustee and Emirates REIT confirms that all such third-party information contained in this Prospectus has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant sources referred to, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of any third-party information contained in this Prospectus is stated where such information appears in this Prospectus.

Foreign Language

The language of the Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

VOLCKER RULE

The Volcker Rule, which became effective on 1 April 2014, but was subject to a conformance period for certain entities that concluded on 21 July 2015, generally prohibits "banking entities" (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from: (i) engaging in proprietary trading; (ii) acquiring or retaining an ownership interest in or sponsoring a "covered fund"; and (iii) entering into certain relationships with "covered funds". The general effects of the Volcker Rule remain uncertain; any prospective investor in the Certificates and any entity that is a "banking entity" as defined under the Volcker Rule which is considering an investment in the Certificates should consult its own legal advisers and consider the potential impact of the Volcker Rule in respect of such investment. If investment by "banking entities" in the Certificates is prohibited or restricted by the Volcker Rule, this could impair the marketability and liquidity of such Certificates. No assurance can be made as to the effect of the Volcker Rule on the ability of certain investors subject thereto to acquire or retain an interest in the Certificates, and accordingly none of the Trustee, the Obligor, the Joint Lead Managers, the Delegate or the Agents, or any of their respective affiliates makes any representation regarding: (a) the status of the Trustee under the Volcker Rule (including whether it is a "covered fund" for their purposes); or (b) the ability of any purchaser to acquire or hold the Certificates, now or at any time in the future.

NOTICE TO RESIDENTS OF THE UNITED KINGDOM

The Certificates constitute "alternative finance investment bonds" within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 as amended by the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2010. This Prospectus is not being distributed to, and must not be passed on to, the general public in the United Kingdom.

The distribution in the United Kingdom of this Prospectus and any other marketing materials relating to the Certificates is being addressed to, or directed at, only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **Financial Promotion Order**); (ii) persons falling within any of the categories of persons described in Article 49 of the Financial Promotion Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Financial Promotion Order. Persons of any other description in the United Kingdom may not receive and should not act or rely on this Prospectus or any other marketing materials in relation to the Certificates.

Potential investors in the United Kingdom in the Certificates are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in the Certificates and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme.

Any individual intending to invest in the Certificates should consult his professional adviser and ensure that he fully understands all the risks associated with making such an investment and that he has sufficient financial resources to sustain any loss that may arise from such investment.

NOTICE TO RESIDENTS OF THE CAYMAN ISLANDS

No invitation, whether directly or indirectly, may be made to any member of the public of the Cayman Islands to subscribe for the Certificates and this Prospectus shall not be construed as an invitation to any member of the public of the Cayman Islands to subscribe for the Certificates.

NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

This Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the **Capital Market Authority**). The Capital Market Authority does not make any representations as to the accuracy or completeness of this Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Prospective purchasers of Certificates should conduct their own due diligence on the accuracy of the information relating to the Certificates. If a prospective purchaser does not understand the contents of this Prospectus he or she should consult an authorised financial adviser.

NOTICE TO RESIDENTS OF MALAYSIA

The Certificates may not be offered for subscription or purchase and no invitation to subscribe for or purchase such Certificates in Malaysia may be made, directly or indirectly, and this Prospectus or any document or other materials in connection therewith may not be distributed in Malaysia other than to persons falling within the categories of person set out in Schedule 6 or Section 229(l)(b), Schedule 7 or Section 230(l)(b) and Schedule 8 or Section 257(3) of the Capital Market and Services Act 2007 of Malaysia, as may be amended and/or varied from time to time and subject to any amendments to the applicable laws from time to time.

The Securities Commission of Malaysia shall not be liable for any non-disclosure on the part of the Trustee or the Obligor and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus.

NOTICE TO RESIDENTS OF THE STATE OF QATAR

This Prospectus does not and is not intended to constitute an offer, sale or delivery, of the Certificates under the laws of the State of Qatar and has not been and will not be reviewed or approved by or registered with the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or the Qatar Central Bank in accordance with their regulations or any other regulations in the State of Qatar. The Certificates are not and will not be traded on the Qatar Stock Exchange.

NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

In relation to investors in the Kingdom of Bahrain, Certificates issued in connection with this Prospectus and related offering documents may only be offered in registered form to existing account holders and accredited investors as defined by the Central Bank of Bahrain (the **CBB**) in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.\$100,000, or any equivalent amount in any other currency or such other amount as the CBB may determine.

This Prospectus does not constitute an offer of securities in the Kingdom of Bahrain pursuant to the terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Prospectus and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no securities may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside the Kingdom of Bahrain.

The CBB has not reviewed, approved or registered this Prospectus or related offering documents and it has not in any way considered the merits of the securities to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Prospectus and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Prospectus. No offer of

securities will be made to the public in the Kingdom of Bahrain and this Prospectus must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

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RISK FACTORS

The purchase of the Certificates may involve substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and merits of such an investment. Before making an investment decision, prospective purchasers of the Certificates should consider carefully, in the light of their own financial circumstances and investment objectives, all of the information in this Prospectus.

Each of the Trustee and Emirates REIT believes that the factors described below represent the principal risks inherent in investing in the Certificates, but the inability of the Trustee to pay any amounts on or in connection with a Certificate may occur for other reasons and neither the Trustee, Emirates REIT nor the REIT Manager represents that the statements below regarding the risks of holding a Certificate are exhaustive. There may also be other considerations, including some which may not be presently known to the Trustee, Emirates REIT or the REIT Manager or which the Trustee, Emirates REIT or the REIT Manager currently deems immaterial, that may impact an investment in the Certificates.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision. Words and expressions defined in "Structure Diagram and Cashflows" and "Terms and Conditions of the Certificates" shall have the same meanings in this section.

RISKS RELATING TO THE TRUSTEE

The Trustee has a limited operating history and no material assets and is dependent upon the performance by the Obligor of its obligations under the Transaction Documents to which it is a party

The Trustee is a newly formed entity and has no operating history. The Trustee will not engage in any business activity other than the issuance of the Certificates, the acquisition of the Trust Assets as described herein, acting in its capacity as a trustee and other activities incidental or related to the foregoing as required under the Transaction Documents to which it is a party.

The Trustee's only material assets, which it will hold on trust for the Certificateholders, will be the Trust Assets, including its right to receive payments under the Service Agency Agreement, the Purchase Undertaking or the Sale Undertaking (as the case may be) and the Murabaha Agreement.

The Trustee's ability to pay amounts due on the Certificates will depend on its receipt from the Obligor (in its various capacities), of all amounts due under the Service Agency Agreement, the Purchase Undertaking or the Sale Undertaking (as the case may be) and the Murabaha Agreement, which, together, may not be sufficient to meet all claims under the Certificates and the Transaction Documents. Therefore, the Trustee is subject to all the risks to which the Obligor is subject to the extent that such risks could limit the Obligor's ability to satisfy in full and on a timely basis its obligations under the Transaction Documents to which it is a party. See "*Risks relating to Emirates REIT's business and industry*" for a further description of these risks.

RISKS RELATING TO EMIRATES REIT'S BUSINESS AND INDUSTRY

Emirates REIT's business is concentrated by geography, property type and sector and any adverse developments in the real estate sector or in the UAE economy may have a material adverse effect on Emirates REIT's business and financial condition

Emirates REIT's portfolio of real estate assets (the **Portfolio**) is concentrated, geographically, in the UAE and by property type and sector. As at the date of this Prospectus, the entirety of Emirates REIT's Portfolio was located in Dubai and, for the nine months ended 30 September 2017 and for each of the financial years ended 31 December 2014, 2015 and 2016, Emirates REIT generated 100 per cent. of its revenue from these assets, which were held across the commercial, educational and retail real estate sectors (the **Properties**). As a result, any deterioration in either the UAE real estate market as a whole, or in the commercial, educational and retail real estate sectors, or in general economic conditions in the UAE, or any failure of Emirates REIT to effectively manage this concentration, could have a material adverse effect on its business, financial condition, results of operations and prospects.

Since late 2008, property and construction markets in the UAE have been significantly adversely affected by macroeconomic factors that are beyond Emirates REIT's control, such as real estate market conditions generally, changes in interest rates, rental rates, consumer spending, inflation rates, real estate taxes, other operating expenses and the availability and cost of financing.

Although the real estate market in Dubai experienced a resurgence in demand during the period from 2011 to mid-2014, the market slowed again in 2015 and 2016 and, as at the date of this Prospectus, remains (according to industry commentators) a 'soft' market. In addition, following the Dubai Government's successful bid to host the World Expo in 2020, the Dubai Government has demonstrated its commitment to Expo 2020-related infrastructure spending, including the development of new commercial and residential properties in Dubai. As an increasing number of developments are launched and reach completion, the number of properties available in the Dubai market may exceed the demand for such properties leading to "saturation". Saturation in the Dubai real estate market could result in a decrease in occupancy levels and/or a decrease in prevailing market rental rates. Additionally, demand for properties in Dubai could decrease as a result of a range of possible factors, including changes in law, macroeconomic conditions, events in neighbouring countries or factors inherent to the Dubai property market.

If the property market in Dubai were to become saturated, or the demand for properties in Dubai were to decline or to be lower than expected, Emirates REIT may have to reduce rents and/or sell its Properties at reduced prices, or at a loss (or may not be able to lease units within the Properties or, as applicable, sell the Properties at all). Any perceived or actual oversupply of properties in Dubai, or a decrease in demand for rental space in Dubai, may materially adversely affect Emirates REIT's rental income from its Portfolio which could, in turn, have a material adverse effect on Emirates REIT's business, financial condition, results of operations and prospects.

Additionally, the commercial and retail real estate markets (which includes Emirates REIT's office and car park real estate) are cyclical in nature and are affected by the condition of the economy as a whole. Deteriorating economic conditions adversely affect the value and liquidity of commercial and retail real estate assets. Negative economic conditions have also had, and may continue to have, a material adverse effect on the level, and effective collection, of rental income and the ability of tenants to make payments to Emirates REIT as a result of the impact of economic conditions on consumer spending and employment levels.

Emirates REIT's results of operations are, and are expected to continue to be, significantly affected by financial, economic and political developments in or affecting Dubai and the UAE more generally and, in particular, by the level of economic activity in Dubai. There can be no assurance that economic growth or performance in Dubai or in the real estate markets in which Emirates REIT operates can or will be sustained. Furthermore, the Dubai economy, like those of many emerging markets, has been characterised by significant Government investment or involvement and extensive regulation in areas such as foreign investment, foreign trade and financial services. If the Dubai economy suffers another decline (such as that seen following the global financial crisis that began in the latter half of 2007 and intensified in 2008), or if there is a decline in the performance of the commercial, educational and/or retail real estate markets, this could have a negative impact on Emirates REIT's occupancy levels and rental income which could, in turn, have a material adverse effect on Emirates REIT's business, financial condition, results of operations and prospects.

Emirates REIT's rental income from its Portfolio may be affected by a number of factors including its ability to find and maintain tenants, the ability of such tenants to fulfil their lease obligations and the duration of their rental contracts

Emirates REIT's ability to maintain (or increase) current occupancy levels within its Portfolio, 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 rental income. In particular, a decline in overall demand for leases for units within Emirates REIT's Portfolio, the non-renewal of leases or early termination by anchor tenants in the Portfolio, could materially adversely affect Emirates REIT's 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 tenants of a similar profile. In addition, new properties may be developed in the future which may compete with Emirates REIT's Properties in terms of targeting the same pool of tenants. The rental income from, and market value of, Emirates REIT's Properties will be dependent on the ability of Emirates REIT's Properties to compete successfully with other properties for tenants. If competing properties are more successful in attracting and retaining tenants, the rental income from Emirates REIT's Properties could be reduced due to a decrease in demand from tenants. See "*Emirates REIT's business is concentrated by geography, property type and sector and any adverse developments in the real estate sector or in the UAE economy may have a material adverse effect on Emirates REIT's business and financial condition*". If Emirates REIT's rental income declines, it would have less cash available to service and repay its financial obligations, including its obligations in respect of the Certificates. In addition, significant expenditures associated with a property, such as ongoing operational expenses and maintenance costs, are generally not reduced in proportion

to any decline in rental revenue received from that Property. If rental revenue from a Property declines while the related costs do not decline, Emirates REIT's income could be materially adversely affected, which together with the other risks described below, may adversely affect Emirates REIT's business, financial condition, results of operations and prospects.

As at 30 September 2017, Emirates REIT's top ten tenants accounted for 45.0 per cent. of Emirates REIT's total rental income. The insolvency or financial difficulty of any of Emirates REIT's significant individual tenants may materially decrease individual tenant's available cash to service its rental payments to Emirates REIT in respect of the Property (or unit(s) within a Property) that it leases. The financial stability of these tenants may also change over time due to factors affecting such tenants directly, such as a downgrading of their credit ratings or broader macroeconomic factors. Emirates REIT's results of operations and cash flows derived from its Properties may be dependent on its tenants' liquidity, solvency, financial performance and their ability to meet their financial obligations. Adverse developments in Emirates REIT's tenants' financial health and credit standing, or any inability of such tenants to pay rent for a period of time, with or without cause, may affect, going forward, Emirates REIT's financial performance.

In addition, anchor tenants often have significant bargaining power when negotiating rent and terms of a lease. In particular, should a conflict or a breakdown in commercial relations arise between Emirates REIT and one of its anchor tenants, Emirates REIT may face delays in receiving rental payments or have difficulty in negotiating extensions to leases for many or all of the affected units going forward. Emirates REIT may in the future agree to lease adjustments to retain anchor tenants thus reducing Emirates REIT's overall rental income. A decline in rental income and/or occupancy rates could result in, to the extent there is vacant space within the Properties, a decline in rental rates for all tenants. In the event of a default by a tenant, Emirates REIT may experience delays and costs in enforcing its rights as landlord to recover amounts due to it under the terms of its agreements with those parties and may incur a delay in being able to release these Properties to the rental market.

Additionally, the duration of tenants' rental contracts may impact Emirates REIT's ability to increase its rental income. As at 30 September 2017, the weighted average unexpired lease term of Emirates REIT's leases was 7.9 years. The existence of Emirates REIT's shorter term leases exposes Emirates REIT to potential rental rate changes (including reductions in rent) on a more frequent basis, which creates a level of uncertainty in respect of Emirates REIT's future rental income. Such leases also place pressure on Emirates REIT to fill such unit spaces as soon as possible, in order that they do not remain unoccupied for an extended period of time. Conversely, the existence of Emirates REIT's longer term leases restricts Emirates REIT from reacting to market demand and may result in the leased space being occupied for a significant period of time by a tenant benefiting from a rental rate that is below the prevailing market rate.

In Onshore Dubai, Emirates REIT is restricted by current tenancy laws, rules and regulations promulgated by the Government of Dubai including the Real Estate Regulatory Authority (**RERA**). As at the date of this Prospectus, the Dubai Tenancy Laws restrict the annual amount by which a landlord is legally able to increase rental charges on many types of premises. Currently, the permitted rent increase is zero per cent., five per cent., 10 per cent., 15 per cent. or 20 per cent. The actual percentage of the permitted rent increase (within the aforementioned range) is dependent on the variance between the existing rent of the unit as compared with the average market rent applicable to similar units, as determined by RERA.

Finally, as a *Shari'a* compliant investment fund, Emirates REIT is also required to adhere to the requirements of *Shari'a* law when identifying tenants or entering into acquisitions to grow the Portfolio. For example, Emirates REIT 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 Emirates REIT can transact and the type of financing arrangements that it can enter into.

All or any of the foregoing factors may result in a reduction of Emirates REIT's rental income which would, in turn, have a material adverse effect on Emirates REIT's business, financial condition, results of operations and prospects.

Emirates REIT's ability to generate desired returns from its Properties will depend on its ability to manage and/or dispose of those properties on appropriate terms

Emirates REIT's ability to achieve desired returns on its Properties will be affected by its ability to generate demand for those properties on terms that are attractive to Emirates REIT. Emirates REIT's Portfolio may in the future include additional commercial, educational and/or retail Properties for which it will seek to attract

tenants. From time to time, and as part of its investment objectives, Emirates REIT may also seek to sell properties within the Portfolio.

Revenue earned from, and the value of, the Properties held by Emirates REIT may be materially adversely affected by a number of factors, including:

- an inability to fully let the Properties, to achieve target occupancy rates or rental returns (see "*Emirates REIT's rental income from its Portfolio may be affected by a number of factors including its ability to find and maintain tenants, the ability of such tenants to fulfil their lease obligations and the duration of their rental contracts*");
- Emirates REIT's inability to adequately manage the ongoing maintenance requirements of its Properties on commercial terms or at all;
- Emirates REIT's inability to collect rent and other contractual payments from tenants on a timely basis or at all;
- tenants seeking the protection of bankruptcy laws which could result in delays in receipt of rental and other contractual payments or the termination of a tenant's lease, all of which could hinder or delay the re-letting of a Property;
- the amount of rent and the terms on which lease renewals and new leases are agreed being less favourable than current leases;
- a competitive rental market, which may affect rental levels or occupancy rates within the Properties;
- the reputation of Emirates REIT and its Properties within the real estate markets in which it operates; and
- changes in laws and/or governmental regulations in relation to real estate, including those governing permitted and planned usage, taxes and government charges. Such changes may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance.

The occurrence of any or all of these factors may have a material adverse effect on Emirates REIT's business, financial condition, results of operations and prospects.

Emirates REIT's ability to pursue growth through acquisitions may be limited by restrictions on the areas in which Emirates REIT can purchase property in the UAE that are outside of designated areas in Dubai and Ras Al Khaimah

Emirates REIT has the benefit of Decree Number (2) for the Year 2013, issued by His Highness Sheikh Mohammed Bin Rashed Al Maktoum, Ruler of Dubai, on 19 February 2013 (the **Dubai Ruler's Decree**) which permits Emirates REIT (through its onshore Dubai branch) to acquire and own properties in designated areas in Dubai, located outside of free zone areas (**Onshore Dubai**) and permits companies wholly owned by Emirates REIT to acquire freehold and long leasehold interests in property in such areas. Pursuant to Dubai Law No. 7 of 2006 concerning land registration in Dubai (and subsequent implementing regulations) non-GCC nationals and companies wholly or partly owned by non-UAE/GCC nationals (such as Emirates REIT), are only permitted to own property in certain designated geographical areas and free zone areas in Dubai. The Dubai Ruler's Decree exempts Emirates REIT from these requirements and consequently widens the geographical area in which Emirates REIT can acquire properties in Dubai.

Additionally, in October 2016, Equitativa Real Estate Limited (**Equitativa**), the parent company and sole shareholder of the REIT Manager, was granted an exclusive Emiri Decree (the **RAK Ruler's Decree**) enabling Emirates REIT and future real estate investment funds managed by Equitativa to invest in real estate in designated areas in the Emirate of Ras Al Khaimah, located outside of free zone areas (**Onshore RAK**) subject to certain conditions. The prescribed conditions set out in the RAK Ruler's Decree are consistent with those imposed upon Emirates REIT by the Dubai Ruler's Decree in connection with property acquisition in Onshore Dubai. See "*Emirates REIT has the benefit of the Dubai Ruler's Decree and the RAK Ruler's Decree which, in each case, can be relied upon by Emirates REIT only to the extent that certain conditions are met*".

Outside of Onshore Dubai and Onshore RAK, Emirates REIT is also permitted to acquire certain types of real estate in the other Emirates in the UAE although, as Emirates REIT is not wholly-owned by UAE/GCC nationals, it must adhere to each Emirate's specific rules and regulations regulating property ownership. For example, if Emirates REIT 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 designated investment

areas (some of these investment areas are also designated as free zones). Therefore, if acquisition opportunities arise outside of Onshore Dubai or Onshore RAK, Emirates REIT'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 ability of Emirates REIT to pursue Portfolio growth may be limited by its ability to purchase property outside of Onshore Dubai and Onshore RAK which may mean that Emirates REIT continues to be exposed to the risks associated with holding assets that are concentrated in a small geographical area. This may have a material adverse effect on Emirates REIT's business, financial condition, results of operations and prospects. For further information, please refer to the risk factor entitled "*Emirates REIT's business is concentrated by geography, property type and sector and any adverse developments in the real estate sector or in the UAE economy may have a material adverse effect on Emirates REIT's business and financial condition*".

Emirates REIT has the benefit of the Dubai Ruler's Decree and the RAK Ruler's Decree which, in each case, can be relied upon by Emirates REIT only to the extent that certain conditions are met

Emirates REIT has the benefit of the Dubai Ruler's Decree and the RAK Ruler's Decree, which are relevant in respect of acquisitions by Emirates REIT of properties in Onshore Dubai and Onshore RAK (respectively).

If Emirates REIT intends to acquire and own property in Onshore Dubai, it must comply with the following conditions specified in the Dubai Ruler's Decree:

- the acquired property must be registered in the name of Emirates REIT's branch located in Onshore Dubai;
- no less than 51 per cent. of the issued share capital of Emirates REIT must be owned at all times by UAE and/or GCC nationals; and
- in the event that Emirates REIT's branch located in Onshore Dubai or Emirates REIT itself is liquidated, no transfer of any property located in Onshore Dubai that is outside the designated areas for freehold ownership shall be made to a shareholder who is not a UAE and/or GCC national.

If Emirates REIT intends to acquire and own property in Onshore RAK, it must comply with the following conditions specified in the RAK Ruler's Decree:

- the acquired property must be registered in the name of Emirates REIT or a duly licensed branch or subsidiary of Emirates REIT located in Onshore RAK;
- Emirates REIT must be duly established and licensed in the UAE (including in any recognised financial free-zone) and must apply to the Government of Ras Al Khaimah Investment and Development Office for approval as a qualifying REIT under the RAK Ruler's Decree (such approval was received by Emirates REIT on 10 October 2016);
- in the event that Emirates REIT is liquidated, no transfer of any property located in Onshore RAK shall be made to a shareholder who is not a UAE and/or GCC national; and
- Emirates REIT must be managed by a duly licensed UAE entity of Equitativa.

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

Furthermore, the conditions and limitations set out in the Dubai Ruler's Decree (and, as applicable, the RAK Ruler's Decree) could adversely impact Emirates REIT's ability to attract future investors and may restrict Emirates REIT's future acquisition and growth objectives which may have a material adverse effect on Emirates REIT's business, financial condition, results of operations and prospects.

Emirates REIT, through its branch registered in the Dubai Technology and Media Free-Zone Authority (TECOM) is subject to the TECOM Standard Terms and Conditions in respect of certain of its Properties located in TECOM which may limit Emirates REIT's ability to freely sell, assign or alter these Properties

Emirates REIT is subject to the standard terms and conditions imposed by TECOM Investments FZ LLC (**TECOM Investments**) for the ownership, development and use of property located within TECOM (the **TECOM Standard Terms and Conditions**). As at the date of this Prospectus, Emirates REIT owns the following Properties in TECOM: (i) Building 24, Dubai Internet City, Dubai, UAE (**Building 24**); (ii) The Loft Offices, buildings 1, 2 and 3 located in Dubai Media City, Dubai, UAE (**Loft Offices**); and (iii) The Office Park building located in Knowledge Village, Dubai, UAE (**Office Park**). See "*Description of Emirates REIT*" for further details on these Properties.

Under the TECOM Standard Terms and Conditions, the consent of TECOM Investments is required before Emirates REIT is able to sell, assign or alter any of Building 24, Loft Offices or Office Park. As a result, Emirates REIT may find itself restricted from freely disposing of and/or dealing with the foregoing Properties or altering them should TECOM Investments' consent not be forthcoming or be withheld. Emirates REIT may also face delays in completing transactions if TECOM Investments fails to provide any required consents in a timely manner. Emirates REIT's inability to freely deal with the aforementioned Properties located in TECOM in the absence of the required consent of TECOM Investments may impede Emirates REIT's ability to undertake any future development or sale of any of these Properties which may have a material adverse effect on Emirates REIT's business, financial condition, results of operations and prospects.

Emirates REIT is subject to the TECOM PMLA in connection with Building 24 which may restrict Emirates REIT's ability to actively manage Building 24

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

Although TECOM Investments is contractually required to provide the Sub-leasing Services in a competent and professional manner and act at all times in the best interests of Emirates REIT, TECOM Investments: (i) does not guarantee any level of rental return in connection with Building 24; and (ii) is not obliged to consult with Emirates REIT to establish leasing parameters and guidelines that are consistent with Emirates REIT's investment objectives (as such objectives are described in "*Description of Emirates REIT*"), local market conditions and practice, prevailing rental rates, minimum and maximum lease terms, space limitations and maximum concessions and allowances. Moreover, Emirates REIT 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 ability of Emirates REIT and the REIT Manager to actively manage Building 24 in the same way it does in relation to Emirates REIT's other Properties. Accordingly, there is no guarantee that Emirates REIT is, or is capable of, obtaining the optimal level of rental returns in relation to Building 24, which may have an effect on the returns Emirates REIT achieves for Building 24. Moreover, as Emirates REIT has waived the right to have a direct contractual relationship with the tenants to whom TECOM Investments sub-lets units under the terms of the TECOM PMLA, Emirates REIT cannot enforce the terms of such sub-leases against the tenants directly and is reliant on TECOM Investments to enforce such terms. In addition, the TECOM PMLA is binding on all successors in title in relation to Building 24 and, accordingly, should Emirates REIT need or wish to dispose of Building 24, it may be unattractive to certain potential future purchasers, which could result in Emirates REIT completing the disposal at a less favourable price or on less favourable terms which could have a material adverse effect on Emirates REIT's business, financial condition, results of operations and prospects.

Emirates REIT 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 Emirates REIT's performance

Emirates REIT's business strategy may involve, in the medium to long-term, further growth of its Portfolio through the acquisition of additional real estate assets. Identifying suitable properties and negotiating acceptable purchase contracts, conducting due diligence, obtaining external financing for such acquisitions on commercially acceptable terms 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 REIT 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 may result in Emirates REIT failing to complete an acquisition and there can be no guarantee that the REIT Manager will be successful in its negotiations and preparations to acquire any specific real estate asset. The greater the number of acquisitions that do not reach completion, the greater the likely impact of such time commitments and costs on Emirates REIT's business. Furthermore, in the event that Emirates REIT 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. See "*– Emirates REIT may acquire less than 100 per cent. control of its future investments and may be subject to the risks associated with joint venture investments, such as the joint venture partner becoming insolvent*". Accordingly, Emirates REIT's inability to select and invest, either alone or as co-owner, properties on a timely basis could increase Emirates REIT's costs and management time expended on such activities, which may materially adversely affect Emirates REIT's business, financial condition, results of operations and prospects.

Emirates REIT's ability to achieve asset growth and/or enhancement may be limited by its ability to incur additional debt

Emirates REIT may not be able to pursue asset growth and/or enhancement solely from cash generated from its operating activities. In accordance with: (i) Emirates REIT's Articles of Association (the **Articles**); and (ii) Rule 13.5.1(2)(c) of the Collective Investment Rules of the Dubai Financial Services Authority (the **DFSA**) (the **CIR**), Emirates REIT is under an obligation to distribute at least 80 per cent. of its audited annual net income to its shareholders (which is subject to Emirates REIT 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 72 of Dubai International Financial Centre (**DIFC**) Law No. 3 of 2017, as amended) in order to maintain its status as a real estate investment fund under the CIR. Additionally, and pursuant to Rule 13.4.5(1) of the CIR, Emirates REIT is restricted from incurring aggregate total indebtedness, whether directly or through special purpose vehicles, which exceeds 50 per cent. of Emirates REIT's gross asset value.

The requirement to distribute a minimum percentage of its audited annual net income to shareholders may affect Emirates REIT's cash flow and may result in it being forced to raise or procure funding of certain amounts in order to ensure that it is capable of distributing the requisite level of dividends to shareholders. In addition, Emirates REIT's ability to raise external financing is restricted by the maximum gearing thresholds imposed by the CIR. In turn, and even when operating within the prescribed gearing ratio, the repayment of such external debt financing may be affected by the dividend distribution obligation described above.

If external financing is not available at any given time (including by virtue of the restrictions imposed upon Emirates REIT by the CIR), or is available on terms that are not commercially viable, Emirates REIT will not be able to achieve asset growth and/or enhancement which could have a material adverse effect on Emirates REIT's business, financial condition, results of operations and prospects.

Acquisition of real estate assets requires significant capital investment and interest rate fluctuations may increase the cost of Emirates REIT's current and future borrowings

Emirates REIT has in the past made, and anticipates that, in the medium to long-term, it will continue to make, significant capital investment to continue the growth of its Portfolio and the delivery of returns to its shareholders, in line with the requirements of the CIR and the Articles – see "*– Emirates REIT's ability to achieve asset growth and/or enhancement may be limited by its ability to incur additional debt*". Achieving growth of Emirates REIT's Portfolio is highly capital intensive and such expenditure may materially and adversely affect Emirates REIT's operating income.

Emirates REIT intends to finance future acquisitions and its financial obligations through borrowings from third parties, in addition to Emirates REIT's own cash flows generated from its existing investments. Emirates REIT's ability to obtain external financing and the cost of such financing depends on numerous factors, including prevailing market interest rates. The U.S. federal reserve raised interest rates in December 2015 for the first time since 2006. In December 2016, March 2017 and again in June 2017, further 0.25 per cent. rate hikes were announced by the U.S. federal reserve (with further rate increases anticipated). If the pace of U.S. interest rate movements develops as expected, it may adversely impact Emirates REIT's borrowing costs.

There can be no assurance that external financing will be available or, if available, that such financing will be obtainable on terms that are not onerous to Emirates REIT. If Emirates REIT is not able to obtain adequate financing to make capital and investment expenditures in the future, this could have a material and adverse effect on Emirates REIT's business, financial condition, results of operations and prospects and therefore on the ability of the Trustee and Emirates REIT to perform their respective obligations in respect of the Certificates.

Emirates REIT may acquire less than 100 per cent. control of its investments and may be subject to the risks associated with joint venture investments, such as the joint venture partner becoming insolvent

Pursuant to Emirates REIT's investment policy, Emirates REIT may enter into a variety of investment structures in which Emirates REIT acquires less than a 100 per cent. interest in a particular property asset and the remaining ownership interest is held by one or more third parties. Although Emirates REIT is obliged under the CIR to hold more than 50 per cent. ownership in, and control of, such investments, any such joint venture arrangements may expose Emirates REIT to the risk that:

- third-party owners become insolvent or bankrupt, or fail to fund their share of any capital contribution which might be required;
- third-party owners may have economic or other interests that are inconsistent with Emirates REIT's interests and are in a position to take or influence actions contrary to Emirates REIT's interests and plans (for example, in implementing active asset management measures), which may create impasses on decisions and affect Emirates REIT's ability to implement its strategies and/or dispose of the relevant property or asset;
- disputes develop between Emirates REIT 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 Emirates REIT's expenses and distracting the employees of the REIT Manager from their management duties in relation to Emirates REIT;
- Emirates REIT's equity investments in such companies may become diluted if it does not participate in future equity or equity-linked fundraising opportunities;
- 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 relevant property, which could result in the loss of current or prospective tenants and may otherwise adversely affect the operation and maintenance of the relevant property;
- a co-owner breaches agreements related to the relevant property, which may cause a default under such agreements and result in liability for Emirates REIT and otherwise materially adversely affect the co-ownership arrangement;
- Emirates REIT may, in certain circumstances, be otherwise liable for the actions of third-party owners and may suffer damage to its reputation as a result of such actions; and
- a default by any co-owner constitutes a default under the applicable 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 Emirates REIT and have a material and adverse effect on Emirates REIT's business, financial condition, results of operations and prospects.

The due diligence process that the REIT Manager undertakes in connection with Emirates REIT'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 Emirates REIT makes any investment into real estate assets, the REIT 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 REIT Manager will continue to rely on resources available to it, including information provided by the potential counterparty, the real estate valuer, financier or agent. There can be no assurance that the due diligence investigation carried out with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or desirable in evaluating that investment opportunity. In particular, certain environmental issues may be difficult to uncover and may result in potentially significant losses and liabilities being imposed on Emirates REIT as the owner of the affected real estate asset. Moreover, there can be no assurance that satisfactory due diligence will result in an investment being successful. If relevant facts are not identified through the due diligence process, the REIT Manager may make misinformed business decisions, which could have a material and adverse effect on Emirates REIT's business, financial condition, results of operations and prospects, which could therefore affect the ability of the Trustee and Emirates REIT to perform their respective obligations in respect of the Certificates.

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

The cost of utilities, including district cooling, water and electricity for the entire Portfolio, amounted to 17.8 per cent. of total property operating expenses for the nine-month period ended 30 September 2017. Emirates REIT has no control over the rates charged for such utilities, primarily as there is only a single provider for the majority of utilities and the relevant Governmental authorities in Dubai have a high degree of discretion and may act selectively and/or arbitrarily increase such costs with little or no notice. In particular, district cooling providers enjoy a monopoly in various areas of Dubai over providing district cooling services and many properties located in such areas do not have standalone air conditioning systems in place, necessitating direct 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. For example, Emirates REIT is party to a 25-year agreement with a district cooling provider with onerous terms which it was unable to vary. Emirates REIT may need to enter into similarly onerous agreements with utility providers as part of future acquisitions. Although Emirates REIT has put in place measures to transfer such costs to tenants in some cases, any increase in these rates may have an impact on Emirates REIT's ability to lease its Properties and/or result in a decrease in demand from tenants. For further information, please refer to the risk factor entitled "*Unlawful, arbitrary or unexpected Government action may have a material adverse effect on Emirates REIT's business and may include action from one or more of the Government-linked shareholders*".

Moreover, many of the leases that Emirates REIT inherited on the acquisition of its Properties, and some other leases Emirates REIT has otherwise entered into, do not provide for service fee charges to be recovered from tenants. In other cases, the level of service fee income recovered from tenants does not cover the entire service cost attributable to the particular Property. The ability of Emirates REIT to pass on any increased costs may therefore be limited and accordingly any significant increase in the costs of maintaining Emirates REIT's properties could have a significant impact on Emirates REIT's business, financial condition, results of operations and prospects.

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

Emirates REIT has previously invested in new properties, such as the retail units and the sky lobby in Index Tower in the DIFC, which offer an opportunity for development and reconfiguration in order to produce the maximum possible rental income. Similarly, refurbishment work is undertaken on certain Properties from time to time 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 Emirates REIT will continue to invest in properties requiring developmental work in the future and other properties that require a greater level of refurbishment.

Such real estate development or refurbishment activities are subject to the risk of delay or suspension and material changes in scope due to, among other factors, the following:

- significant cost overruns in respect of the cost of architects, builders and interior designers;
- the unavailability of, or shortages of, contractors, construction materials, equipment and labourers;
- the failure of contractors to meet agreed timetables, in particular with respect to more complex or technically challenging developments (for example, due to the scale, height or complex design of a development);
- physical obstructions, adverse weather and unforeseen ground conditions; and
- delays or failure to obtain any required permits, authorisations, general licences and regulatory certificates for such development or refurbishment works.

In addition, whilst such improvements are being implemented, Emirates REIT may experience no (or reduced) rental income from the Properties which are the subject of the development as the relevant Properties might remain unoccupied for the duration of the works. Any delays caused to such developmental works could increase Emirates REIT's costs and incurring such increased costs, or experiencing periods of no (or reduced) rental income from a Property as a result of development or refurbishment works, may materially adversely affect Emirates REIT's business, financial condition, results of operations and prospects.

Emirates REIT may be subject to liability following the disposal of investments from its Portfolio

Emirates REIT 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. Emirates REIT may be required to set aside provisions for warranty claims or contingent liabilities in respect of Property disposals. Emirates REIT may be required to pay damages (including but not limited to litigation costs) to a purchaser to the extent that any representations or warranties that it had given to a purchaser prove to be inaccurate or to the extent that it has breached any of its covenants or obligations contained in the disposal documentation. In certain circumstances, it is possible that any representations and warranties incorrectly given could give rise to a right by the purchaser to unwind the contract of sale in addition to the payment of damages.

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

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

Emirates REIT's Properties may suffer physical damage resulting in losses (including loss of rent), and/or tenants or other individuals may suffer injury or other losses for which Emirates REIT may be held liable, which may not be fully compensated for by insurance, or at all. In addition, there are certain types of losses, generally of a catastrophic nature, that may be uninsurable such as damage resulting from acts of war, acts of terrorism, subsidence and outbreaks of contagious diseases or damage that is not economically insurable (such as damage resulting from certain electrical or mechanical failures or deterioration due to extreme temperature changes). Inflation, changes in (or non-compliance with) building regulations or health and safety standards or practices, environmental considerations, and other factors, might also result in insurance proceeds being insufficient to repair or replace a Property or compensate a tenant or other individual. Furthermore, due to a number of factors, including the jurisdiction in which Emirates REIT operates and the fact that Emirates REIT is a *Shari'a* compliant fund, it may be limited to a smaller number of *Shari'a* compliant insurance (or *takaful*) providers offering a limited number of options in terms of insurance policies, which may increase Emirates REIT's insurance premiums and/or may mean that it is not economically viable for Emirates REIT to obtain insurance coverage in relation to certain assets or other areas of its business.

Should an uninsured loss or a loss in excess of insured limits occur, Emirates REIT may lose capital invested in the affected Property as well as anticipated future revenue from that Property. In addition, Emirates REIT could be liable to repair damage caused by uninsured risks or to pay damages in connection with injuries or other losses. Emirates REIT might also remain liable for any debt or other financial obligations related to that Property. In addition, Emirates REIT's reputation could suffer if tenants or other individuals suffer injury or other losses on Emirates REIT's Properties. While Emirates REIT believes that the insurance coverage it maintains is consistent with industry norms, there can be no assurance that these insurance policies will be

adequate to cover the losses that may be incurred. If Emirates REIT were to suffer large uninsured losses or if any insured loss suffered by Emirates REIT significantly exceeds its insurance coverage, Emirates REIT's business, financial condition, results of operations and prospects may be materially and adversely affected.

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

The quality and design of Emirates REIT's Properties directly influences the rental rates attainable from, and the demand for, rental space in the Properties. Emirates REIT's Properties may need to undergo renovation works from time to time to retain their attractiveness to tenants and may also require *ad hoc* repair and maintenance 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 Emirates REIT'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 Emirates REIT's Properties may suffer disruption as a result of renovation works and it may not be possible to collect the full rate of (or, as the case may be, any) rental income on the space affected by such renovation works. See "*Investments may be made into new properties that require development or refurbishment*".

Additionally, physical damage to Emirates REIT's properties resulting from fire, earthquakes or other causes may lead to a significant disruption to the business and operations of the Properties and to significant capital expenditure by Emirates REIT which may not all be covered by Emirates REIT's insurance policies. See "*Emirates REIT may suffer losses in excess of insurance proceeds, if any, or from uninsurable events and may be limited in terms of the scope of insurance available to it*". Furthermore, tenants generally have the right to terminate their tenancies prematurely in the event that physical damage (not caused by the tenants' negligence or default) persists for an extended period of time. Any of the foregoing may impose unbudgeted costs on Emirates REIT which may materially adversely affect Emirates REIT's business, financial condition, results of operations and prospects.

Real estate valuation is inherently subjective and uncertain and based on assumptions which may prove to be inaccurate or affected by factors outside Emirates REIT's control

Property assets are inherently difficult to value. The judgement of the REIT Manager, as well as the independent valuers who perform valuations on Emirates REIT's (and the REIT Manager's) behalf in accordance with valuation standards of the Royal Institution of Chartered Surveyors, significantly impact the determination of the market value of Emirates REIT's Properties. As a result, valuations of Emirates REIT's Properties are dated as at a certain (historic) date and subject to substantial uncertainty. In addition, in valuing Properties, the REIT Manager and valuers are required to make certain assumptions, including, but not limited to, the existence of willing tenants and expected rental income, condition of structure and services, environmental matters, legal matters, regulatory requirements and planning and other information. Such assumptions may prove to be inaccurate and could negatively affect the value of Emirates REIT's Properties. Another key component of determining the market value of Emirates REIT's Properties is based on an assessment by management or the independent valuers of real estate market conditions in the city or country where the property is located. The real estate market is also affected by general economic conditions, the availability of financing, interest rates and various other factors, including supply and demand, that are beyond Emirates REIT's control and may adversely impact Properties after their most recent valuation date. As a result, any material decline in the real estate market in the UAE could have a material adverse effect on Emirates REIT's business, financial condition, results of operations and prospects.

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

Emirates REIT's Portfolio consists entirely of real estate assets. Because real estate investments in general are relatively illiquid, Emirates REIT's ability to promptly sell one or more of its Properties in response to changing political, economic, financial and investment conditions is limited. The real estate market is affected by many factors that are beyond Emirates REIT's control. The REIT Manager cannot be certain that it will be able to sell any Property for the price or on the terms it sets, or whether any price or other terms offered by a prospective purchaser would be acceptable to it. The REIT Manager also cannot predict the length of time needed to find a willing purchaser for its Properties and to effect the sale of any Property. In addition, to the extent Emirates REIT requires external financing, a requirement of any such financing could include Emirates REIT granting a

mortgage over certain Property to secure its payment obligations, which could preclude Emirates REIT from selling such Property while the relevant financing remains outstanding. There can be no assurance that the sale of any of Emirates REIT's Properties will be at a price which reflects the relevant Property's most recent valuation, particularly if Emirates REIT was forced to sell properties in adverse economic conditions. Any of these factors, alone or in combination, could have a material adverse effect on Emirates REIT's Portfolio which could in turn have a material adverse effect on Emirates REIT's business, financial condition, results of operations and prospects.

Emirates REIT is dependent on the performance of third-parties

Emirates REIT 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, Emirates REIT is exposed to various risks, including:

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

Any of the foregoing factors may materially adversely impact Emirates REIT's business, financial condition, results of operations and prospects.

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

Emirates REIT enters into leases with tenants in respect of the Properties in Emirates REIT's Portfolio. The Dubai Tenancy Laws that apply in relation to leases in Onshore Dubai are generally favourable to tenants. For example, rental increases may be subject to certain financial caps as determined from time to time by a Ruler's decree or by RERA (see "*– Emirates REIT's rental income from its Portfolio may be affected by a number of factors including its ability to find and maintain tenants, the ability of such tenants to fulfil their lease obligations and the duration of their rental contracts*"). In addition, under the Dubai Tenancy Laws, if a lessee has not issued a notice to the lessor to terminate the lease 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 Dubai 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: (A) the initial term of the lease; or (B) 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 imposed by the Dubai Tenancy Laws. Accordingly, if Emirates REIT wishes to evict a tenant in a situation where it could rent the unit to a new tenant who is willing to pay a higher rent, Emirates REIT would be faced with difficulties if it could not satisfy one of the permitted grounds (and procedural requirements) under the Dubai Tenancy Laws. Emirates REIT's inability to freely evict tenants at the expiry of the relevant rental term and the requirement that Emirates REIT adheres to the tenant friendly Dubai Tenancy Laws when seeking a rental increase, may have a material adverse effect on the ability of Emirates REIT to increase the level of rental income from its Portfolio which may in turn have a material adverse effect on Emirates REIT's business, financial condition, results of operations and prospects.

Additionally, Emirates REIT cannot predict the contents of any future laws, rules or regulations that may be promulgated or implemented by the Government of Dubai or RERA. While many of the real estate laws, rules

and regulations recently implemented, and to be implemented in the future in Dubai, are intended to improve the real estate market in Dubai, their effects of their implementation is often uncertain, there may be difficulties or delays in enforcing them and there can be no assurance that such laws and regulations will not impose more onerous obligations on Emirates REIT or have a material adverse effect on Emirates REIT's business, financial condition, results of operations and prospects.

RISKS RELATING TO THE REIT MANAGER

The REIT Manager manages and is the sole Director of Emirates REIT and there are restrictions on the ability of Emirates REIT and its shareholders to remove the REIT Manager in its capacity as both sole Director and fund manager

The arrangements in place between Emirates REIT and the REIT Manager are such that the REIT Manager is able to exert control over Emirates REIT, both in its capacity as: (i) sole Director of Emirates REIT; and (ii) as fund manager to Emirates REIT, pursuant to the fund management agreement (the **Fund Management Agreement**) entered into between Emirates REIT and the REIT Manager on 27 January 2014 (as amended from time to time). Furthermore, there are significant restrictions on Emirates REIT and its shareholders in connection with their ability to remove the REIT Manager in either of its capacities.

Under the Fund Management Agreement, the arrangements between Emirates REIT and the REIT Manager can generally be terminated by Emirates REIT in the event of a breach of contract (or in the event of other customary termination events, such as insolvency) or on three years' prior written notice. In accordance with the Articles, the REIT Manager cannot be replaced (in its capacity as fund manager to Emirates REIT) without the approval of at least 75 per cent. of Emirates REIT's shareholders.

The Articles stipulate that Emirates REIT must have at least one Director. The REIT Manager, in its capacity as sole Director, has the right to appoint replacement Directors provided that any Director so appointed is required to be approved by at least 75 per cent. of Emirates REIT's shareholders at the next general meeting of Emirates REIT. As at the date of this Prospectus, the REIT Manager is the sole Director of Emirates REIT.

Accordingly, the REIT Manager exercises control over Emirates REIT and there are restrictions on the ability of Emirates REIT and the shareholders to remove the REIT Manager.

Emirates REIT depends entirely on the expertise of the REIT Manager and its key personnel and the departure of any of these individuals could materially and adversely affect Emirates REIT's ability to successfully execute its strategy

In accordance with the Fund Management Agreement, the REIT Manager is responsible for the management of the Portfolio. As at the date of this Prospectus, Emirates REIT has no employees and its sole Director is the REIT Manager. All of its investment and asset management decisions are made by the REIT Manager on behalf of Emirates REIT and, accordingly, Emirates REIT will continue to be completely reliant upon, and its success will depend exclusively on, the REIT Manager, its personnel, services and resources. For example, the REIT Manager benefits directly (and Emirates REIT benefits indirectly) from the relationship it has with the REIT Manager's sole shareholder, Equitativa, which is wholly-owned by a foundation based in Liechtenstein, Equitativa Holding Foundation, of which Mr. Sylvain Vieujot (the executive deputy chairman of the REIT Manager) and Ms. Magali Mouquet (an executive director of the REIT Manager) are beneficiaries. The direct and indirect opportunities that the REIT Manager's ownership structure presents, and the influence the REIT Manager's management team can exert in terms of contacts, reputation and public relations, are important to Emirates REIT.

Consequently, the future ability of Emirates REIT to successfully pursue its investment policy may, among other things, depend on the ability of the REIT Manager to retain its relationship with key individuals such as Mr. Abdulla Al Hamli (chairman of the REIT Manager and managing director of DIB), Ms. Magali Mouquet and Mr. Sylvain Vieujot. Whilst the REIT Manager has endeavoured to ensure that the principal members of its management teams are suitably incentivised, the retention of key members of the team cannot be guaranteed. Furthermore, in the event of a departure of a key employee of the REIT Manager, there is no guarantee that the REIT Manager would be able to recruit a suitable replacement or that any delay in doing so would not adversely affect the performance of Emirates REIT.

Accordingly, while Emirates REIT believes that the REIT Manager has effective staff recruitment, retention, development and rewards programmes in place, the REIT Manager's failure to recruit, train and/or retain

necessary personnel could have a material adverse effect on the business, financial condition, results of operations and prospects of Emirates REIT.

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

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

In addition, the Fund Management Agreement does not require the REIT Manager to dedicate specific personnel to Emirates REIT or to require personnel servicing Emirates REIT's business to focus exclusively on, or to allocate a specific amount of time to, Emirates REIT's business. The REIT Manager is not restricted from entering into additional agreements that may reduce that ability of the REIT Manager to allocate time and resources to Emirates REIT's investments. If the REIT Manager does not or is unable to allocate the appropriate time or resources to Emirates REIT's investments, Emirates REIT may be unable to achieve its investment objectives which could have a material adverse effect on the business, financial condition, results of operations and prospects.

The Fund Management Agreement may be terminated

The Fund Management Agreement continues in force until it is terminated, such termination requiring three years' prior written notice (unless it is terminated by either party in accordance with certain conditions as described therein). Prior to any termination by Emirates REIT, the REIT Manager as sole Director of Emirates REIT would ordinarily have to decide to terminate the Fund Management Agreement.

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

Emirates REIT is dependent on licences to use the REIT Manager's intellectual property

Emirates REIT relies on its brand recognition and the goodwill associated with it. Therefore, the name "Emirates REIT" and its associated brand, trading names and trademarks are key to Emirates REIT's business. The REIT Manager is the owner of the trademark "Emirates REIT" and the Emirates REIT device (the **Marks**) and Mr. Sylvain Vieujot (the executive deputy chairman of the REIT Manager) is the owner of the URL "reit.ae" (the **URL**). The REIT Manager has granted Emirates REIT a licence to use the Marks in the business of a *Shari'a* compliant real estate investment fund and Mr. Sylvain Vieujot has licensed the REIT Manager to use the URL. Each licence continues until the date which is three months after the REIT Manager ceases to be the manager of Emirates REIT or until the licence is terminated by either party, if the other party commits a material breach of the licence which is irremediable or if such breach is remediable, fails to remedy that breach within 30 days of being notified in writing to do so.

If either of the licences to use the Marks or the URL is terminated, Emirates REIT will lose the ability to use the Marks and the URL (as the case may be) which could have a material adverse effect on Emirates REIT's business, financial condition, results of operations and prospects.

Emirates REIT's business is subject to risk relating to the REIT Manager's information technology systems

The REIT Manager has established and internally developed a bespoke information technology system which enables live monitoring of the Portfolio. This provides the REIT Manager with real-time updates on the performance of each Property and facilitates efficient management of the Portfolio.

Accordingly, the REIT Manager is dependent upon its information technology systems in its management of Emirates REIT's business and to store and process substantially all of Emirates REIT's operating data on an accurate and timely basis. The proper functioning of the REIT Manager's information technology systems is critical to Emirates REIT's business and ability to compete effectively. Emirates REIT's business activities may be materially disrupted if there is a partial or complete failure of any of these information technology systems. Such failures can be caused by a variety of external factors, including natural disasters, extended utility failures and software or hardware malfunctions. Additionally, accurate and reliable data and other system input and code, which are subject to human error, are also critical to the proper functioning of the REIT Manager's information technology systems.

Furthermore, the threat to the security of Emirates REIT's information technology systems from cyber-attacks is real and continues to grow at pace. Activists, rogue states and cyber criminals are among those targeting computer systems around the world. Risks to technology and cyber-security change rapidly and require continued focus and investment. Given the increasing sophistication and scope of potential cyber-attack, it is possible that future attacks may lead to significant breaches of security.

Failure to adequately manage these risks to the REIT Manager's information technology systems and to continually review and update current processes in response to new threats could disrupt Emirates REIT's business, result in the disclosure of confidential information, create significant financial and/or legal exposure and damage Emirates REIT's reputation and/or brand, which could have a material adverse effect on Emirates REIT's business, results of operations, financial condition and prospects.

Emirates REIT and the REIT Manager are regulated entities and may be exposed to regulatory compliance issues and sanctions

Emirates REIT and the REIT Manager are subject to regulation by the DFSA under: (i) the Collective Investment Law No. 2 of 2010 of the DIFC; (ii) the CIR; (iii) the Islamic Finance Rules of the DFSA; and (iv) other legislation and rules applicable to funds and fund managers within the DIFC. As part of its regulatory oversight, the DFSA also undertakes periodic risk assessments of Emirates REIT. In the course of the REIT Manager's ongoing, ordinary course engagement with the DFSA as its primary regulator, the DFSA has from time to time identified matters requiring improvement in the REIT Manager's risk management, internal controls and other areas.

If the DFSA were to impose sanctions on Emirates REIT or the REIT Manager in respect of past regulatory breaches, or any regulatory breaches that may be identified from time to time in future, such sanctions may include withdrawing the registration of Emirates REIT possibly triggering suspension of its equity listing on Nasdaq Dubai, regulatory investigations, the imposition of public censure or regulatory penalties and suspension or withdrawal of the REIT Manager's regulatory permissions, all of which may have an adverse effect on the reputation of the REIT Manager and, as a result, on the business, financial condition, results of operations and prospects of Emirates REIT. If the REIT Manager's regulatory permissions were suspended or withdrawn, Emirates REIT would need to seek a replacement fund manager and there is no assurance that Emirates REIT 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 REIT Manager, or at all.

Emirates REIT and the REIT Manager engage in transactions with certain related parties

Emirates REIT and the REIT Manager have engaged in transactions with related parties, including Emirates REIT's shareholders and may continue to do so in the future. Conflicts of interests may arise between Emirates REIT and any joint venture parties and affiliates it may acquire, potentially resulting in the conclusion of transactions on terms not fully determined by market forces. Emirates REIT and the REIT Manager have implemented arrangements to deal with potential conflicts of interest. For further information regarding related party transactions, please refer to the "Operating and Financial Review" section of this Prospectus, Note 13

(*Related Party Transactions*) to the 2016 Financial Statements and Note 14 (*Related Party Transactions*) to the Reviewed Financial Statements.

RISKS RELATING TO DUBAI, THE UAE AND THE MENA REGION

Emirates REIT is subject to the economic and political conditions of operating in an emerging market and operates against a backdrop of continued instability and unrest in the Middle East

Emirates REIT operates exclusively in the UAE and, accordingly, Emirates REIT's results of operations are, and will continue to be, generally affected by financial, economic and political developments in or affecting Dubai, the UAE and the Middle East. It is not possible to predict the occurrence of events or circumstances, such as war or hostilities, or the impact of such occurrences, and no assurance can be given that Emirates REIT would be able to sustain the operation of its business if adverse political events or circumstances were to occur. A general downturn or instability in certain sectors of the UAE or the regional economy could have an adverse effect on Emirates REIT's business, financial condition, results of operations and prospects.

While the UAE is seen as a relatively stable political environment, certain other jurisdictions in the Middle East are not and there is a risk that regional geopolitical instability could impact the UAE. Instability in the Middle East may result from a number of factors, including government or military regime change, civil unrest or terrorism. In particular, since early 2011 there has been political unrest in a range of countries in the Middle East and North Africa (**MENA**) region, including the Arab Republic of Egypt, Algeria, the Hashemite Kingdom of Jordan, Libya, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, the Republic of Yemen, the Republic of Iraq (Kurdistan), Syria, Palestine, the Republic of Turkey, Tunisia and the Sultanate of Oman.

This unrest has ranged from public demonstrations to, in extreme cases, armed conflict (for example, the multinational conflict in Syria with Islamic State (also known as Daesh, ISIS or ISIL)) and the overthrow of existing leadership and has given rise to increased political uncertainty across the region. Further, the UAE, along with other Arab states, is currently participating in the Saudi Arabian led intervention in the Republic of Yemen which began in 2015 in response to requests for assistance from the Yemeni government against the Al Houthi militia. The UAE is also a member of another Saudi Arabian led coalition formed in December 2015 to combat Islamic extremism and, in particular, Islamic State. Additionally, in June 2017, a number of MENA countries including the UAE, the Kingdom of Saudi Arabia, the Kingdom of Bahrain and the Arab Republic of Egypt severed diplomatic relations with the State of Qatar, citing the State of Qatar's alleged support for terrorism and accusing the State of Qatar of creating instability in the region. The termination of diplomatic relations included the withdrawal of ambassadors and imposing trade and travel bans.

These situations have caused significant disruption to the economies of affected countries and have had a destabilising effect on international oil and gas prices. Continued instability affecting the countries in the MENA region could adversely impact the UAE although to date there has been no significant impact on the UAE. In particular, such continuing instability and unrest in the MENA region may significantly affect the sectors in which Emirates REIT does business, financial markets and the real economy generally, as well as the UAE real estate market. The consequences of such instability include a decrease in foreign direct investment into the region, capital outflows or increased volatility in the global and regional financial markets.

Any of the foregoing circumstances could have a material adverse effect on the political and economic stability of the Middle East and the UAE and, consequently, could have an adverse effect on Emirates REIT's business, financial condition, results of operations and prospects.

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

Governmental authorities in Dubai may have a high degree of discretion and may act selectively or arbitrarily, without hearing or prior notice, and in a manner that is potentially contrary to law or influenced by political or economic considerations. Moreover, such governmental authorities may have the power, by regulation or government act, to influence or prescribe the performance of, or to nullify or terminate, contracts. Unlawful, selective or arbitrary governmental actions could include the denial or withdrawal of licenses, sudden and unexpected tax audits, criminal prosecutions and civil actions. Emirates REIT's competitors may receive preferential treatment from the respective governments in the countries in which they operate. Although Emirates REIT has not, as at the date of this Prospectus, been affected by such action or inaction, should the Government or the DIFC introduce amendments or additions to the laws or regulations in the real estate investment fund market, Emirates REIT may face increased competition in a short time frame. Similarly, if one (or more) of Emirates REIT's Government-linked shareholders elected to take any action directed at Emirates

REIT, or elect to acquire all of its shares (by way of a takeover or otherwise), there is no guarantee that Emirates REIT would be capable of preventing or influencing such action. Such unlawful, arbitrary or unexpected Government action could have a material adverse effect on Emirates REIT's business, financial condition, results of operations and prospects.

Tax changes in the UAE may have an adverse effect on Emirates REIT

As at the date of this Prospectus, Emirates REIT is not currently subject to corporation tax (or any other analogous tax) on its earnings within the UAE and the UAE does not impose value-added tax (VAT) on the sale of goods and services. However, investors should be aware that on 24 February 2016, the UAE Minister of State for Financial Affairs announced that, pursuant to a GCC-wide framework agreement on the implementation of VAT, the UAE will implement VAT at the rate of 5 per cent. on goods and services with effect from 1 January 2018.

The GCC-wide framework agreement for VAT is yet to be made available. However, the UAE national legislation implementing this framework agreement was published on 23 August 2017 (UAE Federal Decree Law No. 8 of 2017). On 1 October 2017, the Ministry of Finance also published executive legislation for the implementation of excise tax with immediate effect. This is considered to be the first phase of the new tax system in the UAE. Additionally, on 28 November 2017, the Ministry of Finance published VAT implementing regulations.

It is possible that, once VAT is introduced in the UAE, Emirates REIT's costs would increase and its future profitability could be negatively affected.

The implementation of VAT and/or any future corporation tax (or any other analogous tax) regime which may be introduced in the UAE may have a material adverse effect on Emirates REIT's business, financial condition, results of operations and prospects, which in turn could affect Emirates REIT's ability to perform its obligations in respect of the Certificates. Further, the introduction of VAT may increase the pricing of tenancies within Emirates REIT's Properties, potentially making the Properties, and units within the Properties, less attractive to potential tenants. Additionally, the introduction of VAT could have a broader economic impact, for example, reducing the prevailing levels of disposable income, thereby affecting demand for tenancies within the Properties.

Emirates REIT has ensured that any new tenancy agreements it enters into include VAT provisions such that Emirates REIT will continue to receive the full rental amount and the tenant will have responsibility for bearing any VAT liability.

The UAE's economy is highly dependent upon the price of oil, which has been volatile

The UAE economy as a whole, and the economies of other countries in the MENA region, are highly dependent upon oil revenue and are, as a result, exposed to oil price volatility and are affected by the level of government spending. Oil represents a sizeable segment of the economies of countries in the Middle East, including the UAE, and has contributed to the increase in economic activity in the region, including the demand for properties and property development.

According to data produced by the Organization of Petroleum Exporting Countries (OPEC), as at 31 December 2016, the UAE had approximately 6.6 per cent. of proven global crude oil reserves which generated 21.3 per cent. of its nominal GDP and 16.9 per cent. of the total value of the UAE's exports (including re-exports) in 2016 (according to preliminary data produced by the UAE's Federal Competitiveness and Statistics Agency and the UAE Central Bank). According to the OPEC website, the price of the OPEC Reference Basket has fluctuated significantly in recent years. During the second half of 2008 and into 2009, world oil prices fell approximately 70 per cent. from their peak level of U.S.\$137 per barrel of Murban crude reached in July 2008 to an average of approximately U.S.\$62.7 per barrel for the year ended 31 December 2009, before returning to an average of approximately U.S.\$105.87 per barrel for the year ended 31 December 2013. However, between July 2014, when the monthly average OPEC Reference Basket price per barrel was U.S.\$107.9 and January 2016, crude oil prices fell sharply, by approximately 75 per cent. to a monthly average price of U.S.\$26.50. Since this low point, there has been a global correction in prices and, as at 31 October 2017, the average price of the OPEC Reference Basket for the year to that date had recovered to U.S.\$58.27 per barrel. Oil prices are expected to continue to fluctuate in the future in response to changes in many factors over which Emirates REIT has no control. Factors that may affect the price of oil include, but are not limited to:

- economic and political developments in oil producing regions, particularly in the Middle East;

- global and regional supply and demand, and expectations regarding future supply and demand, for oil products;
- the ability of members of OPEC and other crude oil producing nations to agree upon and maintain specified global production levels and prices;
- the impact of international environmental regulations designed to reduce carbon emissions;
- other actions taken by major crude oil producing or consuming countries;
- prices and availability of alternative fuels, global economic and political conditions, prices and availability of new technologies using alternative fuels; and
- global weather and environmental conditions.

If the prevailing low international prices for hydrocarbon products are sustained for a significant period of time into the future, this could have a significant adverse effect on the UAE's economy which, in turn, could have an adverse effect on Emirates REIT's business, financial condition, results of operations and prospects and thereby affect Emirates REIT's ability to perform its obligations in respect of the Certificates.

Dubai is characterised by a lack of transparency in the real estate market

According to the 2016 Global Real Estate Transparency Index published by Jones Lang LaSalle, the Dubai real estate market in which Emirates REIT primarily operates is categorised as 'semi-transparent'. 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 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 Emirates REIT's investments.

Emirates REIT and the REIT 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 Emirates REIT, the REIT 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. Similarly, the courts of the DIFC have yet to issue any substantive decisions, which may lead to ambiguities, inconsistencies and anomalies in the interpretation and enforcement of the laws and regulations applicable to Emirates REIT, including with respect to rights of holders of the Certificates. These uncertainties could affect investors' abilities to enforce their rights or Emirates REIT'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 Emirates REIT's business, financial condition, results of operations and prospects

Emirates REIT maintains its accounts, and reports its results, in U.S. dollars, while rental rates for Emirates REIT's Properties are quoted, and paid for by tenants, in UAE dirham. The UAE dirham has been pegged to the U.S. dollar since 22 November 1980 and remains pegged as at the date of this Prospectus. In the Gulf Cooperation Council (the GCC), the following oil producing countries have their currencies pegged to the U.S. dollar as at the date of this Prospectus: the Kingdom of Bahrain, the Kingdom of Saudi Arabia and the Sultanate of Oman. In response to the volatility of oil prices internationally through 2015, oil producing countries with currencies that had been traditionally pegged to the U.S. dollar, faced pressure to de-peg and, in certain cases, did de-peg their currencies. For example, Kazakhstan de-pegged the Kazakhstani tenge from the U.S. dollar on 20 August 2015, which was followed on 21 December 2015 by the removal of the U.S. dollar peg against the Azerbaijani manat.

There is a risk that additional countries may choose to unwind their existing currency peg to the U.S. dollar, both in the GCC and the wider region. While the long-term impacts of such actions are uncertain, it is likely that any such de-pegged currency would face a de-valuation against the U.S. dollar immediately post-removal of the peg.

While the UAE Central Bank has, as recently as June 2016, reiterated its intention to retain the UAE dirham peg against the U.S. dollar, there can be no assurance that the UAE dirham will not be de-pegged in the future or

that the existing peg will not be adjusted in a manner that materially and adversely affects Emirates REIT. Additionally, any such de-pegging, either in the UAE or across the wider region, particularly if such de-pegging is accompanied by the anticipated currency de-valuations against the U.S. dollar, could have an adverse effect on Emirates REIT's business, financial condition, results of operations and prospects and this could therefore affect the ability of the Trustee and Emirates REIT to perform their respective obligations in respect of the Certificates.

RISKS RELATING TO THE CERTIFICATES

The Certificates are limited recourse obligations and investors may not be able to seek full recourse for failure to make payments due on the Certificates

The Certificates are not debt obligations of the Trustee. Instead, the Certificates represent undivided ownership interests solely in the Trust Assets. Recourse to the Trustee in respect of the Certificates is limited to the Trust Assets and the proceeds of the Trust Assets are the sole source of payments on such Certificates. Upon the occurrence of a Dissolution Event, the sole right of each of the Trustee and the Delegate (acting on behalf of the Certificateholders) will be against the Obligor to perform its obligations under the Transaction Documents to which it is a party.

Certificateholders will have no recourse to any assets of the Trustee (other than the Trust Assets), the Delegate, any Agent or (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party) the Obligor in respect of any shortfall in the expected amounts due under the Trust Assets. The Obligor is obliged to make certain payments under the Transaction Documents to which it is a party directly to the Trustee. The Trustee and the Delegate will have direct recourse against the Obligor to recover such payments due to the Trustee pursuant to the Transaction Documents.

After enforcing or realising the rights in respect of the Trust Assets and distributing the net proceeds of such Trust Assets in accordance with Condition 6.2, the Declaration of Trust and the Agency Agreement, the obligations of the Trustee and/or the Delegate in respect of the Certificates shall be satisfied and neither the Trustee, the Delegate nor any Certificateholder may take any further steps against the Trustee or the Obligor to recover any further sums in respect of the Certificates and the right to receive any such sums unpaid shall be extinguished.

Furthermore, under no circumstances shall any Certificateholder, the Trustee or the Delegate have any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the Transaction Documents and the sole right of the Trustee, the Delegate and the Certificateholders against the Obligor shall be to enforce the obligation of the Obligor to perform its obligations under such Transaction Documents to which it is a party.

There can be no assurance that a secondary market for the Certificates will develop

There is no assurance that a market for the Certificates will develop or, if it does develop, that it will provide the Certificateholders with liquidity of investment or that it will continue for the life of the Certificates. In addition, liquidity may be limited if large allocations of the Certificates are made. Accordingly, a Certificateholder may not be able to find a buyer to buy its Certificates readily or at prices that will enable the Certificateholder to realise a desired yield. The market value of the Certificates may fluctuate and a lack of liquidity, in particular, can have a material adverse effect on the market value of the Certificates. Accordingly, the purchase of the Certificates is suitable only for investors who can bear the risks associated with a lack of liquidity in the Certificates and the financial and other risks associated with an investment in the Certificates. An investor in the Certificates must be prepared to hold the Certificates for an indefinite period of time or until their maturity.

Certificates which have a denomination that is not an integral multiple of U.S.\$200,000 may be illiquid and difficult to trade

The minimum denomination of the Certificates is U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. Therefore, it is possible that the Certificates may be traded in amounts in excess of U.S.\$200,000 that are not integral multiples of U.S.\$200,000. In such a case, a Certificateholder who, as a result of trading such amounts, holds a face amount of less than U.S.\$200,000 would need to purchase a face amount of Certificates such that it holds an amount equal to at least U.S.\$200,000 to be able to trade such Certificates. Certificateholders should be aware that Certificates which have a denomination that is not an integral multiple of U.S.\$200,000 may be illiquid and difficult to trade.

Admission to listing and trading on the Main Securities Market cannot be assured

The Trustee and the Obligor have applied for the Certificates to be admitted to listing with the Irish Stock Exchange and to trading on the Main Securities Market. However, prospective investors should note that there can be no assurance that such admission to listing and trading will occur or, if it occurs, can be maintained. The absence of admission to listing and trading on the Main Securities Market stock exchange, or a delisting of the Certificates from such market, may have an adverse effect on a Certificateholder's ability to hold, or resell, the Certificates.

The Certificates may be subject to early redemption

The Certificates may be redeemed prior to the Scheduled Dissolution Date if: (i) the Trustee has or will become obliged to pay additional amounts pursuant to the terms of any Transaction Document to which it is a party; or (ii) the Obligor has or will become obliged to pay additional amounts pursuant to any Transaction Document to which it is a party, in each case: (x) as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands, the DIFC, the UAE or the Emirate of Dubai or any political subdivision or, in each case, any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Signing Date; and (y) such obligation cannot be avoided by the Trustee or the Obligor, as the case may be, taking reasonable measures available to it.

The Certificates may also be redeemed prior to the Scheduled Dissolution Date if less than or equal to 25 per cent. in face amount of the Certificates originally issued remain outstanding, at the option of the Obligor, pursuant to Condition 10.4.

If the Certificates are redeemed as described above, an investor may not be able to reinvest the redemption proceeds at an effective profit rate as high as the profit rate on the Certificates being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Certificateholders may be subject to exchange rate risks and exchange controls

The Trustee will pay amounts due on the Certificates in U.S. dollars and the Obligor will make payments pursuant to the Transaction Documents to which it is a party in U.S. dollars. If the Certificateholders measure their investment returns by reference to a currency other than U.S. dollars (the **Investor's Currency**), an investment in the Certificates will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the U.S. dollar, as applicable, relative to the Investor's Currency because of economic, political and other factors over which the Trustee has no control and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. Depreciation of the U.S. dollar, as applicable, against the Investor's Currency could cause a decrease in the effective yield of the Certificates below their stated Periodic Distribution Amount and could result in a loss to the Certificateholders when the return on the Certificates is translated into the Investor's Currency. Investment in the Certificates may also have important tax consequences as a result of any foreign currency exchange gains or losses.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less amounts under the Certificates than expected, or no such amounts.

The Conditions, the Declaration of Trust and the other Transaction Documents contain provisions which may permit their modification without the consent of all, or even a majority of, investors and in certain limited circumstances without the consent of any Certificateholders and without regard to the individual interests of particular Certificateholders

The Conditions contain provisions for calling meetings of Certificateholders to consider matters affecting their interests generally. These provisions permit defined majorities (which, under certain circumstances, may even amount to a minority of holders of the face amount of the Certificates for the time being outstanding) to bind all Certificateholders including Certificateholders who did not attend and vote at the relevant meeting and Certificateholders who voted in a manner contrary to the majority (or, as the case may be, in certain circumstances, the minority).

In particular, certain Reserved Matters (as defined in Schedule 4 to the Declaration of Trust), namely a proposal: (i) to modify any date for payment in respect of the Certificates; (ii) to reduce or cancel or vary the method for calculating the amount of any payment due in respect of the Certificates; or (iii) to amend Condition 8, together

with any conforming or consequential amendments required to be made to the Transaction Documents, require the approval of (x) a majority in favour consisting of not less than 50.1 per cent. of the votes cast at a Certificateholders' meeting, (y) a resolution in writing signed by or on behalf of the holders of not less than 50.1 per cent. in aggregate face amount of the Certificates then outstanding or (z) where the Certificates are held by or on behalf of a clearing system or clearing systems, approval given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures (in a form satisfactory to the Delegate) by or on behalf of the holders of not less than 50.1 per cent. in aggregate face amount of the Certificates then outstanding. These voting thresholds are lower than the voting thresholds applicable in most other comparable public debt capital markets instruments issued for the benefit of obligors incorporated in the GCC which are outstanding as at the date of this Prospectus. In the case of (x) above, the quorum for any meeting convened to consider an Extraordinary Resolution will be one or more Eligible Persons (each as defined in the Declaration of Trust) present and holding or representing in aggregate not less than 75 per cent., or at any adjourned such meeting, not less than 25 per cent., in face amount of the Certificates for the time being outstanding. Any Extraordinary Resolution, if duly passed, will be binding on all Certificateholders, whether or not they were present at the meeting at which such resolution was passed and whether or not they voted.

In accordance with Emirates REIT's Articles and under the CIR, Emirates REIT is obliged to distribute at least 80 per cent. of its audited annual net income to its shareholders in order to maintain its status as a real estate investment fund under the CIR. Additionally, and pursuant to Rule 13.4.5(1) of the CIR, Emirates REIT is restricted from incurring aggregate total indebtedness, whether directly or through special purpose vehicles, which exceeds 50 per cent. of Emirates REIT's gross asset value. See "*– Emirates REIT's ability to achieve asset growth and/or enhancement may be limited by its ability to incur additional debt*". For the purposes of, amongst other things, refinancing and depending on the circumstances prevailing at the relevant time, Emirates REIT may ask Certificateholders to vote in favour of an Extraordinary Resolution in respect of any of the matters referred to in (i), (ii) or (iii) above. If such Extraordinary Resolution is passed, it may result in Certificateholders, including those Certificateholders who have not voted at all or who have not voted in favour of such resolution, holding Certificates with a maturity date that is different to the Scheduled Dissolution Date and/or which bear a profit rate which is lower compared to the rate of profit applicable to the Certificates on the Issue Date.

The conditions of the Certificates and the Declaration of Trust also provide that the Delegate may (but shall not be obliged to), without the consent or sanction of the Certificateholders: (i) agree to any modification to the Conditions, any provisions of the Transaction Documents or to the Trustee's memorandum and articles of association which, in the sole opinion of the Delegate, is of a formal, minor or technical nature or is made to correct a manifest error; (ii) agree to any modification (other than in respect of a Reserved Matter) of the Conditions, any provisions of the Transaction Documents or the Trustee's memorandum and articles of association, or to the waiver or authorisation of any breach or proposed breach of, any of the Conditions or any of the provisions of the Declaration of Trust or the other Transaction Documents; or (iii) determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such, provided in the case of paragraphs (ii) and (iii) that such modification, waiver, authorisation or determination is not, in the sole opinion of the Delegate, materially prejudicial to the interests of Certificateholders and that such waiver, authorisation or determination is not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least one-fifth of the outstanding aggregate face amount of the Certificates.

There can be no assurance that the Certificates will be Shari'a compliant

Each of the Shari'a Supervisory Board of the Obligor, the Shariah Supervisory Committee of Standard Chartered Bank and the Shariah Board advisers to Dubai Islamic Bank PJSC has reviewed the Transaction Documents and confirmed that the Certificates are, in their view, Shari'a compliant. However, there can be no assurance that the Transaction Documents or the issue and trading of the Certificates will be deemed to be Shari'a compliant by any other Shari'a committees or Shari'a scholars. None of the Trustee, the Obligor, the REIT Manager, the Joint Lead Managers, the Delegate or the Agents makes any representation as to the Shari'a compliance of the Transaction Documents or the Certificates and/or any trading thereof. Potential investors should obtain their own independent Shari'a advice as to whether the Transaction Documents and the Certificates will meet their individual standards of compliance and should also make their own determination as to the future tradability of the Certificates on any secondary market. Questions as to the Shari'a permissibility of the Transaction Documents or the issue and the trading of the Certificates may limit the liquidity and adversely affect the market value of the Certificates.

In addition, prospective investors are reminded that, pursuant to the terms of the Transaction Documents (other than the Purchase Agreements), the enforcement of any obligations of any of the parties would be, if in dispute, the subject of arbitration under the DIFC-LCIA Rules (as defined below). The Obligor has also agreed under the Transaction Documents to which it is a party (other than the Purchase Agreements) to submit to the jurisdiction of the courts of the DIFC or England (which in each case shall have exclusive jurisdiction to settle any dispute arising from such documents), at the option of the Trustee or the Delegate. In such circumstances, the arbitrator or judge, as the case may be, will apply the relevant law of the relevant Transaction Document in determining the obligation of the parties.

Shari'a requirements in relation to interest awarded by a court

In accordance with applicable Shari'a principles, each of the Trustee and the Delegate will waive all and any entitlement it may have to interest awarded in its favour by any court in connection with any dispute under any of the Transaction Documents. Should there be any delay in the enforcement of a judgment given against the Obligor, judgment interest may accrue in respect of that delay and, as a result of the waiver referred to above, Certificateholders will not be entitled to receive any part of such interest.

Credit ratings may not reflect all risks

The Certificates are expected to be assigned a rating of BB+, with a stable outlook by Fitch. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. For instance, Fitch has indicated that it may reassess its rating of the Certificates if the Obligor fails to complete the refinancing of existing indebtedness, including the repayment of all secured debt (see also "Use of Proceeds"). The ratings of the Certificates may not reflect the potential impact of all the risks related to the structure, market, additional factors discussed herein and other factors that may affect the value of the Certificates. In addition, real or anticipated changes in the ratings of the Certificates could negatively affect the market value of the Certificates.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the front page of this Prospectus.

Reliance on Euroclear and Clearstream, Luxembourg procedures

The Certificates will be represented on issue by a Global Certificate that will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Global Certificate, investors will not be entitled to receive Certificates in definitive form. Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Certificate. While the Certificates are represented by a Global Certificate, investors will be able to trade their ownership interests only through Euroclear and Clearstream, Luxembourg and their respective participants.

While the Certificates are represented by the Global Certificate, the Trustee will discharge its payment obligation under the Certificates by making payments through the relevant clearing systems. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the Certificates. The Trustee has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of ownership interests in the Global Certificate will not have a direct right to vote in respect of the Certificates so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

RISKS RELATING TO THE WAKALA ASSETS

Ownership of the Wakala Assets

In order to comply with the requirements of Shari'a, an ownership interest in: (a) the Wakala Assets comprising the Initial Wakala Portfolio will pass to the Trustee under the Purchase Agreements; and (b) if applicable, any new Wakala Assets which become part of the Wakala Portfolio from time to time will pass to the Trustee under the relevant Supplemental Purchase Agreement or the Sale Agreement, as the case may be. The Trustee will declare a trust in respect of the Wakala Assets and the other Trust Assets in favour of the Certificateholders pursuant to the Declaration of Trust. Accordingly, Certificateholders will, through the ownership interest of the Trustee, have an ownership interest in the Wakala Assets unless the transfer of the Wakala Assets is prohibited by, or ineffective under, any applicable law (see "*Transfer of the Wakala Assets*").

No investigation or enquiry will be made and no due diligence will be conducted in respect of any Wakala Assets. The Wakala Assets will be selected by the Obligor, and the Certificateholders, the Trustee and the Delegate will have no ability to influence such selection. Only limited representations will be obtained from the Obligor in respect of the Wakala Assets. In particular, the precise terms of the Wakala Assets will not be known (including whether there are any restrictions on transfer or any further obligations required to be performed by the Obligor to give effect to the transfer of the Wakala Assets). No steps will be taken to perfect the transfer of the ownership interest (including registration) in the Wakala Assets with any relevant regulatory authority in the UAE or otherwise give notice to any lessee in respect thereof.

Transfer of the Wakala Assets

No investigation has been or will be made as to whether the Wakala Assets may be transferred as a matter of the law governing the contracts (if any), the law of the jurisdiction where such assets are located or any other relevant law. No investigation will be made to determine if the Purchase Agreements and, if applicable, any Supplemental Purchase Agreement or Sale Agreement, as the case may be, will have the effect of transferring the Wakala Assets.

Upon any Dissolution Event, the Certificateholders will not have any rights of enforcement as against the particular Wakala Assets comprised within the Wakala Portfolio. Their rights are limited to: (i) enforcement against the Obligor of its obligation to purchase the Wakala Assets pursuant to the terms of the Purchase Undertaking; and (ii) upon any failure to comply with its obligations under the Transaction Documents as described in this Prospectus, a pro rata share of the proceeds of the enforcement thereof. Accordingly, any such restriction on the ability of the Obligor to perfect the sale of the Wakala Assets to the Trustee is likely to be of limited consequence to the rights of the Certificateholders.

By way of further assurance, the Obligor has covenanted and undertaken in each of the Purchase Undertaking and the Declaration of Trust, respectively, that if the Exercise Price is not paid in accordance with the provisions of the Purchase Undertaking, whether as a result of a dispute or challenge in relation to the right, title, interests, benefits and entitlements that the Trustee may have in, to and under the Wakala Assets or any of them, or for any other reason, the Obligor shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates and, accordingly, the amount payable under any such indemnity claim will equal the Exercise Price (see "*Summary of the Principal Transaction Documents — Purchase Undertaking*" and "*Summary of the Principal Transaction Documents — Declaration of Trust*").

RISKS RELATING TO ENFORCEMENT

There can be no certainty as to the outcome of any application of DIFC bankruptcy law

In the event of the Obligor's insolvency, DIFC bankruptcy laws may adversely affect the Obligor's ability to perform its obligations under the Declaration of Trust and, consequently, the Trustee's ability to make payments to Certificateholders. There is little precedent to predict how a claim on behalf of Certificateholders against the Obligor upon its insolvency would be resolved.

These uncertainties and lack of precedent make it difficult to predict the exact outcome with respect to possible contractual and payment issues and may materially adversely affect Certificateholders' ability to enforce their rights with respect to the Certificates and any other contractual or performance-related remedies that might otherwise be available.

There may be limitations on the enforcement of arbitral awards and foreign judgments in the Emirate of Dubai

Ultimately, the payments under the Certificates are dependent upon the Obligor making payments to the Trustee in the manner contemplated under the Transaction Documents. If the Obligor fails to do so, it may be necessary to bring an action against the Obligor to enforce its obligations and/or to claim damages, as appropriate, which could be both time consuming and costly.

The Obligor is incorporated in, and under the laws issued by, the DIFC and a substantial portion of the Obligor's assets are located in the DIFC and Dubai.

Limitations on the enforcement of arbitration awards

The Obligor has irrevocably agreed that each Transaction Document to which it is a party (except the Purchase Agreements) and the Certificates will be governed by English law and that any dispute arising from such Transaction Documents will, unless the option to litigate is exercised, be referred to arbitration under the Arbitration Rules of the DIFC-LCIA Arbitration Centre (the **DIFC-LCIA Rules**). The seat of such arbitration shall be the DIFC.

Article 13(2) of DIFC Law No. 10 of 2005 (the **Application Law**) provides that any express submission to arbitration in a contract shall be effective (subject to certain exceptions such as the arbitration agreement being null and void). It is therefore expected that the validity of an agreement to submit to arbitration in the circumstances set out in the Transaction Document (except the Purchase Agreements) would be recognised by the courts of the DIFC (the **DIFC Courts**) and the DIFC Courts would, on the application of a party to an arbitration agreement, stay proceedings in the DIFC Courts brought in contravention of the arbitration agreement.

Pursuant to Article 24 of DIFC Law No. 10 of 2004 (the **DIFC Court Law**), the DIFC Court of First Instance has jurisdiction to ratify, *inter alia*, any DIFC arbitral award. However, an award may not be recognised by the DIFC Courts in all circumstances. Pursuant to DIFC Law No. 1 of 2008 (as amended) (the **DIFC Arbitration Law**), recourse to the DIFC Court against an arbitral award made in the seat of the DIFC may be made only by an application for setting aside in accordance with paragraph (2) and paragraph (3) of Article 41 of the DIFC Arbitration Law. Once an arbitral award has been recognised by the DIFC Courts, it will be enforceable within the DIFC, pursuant to Article 42(1) of the DIFC Court Law.

Accordingly, although it is not free from doubt that the DIFC Courts would not re-examine a case on its merits it is likely that the Obligor's express submission to arbitration in the Transaction Document to which it is a party (except the Purchase Agreements) and the Certificates would be recognised by the DIFC Courts and, subject to the provisions of the DIFC Arbitration Law, the DIFC Courts would ratify an arbitral award issued pursuant to the provisions of such Transaction Documents. For the avoidance of doubt, investors should note that the choice of governing law may not, however, be upheld in all circumstances connected with a Transaction Document.

Article 7(2) of Dubai Law No. 12 of 2004 (as amended) (the **Amended Judicial Authority Law**) provides that any final and executory arbitral award ratified by the DIFC Courts (the **DIFC Award**) shall, upon application by the relevant party to the "competent authority" and being presented in the form and manner specified under Article 7(2), be executed by the "competent authority" in accordance with procedures and principles adopted thereof in this respect and any agreements or memoranda of understanding concluded between the DIFC Courts and the "competent authority". However, pursuant to Article 7(3)(c) of the Amended Judicial Authority Law, procedures and rules of execution stipulated by Federal Law No. 11 of 1992 (as amended) (the **Law of Civil Procedure**) would be applicable in respect of the enforcement of such DIFC Award in the courts of Dubai (the **Dubai Courts**). Accordingly, enforcement of such DIFC Award may be refused in the event that objections to execution are successfully raised before the execution judge (the **Execution Judge**) at the Dubai Courts in accordance with the terms of the Law of Civil Procedure. In addition, any decision of the Execution Judge to enforce such DIFC Award may be appealed and consequently overturned in the circumstances set out in Article 222 of the Law of Civil Procedure. Investors should note that the Amended Judicial Authority Law remains relatively untested and there has been at least one instance where the Dubai Court of First Instance refused to enforce a DIFC judgment on the basis that the Dubai Courts and not the DIFC Courts had jurisdiction over the underlying proceedings.

Limitations on the enforcement of foreign judgments

Should the option to litigate be exercised (at the option of the parties other than the Trustee and the Obligor), the Obligor has irrevocably submitted to the jurisdiction of the DIFC Courts or the courts of England (the **English Courts**) (or such other court of competent jurisdiction which the Trustee or the Delegate may elect). In such case or if, further to the paragraphs above, the DIFC Courts or the Dubai Courts (as applicable) were to re-examine any DIFC arbitral award, it cannot be guaranteed that the choice of the relevant governing laws under the Transaction Documents would be upheld and acknowledged.

Article 13(1) of the Application Law provides that any express submission in a contract to the courts of a jurisdiction shall be effective, subject to certain exceptions (such as any argument of inconvenient forum being successfully raised). Investors should however note that Article 5A(1) of Dubai Law No. 12 of 2004 (as amended) provides that the DIFC Court of First Instance will have exclusive jurisdiction over certain matters (such as civil, commercial or labour actions and claims to which the DIFC or any of the DIFC's bodies, any of the DIFC establishments or any of the licensed DIFC establishments, are party).

Pursuant to Article 24 of the DIFC Court Law, the DIFC Court of First Instance has jurisdiction to ratify, *inter alia*, a judgment, order or award of any recognised "foreign court". There is no clear guidance on what is a "recognised foreign court". Further, the Chief Justice of the DIFC Courts and the Judge in Charge of the UK Commercial Court of the Queen's Bench Division, England and Wales (the **Commercial Court**) have entered into a Memorandum of Guidance (the **Memorandum of Guidance**) setting out the parties' understanding of the procedures for the enforcement of each party's money judgments in the other party's courts. The Memorandum of Guidance is expressed to have no binding legal effect and does not constitute a bilateral enforcement treaty or legislation (and therefore is not binding on the judges of either party and does not supersede any existing laws, judicial decisions or court rules) but it may provide useful insight into the position that is likely to be adopted by the DIFC Courts when enforcing monetary judgments issued by the Commercial Court. The Memorandum of Guidance includes a non-exhaustive list of grounds upon which the enforcement of the foreign judgment may be challenged in the DIFC Courts. In theory, therefore, an English Court judgment could be enforced within the DIFC against the contract counterparty. However, this is relatively untested and it remains to be seen in practice whether any additional hurdles will need to be satisfied before the DIFC Court will ratify and enforce an English Court judgment.

Article 7(2) of the Amended Judicial Authority Law provides that any final and executory judgment, decision and order issued by the DIFC Courts (the **DIFC Judgment**) shall, upon application by the relevant party to the "competent authority" and being presented in the form and manner specified under Article 7(2), be executed by the "competent authority" in accordance with procedures and principles adopted thereof in this respect and any agreements or memoranda of understanding concluded between the DIFC Courts and the "competent authority". However, pursuant to Article 7(3)(c) of the Amended Judicial Authority Law, procedures and rules of execution stipulated by the Law of Civil Procedure would be applicable in respect of the enforcement of such DIFC Judgment in the Dubai Courts. Accordingly, enforcement of such DIFC Judgment may be refused in the event that objections to execution are successfully raised before the Execution Judge at the Dubai Courts in accordance with the terms of the Law of Civil Procedure. In addition, any decision of the Execution Judge to enforce such DIFC Judgment may be appealed and consequently overturned in the circumstances set out in Article 222 of the Law of Civil Procedure. Investors should note that the Amended Judicial Authority Law remains relatively untested and there has been at least one instance where the Dubai Court of First Instance refused to enforce a DIFC Judgment on the basis that the Dubai Courts and not the DIFC Courts had jurisdiction over the underlying proceedings.

Moreover, under Article 235 of the Law of Civil Procedure, a judgment of an English Court may be enforced by the Dubai Courts without further consideration of the merits of the case in certain circumstances. However, as a matter of practice, a Dubai Court is likely to apply these provisions restrictively and it is therefore unlikely that a judgment given by an English Court under the Transaction Document (except the Purchase Agreements) and the Certificates would be enforced or recognised by the Dubai Courts.

Conflict of jurisdiction

Any proceedings in the DIFC Courts (including, without limitation, any recognition or enforcement proceedings in respect of an arbitral award) should be stayed if there is an alleged "conflict of jurisdiction" between the DIFC Courts and the Dubai Courts that is referred to the Judicial Tribunal established by Decree No. 19 of 2016 (the **Judicial Tribunal**) for determination. In these circumstances, any DIFC Court proceedings should be

stayed pending resolution of the alleged conflict of jurisdiction by the Judicial Tribunal, which will decide whether the DIFC Courts or the Dubai Courts should have jurisdiction. In addition, any proceedings in the DIFC Courts (including, without limitation, any recognition or enforcement proceedings in respect of an arbitral award) might be stayed if there is an alleged "conflict of jurisdiction" between the DIFC Courts and the domestic courts of the Emirates of the UAE outside of Dubai that is referred to the Union Supreme Court for determination. In these circumstances, any DIFC Court proceedings might be stayed pending resolution of the alleged conflict of jurisdiction by the Union Supreme Court, which will decide whether the DIFC Courts or the relevant domestic court should have jurisdiction.

Effectiveness of Purchase Agreements

Investors should note that the effectiveness of the purported transfer of any asset pursuant to the Purchase Agreements is uncertain. The Obligor has undertaken in the Purchase Undertaking and the Declaration of Trust to make certain payments to the Trustee or the Delegate (as the case may be) by way of indemnity should the Exercise Price (as defined in the Purchase Undertaking) not be paid in accordance with the Purchase Undertaking for any reason whatsoever (including, without limitation, as a result of a dispute or challenge in relation to the right, title, interests, benefits and entitlements that the Trustee may have in, to and under the Wakala Assets or any of them, or for any other reason). The Purchase Undertaking is governed by English law and the Obligor has submitted to arbitration under the DIFC-LCIA Rules (subject, at the option of the Trustee or the Delegate, to proceedings being taken in the English Courts or the DIFC Courts) and, in this regard, the risk factors above relating to limitations on the enforcement of arbitration awards, limitations on the enforcement of foreign judgments and conflict of jurisdiction would apply.

General limitations

UAE law is not capable of conclusive interpretation as there exists no general system of judicial precedent. This means that the decisions of a court (including the Dubai Court of Appeal and Court of Cassation) in one case will have no binding authority in respect of another case. Further, there is no system of reporting the decisions of the Dubai Courts and laws may come into effect as Dubai laws without being published in the Official Gazette. These factors create greater judicial uncertainty. In addition, most provisions of DIFC law (and the courts and bodies established in the DIFC) are, at this stage, largely untested. Consequently, it is not clear how such laws and regulations will be interpreted and implemented by the DIFC Courts or, as the case may be, a duly constituted arbitral tribunal with its seat in the DIFC, and bodies in practice because, as yet, there are very few precedents. Moreover, the Transaction Documents may not be enforced in all circumstances in accordance with their terms. For instance, claims may become time-barred or become subject to a counterclaim.

Change of law

The structure of the issue of the Certificates is based on English law, the laws of the Emirate of Dubai and, to the extent applicable in the Emirate of Dubai, the federal laws of the UAE, the laws of the DIFC and administrative practices in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or the laws of the Emirate of Dubai, and, to the extent applicable to the Emirate of Dubai, the federal laws of the UAE, the laws of the DIFC or administrative practice after the date of this Prospectus nor can any assurance be given as to whether any such change could adversely affect the ability of the Trustee to make payments under the Certificates or of the Trustee and the Obligor to comply with their respective obligations under the Transaction Documents.

Taxation risks on payments

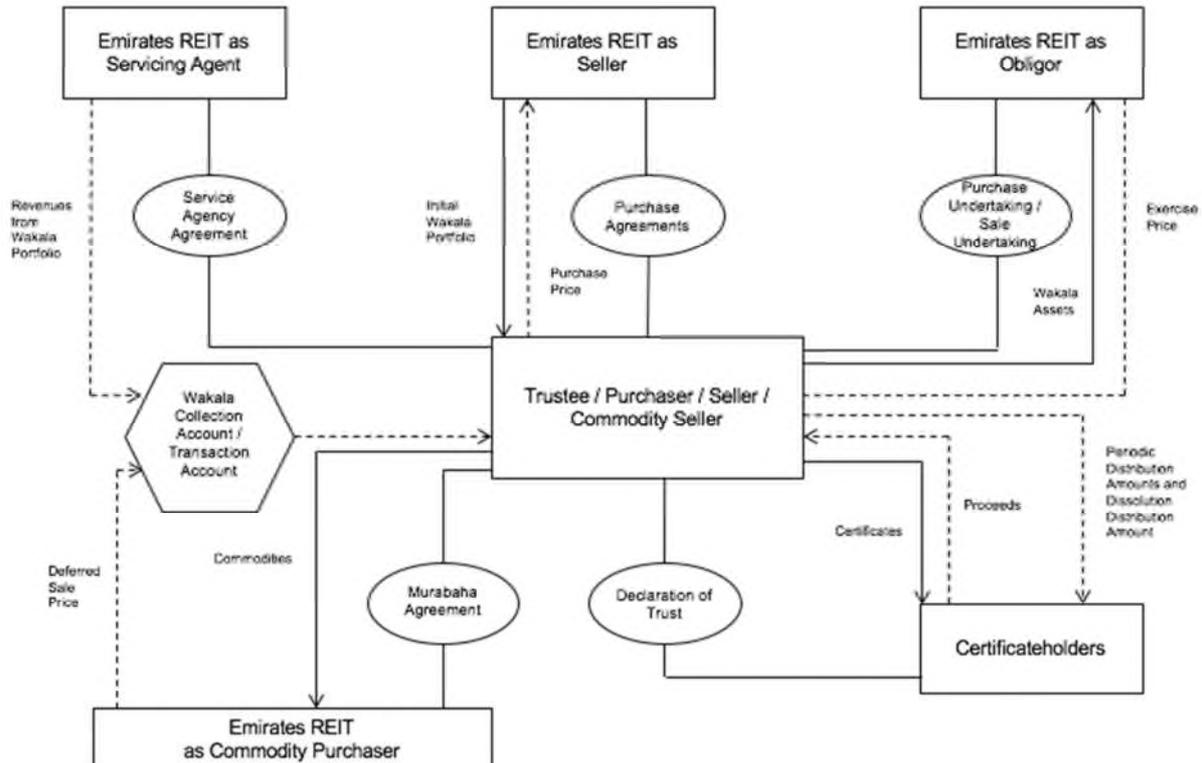
Payments made by the Obligor to the Trustee under the Transaction Documents or by the Trustee in respect of the Certificates could become subject to taxation. The Transaction Documents to which the Obligor is a party require the Obligor to pay additional amounts in the event that any withholding or deduction for, or on account of, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature is required by law to be made in respect of payments made by it to the Trustee under each such Transaction Document as will result in the receipt by the Trustee of such amounts as would have been received by it if no such withholding or deduction has been made. Furthermore, Condition 11 provides that the Trustee is required to pay additional amounts in respect of any such withholding or deduction imposed by the Cayman Islands, the DIFC, the UAE or the Emirate of Dubai or any political subdivision thereof or any other authority thereof or therein having power to tax in certain circumstances. In the event that the Trustee fails to comply with any obligation to pay additional amounts pursuant to Condition 11, the Obligor has, pursuant to the Declaration of Trust, unconditionally and irrevocably undertaken (irrespective of the payment of any fee), as a continuing

obligation, to pay to or to the order of the Delegate (for the benefit of the Certificateholders) such amounts as are necessary so that the amount receivable by the Delegate (after any such withholding or deduction for or on account of tax) equals any and all additional amounts required to be paid in respect of the Certificates pursuant to Condition 11.

The circumstances described above may entitle the Obligor and the Trustee to redeem the Certificates pursuant to Condition 10.2. See "*Risks relating to the Certificates — The Certificates may be subject to early redemption*" for a description of the consequences thereof.

STRUCTURE DIAGRAM AND CASHFLOWS

Set out below is a simplified structure diagram and description of the principal cashflows relating to the Certificates. This does not purport to be complete and is qualified in its entirety by reference to, and must be read in conjunction with, the more detailed information appearing elsewhere in this Prospectus. Potential investors are referred to the Conditions and the detailed descriptions of the relevant Transaction Documents set out elsewhere in this Prospectus for a fuller description of certain cashflows and for an explanation of the meaning of certain capitalised terms used below. Words and expressions defined in "Terms and Conditions of the Certificates" and "Summary of the Principal Transaction Documents" shall have the same meanings in this section.



Principal cashflows

Payments by the Certificateholders and the Trustee

On the Issue Date, the Trustee will use the proceeds of the Certificates (the **Proceeds**) to:

- (a) purchase from Emirates REIT a portfolio of identified real estate-related assets (the **Initial Wakala Portfolio**) located in the Emirate of Dubai and the DIFC which are leased (other than on the basis of a finance lease) to third parties as at the Issue Date in consideration for a purchase price (the **Purchase Price**) which shall not be less than 55 per cent. of the Proceeds, pursuant to two purchase agreements between the Trustee (in its capacity as purchaser, the **Purchaser**) and Emirates REIT (in its capacity as seller, the **Seller**) (in respect of the assets located in the Emirate of Dubai, the **Dubai Purchase Agreement** and in respect of the assets located in the DIFC, the **DIFC Purchase Agreement** and together, the **Purchase Agreements**); and
- (b) purchase from a supplier (through a commodity agent) certain commodities, with a cost price (the **Commodity Purchase Price**) which shall not exceed 45 per cent. of the Proceeds, and which the Trustee (in its capacity as seller, the **Commodity Seller**) will on-sell to Emirates REIT (in its capacity as purchaser, the **Commodity Purchaser**), in consideration for a deferred sale price equal to the sum of: (i) the Commodity Purchase Price; and (ii) a profit amount (the **Deferred Sale Price**) (the

Murabaha Contract), pursuant to a murabaha agreement between the Commodity Purchaser and the Commodity Seller (the **Murabaha Agreement**),

(the Initial Wakala Portfolio together with, *inter alia*, the right to receive all instalment payments of the profit amount payable pursuant to the terms of each Murabaha Contract being the **Wakala Portfolio**). Each real estate-related asset which forms part of the Wakala Portfolio from time to time in accordance with the Transaction Documents is a **Wakala Asset**.

The Trustee will appoint Emirates REIT as the servicing agent (the **Servicing Agent**) to manage the Wakala Portfolio pursuant to a service agency agreement (the **Service Agency Agreement**).

Pursuant to the Service Agency Agreement, the Trustee is required to ensure that the Tangibility Ratio shall, at all times, remain 51 per cent. or more. See "*Summary of Principal Transaction Documents — Service Agency Agreement*" for further details.

Periodic Distribution Payments

The Servicing Agent will be obliged under the Service Agency Agreement to maintain two ledger accounts, a collection account (the **Wakala Collection Account**) and a reserve account (the **Wakala Reserve Collection Account**). All revenues in respect of any Wakala Asset and all instalment payments of the profit amount payable pursuant to the terms of each Murabaha Contract (together the **Wakala Portfolio Revenues**) will be credited to the Wakala Collection Account. Any amounts standing to the credit of the Wakala Collection Account, following application of amounts in accordance with the order of priority set out below, will be credited to the Wakala Reserve Collection Account. The Servicing Agent may deduct amounts standing to the credit of the Wakala Reserve Collection Account at any time prior to the scheduled redemption date of the Certificates and use such amounts for its own account, provided that it shall immediately re-credit all such amounts if so required to fund a shortfall or upon the occurrence of a Dissolution Event or a Total Loss Event.

Prior to each Periodic Distribution Date, the amounts standing to the credit of the Wakala Collection Account will be applied by the Servicing Agent in the following order of priority: (i) first, in repayment of any amounts advanced by way of a Liquidity Facility (as defined below); (ii) second, in payment of any Service Agency Liabilities Amounts then due; (iii) third, in payment of an amount equal to the lesser of the aggregate of the Periodic Distribution Amounts (the **Required Amount**) payable under the Certificates on the immediately following Periodic Distribution Date, to be paid to an account in the name of the Trustee maintained in London (the **Transaction Account**) and the balance of the Wakala Collection Account; and (iv) in debiting any amounts still standing to the credit of the Wakala Collection Account and in crediting such amounts to the Wakala Reserve Collection Account, in each case in accordance with the Service Agency Agreement. If, having applied the amount as described in (iii) above, there is any shortfall (the **Shortfall**) between the amounts standing to the credit of the Wakala Collection Account and the Required Amount, the Servicing Agent may either:

- (a) apply any amounts standing to the credit of the Wakala Reserve Collection Account (after the re-crediting of previously deducted amounts) to cover such Shortfall; or
- (b) provide (or procure from a third party) non-interest bearing (or otherwise Shari'a compliant) funding (a **Liquidity Facility**) to the Trustee in the amount required to ensure that the Trustee receives no later than the fourth Payment Business Day immediately preceding such Periodic Distribution Date, the full amount of the Periodic Distribution Amount payable on such date, and on terms that such funding is repayable from future excess Wakala Portfolio Revenues or on a Dissolution Date.

Dissolution Distribution Payments

On the Scheduled Dissolution Date:

- (a) the Trustee will have the right under a purchase undertaking (the **Purchase Undertaking**) to require Emirates REIT (in its capacity as obligor, the **Obligor**) to purchase all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets at an exercise price (the **Exercise Price**); and
- (b) the aggregate amounts of the Deferred Sale Price then outstanding, if any, shall become immediately due and payable by the Commodity Purchaser under the Murabaha Agreement.

The Exercise Price payable by the Obligor to the Trustee, together with the aggregate amounts of the Deferred Sale Price then outstanding, if any, are intended to fund the Dissolution Distribution Amount payable by the Trustee under the Certificates.

The Certificates may be redeemed prior to the Scheduled Dissolution Date of the Certificates for the following reasons: (i) redemption following a Dissolution Event; (ii) redemption for tax reasons; or (iii) at the option of the Obligor at the Dissolution Distribution Amount on the Clean Up Call Right Dissolution Date.

In the case of (i) above, the Dissolution Distribution Amount payable by the Trustee on the relevant date for the redemption of the Certificates will be funded in a similar manner as for the payment of the Dissolution Distribution Amount on the Scheduled Dissolution Date. In the case of (ii) and (iii) above, Emirates REIT will have the right under a sale undertaking (the **Sale Undertaking**) to require the Trustee to sell to Emirates REIT all of its rights, title, interests, benefits and entitlements in, to and under the Wakala Assets at the Exercise Price payable by Emirates REIT. Such Exercise Price, together with the aggregate amounts of the Deferred Sale Price then outstanding, if any, is intended to fund the Dissolution Distribution Amount payable by the Trustee on the relevant date for the redemption of the Certificates in full.

OVERVIEW

The following overview should be read as an introduction to, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Prospectus. This overview does not contain all of the information that an investor should consider before investing in the Certificates. Each investor should read the entire Prospectus carefully, especially the risks of investing in the Certificates discussed under "Risk Factors".

Words and expressions defined in "Terms and Conditions of the Certificates" and "Summary of the Principal Transaction Documents" shall have the same meanings in this section.

Overview of the Offering

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|--------------------------------------|---|
| Description of Certificates | U.S.\$400,000,000 Trust Certificates due 2022. |
| Denomination of Certificates | The Certificates will be issued in minimum denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. |
| Trustee | Emirates REIT Sukuk Limited, an exempted company with limited liability incorporated on 23 October 2017 under the laws of the Cayman Islands with registered number 328401 with its registered office at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands. |
| Ownership of the Trustee | The authorised share capital of the Trustee is U.S.\$50,000 consisting of 50,000 ordinary shares of U.S.\$1.00 each, of which 250 of the Trustee's shares have been fully-paid and issued. The Trustee's entire share capital is held on trust for charitable purposes by MaplesFS Limited as share trustee under the terms of a share declaration of trust dated 21 November 2017 (the Share Declaration of Trust). |
| Administration of the Trustee | The affairs of the Trustee are managed by MaplesFS Limited (the Trustee Administrator), who provide, inter alia, certain management functions and provide certain clerical, administrative and other services for and on behalf of the Trustee pursuant to a corporate services agreement dated 21 November 2017 between the Trustee Administrator and the Trustee (the Corporate Services Agreement). |
| Obligor | Emirates REIT (CEIC) Limited, incorporated in the DIFC as a closed-ended investment company with unlimited duration, with limited liability and registered in the DIFC with registration number CL0997. The Obligor is categorised under the CIR (as defined in the Conditions) as a Domestic Fund, an Islamic Fund, a Property Fund and a Real Estate Investment Trust (each as defined in the CIR). The Obligor is managed by the REIT Manager. See " <i>Description of Emirates REIT – The REIT Manager</i> " for further details. |
| REIT Manager | Equitativa (Dubai) Limited, incorporated in the DIFC as a private company limited by shares and registered in the DIFC with registration number 983 (the REIT Manager). |
| Servicing Agent | The Obligor (in its capacity as Servicing Agent) for and on behalf of the Trustee will be responsible for, inter alia, insuring the Wakala Assets, paying Proprietorship Taxes and performing all Major Maintenance and Structural Repairs. |
| Joint Lead Managers | Dubai Islamic Bank PJSC, Emirates NBD PJSC, Standard Chartered Bank and Warba Bank (K.S.C.). |
| Delegate | Citibank, N.A., London Branch. Pursuant to the Declaration of Trust, the Trustee shall delegate to the Delegate certain of the present and future powers (including the power to sub-delegate), trusts, rights, authorities (including, but not limited to, the |

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| | <p>authority to request directions from any Certificateholders and the power to make any determinations to be under the Declaration of Trust) and discretions vested in the Trustee by certain provisions of the Declaration of Trust. In particular, the Delegate shall be entitled to (and, in certain circumstances, shall, subject to being indemnified and/or secured and/or pre-funded to its satisfaction, be bound to) take enforcement action in the name of the Trustee against the Obligor following a Dissolution Event.</p> |
| Principal Paying Agent and Transfer Agent | Citibank, N.A., London Branch. |
| Registrar and Transfer Agent | Citigroup Global Markets Deutschland AG. |
| Summary of the transaction structure and Transaction Documents | An overview of the structure of the transaction and the principal cashflows is set out under " <i>Structure Diagram and Cashflows</i> " and a description of the principal terms of certain of the Transaction Documents is set out under " <i>Summary of the Principal Transaction Documents</i> ". |
| Issue Date | 12 December 2017. |
| Issue Price | 100 per cent. of the aggregate face amount of the Certificates. |
| Periodic Distribution Dates | Payable semi-annually, on 12 June and 12 December in each year, commencing on 12 June 2018. |
| Periodic Distribution Amounts | A profit distribution shall be payable in arrear in respect of the Certificates on each Periodic Distribution Date, in respect of the Return Accumulation Period ending on such date, calculated in accordance with Condition 8. |
| Return Accumulation Period | The period beginning on (and including) the Issue Date and ending on (but excluding) the first Periodic Distribution Date and each successive period beginning on (and including) a Periodic Distribution Date and ending on (but excluding) the next succeeding Periodic Distribution Date. |
| Scheduled Dissolution Date | Unless the Certificates are previously redeemed or purchased and cancelled in full, the Certificates shall be redeemed by the Trustee at the Dissolution Distribution Amount on the Scheduled Dissolution Date (being 12 December 2022) and the Trust will be dissolved by the Trustee. |
| Dissolution Date | The Dissolution Date shall be, as the case may be: (i) the Scheduled Dissolution Date; (ii) the Dissolution Event Redemption Date; (iii) the Early Tax Dissolution Date; or (iv) the Clean Up Call Right Dissolution Date. |
| Status of the Certificates | Each Certificate will represent an undivided ownership interest of the Certificateholders in the Trust Assets and will be limited recourse obligations of the Trustee. Each Certificate will constitute unsecured obligations of the Trustee and will at all times rank pari passu, without any preference or priority, with all other Certificates. |
| Trust Assets | <p>Pursuant to the Declaration of Trust, the Trustee will declare that it will hold the Trust Assets, consisting of:</p> <ul style="list-style-type: none"> (a) the cash proceeds of the issue of Certificates, pending application thereof in accordance with the terms of the Transaction Documents; (b) all of the Trustee's rights, title, interests, benefits and entitlements in, to and under, the Wakala Assets; (c) all of the Trustee's rights, title, interests, benefits and other entitlements, present and future, in, to and under, the Transaction Documents (including, without limitation, the right to receive the Deferred Sale Price under the Murabaha Agreement) (excluding: |

(A) any representations given by the Obligor to the Trustee and/or the Delegate pursuant to any of the Transaction Documents to which it is a party; and (B) the covenant given to the Trustee pursuant to clause 14.1 of the Declaration of Trust); and

(d) all moneys standing to the credit of the Transaction Account, and all proceeds of the foregoing, upon trust absolutely for the Certificateholders pro rata according to the face amount of the Certificates held by each Certificateholder in accordance with the Declaration of Trust and the Conditions.

Limited Recourse

No payment of any amount whatsoever shall be made in respect of the Certificates except to the extent that funds for that purpose are available from the Trust Assets.

Save as provided in Condition 4.2, the Certificates do not represent an interest in or obligation of any of the Trustee, the Obligor, the Delegate or any of the Agents. Certificateholders will have no recourse to any assets of the Trustee (other than the Trust Assets), the Delegate, any Agent or (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party) the Obligor in respect of any shortfall in the expected amounts due under the Trust Assets. See Condition 4 for further details.

Trustee Covenants

The Trustee has agreed to certain restrictive covenants as set out in Condition 7.

Obligor Covenants

The Obligor has agreed to certain restrictive covenants as set out in Condition 5.

Dissolution Events

The Dissolution Events are described in Condition 14. Following the occurrence of a Dissolution Event which is continuing, the Certificates may be redeemed in full at an amount equal to the Dissolution Distribution Amount in the manner described in Condition 14.

Early Dissolution for Tax Reasons

Where: (i) the Trustee has or will become obliged to pay additional amounts in respect of the Certificates as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or any political subdivision or any authority thereof or therein having the power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective after the Signing Date; or (ii) the Trustee has received notice from the Obligor that the Obligor has or will become obliged to pay additional amounts under the Transaction Documents to which it is a party as a result of any change in, or amendment to, the laws or regulations of the DIFC, the UAE or the Emirate of Dubai or any political subdivision or, in each case, any authority thereof or therein having the power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective after the Signing Date, and such obligation cannot be avoided by the Trustee or the Obligor, as applicable, taking reasonable measures available to it, the Trustee will, following receipt of an Exercise Notice delivered by the Obligor pursuant to the terms of the Sale Undertaking, redeem the Certificates in whole but not in part at an amount equal to the Dissolution Distribution Amount on the Early Tax Dissolution Date.

Clean Up Call Right

Pursuant to Condition 10.4, the Certificates may be redeemed, at the option of the Obligor, prior to the Scheduled Dissolution Date if less than or equal to 25 per cent. in face amount of the Certificates originally issued

remain outstanding.

Purchase and Cancellation of Certificates

Pursuant to Condition 13, the Obligor and/or any Subsidiary of the Obligor may at any time purchase Certificates at any price in the open market or otherwise. Certificates purchased by or on behalf of the Obligor or any Subsidiary of the Obligor may in the Obligor's sole discretion be surrendered for cancellation in accordance with the terms of the Declaration of Trust and the Agency Agreement. Any Certificates so surrendered for cancellation may not be reissued or resold.

Form and Delivery of the Certificates

The Certificates will be issued in registered form only as described in "*Global Certificate*".

The Certificates will be represented by beneficial interests in a Global Certificate which will be deposited with a common depository for Euroclear and Clearstream, Luxembourg and will be registered in the name of a nominee for the common depository. Ownership interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg (as applicable) and its respective participants. Individual Certificates evidencing holdings of Certificates will be issued in exchange for interests in the Global Certificate only in limited circumstances described under "*Global Certificate*".

Clearance and Settlement

Holders of the Certificates must hold their interest in the Global Certificate in book-entry form through Euroclear and/or Clearstream, Luxembourg. Transfers within and between each of Euroclear or Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearing system.

Withholding Tax

Subject to Condition 9.2 and Condition 11, all payments in respect of the Certificates shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature, imposed, levied, collected, withheld or assessed by or on behalf of the Cayman Islands, the DIFC, the UAE or the Emirate of Dubai, or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of the taxes is required by law. In such event, the Trustee will pay additional amounts as shall be necessary in order that the net amounts received by the Certificateholder after such withholding or deduction shall equal the respective amounts due and payable to any Certificateholder which would have otherwise been receivable in the absence of such withholding or deduction, except in certain circumstances set out in Condition 11.

The Transaction Documents provide that payments thereunder by the Obligor shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature, imposed, levied, collected, withheld or assessed by or on behalf of the DIFC, the UAE or the Emirate of Dubai, or any political subdivision thereof or any authority therein or thereof having power to tax. Where any such withholding or deduction is required by law, the Transaction Documents provide for the payment by the Obligor of additional amounts so that the full amount which would otherwise have been due and payable is received by the Trustee.

Certificateholder Meetings

A summary of the provisions for convening meetings of Certificateholders to consider matters relating to their interests as such is set out in Condition 19. Investors should also note that the Conditions and the Declaration of Trust contain provisions which may permit their

modification without the consent of all, or even a majority of, investors and in certain limited circumstances without the consent of any Certificateholders and without regard to the individual interests of particular Certificateholders (see “*Risk Factors*” above).

Transaction Documents

The **Transaction Documents** are the Declaration of Trust, any Supplemental Trust Deed, the Agency Agreement, the DIFC Purchase Agreement, the Dubai Purchase Agreement, any Supplemental Purchase Agreement, the Service Agency Agreement, the Purchase Undertaking, the Sale Undertaking, any Sale Agreement and the Murabaha Agreement (including any documents, purchase orders and letters of offer and acceptance delivered or entered into as contemplated by the Murabaha Agreement).

Governing Law

The Certificates and any non-contractual obligations arising out of or in connection with the Certificates will be governed by, and construed in accordance with, English law.

The Transaction Documents (other than the Purchase Agreements, any Supplemental Purchase Agreement and any Sale Agreement), and any non-contractual obligations arising out of or in connection with any such Transaction Documents, will be governed by, and construed in accordance with, English law. In respect of any dispute under any such agreement or deed to which it is a party, the Obligor has agreed to arbitration in the DIFC under the Arbitration Rules of the DIFC-LCIA Arbitration Centre (the **DIFC-LCIA Rules**). The Obligor has also agreed to submit to the jurisdiction of the courts of the DIFC or England (which in each case shall have exclusive jurisdiction) at the option of the Trustee or the Delegate, in respect of any dispute under the Transaction Documents (other than the Purchase Agreements, any Supplemental Purchase Agreement and any Sale Agreement), subject to the right of the Trustee and/or the Delegate (as applicable) to require any dispute to be resolved by any other court of competent jurisdiction.

The Dubai Purchase Agreement, any Supplemental Purchase Agreement and any Sale Agreement will be governed by the laws of the Emirate of Dubai and, to the extent applicable in the Emirate of Dubai, the federal laws of the UAE, and will be subject to the exclusive jurisdiction of the Dubai courts, subject to the right of the Trustee (or the Delegate) to require any dispute to be resolved by any other court of competent jurisdiction.

The DIFC Purchase Agreement, any Supplemental Purchase Agreement and any Sale Agreement will be governed by the laws of the DIFC and will be subject to the exclusive jurisdiction of the DIFC courts, subject to the right of the Trustee (or the Delegate) to require any dispute to be resolved by any other court of competent jurisdiction.

The Corporate Services Agreement and Share Declaration of Trust are governed by the laws of the Cayman Islands and are subject to the non-exclusive jurisdiction of the courts of the Cayman Islands.

Listing

Application has been made to the Irish Stock Exchange for the Certificates to be admitted to the Official List and to trading on the Main Securities Market.

Ratings

Upon issue, the Certificates are expected to be assigned a rating of BB+, with a stable outlook, by Fitch.

A securities rating is not a recommendation to buy, sell or hold the Certificates and may be subject to suspension, reduction or withdrawal at any time by the assigning rating organisation.

Selling Restrictions

There are restrictions on the distribution of this Prospectus and the offer,

sale and transfer of the Certificates in the United States, the United Kingdom, the Cayman Islands, the UAE (excluding the DIFC), the DIFC, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, the State of Qatar (including the Qatar Financial Centre), Japan, Hong Kong, Malaysia and Singapore. See "*Subscription and Sale*" for further details.

Use of Proceeds

The proceeds of the issue of the Certificates will be applied by the Trustee in the following proportion: (i) not less than 55 per cent. to the Obligor as the Purchase Price for the purchase of the Initial Wakala Portfolio; and (ii) the remaining being not more than 45 per cent., for the purchase and subsequent sale of commodities to the Obligor pursuant to the Murabaha Agreement. The Obligor shall use the Purchase Price and the funds received from its on-sale of the commodities to prepay all or part of its existing indebtedness and the remainder for its general corporate purposes.

TERMS AND CONDITIONS OF THE CERTIFICATES

The following is the text of the Terms and Conditions of the Certificates which (subject to modification and except for the text in italics) will be endorsed on each Certificate in definitive form (if issued) and incorporated by reference into the Global Certificate (as defined below) in respect of the Certificates.

Each of the U.S.\$400,000,000 Trust Certificates due 2022 (the **Certificates**) is issued by Emirates REIT Sukuk Limited (in its capacities as issuer and trustee for and on behalf of the Certificateholders (as defined below), the **Trustee**) and represents an undivided ownership interest in the Trust Assets (as defined below) held on trust (the **Trust**) for the holders of such Certificates pursuant to a declaration of trust (the **Declaration of Trust**) dated 12 December 2017 (the **Issue Date**) made between the Trustee, Emirates REIT (CEIC) Limited (the **Obligor**) and Citibank, N.A., London Branch (the **Delegate**).

Payments relating to the Certificates will be made pursuant to an agency agreement dated the Issue Date (the **Agency Agreement**) made between the Trustee, the Obligor, the Delegate and Citibank, N.A., London Branch as principal paying agent (in such capacity, the **Principal Paying Agent** and, together with any further or other paying agents appointed from time to time in respect of the Certificates, the **Paying Agents**) and as transfer agent (in such capacity, a **Transfer Agent**, and together with any further or other transfer agents appointed from time to time in respect of the Certificates, the **Transfer Agents**) and Citigroup Global Markets Deutschland AG as registrar (the **Registrar**). The Paying Agents, the Registrar and the Transfer Agents are together referred to in these Conditions as the **Agents**. References to the Agents or any of them shall include their successors.

The Certificateholders are entitled to the benefit of, are bound by, and are deemed to have notice of the Transaction Documents (as defined below) (copies of which are available for inspection during normal business hours at the specified offices of the Paying Agents).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Transaction Documents. In the event of any inconsistency between any such document, these Conditions will prevail.

Each initial Certificateholder, by its acquisition and holding of its interest in a Certificate, shall be deemed to authorise and direct the Trustee, on behalf of the Certificateholders: (a) to apply the sums paid by it in respect of the Certificates in the following proportion: (i) not less than 55 per cent. to the Obligor as the Purchase Price for the purchase of the Initial Wakala Portfolio (as defined below); and (ii) the remaining being not more than 45 per cent., for the purchase and subsequent sale of commodities to the Obligor pursuant to the Murabaha Agreement; and (b) to enter into each Transaction Document to which it is a party, subject to the provisions of the Declaration of Trust and these Conditions.

1. DEFINITIONS AND INTERPRETATION

Words and expressions defined in the Declaration of Trust and the Agency Agreement shall have the same meanings where used in these Conditions unless the context otherwise requires. In addition, in these Conditions the following expressions have the following meanings:

Affiliate means, with respect to any specified Person: (i) any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person; or (ii) any other Person that owns, directly or indirectly through one or more Subsidiaries, 20 per cent., or more of any class of such specified Person's Capital Stock, and, for the purposes of this definition, **control**, when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms **controlling** and **controlled** have meanings correlative to the foregoing;

Asset Sale means any sale, sale and leaseback, transfer or other disposition by any member of the Group of all or any of the legal or beneficial interest in any Capital Stock or any property or assets of any member of the Group (either in one transaction or in a series of related transactions at the same time or over a period of time) to any Person who is not a member of the Group;

Authorised Denomination(s) has the meaning given to it in Condition 2.1;

Authorised Signatory means, in relation to the Trustee or the Obligor, any person who is duly authorised and in respect of whom a certificate has been provided to the Delegate signed by a director,

manager or another duly authorised person of the Trustee or the Obligor, as the case may be, setting out the name and signature of such person and confirming such person's authority to act;

Average Life means, as of the date of determination with respect to any Financial Indebtedness, the quotient obtained by dividing:

- (a) the sum of the products of:
 - (i) the numbers of years from the date of determination to the date or dates of each successive scheduled principal payment of such Financial Indebtedness; and
 - (ii) the amount of each such principal payment;
- by
- (b) the sum of all such principal payments;

Borrowings means, at any time, the aggregate outstanding principal, capital or nominal amount of, and any fixed or minimum premium payable on prepayment or redemption of, any indebtedness for or in respect of Financial Indebtedness;

Capital Stock means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person's equity, including any preferred stock of such Person, whether outstanding at the Issue Date or issued after the Issue Date, including, without limitation, all series and classes of such Capital Stock;

Cash and Cash Equivalents means, at any time:

- (a) cash in hand or on deposit with any acceptable bank;
- (b) certificates of deposit, maturing within one year after the relevant date of calculation, issued by an acceptable bank;
- (c) any investment in marketable obligations issued or guaranteed by: (i) the government of the United States of America or the United Kingdom or by an instrumentality or agency of the government of the United States of America or the United Kingdom having an equivalent credit rating; or (ii) the Government of the UAE or the Government of Dubai or the Government of Abu Dhabi, provided in the case of (ii) such obligations have a maturity of less than one year;
- (d) open market commercial paper:
 - (i) for which a recognised trading market exists;
 - (ii) issued in the United States of America or the United Kingdom;
 - (iii) which matures within one year after the relevant date of calculation; and
 - (iv) which has a credit rating of either A-1 by Standard & Poor's or Fitch or P-1 by Moody's or if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term debt obligations, an equivalent rating;
- (e) Sterling bills of exchange eligible for rediscount at the Bank of England and accepted by an acceptable bank. An acceptable bank for this purpose is a commercial bank or trust company which has a rating of BBB- or higher by Standard & Poor's or Fitch or Baa3 or higher by Moody's or a comparable rating from a nationally recognised credit rating agency for its long-term obligations;

Certificate means each certificate represented by the Global Certificate as described in Condition 2.1;

Certificateholders has the meaning given to it in Condition 2;

CIR means the Collective Investment Law 2010 and the Collective Investment Rules Module of the rulebook of the Dubai Financial Services Authority, each as amended and/or replaced from time to time;

Clean Up Call Right Dissolution Date has the meaning given to it in the Condition 10.4;

Clearstream, Luxembourg means Clearstream Banking S.A.;

Conditions means these terms and conditions of the Certificates;

Deferred Sale Price has the meaning given to it in the Murabaha Agreement;

DIFC-LCIA Rules has the meaning given to it in Condition 23.2;

DIFC means the Dubai International Financial Centre;

DIFC Purchase Agreement means the purchase agreement dated the Issue Date and entered into between the Trustee and the Obligor in respect of the assets located in the DIFC;

DIFC Wakala Assets means the assets in the schedule to the DIFC Purchase Agreement;

Dispute has the meaning given to it in Condition 23.2;

Dissolution Date means, as the case may be:

- (a) the Scheduled Dissolution Date;
- (b) the Early Tax Dissolution Date;
- (c) the Dissolution Event Redemption Date; or
- (d) the Clean Up Call Right Dissolution Date;

Dissolution Distribution Amount means, in relation to each Certificate, the sum of:

- (a) the outstanding face amount of such Certificate; and
- (b) any accrued but unpaid Periodic Distribution Amounts relating to such Certificates;

Dissolution Event has the meaning given to it in Condition 14;

Dissolution Event Redemption Date has the meaning given to it in Condition 14;

Dissolution Notice has the meaning given to it in Condition 14;

Dubai Purchase Agreement means the purchase agreement dated the Issue Date and entered into between the Trustee and the Obligor in respect of the assets located in the Emirate of Dubai;

Dubai Wakala Assets means the assets in the Schedule to the Dubai Purchase Agreement;

Early Tax Dissolution Date has the meaning given to it in Condition 10.2;

Earnings Before Interest and Tax (EBIT) means, in respect of any Measurement Period, the consolidated operating profit of the Group before taxation (excluding the results from discontinued operations):

- (a) before deducting any interest/profit, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalised by any member of the Group (calculated on a consolidated basis) in respect of that Measurement Period;
- (b) not including any accrued interest/profit owing to any member of the Group;
- (c) before taking into account any Exceptional Items;
- (d) before taking into account any unrealised gains or losses on any financial instrument (other than any derivative instrument which is accounted for on a hedge accounting basis);
- (e) before taking into account any gain or loss arising from an upward or downward revaluation of any other asset,

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining operating profits of the Group before taxation;

EBITDA means, in respect of any Measurement Period, Earnings Before Interest and Tax (EBIT) for that Measurement Period after adding back any amount attributable to the amortisation, depreciation or impairment of assets of members of the Group, as determined by reference to the most recently available audited or auditor reviewed consolidated financial statements of the Group prepared in accordance with IFRS;

Euroclear means Euroclear Bank SA/NV;

Exceptional Items means any exceptional, one-off, non-recurring or extraordinary items;

Exercise Notice has the meaning given to it in the Purchase Undertaking or the Sale Undertaking, as the case may be;

Exercise Price means an amount in U.S. dollars equal to the aggregate of:

- (a) the aggregate outstanding face amount of the Certificates on the relevant Dissolution Date; plus
- (b) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the Certificates; plus
- (c) (to the extent not previously satisfied in accordance with the Service Agency Agreement) an amount equal to the sum of any outstanding: (i) amounts repayable in respect of any Liquidity Facility; and (ii) Service Agency Liabilities Amounts; plus
- (d) an aggregate amount equal to all amounts owing to the Delegate under the Transaction Documents in its capacity as Delegate, provided that the Obligor has received notification from the Delegate of such aggregate amount: (i) (in respect of the exercise of the right granted under clause 2.1(a) of the Purchase Undertaking) on or before the Dissolution Event Redemption Date; or (ii) (in respect of the exercise of the right granted under clause 2.1(b) of the Purchase Undertaking) by not later than the third Payment Business Day immediately preceding the Scheduled Dissolution Date; less;
- (e) the aggregate amounts of Deferred Sale Price outstanding (if any) on the relevant Dissolution Date;

Expected Wakala Portfolio Revenues Amount has the meaning given to it in the Service Agency Agreement;

Extraordinary Resolution has the meaning given to it in Schedule 4 of the Declaration of Trust;

Fair Market Value means, with respect to any Capital Stock, asset or property, the sale value that would be paid in an arm's-length transaction between an independent, informed and willing seller under no compulsion to sell and an independent, informed and willing buyer under no compulsion to buy;

Financial Indebtedness means any indebtedness for or in respect of:

- (a) moneys borrowed and debit balances at banks or other financial institutions;
- (b) any amount raised by acceptance under any acceptance credit or bill discount facility (or dematerialised equivalent);
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis except for recourse by reference to a breach by the selling company of any standard representations relating to the relevant receivables (but not as to the creditworthiness of the debtor or the collectability of the receivables));
- (f) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution by way of support for borrowings under paragraphs (a) to (e) (inclusive) and (g) to (k) (inclusive) of this definition;
- (g) shares which are expressed to be redeemable shares or any amount raised by the issue of such shares which are redeemable on or prior to the Scheduled Dissolution Date;
- (h) any amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind the entry into the agreement is to raise finance or to finance the acquisition or construction of an asset or service;

- (i) any amount raised under any other transaction (including any forward sale or purchase agreement, sale and leaseback arrangement, sale and saleback arrangement or securitisation) having the commercial effect of a borrowing;
- (j) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (k) obligations incurred in respect of any Islamic financing arrangement; and
- (l) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (k) (inclusive) above,

but shall not include any indebtedness owed by one member of the Group to another member of the Group;

Fitch means Fitch Ratings Ltd.;

Group means the Obligor and its Subsidiaries (if any);

IFRS means International Financial Reporting Standards as published by the International Accounting Standard Board;

Indebtedness means all obligations, and guarantees or indemnities in respect of obligations, for moneys borrowed or raised (whether or not evidenced by bonds, debentures, notes or other similar instruments) or any Shari'a compliant alternative of the foregoing other than any such obligations, guarantees or indemnities owing or given by one member of the Group to another member of the Group;

Independent Appraiser means: (i) for the purposes of assets comprising interests in real estate and leases, an independent registered firm of chartered surveyors; and (ii) for the purposes of any assets other than those described in (i), any independent firm of appraisers or internationally recognised investment banking firm or firm of public accountants, in the case of (i) and (ii) being of international standing, selected by the Obligor;

Initial Wakala Portfolio means the assets transferred pursuant to the Dubai Purchase Agreement together with the assets transferred pursuant to the DIFC Purchase Agreement;

Instalment Profit Amount has the meaning given to it in the Murabaha Agreement;

Investment Grade Rating means a rating equal to or higher than: (i) Baa3 (or the equivalent) by Moody's; (ii) BBB- (or the equivalent) by Standard & Poor's; or (iii) BBB- (or the equivalent) by Fitch or in each case the equivalent thereof from any other Rating Agency (as applicable);

Investment Grade Status means that the Obligor has an Investment Grade Rating from at least two Rating Agencies;

Liability means any loss, damage, cost, charge, claim, demand, expense, fee, judgment, action, proceeding or other liability whatsoever (including, without limitation in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and legal or other fees and expenses on a full indemnity basis and references to **Liabilities** shall mean all of these;

Liquidity Facility has the meaning given to it under clause 4 of the Service Agency Agreement;

Material Subsidiary means any Subsidiary of the Obligor:

- (a) whose total revenue (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Obligor and its Subsidiaries relate, are equal to) not less than 10 per cent. of, respectively, total revenue or consolidated total assets of the Obligor and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Obligor and its Subsidiaries, provided that in the case of a Subsidiary of the Obligor acquired

after the end of the financial period to which the then latest audited consolidated accounts of the Obligor and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of the Obligor and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Obligor;

- (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Obligor which immediately prior to such transfer is a Material Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this paragraph (b) on the date on which the consolidated accounts of the Obligor and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of paragraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or
- (c) to which is transferred an undertaking or assets which, taken together with the existing undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of the Obligor and its Subsidiaries relate, generate total revenue equal to) not less than 10 per cent. of total revenue, or represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated total assets, of the Obligor and its Subsidiaries taken as a whole, all as calculated as referred to in paragraph (a) above, provided that the transferor Subsidiary (if a Material Subsidiary) shall upon such transfer forthwith cease to be a Material Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate total revenue equal to) not less than 10 per cent. of total revenue, or its assets represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated total assets of the Obligor and its Subsidiaries taken as a whole, all as calculated as referred to in paragraph (a) above, and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this paragraph (c) on the date on which the consolidated accounts of the Obligor and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of paragraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition.

A report signed by two Authorised Signatories of the Obligor (whether or not addressed to the Delegate) that in their opinion a Subsidiary of the Obligor is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary may be relied upon by the Delegate without further enquiry or evidence (without any liability to any person for so relying) and, if relied upon by the Delegate, shall, in the absence of manifest error, be conclusive and binding on all parties;

Measurement Period means each period of 12 months ending on the last date of each period in respect of which audited or auditor reviewed consolidated financial statements of the Group are made available;

Moody's means Moody's Investors Service Inc.;

Murabaha Agreement means the murabaha agreement dated the Issue Date and entered into between the Trustee, the Obligor and the Delegate;

Net Finance Expense means, in respect of any Measurement Period:

- (a) the aggregate amount of the accrued interest, profit, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments in respect of Financial Indebtedness

(whether, in each case, paid or payable by any member of the Group (calculated on a consolidated basis)) in respect of such Measurement Period; less

- (b) the aggregate amount of all financing charges received or receivable by any member of the Group (calculated on a consolidated basis) during such Measurement Period;

Non-recourse Project Financing means any financing of all or part of the costs of the acquisition, construction or development of any project, provided that: (a) any Security Interest given by the Obligor or the relevant Subsidiary, as the case may be, in connection therewith is limited solely to assets of the project; (b) the person providing such financing expressly agrees to limit its recourse to the project financed and the revenues derived from such project as the sole source of repayment for the moneys advanced; and (c) there is no other recourse to the Obligor or the relevant Subsidiary, as the case may be, or any other Subsidiary of the Obligor, in respect of any default by any person under the financing (including, without limitation, by way of any credit support, security or other similar commitment from the Obligor or the relevant Subsidiary);

Obligor Event has the meaning given to it in Condition 14;

Payment Business Day means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets in London and New York City settle payments and are open for general business and, in the case of presentation of a Certificate, in the place in which the Certificate is presented;

Periodic Distribution Amount has the meaning given to it in Condition 8.1;

Periodic Distribution Date means 12 June and 12 December in each year, commencing on 12 June 2018, and subject to Condition 8.3, ending on the Scheduled Dissolution Date;

Permitted Financial Indebtedness means any one or more of the following:

- (a) any Financial Indebtedness outstanding on the Signing Date;
- (b) Financial Indebtedness owed by the Obligor or any Subsidiary of the Obligor to the Obligor or any other Subsidiary of the Obligor; provided, however, that any subsequent disposition, pledge or transfer of such Financial Indebtedness (other than to the Obligor or a Subsidiary of the Obligor) shall be deemed, in each case, to constitute the Incurrence of such Financial Indebtedness (which shall not be Permitted Financial Indebtedness falling within the scope of this sub-paragraph (b)) by the obligor thereof;
- (c) Financial Indebtedness of a Subsidiary of the Obligor Incurred and outstanding prior to the date on which such Subsidiary became a Subsidiary of the Obligor (other than Financial Indebtedness Incurred in connection with, or to provide all or any portion of the funds or credit support utilised to consummate, or otherwise in contemplation of, the transaction or series of related transactions pursuant to which the Subsidiary became a Subsidiary of the Obligor);
- (d) any amounts owed to suppliers, contractors, sub-contractors and/or project consultants in respect of goods supplied and/or services provided, in each case in the ordinary course of business;
- (e) any Non-recourse Project Financing of the Obligor or a Subsidiary of the Obligor;
- (f) Financial Indebtedness arising in the form of deferred payment obligations of the Obligor or a Subsidiary of the Obligor in respect of the acquisition of any business, assets or Capital Stock, in each case in the ordinary course of business; and
- (g) Refinancing Financial Indebtedness Incurred by the Obligor or a Subsidiary of the Obligor in respect of Financial Indebtedness Incurred by the Obligor or a Subsidiary of the Obligor: (i) at any time when the Obligor had Investment Grade Status; or (ii) pursuant to paragraph (a), (b), (c), (d), (e) or (f) above;

Permitted Reorganisation means:

- (a) (i) any winding-up or dissolution of a Material Subsidiary whereby the undertaking and assets of that Material Subsidiary are transferred to or otherwise vested in the Obligor and/or any of

the Obligor's other Subsidiaries; or (ii) any winding up or dissolution of the Obligor whereby the undertaking and assets of the Obligor are transferred to or otherwise vested in one of its Subsidiaries, provided that, in the case of (ii) only, at the same time or prior to any such transfer or vesting, all amounts payable by the Obligor under each Transaction Document to which it is a party have been assumed by such other Subsidiary on terms previously approved by an Extraordinary Resolution; or

- (b) any composition or other similar arrangement on terms previously approved by an Extraordinary Resolution;

Permitted Security Interest means:

- (a) any Security Interest existing on the Signing Date;
- (b) any Security Interest granted by a Person where such Security Interest exists at the time that such person is merged into, or consolidated with, the Obligor or the relevant Material Subsidiary (as the case may be), provided that such Security Interest was not created in contemplation of such merger or consolidation and does not extend to any other assets or property of the Obligor or the relevant Material Subsidiary (as the case may be);
- (c) any Security Interest existing on any property or assets prior to the acquisition thereof by the Obligor or the relevant Material Subsidiary (as the case may be), provided that such Security Interest was not created in contemplation of such acquisition; or
- (d) any renewal of or substitution for any Security Interest permitted by any of paragraphs (a) to (c) (inclusive) of this definition, provided that with respect to any such Security Interest the aggregate principal amount of the Indebtedness secured thereby has not increased and the Security Interest has not been extended to any additional assets (other than the proceeds of such assets);

Person means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

Potential Dissolution Event means any condition, circumstance, event or act which, with the making or giving of notice, lapse of time, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or fulfilment of any other applicable condition (or any combination of the foregoing), would constitute a Dissolution Event;

Profit Amount has the meaning given to it in the Murabaha Agreement;

Purchase Agreements means the DIFC Purchase Agreement and the Dubai Purchase Agreement, each a **Purchase Agreement**;

Purchase Price means:

- (a) in relation to the Initial Wakala Portfolio, U.S.\$220,000,000; and
- (b) in relation to the Additional Wakala Assets, has the meaning given to it in the relevant Supplemental Purchase Agreement;

Purchase Undertaking means the purchase undertaking dated the Issue Date and granted by the Obligor for the benefit of the Trustee and the Delegate;

Rating Agency means each of Fitch, Moody's and Standard & Poor's or any of their successors or any other statistical rating organisation approved in writing by the Delegate;

Record Date means, in the case of the payment of a Periodic Distribution Amount or the Dissolution Distribution Amount, the date falling on the 15th day before the relevant Periodic Distribution Date or the relevant Dissolution Date (as the case may be);

Refinancing means, in respect of any Financial Indebtedness, to refinance, extend, renew, refund, repay, prepay, purchase, redeem, defease or retire, or to issue other Financial Indebtedness in exchange or replacement for, such Financial Indebtedness, and **Refinances** and similar terms are to be construed accordingly;

Refinancing Financial Indebtedness means Financial Indebtedness that Refinances any Financial Indebtedness of the Obligor or any Subsidiary of the Obligor, including Financial Indebtedness that Refinances Refinancing Financial Indebtedness; provided, however, that:

- (a) such Refinancing Financial Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Financial Indebtedness being Refinanced;
- (b) such Refinancing Financial Indebtedness has an Average Life at the time such Refinancing Financial Indebtedness is Incurred that is equal to or greater than the Average Life of the Financial Indebtedness being Refinanced;
- (c) such Refinancing Financial Indebtedness has an aggregate principal amount (or if Incurred with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if Incurred with original issue discount, the aggregate accreted value) then outstanding (plus fees and expenses, including any premium) under the Financial Indebtedness being Refinanced; and
- (d) if the Financial Indebtedness being Refinanced is subordinated in right of payment to the Obligor's payment obligations under the Transaction Documents, such Refinancing Financial Indebtedness is subordinated in right of payment to the Obligor's payment obligations under the Transaction Documents at least to the same extent as the Financial Indebtedness being Refinanced;

Register has the meaning given to it in Condition 2.1;

REIT Manager means Equitativa (Dubai) Limited;

Relevant Indebtedness means any present or future indebtedness, other than any Indebtedness incurred in connection with a Non-recourse Project Financing or a Securitisation, which is in the form of, or which is represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

Relevant Sukuk Obligation means any Sukuk Obligation, other than any Sukuk Obligation incurred in connection with a Non-recourse Project Financing or a Securitisation, in respect of which the relevant trust certificates or other securities are, or are intended to be or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

Required Amount has the meaning given to it in the Service Agency Agreement;

Return Accumulation Period means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Periodic Distribution Date and each successive period beginning on (and including) a Periodic Distribution Date and ending on (but excluding) the next succeeding Periodic Distribution Date;

Sale Agreement means any sale agreement entered into in connection with the Purchase Undertaking or the Sale Undertaking, as the case may be;

Sale Undertaking means the sale undertaking dated the Issue Date and granted by the Trustee for the benefit of the Obligor;

Scheduled Dissolution Date means 12 December 2022;

Securitisation means any securitisation of existing or future assets and/or revenues, provided that: (a) any Security Interest given by the Obligor or the relevant Subsidiary, as the case may be, in connection therewith is limited solely to the assets and/or revenues which are the subject of the securitisation; (b) each person participating in such securitisation expressly agrees to limit its recourse to the assets and/or revenues so securitised as the principal source of repayment for the money advanced or payment of any other liability; and (c) there is no other recourse to the Obligor or the relevant Subsidiary, as the case may be, in respect of any default by any person under the securitisation;

Security Interest means any mortgage, charge, pledge, lien or other form of encumbrance or security interest, including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

Service Agency Agreement means the service agency agreement dated the Issue Date and entered into between the Trustee and the Servicing Agent;

Service Agency Liability Amounts has the meaning given to it in the Service Agency Agreement;

Servicing Agent means Emirates REIT (CEIC) Limited in its capacity as servicing agent under the Service Agency Agreement;

Signing Date means 7 December 2017;

Standard & Poor's means Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies Inc.;

Stated Maturity means, with respect to any Financial Indebtedness, the date specified in the relevant documentation as the fixed date on which the final payment of principal in respect thereof is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such Financial Indebtedness at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred);

Subsidiary means, in relation to any Person (the **first Person**) at any particular time, any other Person (the **second Person**) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, or the power to appoint or remove members of the governing body of the second Person;

Sukuk Obligation means any undertaking or other obligation to pay any money given in connection with any issue of trust certificates or other securities intended to be issued in compliance with the principles of Shari'a, whether or not in return for consideration of any kind;

Supplemental Purchase Agreement has the meaning given to it in the relevant Purchase Agreement;

Taxes has the meaning given to it in Condition 11;

Total Assets means, in respect of any Measurement Period, the aggregate value (less depreciation and amortisation computed in accordance with international accounting standards) of all assets of the Group which are treated as assets determined in accordance with IFRS, as shown in the most recently available audited or auditor reviewed consolidated financial statements of the Group prepared in accordance with IFRS or, if no such value is specified in those financial statements, the Fair Market Value of such assets;

Total Indebtedness means, in respect of any Measurement Period, the aggregate amount of all obligations of the Group for or in respect of Borrowings as at the last day of such Measurement Period, as determined by reference to the most recently available audited or auditor reviewed consolidated financial statements of the Group prepared in accordance with IFRS;

Transaction Account means the account in London in the Trustee's name maintained with the Principal Paying Agent, into which the Obligor (in all its relevant capacities under the Transaction Documents to which it is a party) will deposit certain amounts due to the Trustee under the Transaction Documents;

Transaction Documents means the Declaration of Trust, any Supplemental Declaration of Trust, the Agency Agreement, the Purchase Agreements, any Supplemental Purchase Agreement, the Service Agency Agreement, the Purchase Undertaking, the Sale Undertaking, any Sale Agreement and the Murabaha Agreement (including any documents, purchase orders and letters of offer and acceptance delivered or entered into as contemplated by the Murabaha Agreement) each as may be amended, restated and/or supplemented from time to time;

Trust Assets has the meaning given to it in Condition 6.1;

Wakala Assets means the DIFC Wakala Assets together with the Dubai Wakala Assets;

Wakala Portfolio Revenues has the meaning given to it in the Service Agency Agreement; and

U.S.\$ and U.S. dollars each means the lawful currency for the time being of the United States of America.

2. FORM, DENOMINATION AND TITLE

2.1 Form and Denomination

The Certificates are issued in registered form in face amounts of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (each an **Authorised Denomination**). A Certificate will be issued to each Certificateholder in respect of its registered holding of Certificates. Each relevant Certificate will be numbered serially with an identifying number which will be recorded on the Certificate and in the register of Certificateholders (the **Register**), which the Trustee will cause to be kept by the Registrar outside the United Kingdom in accordance with the provisions of the Agency Agreement.

In these Conditions, **Certificateholder** or **holder** means the person in whose name a Certificate is registered.

Upon issue, the Certificates will be represented by a Global Certificate which will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear and Clearstream Luxembourg. Ownership interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg (as applicable), and their respective participants. These Conditions are modified by certain provisions contained in the Global Certificate. Except in certain limited circumstances, owners of interests in the Global Certificate will not be entitled to receive definitive Certificates representing their holdings of Certificates. See "Global Certificate".

2.2 Title

Title to the Certificates passes only by registration in the Register. The registered holder of any Certificate will (except as otherwise required by law) be treated as the absolute owner of the Certificates represented by the Certificate for all purposes (whether or not any payment thereon is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate) and no Person will be liable for so treating the holder of any Certificate. The registered holder of a Certificate will be recognised by the Trustee as entitled to his Certificate free from any equity, set-off or counterclaim on the part of the Trustee against the original or any intermediate holder of such Certificate.

3. TRANSFERS OF CERTIFICATES

3.1 Transfers

Subject to Conditions 3.4 and 3.5 and the provisions of the Agency Agreement, a Certificate may be transferred in an Authorised Denomination only by depositing the Certificate by which it is represented, with the form of transfer on the back duly completed and signed, at the specified office of any of the Transfer Agents.

Transfer of interests in the Certificates represented by the Global Certificate will be effected in accordance with the rules of the relevant clearing system through which the interest is held.

3.2 Delivery of New Certificates

Each new Certificate to be issued upon any transfer of Certificates will, within five business days of receipt by the relevant Transfer Agent of the duly completed form of transfer endorsed on the Certificate (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), be delivered at the specified office of the relevant Transfer Agent or be mailed by uninsured mail at the risk of the holder entitled to the Certificate to the address specified in the form of transfer. For the purposes of this Condition, **business day** shall mean a day on which banks are open for business in the city in which the specified office of the Transfer Agent with whom a Certificate is deposited in connection with a transfer is located. Where some but not all of the Certificates in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the Certificates not so transferred will, within five business days of receipt by the relevant Transfer Agent of the original Certificate, be delivered at the specified office of the relevant Transfer Agent or be mailed by uninsured mail at the risk of the holder of the Certificates not so transferred to the address of such holder appearing on the Register or as specified in the form of transfer.

3.3 **Formalities Free of Charge**

Registration of any transfer of Certificates will be effected without charge by or on behalf of the Trustee by the Registrar or any Transfer Agent but upon payment (or the giving of such indemnity as, any Transfer Agent or the Registrar may reasonably require) by the transferee in respect of any stamp duty, tax or other governmental charges which may be imposed in relation to such transfer.

3.4 **Closed Periods**

No Certificateholder may require the transfer of a Certificate to be registered during the period of 15 days ending on (and including) the due date for any payment of the Dissolution Distribution Amount or any Periodic Distribution Amount or any other date on which any payment of the face amount or payment of any profit in respect of that Certificate falls due.

3.5 **Regulations**

All transfers of Certificates and entries on the Register will be made subject to the detailed regulations concerning the transfer of Certificates scheduled to the Declaration of Trust. The regulations may be changed by the Trustee from time to time with the prior written approval of the Delegate (acting in accordance with the Declaration of Trust and these Conditions) and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Certificateholder who requests a copy of such regulations.

The Certificateholders shall be entitled to receive, in accordance with Condition 3.2, only one Certificate in respect of his entire holding of Certificates. In the case of a transfer of a portion of the face amount of a Certificate, a new Certificate in respect of the balance of the Certificates not transferred will be issued to the transferor in accordance with Condition 3.2.

4. **STATUS AND LIMITED RECOURSE**

4.1 **Status**

Each Certificate represents an undivided ownership interest in the Trust Assets, and are direct, unsecured, unsubordinated and limited recourse obligations of the Trustee. Each Certificate will constitute unsecured obligations of the Trustee and will at all times rank *pari passu*, without any preference or priority, with all other Certificates.

The payment obligations of the Obligor (acting in any capacity) under the Transaction Documents will be direct, unconditional, unsubordinated and unsecured obligations of the Obligor which (save for such exceptions as may be provided by applicable law and subject to the negative pledge provisions included in Condition 5.1) at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations from time to time outstanding.

4.2 **Limited Recourse and Agreement of Certificateholders**

The proceeds of the Trust Assets are the sole source of payments on the Certificates. The Certificates do not represent an interest in or obligation of the Trustee or the Obligor (save as provided in this Condition 4.2), or of the Delegate or any of the Agents.

The net proceeds of realisation of, or enforcement with respect to, the Trust Assets may not be sufficient to make all payments due in respect of the Certificates.

By subscribing for or acquiring the Certificates, each Certificateholder is deemed to have acknowledged and agreed that notwithstanding anything to the contrary contained in these Conditions or any Transaction Document, that, in relation to the Certificates:

- (a) no payment of any amount whatsoever shall be made by any of the Trustee or the Delegate or any agents of the Trustee on its behalf except to the extent funds are available therefor from the Trust Assets and no recourse shall be had for the payment of any amount owing hereunder, whether for the payment of any fee, indemnity or other amount hereunder or any other obligation or claim arising out of or based upon the Transaction Documents, against the Trustee or the Delegate, to the extent the Trust Assets have been exhausted, following which all obligations of the Trustee and the Delegate shall be extinguished;

- (b) the Trustee may not sell, transfer, assign or otherwise dispose of the Wakala Assets to a third party, and may only realise its rights, title, interest, benefits and entitlements, present and future, in, to and under the Wakala Assets in the manner expressly provided in the Transaction Documents;
- (c) if the proceeds of the Trust Assets are insufficient to make any payment due in respect of the Certificates, it will have no recourse to any assets of the Trustee (and/or its directors, officers, shareholders or corporate services provider in each of their respective capacities as such) (other than the Trust Assets) or of the Delegate in respect of any shortfall or otherwise;
- (d) it will not petition for, institute, or join with any other Person in instituting proceedings for, any bankruptcy, reorganisation, arrangement or liquidation, winding-up or receivership proceedings or other proceedings under any bankruptcy or similar law in any jurisdiction against the Trustee or Delegate or any of their respective directors, officers, employees, agents or affiliates as a consequence of such shortfall or otherwise;
- (e) no recourse (whether by institution or enforcement of any legal proceedings or assessment or otherwise) in respect of any breaches of any duty, obligation or undertaking of the Trustee or the Delegate arising under or in connection with the Declaration of Trust, the Certificates and the Conditions (as from time to time supplemented or modified in accordance with the provisions herein or therein contained), by virtue of any customary law, statute or otherwise shall be had against any shareholder, member, officer, agent, director or corporate service provider of the Trustee or the Delegate in their capacity as such and any and all personal liability of every such shareholder, member, officer, agent, director or corporate service provider in their capacity as such for any breaches by the Trustee or the Delegate of any such duty, obligation or undertaking is expressly waived and excluded to the extent permitted by law save in the case of wilful default or actual fraud (as determined by a finding to such effect by a court of competent jurisdiction in relation to the conduct of the relevant party); and
- (f) it shall not be entitled to claim or exercise any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of any sums due hereunder or any part thereof with respect to any liability owed by it to the Trustee or claim any lien or other rights over any property held by it on behalf of the Trustee.

The Obligor is obliged to make certain payments under the Transaction Documents to which it is a party directly to or to the order of the Trustee (for and on behalf of the Certificateholders) or the Delegate (acting in the name and on behalf of the Trustee). Such payment obligations form part of the Trust Assets and the Trustee and the Delegate will thereby have direct recourse against the Obligor to recover such payments notwithstanding any other provisions of this Condition 4.2.

5. OBLIGOR COVENANTS

5.1 Negative pledge

The Obligor covenants that, for so long as any Certificate is outstanding it will not, and will ensure that none of its Material Subsidiaries will, create or permit to subsist any Security Interest, other than a Permitted Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or Relevant Sukuk Obligation, or to secure any guarantee or indemnity in respect of any Relevant Indebtedness or Relevant Sukuk Obligation, without: (i) at the same time or prior thereto securing equally and rateably therewith its obligations under the Transaction Documents to which it is party (in whatever capacity); or (ii) providing such security for those obligations as shall be approved by an Extraordinary Resolution.

5.2 Disposals

The Obligor covenants that, for so long as any Certificate is outstanding it will not, and will ensure that none of its Subsidiaries will, directly or indirectly, enter into an Asset Sale in respect of an asset which has a book value (as determined by reference to the most recently available financial statements of the Obligor or of its relevant Subsidiary, as the case may be, prepared in accordance with IFRS) that exceeds 50 per cent. of the Total Assets at the time of such proposed Asset Sale, unless:

- (a) such Asset Sale: (i) has been approved by the Investment Committee (or equivalent) of the "fund manager" of the Obligor for the purposes of the CIR; and (ii) is in compliance with, and permitted under, the CIR;
- (b) the consideration received by the Obligor or its Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of (such determination to be made by an Independent Appraiser at the time of such Asset Sale); and
- (c) either, at the Obligor's sole discretion: (i) the net proceeds of such Asset Sale received by the Obligor or its Subsidiary, as the case may be, are applied directly or indirectly towards any business of the Group (including, without limitation, towards the payment (including early payment) of any outstanding debt, liability or obligation of the Obligor or any of its Subsidiaries), save that (notwithstanding the foregoing) up to 20 per cent. of such net proceeds may be used to pay dividends and distributions to the Obligor's shareholders or may otherwise be returned to the Obligor's shareholders; or (ii) a proportion of the aggregate amount of the net proceeds of such Asset Sale received by the Obligor or its Subsidiary, as the case may be, that is at least equal to the sum of: (x) the aggregate outstanding face amount of the Certificates at the time of the relevant Asset Sale (as such amount may be reduced from time to time); and (y) the remaining scheduled Periodic Distribution Amounts up to (and including) the Scheduled Dissolution Date at the time of the relevant Asset Sale (as the aggregate amount of such remaining scheduled Periodic Distribution Amounts may be reduced from time to time), is held by the Obligor and/or any of its Subsidiaries as Cash and Cash Equivalents (with any remaining balance of such net proceeds not being subject to any restriction or requirement under these Conditions).

5.3 **Limitation on indebtedness**

The Obligor covenants that, for so long as any Certificate is outstanding, it will not, and will not permit any of its Subsidiaries to, create, issue, incur, assume, guarantee or in any manner become directly or indirectly liable with respect to or otherwise become responsible for, contingently or otherwise, the payment of (individually and collectively, to **Incur** or, as appropriate, an **Incurrence**) any Financial Indebtedness (other than Permitted Financial Indebtedness); provided that the Obligor and its Subsidiaries will be permitted to Incur additional Financial Indebtedness if:

- (a) no Dissolution Event has occurred and is continuing or would occur as a consequence of such Incurrence; and
- (b) the ratio of Total Indebtedness to Total Assets in respect of the immediately preceding Measurement Period is less than 0.6:1; and
- (c) the ratio of EBITDA to Net Finance Expense in respect of the immediately preceding Measurement Period is greater than 1.5:1.

The provisions of this Condition 5.3 shall not apply and shall be suspended for so long as the Obligor has Investment Grade Status. However, the provisions of this Condition 5.3 shall immediately apply if and for so long as the Obligor ceases to have Investment Grade Status. Calculations under the reinstated Condition 5.3 will be made as if Condition 5.3 had been in effect since the Issue Date except that no Obligor Event will be deemed to have occurred solely by reason of the Incurrence of Financial Indebtedness made while the provisions of Condition 5.3 were suspended.

6. **TRUST**

6.1 **Trust Assets**

Pursuant to the Declaration of Trust, the Trustee has declared that it will hold certain assets (the **Trust Assets**), consisting of:

- (a) the cash proceeds of the issue of Certificates, pending application thereof in accordance with the terms of the Transaction Documents;
- (b) all of the Trustee's rights, title, interests, benefits and entitlements in, to and under, the Wakala Assets;

- (c) all of the Trustee's rights, title, interests, benefits and other entitlements in, to and under, the Transaction Documents (including, without limitation, the right to receive the Deferred Sale Price under the Murabaha Agreement) (excluding: (A) any representations given by the Obligor to the Trustee and/or the Delegate pursuant to any of the Transaction Documents to which it is a party; and (B) the covenant given to the Trustee pursuant to clause 14.1 of the Declaration of Trust);
- (d) all moneys standing to the credit of the Transaction Account; and
- (e) all proceeds of the foregoing,
upon trust absolutely for the Certificateholders pro rata according to the face amount of the Certificates held by each Certificateholder in accordance with the Declaration of Trust and these Conditions.

6.2 Application of Proceeds from Trust Assets

On each Periodic Distribution Date and on any Dissolution Date, the Principal Paying Agent shall apply the moneys standing to the credit of the Transaction Account in the following order of priority:

- (a) *first*, to the Delegate in respect of all amounts owing to it under the Transaction Documents in its capacity as Delegate (including any amounts owing to the Delegate in respect of its Appointees (as defined in the Declaration of Trust));
- (b) *second*, to the Principal Paying Agent for application in or towards payment pari passu and rateably of all Periodic Distribution Amounts due but unpaid;
- (c) *third*, only if such payment is made on a Dissolution Date, to the Principal Paying Agent for application in or towards payment pari passu and rateably of the Dissolution Distribution Amount; and
- (d) *fourth*, only if such payment is made on a Dissolution Date, payment of the residual amount (if any) to the Obligor in its capacity as Servicing Agent as an incentive fee payment for its performance under the Service Agency Agreement.

7. TRUSTEE COVENANTS

The Trustee covenants that for so long as any Certificate is outstanding it shall not:

- (a) incur any indebtedness in respect of financed, borrowed or raised money whatsoever (whether structured (or intended to be structured) in accordance with the principles of Shari'a or otherwise), or give any guarantee or indemnity in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) except, in all cases, as provided in the Transaction Documents;
- (b) secure any of its present or future indebtedness by any lien, pledge, charge or other security interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law (if any) and other than under or pursuant to any of the Transaction Documents);
- (c) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its interest in any of the Trust Assets except pursuant to any of the Transaction Documents;
- (d) except as provided in Condition 19, amend or agree to any amendment of any Transaction Document to which it is a party (other than in accordance with the terms thereof) or its constitutional documents;
- (e) except as provided in the Declaration of Trust, act as trustee in respect of any trust other than the Trust or in respect of any parties other than the Certificateholders;
- (f) have any subsidiaries or employees;

- (g) redeem any of its shares or pay any dividend or make any other distribution to its shareholders;
- (h) use the proceeds of the issue of the Certificates for any purpose other than as stated in the Transaction Documents;
- (i) put to its directors or shareholders any resolution for, or appoint any liquidator for, its winding-up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; or
- (j) enter into any contract, transaction, amendment, obligation or liability other than the Certificates and the Transaction Documents to which it is a party or as expressly contemplated, permitted or required thereunder or engage in any business or activity other than:
 - (i) as contemplated, provided for or permitted in the Transaction Documents;
 - (ii) in connection with the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and
 - (iii) such other matters which are incidental thereto.

8. PERIODIC DISTRIBUTIONS

8.1 Periodic Distribution Amount

Profit shall accrue at 5.125 per cent. per annum and such profit shall be payable in arrear in respect of the Certificates on each Periodic Distribution Date in respect of the Return Accumulation Period ending on such date (each such profit distribution being referred to in these Conditions as a **Periodic Distribution Amount**). The Trustee shall distribute to Certificateholders, out of amounts transferred to the Transaction Account, Periodic Distribution Amounts, pro rata to their respective holdings on each Periodic Distribution Date in arrear in accordance with these Conditions. Subject to Condition 8.2 and Condition 9, the Periodic Distribution Amount payable on each Periodic Distribution Date shall be U.S.\$25.625 per U.S.\$1,000 in face amount of the Certificates.

8.2 Calculation of Periodic Distribution Amounts payable other than on a Periodic Distribution Date

If a Periodic Distribution Amount is required to be calculated in respect of a period of less than a full Return Accumulation Period (the **Relevant Period**), it shall be calculated as an amount equal to the product of:

- (a) 5.125 per cent. per annum;
- (b) the face amount of the Certificate; and
- (c) the Day Count Fraction for such period, with the result being rounded to the nearest U.S.\$0.01, U.S.\$0.005 being rounded upwards. For these purposes, **Day Count Fraction** means the actual number of days in the period divided by 360 (the number of days in such period to be calculated on the basis of a year of 360 days with 12 30-day months and, in the case of an incomplete month, the number of days elapsed of the Return Accumulation Period in which the Relevant Period falls (including the first day but excluding the last)).

8.3 Cessation of Accrual

No further amounts will be payable on any Certificate from and including its due date for redemption, unless default is made in payment of the Dissolution Distribution Amount and no Sale Agreement has been executed pursuant to the Purchase Undertaking or the Sale Undertaking, as the case may be, relating to the redemption of the Certificates in full, in which case Periodic Distribution Amounts will continue to accrue in respect of the Certificates in the manner provided in this Condition 8 to the earlier of: (x) the Relevant Date; and (y) the date on which a Sale Agreement has been executed in accordance with the terms of the Purchase Undertaking or the Sale Undertaking, as the case may be, relating to the redemption of the Certificates in full. For the avoidance of doubt, no amounts will accrue in respect of the Deferred Sale Price.

9. PAYMENT

9.1 Payments in Respect of Certificates

Subject to Condition 9.2, payment of any Periodic Distribution Amount and the Dissolution Distribution Amount will be made by the Principal Paying Agent in U.S. dollars by wire transfer in same day funds to the Registered Account (as defined below) of each Certificateholder. Payments of the Dissolution Distribution Amount will only be made against surrender of the Certificate at the specified offices of any of the Paying Agents. The Dissolution Distribution Amount and each Periodic Distribution Amount will be paid on the due date to the holder shown on the Register at the close of business on the Record Date.

For the purposes of these Conditions, a Certificateholder's **Registered Account** means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollar, details of which appear on the Register at the close of business on the relevant Record Date.

9.2 Payments subject to Applicable Laws

Payments will be subject in all cases to: (i) any applicable fiscal or other laws, regulations and directives applicable thereto in the place of payment, but without prejudice to the provisions of Condition 11; and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 to 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or (without prejudice to the provisions of Condition 11) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the holders of the Certificates in respect of such payments.

9.3 Payment only on a Payment Business Day

Where payment is to be made by transfer to a Registered Account, payment instructions (for value the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated by the Principal Paying Agent on the due date for payment or, in the case of a payment of the Dissolution Distribution Amount, if later, on the Payment Business Day on which the Certificate is surrendered at the specified office of a Paying Agent for value as soon as practicable thereafter.

Certificateholders will not be entitled to any additional payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day or if the Certificateholder is late in surrendering its Certificate (if required to do so).

If the amount of the Dissolution Distribution Amount or any Periodic Distribution Amount is not paid in full when due, the Registrar will annotate the Register with a record of the amount actually paid.

9.4 Agents

In acting under the Agency Agreement and in connection with the Certificates, the Agents act solely as agents of the Trustee and (to the extent provided therein and in the Declaration of Trust) the Delegate and do not assume any obligations towards or relationship of agency or trust for or with any Certificateholder.

The names of the initial Agents and their initial specified offices are set out in the Agency Agreement.

The Trustee reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that:

- (a) it will at all times maintain a Principal Paying Agent;
- (b) it will at all times maintain a Registrar (which may be the Principal Paying Agent); and
- (c) it will at all times maintain a Paying Agent (which may be the Principal Paying Agent) having its specified office in a jurisdiction within Europe.

Notice of any termination or appointment and of any changes in the specified offices shall be given by the Trustee to the Certificateholders in accordance with Condition 18.

10. CAPITAL DISTRIBUTIONS OF THE TRUST

10.1 Dissolution on the Scheduled Dissolution Date

Unless the Certificates are previously redeemed or purchased and cancelled, the Trustee will redeem each Certificate at the Dissolution Distribution Amount on the Scheduled Dissolution Date.

Upon payment in full of the Dissolution Distribution Amount, the Trust will be dissolved by the Trustee on the Scheduled Dissolution Date and the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

10.2 Early Dissolution for Tax Reasons

Upon receipt of a duly completed Exercise Notice from the Obligor in accordance with the Sale Undertaking, the Certificates shall be redeemed by the Trustee in whole, but not in part, on the date specified in the Exercise Notice (an **Early Tax Dissolution Date**), on giving not less than 30 nor more than 60 days' notice to the Certificateholders in accordance with Condition 18 (which notice shall be irrevocable), at the Dissolution Distribution Amount, if it is determined by the Obligor that a Tax Event has occurred, where **Tax Event** means:

- (a) (i) the Trustee has or will become obliged to pay additional amounts as provided or referred to in Condition 11 as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or any political subdivision or any authority thereof or therein having the power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective after the Signing Date; and (ii) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or
- (b) (i) the Obligor has or will become obliged to pay additional amounts to the Trustee pursuant to the terms of any Transaction Document to which it is a party as a result of any change in, or amendment to, the laws or regulations of the DIFC, the United Arab Emirates or the Emirate of Dubai or any political subdivision or, in each case, any authority thereof or therein having the power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective after the Signing Date; and (ii) such obligation cannot be avoided by the Obligor taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given:

- (i) unless a duly completed Exercise Notice has been received by the Trustee from the Obligor in accordance with the Sale Undertaking; and
- (ii) earlier than 90 days prior to the earliest date on which (in the case of (a) above) the Trustee would be obliged to pay such additional amounts if a payment in respect of the Certificates were then due or (in the case of (b) above) the Obligor would be obliged to pay such additional amounts if a payment to the Trustee under the relevant Transaction Document was then due.

Prior to the publication of any notice of redemption pursuant to this Condition 10.2, the Trustee or, as the case may be, the Obligor shall deliver to the Delegate:

- (A) a certificate signed by, or by two Authorised Signatories on behalf of, the Trustee or, as the case may be, the Obligor stating that the obligation referred to in paragraph (a) or (b) above cannot be avoided by the Trustee, or as the case may be, the Obligor, taking reasonable measures available to it; and
- (B) an opinion of independent legal or tax advisers of recognised standing to the effect that the Trustee or, as the case may be, the Obligor, has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of any such notice given in accordance with this Condition 10.2, and payment in full of the Dissolution Distribution Amount to Certificateholders, the Trustee shall be bound to dissolve the Trust and the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

10.3 **Dissolution Following a Dissolution Event**

Upon the occurrence of a Dissolution Event which is continuing, the Certificates may be redeemed at the Dissolution Distribution Amount on the Dissolution Event Redemption Date and the Trust dissolved as more particularly specified in Condition 14.

10.4 **Dissolution at the Option of the Obligor (Clean Up Call Right)**

If 75 per cent. or more of the aggregate face amount of the Certificates then outstanding have been redeemed and/or purchased and cancelled, the Obligor may in its sole discretion deliver to the Trustee a duly completed Exercise Notice under the Sale Undertaking. On receipt of such notice, the Trustee shall redeem the Certificates in whole but not in part, on the Trustee giving not less than 30 nor more than 60 days' notice to the Certificateholders in accordance with Condition 18 (which notice shall be irrevocable and shall oblige the Trustee to redeem the Certificates on the date specified in such notice (the **Clean Up Call Right Dissolution Date**)), at the Dissolution Distribution Amount provided, however, that no such notice of dissolution shall be given unless an Exercise Notice has been received by the Trustee from the Obligor under the Sale Undertaking. Following the exercise by the Obligor of its right to serve an Exercise Notice as described in this Condition 10.4, the Obligor shall pay in full into the Transaction Account: (i) the relevant Exercise Price under the Sale Undertaking; and (ii) the outstanding Deferred Sale Price under the Murabaha Agreement, which together with any other amounts standing to the credit of the Transaction Account, will enable the Trustee to pay the Dissolution Distribution Amount to the Certificateholders. Upon payment in full of the Dissolution Distribution Amount to all Certificateholders, the Trustee shall be bound to dissolve the Trust and the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

10.5 **No Other Dissolution**

The Trustee shall not be entitled to redeem the Certificates, and the Trustee shall not be entitled to dissolve the Trust otherwise than as provided in this Condition 10, Condition 13 and Condition 14.

11. **TAXATION**

All payments in respect of the Certificates shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature, imposed, levied, collected, withheld or assessed by or on behalf of the Cayman Islands, the DIFC, the United Arab Emirates or the Emirate of Dubai, or any political subdivision thereof or any authority therein or thereof having power to tax (**Taxes**), unless the withholding or deduction of such Taxes is required by law. In such event, the Trustee will pay additional amounts as shall be necessary in order that the net amounts received by the Certificateholder after such withholding or deduction shall equal the respective amounts due and payable to any Certificateholder which would have otherwise been receivable in the absence of such withholding or deduction; except that no such additional amount shall be payable in relation to any payment to any Certificateholder:

- (a) who is liable for such Taxes in respect of such Certificate by reason of having some connection with the Cayman Islands, the DIFC, the United Arab Emirates or the Emirate of Dubai, other than the mere holding of such Certificate; or
- (b) where the definitive Certificate is required to be presented for payment and is presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to an additional amount on such 30th day assuming that day to have been a Payment Business Day.

In these Conditions, references to the **Dissolution Distribution Amount** or any **Periodic Distribution Amount** payable in respect of a Certificate shall be deemed to include any additional amounts payable under this Condition 11. In addition, in these Conditions **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Delegate, as the case may be, on or prior to such due date, the date on which the full amount of such moneys having been so received, notice to that effect is duly given to Certificateholders by the Trustee in accordance with Condition 18.

The Transaction Documents provide that payments thereunder by the Obligor to the Trustee shall be made without withholding or deduction for, or on account of, any present or future taxes, unless the withholding or deduction of the taxes is required by law and, in such case, provide for the payment by the Obligor of all additional amounts as will result in the receipt by the Trustee of such amount as would have been received by it if no withholding or deduction had been made.

Further, in accordance with the Declaration of Trust, in the event that the Trustee fails to comply with any obligation to pay additional amounts pursuant to this Condition 11, the Obligor unconditionally and irrevocably undertakes to (irrespective of the payment of any fee), as a continuing obligation, pay to or to the order of the Delegate (for the benefit of the Certificateholders) such amounts as are necessary so that the amount receivable by the Delegate (after any withholding or deduction for or on account of tax) equals any and all additional amounts required to be paid by it in respect of the Conditions pursuant to this Condition 11.

12. PRESCRIPTION

The right to receive distributions in respect of the Certificates will be prescribed and become void unless claimed within periods of ten years (in the case of the Dissolution Distribution Amount) and five years (in the case of Periodic Distribution Amounts) from the Relevant Date in respect thereof, subject to the provisions of Condition 9.

13. PURCHASE AND CANCELLATION OF CERTIFICATES

13.1 Purchases

The Obligor and/or any Subsidiary of the Obligor may at any time purchase Certificates at any price in the open market or otherwise.

13.2 Cancellation of Certificates held by the Obligor and/or any of its Subsidiaries

Certificates purchased by or on behalf of the Obligor or any Subsidiary of the Obligor may in the Obligor's sole discretion be surrendered for cancellation in accordance with the terms of the Declaration of Trust and the Agency Agreement. Any Certificates so surrendered for cancellation may not be reissued or resold.

14. DISSOLUTION EVENTS

Upon the occurrence and continuation of any of the following events (the **Dissolution Events**):

- (a) default is made in the payment of:
 - (i) any Periodic Distribution Amount and such default continues for a period of 14 days from the due date for payment; or
 - (ii) the Dissolution Distribution Amount and such default continues for a period of seven days from the due date for payment; or
- (b) the Trustee does not perform or comply with, any of its other obligations under the Conditions or any of the Transaction Documents to which it is a party and (except in any case where, in the opinion of the Delegate, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days following the service by the Delegate on the Trustee of written notice requiring the same to be remedied; or
- (c) any distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Trustee and is not discharged or stayed within 30 days; or
- (d) the Trustee is (or is, or could be, deemed by law or a court to be) adjudicated or found bankrupt or insolvent or to be unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or any part of (or a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of any creditors in respect of any of its debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or a particular type of) the debts of the Trustee; or

- (e) an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Trustee, or the Trustee shall apply or petition for a winding-up or administration order in respect of itself or cease or through an official action of its board of directors threaten to cease to carry on all or substantially all of its business or operations; or
- (f) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order: (i) to enable the Trustee lawfully to enter into, exercise its rights and perform and comply with its duties, obligations and undertakings under the Certificates and the Transaction Documents to which it is a party; (ii) to ensure that those duties, obligations and undertakings are legally binding and enforceable; or (iii) to make the Certificates and the Transaction Documents to which it is a party admissible in evidence in the courts of the Cayman Islands is not taken, fulfilled or done; or
- (g) it is or will become unlawful for the Trustee to perform or comply with any one or more of its duties, obligations and undertakings under any of the Certificates or the Transaction Documents to which it is a party or any of the duties, obligations or undertakings of the Trustee under the Certificates or the Transaction Documents to which it is a party are not, or cease to be, legal, valid, binding and enforceable; or
- (h) the Trustee repudiates or does or causes to be done any act or thing evidencing an intention to repudiate any Certificate or any Transaction Document to which it is a party; or
- (i) any event occurs which under the laws of the Cayman Islands or any other jurisdiction has an analogous effect to any of the events referred to in paragraphs (c), (d) or (e) above; or
- (j) an Obligor Event (as defined below) occurs,

the Delegate, upon receiving express notice in writing thereof, shall (subject to it being indemnified and/or secured and/or pre-funded to its satisfaction) promptly give notice of the occurrence of such Dissolution Event to the Certificateholders in accordance with Condition 18 with a request to such holders to indicate if they wish the Certificates to be redeemed and the Trust to be dissolved. If so requested in writing by the holders of at least 25 per cent. of the then aggregate face amount of the Certificates outstanding or if so directed by an Extraordinary Resolution of the Certificateholders, the Delegate shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction) give notice to the Trustee, the Obligor and the Certificateholders (a **Dissolution Notice**) in accordance with Condition 18 that the Certificates are immediately due and payable at the Dissolution Distribution Amount, whereupon they shall become so due and payable.

Upon receipt of such Dissolution Notice, the Trustee (failing which, subject to being indemnified and/or pre-funded to its satisfaction, the Delegate) shall deliver an Exercise Notice to the Obligor under the Purchase Undertaking. The Trustee (or the Delegate in the name of the Trustee) shall use the proceeds thereof, to redeem the Certificates at the Dissolution Distribution Amount on the date specified in the relevant Exercise Notice (the relevant **Dissolution Event Redemption Date**) and the Trust shall be dissolved on the day after the last outstanding Certificate has been so redeemed in full. Upon payment in full of such amounts and dissolution of the Trust as aforesaid, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

For the purposes of these Conditions:

Obligor Event means each of the following events (but in the case of the happening of any of the events described in paragraph (c) below, only if the Delegate shall have certified in writing to the Trustee and the Obligor that such event is, in its opinion, materially prejudicial to the interests of the Certificateholders):

- (a) the Obligor (acting in any capacity) fails to pay an amount in the nature of profit payable by it pursuant to any Transaction Document to which it is a party and the failure continues for a period of 14 days, or the Obligor (acting in any capacity) fails to pay an amount in the nature of principal payable by it pursuant to any Transaction Document to which it is a party and the failure continues for a period of seven days; or

- (b) the Obligor does not perform or comply with any one or more of its covenants or other obligations under Condition 5; or
- (c) the Obligor (acting in any capacity) does not perform or comply with any one or more of its covenants or other obligations in the Transaction Documents to which it is a party other than as specified in paragraph (b) above, which failure: (i) is, in the opinion of the Delegate, incapable of remedy; or (ii) (if, in the opinion of the Delegate, such failure is capable of remedy) is not remedied within the period of 30 days after written notice of such failure shall have been given to the Obligor by the Trustee (or the Delegate) requiring the same to be remedied, except that a failure by the Obligor (acting in its capacity as Servicing Agent) to comply with its obligations set out in clauses 3.2 and 3.4 of the Service Agency Agreement will not constitute an Obligor Event; or
- (d) (i) the holders of any Indebtedness of the Obligor or any Material Subsidiary accelerate such Indebtedness or declare such Indebtedness to be due and payable or required to be prepaid, or any such Indebtedness becomes capable of being declared due and payable (in each case, other than by a regularly scheduled required prepayment or pursuant to an option granted to the holders by the terms of such Indebtedness), prior to the stated maturity thereof by reason of default (howsoever described) on the part of the Obligor or such Material Subsidiary; or (ii) the Obligor or any Material Subsidiary fails to pay in full any principal of, or interest or profit, as the case may be, on, any of its Indebtedness when due (after expiration of any originally applicable grace period) or any guarantee of any Indebtedness of others given by the Obligor or any Material Subsidiary is not honoured when due and called upon, provided that the aggregate amount of the relevant Indebtedness or guarantee in respect of which one or more of the events mentioned above in this paragraph (d) has occurred equals or exceeds U.S.\$15,000,000 (or its equivalent in any other currency or currencies); or
- (e) any order is made by any competent court or resolution passed for the winding-up or dissolution of the Obligor or any Material Subsidiary, save in connection with a Permitted Reorganisation; or
- (f) the Obligor or any Material Subsidiary ceases or threatens to cease to carry on all or substantially all of its business, save in connection with a Permitted Reorganisation; or
- (g) one or more judgments or orders for the payment of any sum in excess of U.S.\$15,000,000 (or its equivalent in any currency or currencies), whether individually or in aggregate, is (or are) rendered against the Obligor and/or any Material Subsidiary and continue(s) unsatisfied and unstayed for a period of 30 days after the date thereof (or, if appealed, the appeal is unsuccessful and thereafter the judgment continues unsatisfied and unstayed for a period of 30 days); or
- (h) (i) the Obligor or any Material Subsidiary takes any corporate action or any steps are taken or any court or other proceedings are initiated against the Obligor or any Material Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of a liquidator, an administrative or other receiver, manager, administrator or other similar official (and such proceedings are not being actively contested in good faith by the Obligor or the relevant Material Subsidiary, as the case may be), or a liquidator, an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Obligor or any Material Subsidiary or, as the case may be, in relation to all or substantially all of the undertaking, assets or revenues of any of them; or (ii) an encumbrancer takes possession of all or substantially all of the undertaking or assets of the Obligor or any Material Subsidiary, or a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Obligor or any Material Subsidiary; and in each case (other than the appointment of an administrator) is not discharged within 30 days; or
- (i) (i) the Obligor or any Material Subsidiary stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or (ii) the Obligor or any Material Subsidiary initiates or

consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors) save, in all cases, in connection with a Permitted Reorganisation; or

- (j) any event occurs which under the laws of the DIFC, the United Arab Emirates or any Emirate thereof or any other relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (e), (g), (h) and (i) above; or
- (k) any one or more Security Interests, present or future, created or assumed by the Obligor and/or any Material Subsidiary and securing an amount which equals or exceeds U.S.\$15,000,000 (or its equivalent in any other currency or currencies), whether individually or in aggregate, become(s) enforceable and any step is taken to enforce such Security Interest(s) (including the taking of possession or the appointment of a receiver, manager or other similar person) unless the full amount of the debt(s) which is (or are) secured by the relevant Security Interest(s) is (or are) discharged within 30 days of the later of the first date on which: (i) a step is taken to enforce the relevant Security Interest(s); or (ii) the Obligor and/or the relevant Material Subsidiary, as the case may be, is notified that a step has been taken to enforce the relevant Security Interest(s); or
- (l) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order: (i) to enable the Obligor lawfully to enter into, exercise its rights and perform and comply with its obligations under the Transaction Documents to which it is party; (ii) to ensure that those obligations are legally binding and enforceable; and (iii) to make the Transaction Documents to which it is party admissible in evidence in the courts of the DIFC, the United Arab Emirates or any Emirate thereof is not taken, fulfilled or done, except that, provided no other Dissolution Event has occurred, the non-registration of legal title to the Wakala Assets in the name of the Trustee will not constitute an Obligor Event for these purposes; or
- (m) the Obligor repudiates or challenges, or does or causes to be done any act or thing evidencing an intention to repudiate or challenge, these Conditions or any (or any part of any) Transaction Document to which it is a party; or
- (n) at any time it is or becomes unlawful for the Obligor to perform any or all of its obligations under or in respect of the Transaction Documents to which it is a party or any of the obligations of the Obligor thereunder are not or cease to be legal, valid, binding or enforceable; or
- (o) all or substantially all of the undertaking, assets and/or revenues of the Obligor or any Material Subsidiary is condemned, seized or otherwise appropriated by any Person acting under the authority of any national, regional or local government; or (ii) the Obligor or any Material Subsidiary is prevented by any such Person from exercising normal control over all or substantially all of its undertaking, assets and/or revenues; or
- (p) the REIT Manager or any of its Affiliates ceases to be the "fund manager" of the Obligor.

15. ENFORCEMENT AND EXERCISE OF RIGHTS

15.1 If, following the occurrence of a Dissolution Event, any amount payable in respect of the Certificates has not been paid in full (notwithstanding the provisions of Condition 14), the Trustee or the Delegate, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction, may take one or more of the following steps:

- (a) enforce the provisions of the Transaction Documents against the Obligor; and/or
- (b) take such other actions or steps or institute such proceedings as the Trustee or the Delegate may consider necessary to recover amounts due to the Certificateholders.

- 15.2 No Certificateholder shall be entitled to proceed directly against the Trustee or the Obligor unless the Delegate, having become bound so to proceed, fails to do so within a reasonable period of becoming so bound and such failure is continuing. The Delegate and the Certificateholders shall only be entitled to deal with the Trust Assets as expressly permitted by the Transaction Documents and the sole right of the Delegate and the Certificateholders against the Trustee or the Obligor shall be to enforce their respective obligations under the Transaction Documents.

16. REALISATION OF TRUST ASSETS

- 16.1 Neither the Delegate nor the Trustee shall be bound in any circumstances to take any action, step or proceeding to enforce or to realise the Trust Assets or take any action, step or proceeding against the Trustee and/or the Obligor under any Certificate or any Transaction Document to which either of the Trustee or the Obligor is a party unless directed or requested to do so: (i) by an Extraordinary Resolution; or (ii) in writing by the holders of at least 25 per cent. of the then outstanding aggregate face amount of the Certificates; or (iii) (in the case of the Trustee only) by the Delegate, and in any such case then only if it shall be indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.
- 16.2 Under no circumstances shall the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets (other than as expressly contemplated in the Transaction Documents) and the sole right of the Delegate and the Certificateholders against the Trustee and the Obligor shall be to enforce their respective obligations under the Transaction Documents to which they are a party.
- 16.3 The foregoing provisions of this Condition **16** are subject to this Condition **16.3**. After enforcing or realising the Trust Assets and distributing the net proceeds of the Trust Assets in accordance with Condition **6.2**, the obligations of the Trustee in respect of the Certificates shall be satisfied and no Certificateholder may take any further steps against the Trustee (or any steps against the Delegate) to recover any further sums in respect of the Certificates and the right to receive any such unpaid sums shall be extinguished. In particular, no Certificateholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Trustee.

17. REPLACEMENT OF CERTIFICATES

Should any Certificate be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar upon payment by the claimant of the costs and expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Registrar may reasonably require. Mutilated or defaced Certificates must be surrendered to the Registrar before replacements will be issued.

18. NOTICES

All notices to Certificateholders will be valid if:

- (a) published in a daily newspaper having general circulation in London (which is expected to be the Financial Times) approved by the Delegate; or
- (b) mailed to them by first class pre-paid registered mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective registered addresses.

Any notice shall be deemed to have been given on the day (being a day other than a Saturday or Sunday) after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

So long as the Certificates are represented by a Global Certificate and such Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg, the relevant notice may be delivered to Euroclear and/or Clearstream, Luxembourg for communication by them to the Certificateholders. Any such notice shall be deemed to have been given to the Certificateholders on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

The Trustee shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system (if any) by which the Certificates have then been admitted to listing, trading and/or quotation.

Notices to be given by any Certificateholder shall be in writing and given by lodging the same, together with evidence of entitlement to the relevant Certificates, with the Principal Paying Agent.

19. MEETINGS OF CERTIFICATEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION

- 19.1 The Declaration of Trust contains provisions for convening meetings of Certificateholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Declaration of Trust or any other Transaction Document. Such a meeting may be convened by the Trustee, Obligor or Delegate and the Trustee shall convene such a meeting on written requisition in the English language by Certificateholders holding not less than 10 per cent. in face amount of the Certificates for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more Eligible Persons (as defined in the Declaration of Trust) present holding or representing in aggregate more than 50 per cent. in face amount of the Certificates for the time being outstanding, or at any adjourned such meeting one or more Eligible Persons whatever the face amount of the Certificates held or represented, except for any meeting the business of which includes consideration of proposals, inter alia, (i) to modify any date for payment in respect of the Certificates, (ii) to reduce or cancel or vary the method for calculating the amount of any payment due in respect of the Certificates, (iii) to alter the currency of payment or denomination of the Certificates, (iv) to amend Condition 8, (v) to change any of the Trustee's and the Obligor's respective covenants set out in, and the Obligor's obligations to make payment under, the Conditions and the Transaction Documents to which they are party, respectively, (vi) to modify the provisions concerning the quorum required at any meeting of Certificateholders or to alter the majority required to pass an Extraordinary Resolution, (vii) to sanction any such scheme or proposal or substitution as is described in paragraphs 5.9(i) and 5.9(j) of Schedule 4 to the Declaration of Trust, or (viii) to amend the above list or the proviso to paragraph 4.6 of Schedule 4 to the Declaration of Trust (each, a **Reserved Matter**), in which case the quorum shall be one or more Eligible Persons holding or representing in aggregate not less than 75 per cent., or at any adjourned such meeting not less than 25 per cent., in face amount of the Certificates for the time being outstanding. Other than in respect of a Reserved Matter described in paragraphs (i), (ii) and (iv) above, to be passed, an Extraordinary Resolution requires: (i) a majority in favour consisting of not less than 75 per cent. of the votes cast; (ii) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in aggregate face amount of the Certificates then outstanding (a **Written Resolution**) or (iii) where the Certificates are held by or on behalf of a clearing system or clearing systems, approval given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures (in a form satisfactory to the Delegate) by or on behalf of the holders of not less than 75 per cent. in aggregate face amount of the Certificates then outstanding (an **Electronic Consent**). Solely in respect of a Reserved Matter described in paragraphs (i), (ii) and (iv) above (and any conforming or consequential amendments required to be made to the Transaction Documents), an Extraordinary Resolution shall require: (i) a majority in favour consisting of not less than 50.1 per cent. of the votes cast; (ii) a Written Resolution signed by or on behalf of the holders of not less than 50.1 per cent. in aggregate face amount of the Certificates then outstanding; or (iii) an Electronic Consent given by or on behalf of the holders of not less than 50.1 per cent. in aggregate face amount of the Certificates then outstanding. Any Extraordinary Resolution, if duly passed, will be binding on all Certificateholders, whether or not they were present at the meeting at which such resolution was passed and whether or not they voted.
- 19.2 The Declaration of Trust provides that a Written Resolution or an Electronic Consent shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Certificateholders duly convened and held. Such a Written Resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Certificateholders. Such a Written Resolution and/or Electronic Consent will be binding on all Certificateholders whether or not they participated in such Written Resolution or Electronic Consent.
- 19.3 The Delegate may (but shall not be obliged to), without the consent or sanction of the Certificateholders: (i) agree to any modification to these Conditions, any provisions of the Transaction Documents or to the Trustee's memorandum and articles of association which, in the sole opinion of the Delegate, is of a formal, minor or technical nature or is made to correct a manifest error; (ii) agree to any modification (other than in respect of a Reserved Matter) of these Conditions, any provisions of the

Transaction Documents or the Trustee's memorandum and articles of association, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Declaration of Trust or the other Transaction Documents; or (iii) determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such, provided in the case of paragraphs (ii) and (iii) that such modification, waiver, authorisation or determination is not, in the sole opinion of the Delegate, materially prejudicial to the interests of Certificateholders and is other than in respect of a Reserved Matter and that such waiver, authorisation or determination is not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least one-fifth of the outstanding aggregate face amount of the Certificates.

- 19.4 In connection with the exercise by it of any of its trusts, powers, authorities and discretions under the Declaration of Trust (including, without limitation, any modification, waiver, authorisation or determination), the Delegate shall have regard to the general interests of Certificateholders as a class and shall not have regard to any interests arising from circumstances particular to individual Certificateholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Delegate shall not be entitled to require, nor shall any Certificateholder be entitled to claim, from the Trustee, the Obligor, the Delegate or any other Person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders.
- 19.5 Any modification, waiver, authorisation or determination shall be binding on Certificateholders and, unless the Delegate otherwise decides, shall as soon as practicable thereafter be notified by the Trustee to the Certificateholders in accordance with Condition 18.

20. INDEMNIFICATION AND LIABILITY OF THE DELEGATE

- 20.1 The Trustee will in the Declaration of Trust irrevocably and unconditionally with effect from the date of the Declaration of Trust appoint the Delegate to be its delegate and attorney and in its name, on its behalf and as its act and deeds, to execute, deliver and perfect all documents, and to exercise all of the present and future powers (including the power to sub-delegate), trusts, authorities (including, but not limited to, the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Transaction Documents) and discretions vested in the Trustee by the Declaration of Trust, that the Delegate may consider to be necessary or desirable in order, upon the occurrence of a Dissolution Event or a Potential Dissolution Event, and subject to its being indemnified and/or secured and/or prefunded to its satisfaction to exercise all of the rights of the Trustee under the Transaction Documents and make such distributions from the Trust Assets as the Trustee is bound to make in accordance with the Declaration of Trust (together the **Delegation of the Relevant Powers**), provided that no obligations, liabilities or covenants of the Trustee pursuant to the Declaration of Trust or any other Transaction Document shall be imposed on the Delegate by virtue of this Delegation, provided further that in no circumstances will such Delegation of the Relevant Powers result in the Delegate holding on trust or managing the Trust Assets and provided further that such Delegation and the Relevant Powers shall not include any duty, power, trust, authority or discretion to hold any of the Trust Assets, to dissolve any of the trusts constituted by the Declaration of Trust following the occurrence of a Dissolution Event or Potential Dissolution Event or to determine the remuneration of the Delegate (save as provided in the Declaration of Trust). The Trustee shall ratify and confirm all things done and all documents executed by the Delegate in the exercise of all or any of the Relevant Powers.

In addition to the Delegation of the Relevant Powers under the Declaration of Trust, the Delegate also has certain powers which are vested solely in it from the date of the Declaration of Trust.

The appointment of a delegate by the Trustee is intended to be in the interests of the Certificateholders and does not affect the Trustee's continuing role and obligations as sole trustee.

- 20.2 The Declaration of Trust contains provisions for the indemnification of the Delegate in certain circumstances and for its relief from responsibility, including provisions relieving it from taking any action, step or proceeding unless indemnified and/or secured and/or prefunded to its satisfaction. In particular, in connection with the exercise of any of its rights in respect of the Trust Assets or any other right it may have pursuant to the Declaration of Trust, the Delegate shall in no circumstances be bound

- to take any action, step or proceeding unless directed to do so by an Extraordinary Resolution or in writing by the holders of at least 25 per cent. of the then aggregate face amount of the Certificates then outstanding, and then only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction. The Declaration of Trust provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, each of the Trustee and the Delegate shall be entitled: (i) to evaluate its risk in any given circumstance by considering the worst-case scenario; and (ii) to require that any indemnity or security given to it by the Certificateholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.
- 20.3 The Delegate makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of the Trustee or the Obligor under the Transaction Documents to which it is a party and shall not under any circumstances have any liability or be obliged to account to Certificateholders in respect of any payments which should have been paid by the Trustee or the Obligor but are not so paid and shall not in any circumstances have any liability arising from the Trust Assets other than as expressly provided in these Conditions or in the Declaration of Trust.
- 20.4 The Delegate may rely (without liability to any person) on any certificate or report of the auditors or insolvency officials (as applicable) of the Trustee or the Obligor or any other person called for by or provided to the Delegate (whether or not addressed to the Delegate) in accordance with or for the purposes of the Declaration of Trust or the other Transaction Documents and such certificate or report may be relied upon by the Delegate as sufficient evidence of the facts stated therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Delegate in connection therewith contains a monetary or other limit on the liability of the auditors or insolvency officials (as applicable) of the Trustee, the Obligor or such other person in respect thereof and notwithstanding that the scope and/or basis of such certificate or report may be limited by an engagement or similar letter or by the terms of the certificate or report itself and the Delegate shall not be bound in any such case to call for further evidence or be responsible for any liability or inconvenience that may be occasioned by its failure to do so.
- 20.5 Nothing shall, in any case in which the Trustee or the Delegate has failed to show the degree of care and diligence required of it as trustee, in the case of the Trustee (having regard to the provisions of the Declaration of Trust conferring on it any trusts, powers, authorities or discretions) or as donee and delegate, in the case of the Delegate (having regard to the powers, authorities and discretions conferred on it by the Declaration of Trust and to the Relevant Powers delegated to it), respectively exempt the Trustee or the Delegate from or indemnify either of them against any Liability for gross negligence, wilful default or fraud of which either of them (as applicable) may be guilty in relation to their duties under the Declaration of Trust.
- 20.6 The Delegate shall not be responsible for monitoring or ascertaining whether or not a Dissolution Event or a Potential Dissolution Event has occurred or exists and, unless and until it shall have received express notice in writing to the contrary, it will be entitled to assume that no such event or circumstance exists or has occurred (without any liability to any person for so doing).
- 20.7 The Declaration of Trust contains provisions pursuant to which: (i) the Delegate is entitled, *inter alia*, to enter into transactions in the ordinary course of business with the Trustee, the Obligor and/or any other party to a Transaction Document or any person or body corporate directly or indirectly associated with the Trustee, the Obligor or such other party and to accept the trusteeship of or act as delegate in relation to the issuance of any other debenture stock, debentures or securities of the Trustee, the Obligor or such other party or any person or body corporate directly or indirectly associated with the Trustee, the Obligor or such other party; and (ii) neither the Delegate nor any director or officer of any corporation being a delegate shall be accountable to the Certificateholders, the Trustee, the Obligor and/or any other party to the Transaction Documents or any person or body corporate directly or indirectly associated with the Trustee, the Obligor or any such other person for any profit, fees, commissions, interest, discounts or share of brokerage earned, arising or resulting from any such contracts or transactions and the Delegate and any such director or officer shall also be at liberty to retain the same for its or his own benefit.

21. FURTHER ISSUES

The Trustee shall be at liberty from time to time without the consent of the Certificateholders to create and issue additional Certificates having the same terms and conditions as the outstanding Certificates on terms and conditions which are the same in all respects, save for the date and amount of the first payment of the Periodic Distribution Amount and the date from which Periodic Distribution Amounts start to accrue and so that the same shall be consolidated and form a single series with the outstanding Certificates. Any additional Certificates which are to form a single series with the outstanding Certificates previously constituted by the Declaration of Trust shall be constituted by a Supplemental Declaration of Trust. References in these Conditions to the Certificates include (unless the context requires otherwise) any other certificates issued pursuant to this Condition and forming a single series with the Certificates.

22. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any Person under the Contracts (Rights of Third Parties) Act 1999 (the **Act**) to enforce any term of these Conditions, but this does not affect any right or remedy of any Person which exists or is available apart from that Act.

23. GOVERNING LAW AND DISPUTE RESOLUTION

23.1 Governing Law

The Declaration of Trust and the Certificates, including any non-contractual obligations arising out of or in connection with, the Declaration of Trust and the Certificates, shall be governed by, and construed in accordance with, English law.

23.2 Arbitration

Subject to Condition 23.3, any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Declaration of Trust and the Certificates (including any dispute, claim, difference or controversy regarding its existence, validity, interpretation, performance, breach or termination of the Declaration of Trust and the Certificates or this Condition 23.2 or the consequences of their nullity or any dispute relating to any non-contractual obligations arising out of or in connection with it) (a **Dispute**) shall be referred to and finally resolved by arbitration under the Arbitration Rules of the DIFC-LCIA Arbitration Centre (the **DIFC-LCIA Rules**), which DIFC-LCIA Rules (as amended from time to time) are incorporated by reference into this Condition 23. For these purposes:

- (a) the seat of arbitration shall be the DIFC;
- (b) there shall be three arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions. The parties to the Dispute shall each nominate one arbitrator and both arbitrators in turn shall appoint a further arbitrator who shall be the chairman of the tribunal. In cases where there are multiple claimants and/or multiple respondents, the class of claimants jointly, and the class of respondents jointly, shall each nominate one arbitrator. If one party or both fails to nominate an arbitrator in accordance with the DIFC-LCIA Rules, such arbitrator(s) shall be appointed by the DIFC-LCIA Arbitration Centre. If the party nominated arbitrators fail to nominate the third arbitrator within 15 days of the appointment of the second arbitrator, such arbitrator shall be appointed by the DIFC-LCIA Arbitration Centre; and
- (c) the language of the arbitration shall be English.

Within 15 days from the receipt by the DIFC-LCIA registrar of the response to the request for arbitration, the claimant(s), irrespective of number, shall nominate jointly one arbitrator and the respondent(s), irrespective of number, shall nominate jointly the second arbitrator. A third arbitrator, who shall serve as chairman, shall be nominated by the two party-nominated arbitrators within 15 days of the last of their appointments.

23.3 Option to litigate

Notwithstanding Condition 23.2, the Delegate may, in the alternative, and at its sole discretion, by notice in writing to the Trustee or the Obligor:

- (a) within 28 days of service of a Request for Arbitration (as defined in the DIFC-LCIA Rules); or
- (b) in the event no arbitration is commenced,

require that a Dispute be heard by a court of law. If the Delegate gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 23.4 and, subject as provided below, any arbitration commenced under Condition 23.2 in respect of that Dispute will be terminated. With the exception of the Delegate (whose costs will be borne by the Obligor), each of the parties to the terminated Dispute will bear its own costs in relation thereto.

23.4 **Effect of Exercise of Option to Litigate**

In the event that a notice pursuant to Condition 23.3 is issued, the following provisions shall apply:

- (a) subject to paragraph (c) below, the courts of the DIFC or England, at the option of the Delegate, shall have exclusive jurisdiction to settle any Dispute and each of the Trustee and the Obligor submits to the exclusive jurisdiction of such courts;
- (b) each of the Trustee and the Obligor agrees that the courts of the DIFC or England, as applicable, are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and
- (c) this Condition 23.4 is for the benefit of the Delegate for and on behalf of the Certificateholders only. As a result, and notwithstanding paragraph (a) above, to the extent allowed by law, the Delegate may take proceedings relating to a Dispute (**Proceedings**) in any other courts with jurisdiction. To the extent allowed by law, the Delegate may take concurrent Proceedings in any number of jurisdictions.

23.5 **Notice to Terminate**

If any notice to terminate is given after service of any Request for Arbitration in respect of any Dispute, the Delegate must also promptly give to the DIFC-LCIA Arbitration Centre and to any Tribunal (as defined in the DIFC-LCIA Rules) already appointed in relation to the Dispute notice that such Dispute will be settled by the courts. Upon receipt of such notice by the DIFC-LCIA Arbitration Centre, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate. Any such arbitrator will be deemed to be functus officio. The termination is without prejudice to:

- (a) the validity of any act done or order made by that arbitrator or by the court in support of that arbitration before his appointment terminated;
- (b) his entitlement to be paid his proper fees and disbursements; and
- (c) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

23.6 **Service of Process**

Each of the Trustee and the Obligor irrevocably appoints Maples and Calder of 11th Floor, 200 Aldersgate Street, London to receive for it, and on its behalf, service of process in respect of any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Trustee or the Obligor, as the case may be). If for any reason such process agent ceases to be able to act as such or no longer has an address in England, each of the Trustee and the Obligor irrevocably agrees to appoint a substitute process agent, and shall immediately notify the other party of such appointment. Nothing herein shall affect the right to serve Proceedings in any other manner permitted by law.

23.7 **Waiver of Interest**

- (a) Each of the Trustee and the Obligor has irrevocably agreed in the Declaration of Trust that no interest will be payable or receivable under or in connection therewith, whether as a result of any judicial award or by operation of any applicable law or otherwise. Each party is required to waive any rights it may have to claim or receive such interest and agrees that if any such

interest is actually received by it, it shall promptly donate the same to a registered or otherwise officially recognised charitable organisation.

- (b) For the avoidance of doubt, nothing in this Condition 23.7 shall be construed as a waiver of rights in respect of Wakala Portfolio Revenues, Expected Wakala Portfolio Revenues Amount, Required Amounts, Periodic Distribution Amounts, Instalment Profit Amounts, Profit Amounts, Exercise Price, Dissolution Distribution Amounts, Deferred Sale Price or profit or principal of any kind howsoever described payable by the Obligor (in any capacity) or the Trustee (in any capacity) pursuant to the Transaction Documents and/or the Conditions or any other document or agreement, howsoever such amounts may be described or re-characterised by any court or arbitral tribunal.

GLOBAL CERTIFICATE

The Global Certificate contains certain provisions which apply to the Certificates whilst they are represented by the Global Certificate, some of which modify the effect of the Conditions. Unless otherwise defined, terms defined in the Conditions have the same meaning below.

Form of the Certificates

The Certificates will be represented by beneficial interests in a Global Certificate in registered form. The Global Certificate will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg (the **Common Depositary**) and will be registered in the name of a nominee for the Common Depositary. Persons holding ownership interests in the Global Certificate will be entitled or required, as the case may be, under the circumstances described below, to receive Individual Certificates (as defined below).

Holders

For so long as the Certificates are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg, the registered holder of the Global Certificate shall, except as ordered by a court of competent jurisdiction or as required by law, be treated as the owner thereof (the **Registered Holder**) save that each of the persons (other than another clearing system) who is for the time being shown in the records of either such clearing system as the holder of a particular aggregate face amount of such Certificates (the **Accountholders**) (in which regard any certificate or other document issued by a clearing system as to the aggregate face amount of such Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be deemed to be the Certificateholder in respect of the aggregate face amount of such Certificates standing to its account in the records of Euroclear or Clearstream, Luxembourg, as the case may be, other than for the purpose of payments in respect thereof, the right to which shall be vested solely in the Registered Holder, as against the Trustee and an Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the Registered Holder, and the expressions "Certificateholder" and "holder of Certificates" and related expressions shall be construed accordingly. In addition, holders of ownership interests in the Global Certificate will not have a direct right to vote in respect of the relevant Certificates. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Cancellation

Cancellation of any Certificate represented by the Global Certificate will be effected by reduction in the aggregate face amount of the Certificates in the Register.

Payments

Payments of any amount in respect of the Global Certificate will, in the absence of any provision to the contrary, be made to or to the order of, the person shown on the Register as the registered holder of the Global Certificate at the close of business on the record date which shall be the Clearing System Business Day immediately prior to the due date for payment (where **Clearing System Business Day** means Monday to Friday inclusive except 25 December and 1 January). Upon payment of any amount in respect of the Certificates represented by the Global Certificate, the details of such payment shall be entered by the Registrar in the Register.

None of the Trustee, the Delegate, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

Payments of the Dissolution Distribution Amount and Periodic Distribution Amounts in respect of Certificates represented by the Global Certificate will be made upon presentation and surrender of the Global Certificate at the specified office of the Registrar or such other office as may be specified by the Registrar subject to and in accordance with the Conditions and the Declaration of Trust. Distributions of amounts with respect to book-entry interests in the Certificates held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of participants in the relevant clearing system in accordance with the relevant clearing system's rules and procedures. A record of each payment made in respect of the Certificates will be entered into the Register by or on behalf of the Registrar and shall be prima facie evidence that payment has been made.

Notices

So long as all the Certificates are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg or any other clearing system, as the case may be, notices may be given by delivery of the relevant notice to those clearing systems for communication to their Accountholders or otherwise to the holder of the Global Certificate rather than by publication as required by the Conditions except that, so long as the Certificates are listed, traded or quoted on any stock exchange or securities market, notices shall also be published in accordance with the rules of the relevant listing authority, stock exchange, securities market and/or quotation system. Any such notice shall be deemed to have been given on the day on which such notice is delivered to the relevant clearing systems.

Whilst any of the Certificates held by a Certificateholder are represented by the Global Certificate, notices to be given by such Certificateholder may be given (where applicable) through Euroclear and/or Clearstream, Luxembourg and otherwise in such manner as the Registrar and Euroclear and Clearstream, Luxembourg may approve for this purpose.

Registration of Title

The Registrar will not register title to the Certificates in a name other than that of the Relevant Nominee for a period of seven calendar days preceding the due date for any payment of any Periodic Distribution Amount or the Dissolution Distribution Amount in respect of the Certificates.

Record dates will be determined in accordance with the standard practices of Euroclear and Clearstream, Luxembourg.

Transfers

Transfers of book-entry interests in the Certificates will be effected through the records of Euroclear and Clearstream, Luxembourg and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants.

Exchange for Individual Certificates

Interests in the Global Certificate will be exchangeable (free of charge), in whole but not in part, for Individual Certificates only upon the occurrence of an Exchange Event. The Trustee will promptly give notice to Certificateholders in accordance with Condition 18 if an Exchange Event occurs. For these purposes, **Exchange Event** means that: (i) a Dissolution Event (as defined in the Conditions) has occurred; or (ii) the Trustee has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Trustee is available. In the event of the occurrence of an Exchange Event, any of the Trustee or Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in the Global Certificate) may give notice to the Registrar requesting exchange.

In such circumstances, the Global Certificate shall be exchanged in full for Individual Certificates and the Trustee will, at the cost of the Trustee (but against such indemnity as the Registrar or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Individual Certificates to be executed and delivered to the Registrar within 10 days following the request for exchange for completion and dispatch to the Certificateholders. A person having an interest in the Global Certificate must provide the Registrar with a written order containing instructions (and such other information as the Trustee and the Registrar may require) to complete, execute and deliver such Individual Certificates.

In this Prospectus, **Individual Certificate** means a trust certificate in definitive registered form issued by the Trustee in accordance with the provisions of the Declaration of Trust in exchange for the Global Certificate, such trust certificate substantially in the form set out in Part 1 of the Schedule to the Declaration of Trust.

USE OF PROCEEDS

The proceeds of the issue of the Certificates will be applied by the Trustee in the following proportion: (i) not less than 55 per cent. to the Obligor as the Purchase Price for the purchase of the Initial Wakala Portfolio; and (ii) the remaining being not more than 45 per cent., for the purchase and subsequent sale of commodities to the Obligor pursuant to the Murabaha Agreement. The Obligor shall use the Purchase Price and the funds received from its on-sale of the commodities to prepay all or part of its existing indebtedness and the remainder for its general corporate purposes.

DESCRIPTION OF THE TRUSTEE

General

The Trustee is an exempted company with limited liability incorporated on 23 October 2017 under the Companies Law (2016 Revision) of the Cayman Islands with company registration number 328401. The Trustee has been established for the sole purpose of issuing the Certificates and entering into the transactions contemplated by the Transaction Documents to which it is a party. The registered office of the Trustee is MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands and its telephone number is +1 345 945 7099.

Share Capital

The authorised share capital of the Trustee is U.S.\$50,000 divided into 50,000 ordinary shares of U.S.\$1.00 par value each, 250 of which have been issued. All of the issued shares (the **Shares**) are fully-paid and are held by MaplesFS Limited as share trustee (in such capacity, the **Share Trustee**) under the terms of the Share Declaration of Trust under which the Share Trustee holds the Shares in trust until the Termination Date (as defined in the Share Declaration of Trust) and may only dispose or otherwise deal with the Shares in accordance with the Share Declaration of Trust. Prior to the Termination Date, the trust is an accumulation trust, but the Share Trustee has power to benefit Qualified Charities (as defined in the Share Declaration of Trust). It is not anticipated that any distribution will be made whilst any Certificates are outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to charity. The Share Trustee has no beneficial interest in, and derives no benefit (other than its fee for acting as Share Trustee) from, its holding of the Shares.

Business of the Trustee

The Trustee has no prior operating history or prior business and will not have any substantial liabilities other than in connection with the Certificates to be issued. The Certificates are the obligations of the Trustee alone and not the Share Trustee.

The objects for which the Trustee is established are set out in clause 3 of its Memorandum of Association as registered or adopted on 23 October 2017.

Financial Statements

Since the date of incorporation, no financial statements of the Trustee have been prepared. The Trustee is not required by Cayman Islands law, and does not intend, to publish audited financial statements.

Directors of the Trustee

The Directors of the Trustee are as follows:

| Name: | Principal Occupation: |
|-------------------|--|
| Aaron Bennett | Vice President at Maples Fund Services (Middle East) Limited |
| Cleveland Stewart | Senior Vice President at MaplesFS Limited |

The business address of Aaron Bennett is c/o Maples Fund Services (Middle East) Limited, Liberty House, 6th Floor, Office 616, Dubai International Financial Centre, P.O. Box 506734, Dubai, United Arab Emirates.

The business address of Cleveland Stewart is c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands.

The Trustee's Articles of Association provide that the board of directors of the Trustee will consist of at least one director.

Conflicts

There are no potential conflicts of interest between the private interests or other duties of the Directors listed above and their duties to the Trustee.

The Administrator

MaplesFS Limited also acts as the administrator of the Trustee (in such capacity, the **Trustee Administrator**). The office of the Trustee Administrator serves as the general business office of the Trustee. Through the office, and pursuant to the terms of the Corporate Services Agreement, the Trustee Administrator has agreed to perform in the Cayman Islands, the UAE and/or such other jurisdiction as may be agreed by the parties from time to time various management functions on behalf of the Trustee and to provide certain clerical, administrative and other services until termination of the Corporate Services Agreement. The Trustee Administrator will also provide registered office services to the Trustee in accordance with its standard terms and conditions for the provision of registered office services as published at <http://www.maplesfiduciaryservices.com/terms> (the **Registered Office Terms**). In consideration of the foregoing, the Trustee Administrator will receive various fees payable by the Trustee at rates agreed upon from time to time, plus expenses.

The terms of the Corporate Services Agreement and the Registered Office Terms provide that either the Trustee or the Trustee Administrator may terminate such appointments upon the occurrence of certain stated events, including any breach by the other party of its obligations under such agreements. In addition, the Corporate Services Agreement and the Registered Office Terms provide that either party shall be entitled to terminate such agreements by giving at least three months' notice in writing to the other party and, in the case of the Corporate Services Agreement, with a copy to any applicable rating agency.

The Trustee Administrator will be subject to the overview of the Trustee's board of directors. The Trustee Administrator's principal office is P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

The directors of the Trustee are all employees or officers of the Trustee Administrator or an affiliate thereof.

SELECTED FINANCIAL INFORMATION

The selected financial information set forth below has been extracted from the Financial Statements set out elsewhere in this Prospectus and should be read in conjunction with "Operating and Financial Review" and the Financial Statements. The Audited Financial Statements have been prepared in accordance with IFRS issued by the IASB and have been audited by PwC, in accordance with ISA as stated in their independent auditor's report included elsewhere in this Prospectus. The Reviewed Financial Statements have been prepared in accordance with IAS 34 and have been reviewed by PwC, in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as stated in their review report included elsewhere in this Prospectus.

The selected financial information set out in the tables below shows certain balance sheet data of Emirates REIT as at 30 September 2017, 31 December 2016, 31 December 2015 and 31 December 2014 and certain statement of comprehensive income and statement of cash flows data of Emirates REIT for the nine months ended 30 September 2017 and 30 September 2016, and for the financial years ended 31 December 2016, 31 December 2015 and 31 December 2014.

Unless otherwise indicated, the balance sheet, statement of comprehensive income and statement of cash flows data included in this Prospectus relating to Emirates REIT have been extracted from the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

The table below sets out the statement of comprehensive income data relating to Emirates REIT for the nine months ended 30 September 2017 and 30 September 2016, and for the financial years ended 31 December 2016, 31 December 2015 and 31 December 2014.

| | Nine months ended 30 September | | Year ended 31 December | | |
|--|-----------------------------------|---------------|------------------------|---------------|---------------|
| | (Unaudited) | | 2016 | 2015* | 2014* |
| | 2017 | 2016 | 2016 | 2015* | 2014* |
| | | | <i>(U.S.\$'000)</i> | | |
| Rental income | 39,304 | 32,359 | 45,342 | 36,887 | 33,019 |
| Service fee income | 4,418 | 3,748 | 5,049 | 4,352 | 3,523 |
| Other property income..... | 157 | 207 | 313 | 250 | 384 |
| Total property income | 43,879 | 36,314 | 50,704 | 41,489 | 36,926 |
| Property operating expenses..... | (10,564) | (11,010) | (15,086) | (12,859) | (9,897) |
| Net rental income | 33,315 | 25,304 | 35,618 | 28,630 | 27,029 |
| Net unrealised gain on revaluation of investment property..... | 37,649 | 27,356 | 36,476 | 53,253 | 37,418 |
| Net property income | 70,964 | 52,660 | 72,094 | 81,883 | 64,447 |
| Management fee | (9,276) | (8,547) | (11,722) | (9,983) | (7,924) |
| Performance fee | (1,546) | (1,086) | (1,478) | (1,903) | (918) |
| Branding and marketing fees..... | (199) | (377) | (490) | (704) | (233) |
| Board fees | (249) | (210) | (295) | (250) | (182) |
| Legal and professional fees | (86) | (127) | (170) | (253) | (216) |
| Valuation fees | (114) | (88) | (135) | (115) | (107) |
| Custodian fees | - | - | - | (20) | (43) |
| REIT administration fee | (139) | (134) | (180) | (240) | (205) |
| Initial public offering costs | - | - | - | - | (747) |
| Other expenses | (472) | (443) | (547) | (353) | (194) |
| Operating profit | 58,883 | 41,648 | 57,077 | 68,062 | 53,678 |
| Finance income | 81 | 64 | 67 | 17 | 76 |
| Finance costs | (9,021) | (6,579) | (9,322) | (6,580) | (5,196) |
| Profit and total comprehensive income for the period/year | 49,943 | 35,133 | 47,822 | 61,499 | 48,558 |
| Basic and diluted earnings per share (U.S.\$) | 0.17 | 0.12 | 0.16 | 0.21 | 0.19 |

* Certain figures for the financial years ended 31 December 2014 and 2015 have been reclassified to conform to the presentation in the Reviewed Financial Statements and the 2016 Financial Statements.

The basic and diluted earnings per share shown above has been calculated by dividing the profit and total comprehensive income for the period/year (as applicable) by the weighted average number of shares outstanding during the period/year (as applicable). For further information, please refer to Note 14 (*Earnings per Share*) to

the 2016 Financial Statements and Note 12 (*Earnings per Share*) to the Reviewed Financial Statements included elsewhere in this Prospectus.

BALANCE SHEET

The table below sets out the balance sheet data relating to Emirates REIT as at 30 September 2017, 31 December 2016, 31 December 2015 and 31 December 2014.

| | As at 30 September | As at 31 December | | |
|--|-------------------------------|--------------------------|----------------|----------------|
| | (Unaudited) | | | |
| | 2017 | 2016 | 2015 | 2014 |
| | <i>(U.S.\$'000)</i> | | | |
| ASSETS | | | | |
| Non-current assets | | | | |
| Investment properties | 844,553 | 752,703 | 673,227 | 575,332 |
| Trade and other receivables | 12,031 | 8,055 | – | – |
| | 856,584 | 760,758 | 673,227 | 575,332 |
| Current assets | | | | |
| Trade and other receivables | 7,569 | 7,137 | 4,382 | 2,188 |
| Cash and cash equivalents | 18,310 | 64,573 | 63,735 | 16,629 |
| | 25,879 | 71,710 | 68,117 | 18,817 |
| Total assets | 882,463 | 832,468 | 741,344 | 594,149 |
| EQUITY AND LIABILITIES | | | | |
| Current liabilities | | | | |
| Islamic financing | 21,881 | 30,145 | 23,963 | 16,486 |
| Trade and other payables | 25,631 | 24,074 | 14,488 | 8,930 |
| | 47,512 | 54,219 | 38,451 | 25,416 |
| Non-current liabilities | | | | |
| Islamic financing | 315,559 | 284,830 | 233,327 | 136,697 |
| Total liabilities | 363,071 | 339,049 | 271,778 | 162,113 |
| EQUITY | | | | |
| Share capital | 299,621 | 299,621 | 299,621 | 299,621 |
| Share premium | 59,393 | 59,393 | 59,393 | 59,393 |
| Retained earnings | 160,378 | 134,405 | 110,552 | 73,022 |
| Total equity | 519,392 | 493,419 | 469,566 | 432,036 |
| Total equity and liabilities | 882,463 | 832,468 | 741,344 | 594,149 |
| Net asset value (NAV) (U.S.\$) | 519,392,859 | 493,418,917 | 469,565,407 | 432,035,659 |
| Weighted average number of shares outstanding during the period/year | 299,620,541 | 299,620,541 | 299,620,541 | 299,620,541 |
| NAV per share (U.S.\$) | 1.73 | 1.65 | 1.57 | 1.44 |

The NAV per share shown above has been calculated by dividing the NAV for the period/year (as applicable) by the weighted average number of shares outstanding during the period/year (as applicable).

STATEMENT OF CASH FLOWS

The table below sets out the statement of cash flows data relating to Emirates REIT for the nine months ended 30 September 2017 and 30 September 2016, and for the financial years ended 31 December 2016, 31 December 2015 and 31 December 2014.

| | Nine months ended 30 September | | Year ended 31 December | | |
|--|-----------------------------------|-----------------|------------------------|-----------------|------------------|
| | (Unaudited) | | 2016 | 2015 | 2014 |
| | 2017 | 2016 | 2016 | 2015 | 2014 |
| | (U.S.\$'000) | | | | |
| Operating Activities | | | | | |
| Profit for the period/year | 49,943 | 35,133 | 47,822 | 61,499 | 48,558 |
| Adjustments for: | | | | | |
| Net unrealised gain on revaluation of investment property | (37,649) | (27,356) | (36,476) | (53,253) | (37,418) |
| Finance costs | 9,021 | 6,579 | 9,322 | 6,580 | 5,196 |
| Finance income | (81) | (64) | (67) | (17) | (76) |
| Provision for doubtful debts | – | 64 | 228 | 78 | 77 |
| Operating cash flows before changes in working capital | 21,234 | 14,356 | 20,829 | 14,887 | 16,337 |
| Changes in working capital: | | | | | |
| Trade and other receivables | (4,408) | (8,488) | (11,038) | (2,272) | (331) |
| Trade and other payables | 1,444 | 12,281 | 9,769 | 4,195 | (4,246) |
| Net cash generated from operating activities | 18,270 | 18,149 | 19,560 | 16,810 | 11,760 |
| Investing activities | | | | | |
| Additions to investment property | (55,661) | (42,918) | (41,611) | (43,701) | (224,349) |
| Finance income received | 81 | 64 | 67 | 17 | 76 |
| Net cash used in investing activities | (55,580) | (42,854) | (41,544) | (43,684) | (224,273) |
| Financing activities | | | | | |
| Proceeds from issue of shares (net of transaction costs) | – | – | – | – | 193,401 |
| Islamic financing obtained, net* | 45,331 | 26,125 | 54,728 | 103,925 | 47,507 |
| Repayment of Islamic financing | (21,520) | (15,721) | – | – | – |
| Dividends paid | (23,970) | (23,970) | (23,969) | (23,969) | (14,981) |
| Finance cost paid | (8,794) | (6,679) | (7,937) | (5,976) | (4,930) |
| Net cash (used in)/generated from financing activities | (8,953) | (20,245) | 22,822 | 73,980 | 220,997 |
| Net (decrease)/increase in cash and cash equivalents | (46,263) | (44,950) | 838 | 47,106 | 8,484 |
| Cash and cash equivalents at the beginning of the period/year | 64,573 | 63,735 | 63,735 | 16,629 | 8,145 |
| Cash and cash equivalents at the end of the period/year | 18,310 | 18,785 | 64,573 | 63,735 | 16,629 |

* Islamic financing as at 30 September 2017 and 2016 is presented as Islamic Financing Received.

OPERATING AND FINANCIAL REVIEW

The following discussion and analysis should be read in conjunction with the information set out in "Presentation of Financial and Other Information", "Selected Financial Information" and the Financial Statements included elsewhere in this Prospectus.

The following discussion of Emirates REIT's financial condition and results of operations is based upon the Financial Statements, which have been prepared in accordance with IFRS. This discussion contains forward-looking statements that involve risks and uncertainties. Emirates REIT's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Prospectus, particularly under the headings "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors".

Overview

Emirates REIT is a closed-ended investment company with unlimited duration and was established in the DIFC by the REIT Manager on 28 November 2010 under the DIFC Companies Law No. 2 of 2009 (as amended) with the name "Emirates Fund (CEIC) Limited" and with registration number 997. Emirates REIT is categorised under the CIR as a Domestic Fund, an Islamic Fund, a Property Fund and a Real Estate Investment Trust. Emirates REIT is the first *Shari'a* compliant real estate investment trust incorporated within the DIFC and regulated by the DFSA under the CIR as a public domestic fund. Emirates REIT was admitted to the official list maintained by the DFSA and to trading on Nasdaq Dubai on 8 April 2014 following the completion of its initial public offering.

Emirates REIT is managed by the REIT Manager, which is the sole Director of Emirates REIT. As at the date of this Prospectus, Equitativa owns 100 per cent. of the REIT Manager's total issued share capital. Equitativa is wholly-owned by a foundation based in Liechtenstein, Equitativa Holding Foundation, of which Mr. Sylvain Vieujot (the executive deputy chairman of the REIT Manager) and Ms. Magali Mouquet (an executive director of the REIT Manager) are the beneficiaries. The registered office address of the REIT Manager is at Level 23, Index Tower, DIFC, Dubai, PO Box 482015, UAE. There are no actual or potential conflicts of interest between the duties of the REIT Manager to Emirates REIT and its private interest and/or other duties.

Emirates REIT does not hold any subsidiary interests as at the date of this Prospectus. Emirates REIT has two branches outside of the DIFC that are registered as branches of a foreign company: (i) the Onshore Dubai Branch (Emirates Fund CEIC Limited Dubai Branch); and (ii) Emirates Fund CEIC Limited TECOM Branch (the **TECOM Branch**). The Onshore Dubai Branch enables Emirates REIT to hold properties in Onshore Dubai and the TECOM Branch enables Emirates REIT to manage properties in TECOM.

For the nine-month period ended 30 September 2017, Emirates REIT had profit and total comprehensive income of U.S.\$49.9 million (as compared to U.S.\$47.8 million for the financial year ended 31 December 2016, U.S.\$61.5 million for the financial year ended 31 December 2015 and U.S.\$48.6 million for the financial year ended 31 December 2014). Emirates REIT had total assets of U.S.\$882.5 million, U.S.\$832.5 million, U.S.\$741.3 million and U.S.\$594.1 million as at 30 September 2017, 31 December 2016, 2015 and 2014, respectively.

Key factors affecting financial condition and results of operations

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

Acquisitions of Properties

From incorporation of Emirates REIT in 2010 to 31 December 2016, the size of Emirates REIT's Portfolio has grown significantly. As a result of the implementation of Emirates REIT's growth strategy, the size of the Portfolio had increased to ten Properties as at the date of this Prospectus (see "*The Portfolio*" below). As Emirates REIT's primary assets and principal source of Emirates REIT's operating income, the acquisition of these Properties has had a positive effect on the financial condition and results of operations of Emirates REIT for the periods under review. See "*Analysis of Results of Continuing Operations for the nine-month periods*

ended 30 September 2017 and 30 September 2016 and for the financial years ended 31 December 2016, 31 December 2015 and 31 December 2014" below.

Real estate market conditions

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

Rental income

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

- the ability to increase rental rates for units within the Properties;
- changes in the level of committed occupancy and lease renewal rates; and
- supply and demand trends affecting the real estate market in the areas where Emirates REIT has its Properties. Where Emirates REIT invests in properties that are unoccupied (or requiring refurbishment or development works) and, accordingly, are not initially income generating, this will affect Emirates REIT's overall financial performance until such investment properties become income producing.

Movement in property prices

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

The results of operations of Emirates REIT can be significantly affected by changes in the fair value of the Properties which, although they do not represent actual cash movements, are recorded within Emirates REIT's balance sheet and the comprehensive statement of income. Any significant decline in the fair value of the Portfolio could lead to Emirates REIT recording an overall loss in its statement of comprehensive income which may have an adverse effect on the financial condition and results of operations of Emirates REIT. Emirates REIT may also be restricted in its ability to pay dividends in relation to unrealised revaluation surpluses as these do not form part of the operating cash flows of Emirates REIT. Any dividends in relation to unrealised revaluation surpluses would therefore need to be paid from alternative (external) sources of funding.

Property operating expenses

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

The most significant cost for Emirates REIT in operating the Properties is the cost of utilities (water, electricity and district cooling) which represented U.S.\$1.9 million (or 17.8 per cent. of total property operating expenses) for the nine-month period ended 30 September 2017 (as compared with U.S.\$2.7 million (or 18.0 per cent. of total property operating expenses) for the financial year ended 31 December 2016, U.S.\$2.7 million (or 21.7 per cent. of total property operating expenses) for the financial year ended 31 December 2015 and U.S.\$2.6 million (or 26.4 per cent. of total property operating expenses) for the financial year ended 31 December 2014). The REIT Manager, on behalf of Emirates REIT, actively manages, and seeks to improve, the operating efficiency of its Portfolio. However, it has no control over the price per unit that it pays for utilities. It may be difficult for Emirates REIT to pass on any increased cost of utilities to tenants in the short term and, therefore, any increase in the cost of utilities may reduce future profitability of Emirates REIT.

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

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

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

Other significant operating expenses in respect of the Properties include property management fees paid to third-party agents or service providers, which are based on a percentage of the total rental income for the relevant Property. With the exception of Indigo 7 (which is managed directly by the REIT Manager due to its relatively small size), Building 24 (which is managed under the terms of the TECOM PMLA) and each of the educational Properties (which are each occupied by a single tenant on leases of 26 or more years), property management fees payable by Emirates REIT are typically between 1.5 per cent. and 2.0 per cent. of total annual rental income for the relevant Property.

In return for providing the Sub-Leasing Services in respect of Building 24, the TECOM PMLA requires the payment of 15 per cent. of the rent paid (or to be paid) to Emirates REIT to be paid to TECOM Investments. Emirates REIT also pays to TECOM Investments community fees for Loft Offices and an amount equivalent to 50 per cent. of the value of the service charges charged by TECOM Investments relating to Building 24 pursuant to a circular issued by TECOM Investments to Emirates REIT on 16 May 2011. The TECOM PMLA was entered into prior to TECOM Investments becoming a shareholder of Emirates REIT. Please refer to "*Risk Factors*" for further information on the TECOM PMLA.

Debt financing

Emirates REIT utilises *Shari'a* compliant debt facilities and is permitted by the CIR to procure financing up to 50 per cent. of Emirates REIT's gross asset value. As at 30 September 2017, Emirates REIT's external borrowings as a percentage of gross asset value were 38.2 per cent. The maximum gearing thresholds imposed by the CIR has the advantage of lowering Emirates REIT's exposure to onerous debt covenants, refinancing requirements and repayment obligations that might otherwise occur if Emirates REIT was heavily leveraged at a time of market downturn. However, such limitations also may limit the ability of Emirates REIT to fund further acquisitions by way of debt finance.

As at the date of this Prospectus, each of Emirates REIT's external Islamic financings are structured on a reducing balance basis over the tenure of the relevant borrowing (which are between 2 and 10 years as at the date of this Prospectus). For further details of Emirates REIT's debt facilities see "*Liquidity and Capital Resources – Borrowings*" below.

Each of Emirates REIT's current outstanding Islamic facilities with Emirates Islamic Bank PJSC, Commercial Bank of Dubai, Abu Dhabi Commercial Bank, Union National Bank, Ajman Bank and Noor Bank have floating rate profit rates linked to 3-month EIBOR plus a specified margin, (subject, in certain cases, to a minimum profit rate). As at 30 September 2017, 3-month EIBOR stood at 1.55817 per cent. Should there be any increase in the prevailing 3-month EIBOR rate, this would increase the profit paid by Emirates REIT in relation to Islamic facilities which would have a net income reducing effect. Emirates REIT does not have any hedging or mitigation mechanisms in place to mitigate this profit rate risk.

Fund management fee and performance fee

Under the Fund Management Agreement, the REIT Manager is entitled to receive the Fund Management Fee and an annual Performance Fee, as more fully described in "*Description of Emirates REIT – The REIT Manager*". The REIT Manager is entitled to receive from Emirates REIT: (i) a Fund Management Fee of an amount equal to 1.5 per cent. per annum of Emirates REIT's gross asset value as consideration for the services it provides as REIT Manager; and (ii) an annual Performance Fee equal to 3.0 per cent. of the increase in NAV per share (adjusted for historical dividend payments) used in calculating the previous year's Performance Fee.

The Fund Management Fee is calculated on the basis of the gross asset value and not the actual operating income of Emirates REIT. Similarly, the annual Performance Fee will be calculated on the basis of increases in

the NAV and not on the basis of Emirates REIT's operating income. Each of these expenses, which are not calculated on the basis of Emirates REIT's operating income, will affect Emirates REIT's results of operations.

Distributions of dividends

In accordance with Emirates REIT's Articles and under the CIR, Emirates REIT is obliged to distribute at least 80 per cent. of its audited annual net income to its shareholders in order to maintain its status as a real estate investment trust under the CIR (which is subject to Emirates REIT 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 72 of the DIFC Companies Law) and is under an obligation to pay an annual or final dividend. Dividends in respect of a completed financial period have historically been paid as an interim dividend in the January following the end of the relevant period and as a final dividend in the following June. The REIT Manager, as the sole Director of Emirates REIT, is not obliged to recommend that an interim dividend is paid but it has done so historically and may continue to do so in the future. The extent to which any unrealised gains on the Portfolio are distributed is subject to the approval of the Oversight Committee.

In January 2017, Emirates REIT paid an interim dividend in respect of the financial year ended 31 December 2016 of U.S.\$11.9 million (equating to U.S.\$0.04 per ordinary share outstanding as at 31 December 2016). In June 2017, Emirates REIT paid a final dividend in respect of the financial year ended 31 December 2016 of U.S.\$11.9 million (equating to U.S.\$0.04 per ordinary share outstanding as at 31 December 2016).

In January 2016, Emirates REIT paid an interim dividend in respect of the financial year ended 31 December 2015 of U.S.\$11.9 million (equating to U.S.\$0.04 per ordinary share outstanding as at 31 December 2015). In June 2016, Emirates REIT paid a final dividend in respect of the financial year ended 31 December 2015 of U.S.\$11.9 million (equating to U.S.\$0.04 per ordinary share outstanding as at 31 December 2015). For further information, please refer to Note 12 (*Dividends*) to the 2016 Financial Statements and Note 11 (*Dividends*) to the Reviewed Financial Statements.

Significant accounting policies and critical accounting estimates and judgments

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

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Emirates REIT and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The REIT Manager (on behalf of Emirates REIT) has concluded that Emirates REIT is the principal in all of its revenue arrangements.

The specific recognition criteria described below must also be met before revenue is recognised.

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term after the spreading of tenant incentives and fixed rental increases on such lease terms and is included in rental income in the statement of comprehensive income due to its operating nature.

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

Investment Property

Emirates REIT classifies property that is held for long-term rental yields or for capital appreciation, or both, and that is not occupied by Emirates REIT, as "investment property". Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions as at the reporting date. Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable.

Investment property under construction for which the fair value cannot be determined reliably, but for which the REIT Manager expects that the fair value of the Property will be reliably determinable when construction is completed, is measured at cost less impairment until the fair value becomes reliably determinable or construction is completed, whichever is earlier.

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, Emirates REIT uses alternative valuation methods, such as discounted cash flow projections. Valuations are performed by independent professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the Financial Statements.

Gains or losses arising from changes in the fair values of investment property are recorded as profit or loss in the statement of comprehensive income in the period in which they arise.

Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable. It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, the REIT Manager considers the following factors, among others:

- the provisions of the construction contract;
- the stage of completion;
- whether the project/property is standard (typical for the market) or non-standard;
- the level of reliability of cash inflows after completion;
- the development risk specific to the property;
- past experience with similar constructions; and
- the status of construction permits.

The fair value of investment property reflects, among other things, income from similar assets at their current highest and best use and assumptions about income from future operations, in the light of current market conditions.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to Emirates REIT and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is de-recognised.

Investment property is de-recognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recorded as profit or loss in the statement of comprehensive income during the period of de-recognition.

Islamic financing

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

After initial recognition, profit bearing *Ijarah* are subsequently measured at amortised cost using the effective profit rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are de-recognised as well as through the effective profit rate amortisation process. *Ijarah* rent expense is recognised on a time-proportion basis over the relevant *Ijarah* term.

Foreign currency translation

The functional currency of Emirates REIT is UAE dirhams. The presentation currency of the Financial Statements is U.S. dollar, translated at a rate of AED 3.673 to U.S.\$1. The translation rate has remained constant throughout current and previous financial years.

Transactions in foreign currencies are initially recorded by Emirates REIT at their respective functional currency spot rates, as at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange as at the relevant reporting date. Differences arising on settlement or translation of monetary items are recognised as profit or loss within the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the relevant inception date; whether fulfilment of the arrangement is dependent on the use of a specific asset or assets; or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

Leases in which Emirates REIT does not transfer substantially all the risks and benefits of ownership of the asset are classified as "operating leases". Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Contingent rents are recognised as revenue in the period in which they are earned. See "*– Revenue Recognition*".

Financial assets

Emirates REIT currently classifies its financial assets as "loans 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.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised as current assets (save for loans and receivables with maturities of greater than 12 months after the relevant reporting date, which are recognised as non-current assets). Loans and receivables are recorded as "Trade and other receivables" or (as applicable) "Cash and cash equivalents" in the balance sheet. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective profit rate method.

Financial assets are de-recognised when the rights to receive cash flows have expired or have been transferred and Emirates REIT has transferred substantially all risks and rewards of ownership.

A provision for impairment of receivables is established when there is objective evidence that Emirates REIT will not be able to collect all amounts due according to the original terms of the relevant receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective profit rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

If, in a subsequent reporting period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised as profit or loss in the statement of comprehensive income.

Finance income and costs

Finance income comprises profit income on short-term investments and other bank deposits. Profit income is recognised as it accrues in the statement of comprehensive income, using the effective profit rate method.

Finance costs are mainly profits payable on borrowings obtained from financial institutions at normal commercial rates and recognised as they accrue in the statement of comprehensive income in the period in which it is incurred.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

For further information on Emirates REIT's significant accounting policies and its critical accounting estimates and judgments, please see Note 2 (*Summary of significant accounting policies*) and Note 4 (*Critical accounting estimates and judgments*) to the 2016 Financial Statements and Note 3 (*Summary of significant accounting policies*) and Note 4 (*Critical accounting estimates and judgments*) to the Reviewed Financial Statements.

Quantitative and qualitative disclosures about market risk

Emirates REIT's principal financial liabilities comprise Islamic financing facilities and trade payables. The main purpose of these financial instruments is to fund the purchase of investment property and to finance Emirates REIT's operations. Emirates REIT has various financial assets such as trade receivables and bank balances and cash, which arise directly from its operations.

The main risks arising from Emirates REIT's financial instruments are profit rate risk, foreign currency risk, credit risk and liquidity risk. The REIT Manager reviews and agrees policies for managing each of these risks which are summarised below.

Profit rate risk

Emirates REIT's exposure to the risk of changes in market profit rates relates primarily to Emirates REIT's Islamic financing facilities with floating rates. As at 31 December 2016, if the profit rate on Emirates REIT's *Ijarah* facilities had been 1 per cent. higher/lower, with all other variables held constant, Emirates REIT's operating profit for the year would have been U.S.\$2.7 million (as compared to U.S.\$2.0 million as at 31 December 2015) lower/higher (as applicable), mainly as a result of lower/higher finance expense.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. As Emirates REIT's exposure to foreign currency risk is primarily limited to the U.S. dollar and the UAE Dirham, which is pegged to the U.S. dollar, Emirates REIT is not considered to be exposed to any significant currency risk.

Credit risk

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

The REIT Manager maintains the Portfolio under continual review to minimise tenant credit risk. Tenants occupying under existing leases at the time of the acquisition of an interest in a Property are actively monitored for timely payment of rent and other obligations following the acquisition. New tenants that commence occupation subsequent to the acquisition of an interest in a Property are assessed for creditworthiness at the time of entering a lease. Amounts receivable from a single tenant as at 31 December 2016 represented 17 per cent. of the total rental and service fee income receivable, as compared to 25 per cent. as at 31 December 2015.

The REIT Manager engages external property management agents to manage the payment of rents by tenants. The REIT Manager remains actively involved and undertakes regular consideration of tenant profiles, existing and anticipated voids, overdue rents and outstanding rent reviews. Rent deposits are held in respect of all new leases and may be withheld by Emirates REIT in part or in whole if rental due from the tenant is not settled or in case of other breaches of contract.

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

Set out below is a table summarising the allocation of Emirates REIT's cash and cash equivalents by credit rating as at the relevant balance sheet date:

| Credit rating and credit rating agency | As at 31 December | |
|--|-------------------|---------------|
| | 2016 | 2015 |
| | (U.S.\$ '000) | |
| A+ (Fitch)..... | 10,057 | 14,365 |
| A- (Fitch)..... | 47,709 | — |
| A1 (Moody's)..... | 3,547 | 4,820 |
| Baa1 (Moody's)..... | 1,236 | 20,833 |
| Unrated by Fitch or Moody's..... | 2,024 | 23,717 |
| Total | 64,573 | 63,735 |

Liquidity risk

The liquidity risk faced by Emirates REIT is that it may have insufficient cash or cash equivalent resources to meet its financial obligations as they fall due. Emirates REIT actively manages liquidity risk by monitoring actual and forecast cash flows and by maintaining adequate cash reserves. Emirates REIT is required under the CIR Rules and its Articles to distribute at least 80 per cent. of its audited annual net income to its shareholders in the form of dividends (which is subject to Emirates REIT 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 72 of the DIFC Companies Law).

As at 31 December 2016, Emirates REIT had access to undrawn facilities in the amount of U.S.\$103.9 million with a maturity profile of 12 months or less.

Set out below is a table summarising the maturity profile of Emirates REIT's outstanding borrowings based on contractual undiscounted payments and includes profit at agreed rates:

| | As at 31 December 2016 | | | | |
|---|------------------------|---------------------------------|-------------------|----------------|----------------|
| | Less than 3 months | 3 months to less than 12 months | 1 year to 5 years | Over 5 years | Total |
| | (U.S.\$'000) | | | | |
| Islamic financing..... | 8,686 | 29,927 | 226,931 | 108,110 | 373,032 |
| Trade and other payables..... | 6,570 | 5,096 | 2,352 | — | 14,018 |
| Total undiscounted financial liabilities | 15,256 | 34,393 | 229,283 | 108,118 | 387,050 |

| | As at 31 December 2015 | | | | |
|---|------------------------|---------------------------------|-------------------|---------------|----------------|
| | Less than 3 months | 3 months to less than 12 months | 1 year to 5 years | Over 5 years | Total |
| | (U.S.\$'000) | | | | |
| Islamic financing..... | 8,193 | 24,471 | 182,293 | 85,459 | 300,416 |
| Trade and other payables..... | 5,587 | 1,156 | 2,960 | — | 9,703 |
| Total undiscounted financial liabilities | 13,870 | 25,627 | 185,253 | 85,459 | 310,119 |

As at 31 December 2014

| | Less than 3 months | 3 months to less than 12 months | 1 year to 5 years | Over 5 years | Total |
|---|--------------------|---------------------------------|-------------------|---------------|----------------|
| | (U.S.\$'000) | | | | |
| Islamic financing..... | 5,200 | 17,627 | 105,638 | 62,021 | 190,486 |
| Trade and other payables..... | 2,776 | 3,305 | 2,086 | 23 | 8,190 |
| Total undiscounted financial liabilities | 7,976 | 20,932 | 107,724 | 62,044 | 198,676 |

Capital management

Emirates REIT's primary objective when managing its capital is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value.

Emirates REIT's capital management strategy is to maintain a prudent balance of equity and debt appropriate to the profile of Emirates REIT's Portfolio, taking into account the CIR imposed maximum gearing threshold. As at 30 September 2017, Emirates REIT was in compliance with the maximum gearing threshold under the CIR, with its borrowings as a percentage of gross asset value being 38.2 per cent. (as compared to 37.8 per cent. as at 31 December 2016, 34.7 per cent. as at 31 December 2015 and 25.8 per cent. as at 31 December 2014).

Capital comprises share capital, share premium and retained earnings and, as at 30 September 2017, totalled U.S.\$519.4 million (as compared to U.S.\$493.4 million as at 31 December 2016, U.S.\$469.6 million as at 31 December 2015 and U.S.\$432.0 million as at 31 December 2014).

Under the terms of Emirates REIT's Islamic financings, Emirates REIT is required to maintain a minimum ratio (calculated on a 12-month rolling basis) of operating profit (before unrealised gains or losses on property revaluation) to finance costs of at least 2. As at 30 September 2017, the ratio of operating profit (before unrealised gains or losses on property revaluation) to finance costs was 2.35 (as compared to 2.21 as at 31 December 2016, 2.25 as at 31 December 2015 and 3.13 as at 31 December 2014).

In addition, Emirates REIT is subject to compliance with loan-to-value covenants with respect to specific Properties mortgaged as part of its Islamic financing arrangements. These loan-to-value covenants require that the value of the outstanding finance amount to the Property value should not exceed a predetermined percentage amount. The percentage amounts vary between banks and are in the range of 60 per cent. to 65 per cent. As at the date of this Prospectus, Emirates REIT is in compliance with its loan-to-value covenants across all of its Islamic financings.

Fair value of financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets of Emirates REIT include bank balances and cash, receivables and certain other assets. Financial liabilities of Emirates REIT include Islamic financing facilities and accounts payable and certain other liabilities. The fair values of the financial assets and financial liabilities approximate their carrying values.

The following table provides the fair value measurement hierarchy of Emirates REIT's investment property:

| | Date of valuation | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 2) | Total |
|--------------------------|-------------------|---|---|---|---------|
| | (U.S.\$'000) | | | | |
| Investment property..... | 30 September 2017 | — | 131,873 | 707,087 | 838,960 |
| Investment property..... | 30 September 2016 | — | 158,571 | 581,207 | 739,778 |
| Investment property..... | 31 December 2016 | — | 158,571 | 591,996 | 750,567 |
| Investment property..... | 31 December 2015 | — | 161,766 | 509,541 | 671,307 |
| Investment property..... | 31 December 2014 | — | 234,454 | 339,565 | 574,019 |

For further information, please see Note 3 (*Financial risk management*) to the 2016 Financial Statements and Note 5 (*Financial risk management*) to the Reviewed Financial Statements.

Analysis of Results of Continuing Operations for the nine months ended 30 September 2017 and 30 September 2016 and for the financial years ended 31 December 2016, 31 December 2015 and 31 December 2014

Rental income

During the nine-month period ended 30 September 2017, Emirates REIT's total rental income from the Portfolio increased by U.S.\$6.9 million (21.5 per cent.) from U.S.\$32.4 million for the nine-month period ended 30 September 2016 to U.S.\$39.3 million for the nine-month period ended 30 September 2017. The principal factor affecting this increase in total rental income from the Portfolio was the higher average occupancy rates across the Properties, in addition to the increased size of the Portfolio during the nine months ended 30 September 2017, as compared with the nine months ended 30 September 2016.

During the financial year ended 31 December 2016, Emirates REIT's total rental income from the Portfolio increased by U.S.\$8.5 million (22.9 per cent.) from U.S.\$36.9 million for the financial year ended 31 December 2015 to U.S.\$45.3 million for the financial year ended 31 December 2016. The principal factor affecting this increase in total rental income from the Portfolio was the higher average occupancy rates across the Properties, in addition to the increased size of the Portfolio during the financial year ended 31 December 2016, as compared with the financial year ended 31 December 2015.

During the financial year ended 31 December 2015, total rental income from the Portfolio increased by U.S.\$3.9 million (11.7 per cent.) from U.S.\$33.0 million for the financial year ended 31 December 2014 to U.S.\$36.9 million for the financial year ended 31 December 2015. The principal factor affecting this increase in total rental income from the Portfolio was the higher average occupancy rates across the Properties, in addition to the increased size of the Portfolio during the financial year ended 31 December 2015, as compared with the financial year ended 31 December 2014.

Service fee income

During the nine-month period ended 30 September 2017, Emirates REIT's total service fee income from the Portfolio increased by U.S.\$0.7 million (17.9 per cent.) from U.S.\$3.7 million for the nine-month period ended 30 September 2016 to U.S.\$4.4 million for the nine-month period ended 30 September 2017. The principal factor affecting this increase in total service fee income from the Portfolio was the higher average occupancy rates across the Properties, in addition to the increased size of the Portfolio during the nine months ended 30 September 2017, as compared with the nine months ended 30 September 2016.

During the financial year ended 31 December 2016, Emirates REIT's total service fee income from the Portfolio increased by U.S.\$0.7 million (16.0 per cent.) from U.S.\$4.4 million for the financial year ended 31 December 2015 to U.S.\$5.0 million for the financial year ended 31 December 2016. The principal factor affecting this increase in total service fee income from the Portfolio was the higher average occupancy rates across the Properties, in addition to the increased size of the Portfolio during the financial year ended 31 December 2016, as compared with the financial year ended 31 December 2015.

During the financial year ended 31 December 2015, Emirates REIT's total service fee income from the Portfolio increased by U.S.\$0.8 million (23.5 per cent.) from U.S.\$3.5 million for the financial year ended 31 December 2014 to U.S.\$4.4 million for the financial year ended 31 December 2015. The principal factor affecting this increase in total service fee income from the Portfolio was the higher average occupancy rates across the Properties, in addition to the increased size of the Portfolio during the financial year ended 31 December 2015, as compared with the financial year ended 31 December 2014.

Other property income

Other property income represents the income generated from the provision of miscellaneous services in Building 24, Indigo 7, the Loft Offices, Trident Grand Mall, Office Park and Index Tower. The services include the leasing of additional parking space, valet parking services, and temporary utility and gas connection fees.

During the nine-month period ended 30 September 2017, Emirates REIT's total other property income from the Portfolio decreased by U.S.\$0.05 million (24.2 per cent.) from U.S.\$0.2 million for the nine-month period ended 30 September 2016 to U.S.\$0.16 million for the nine-month period ended 30 September 2017.

During the financial year ended 31 December 2016, Emirates REIT's total other property income from the Portfolio increased by U.S.\$0.06 million (25.2 per cent.) from U.S.\$0.2 million for the financial year ended 31 December 2015 to U.S.\$0.3 million for the financial year ended 31 December 2016. The principal factor affecting this increase in total other property income from the Portfolio was the higher average occupancy rates

across the Properties, in addition to the increased size of the Portfolio during the financial year ended 31 December 2016, as compared with the financial year ended 31 December 2015.

During the financial year ended 31 December 2015, Emirates REIT's total other property income from the Portfolio decreased by U.S.\$0.1 million (34.9 per cent.) from U.S.\$0.4 million for the financial year ended 31 December 2014 to U.S.\$0.3 million for the financial year ended 31 December 2015.

Property operating expenses

Property operating expenses generally consist of utilities expenses, property management fees, facility management fees, and other expenses incurred by Emirates REIT to operate the Properties.

The following table presents Emirates REIT's total property operating expenses incurred in relation to the entire Portfolio for the nine months ended 30 September 2017 and 30 September 2016, respectively and for the financial years ended 31 December 2016, 2015 and 2014, respectively.

| Property operating expenses | For the nine months ended 30 September | | For the financial year ended 31 December | | |
|---|---|---------------|--|---------------|--------------|
| | 2017 | 2016 | 2016 | 2015 | 2014 |
| | | | (U.S.\$'000) | | |
| | (Unaudited) | (Unaudited) | | | |
| Property management fees | 1,150 | 1,034 | 1,411 | 1,161 | 823 |
| Facility management fees—fixed | 1,452 | 1,432 | 1,858 | 1,758 | 1,323 |
| Facility management fees—variable | 724 | 652 | 838 | 1,260 | 849 |
| Utilities..... | 1,885 | 1,930 | 2,716 | 2,784 | 2,609 |
| Community fees | 58 | 153 | 130 | 279 | 342 |
| Land rent | 937 | 938 | 1,255 | 1,250 | 1,292 |
| Service charges..... | 3,729 | 4,241 | 5,684 | 3,635 | 1,939 |
| Other | 628 | 630 | 1,193 | 732 | 716 |
| Total | 10,563 | 11,010 | 15,086 | 12,859 | 9,893 |

During the nine-month period ended 30 September 2017, Emirates REIT's total property operating expenses incurred in relation to the management of the Portfolio decreased by U.S.\$0.4 million (4.1 per cent.) from U.S.\$11.0 million for the nine-month period ended 30 September 2016 to U.S.\$10.6 million for the nine-month period ended 30 September 2017. The principal factor affecting this decrease in total property operating expenses was the implementation of numerous operating improvements at the Properties by the REIT Manager resulting in the realisation of operating cost efficiencies.

Total property operating expenses as a percentage of total property income declined to 24.1 per cent. during the nine months ended 30 September 2017, as compared to 30.3 per cent. during the nine months ended 30 September 2016. The decline in total property operating expenses as a percentage of total property income is the result of the implementation of numerous operating improvements at the Properties by the REIT Manager resulting in the realisation of operating cost efficiencies.

During the financial year ended 31 December 2016, Emirates REIT's total property operating expenses incurred in relation to the management of the Portfolio increased by U.S.\$2.2 million (17.3 per cent.) from U.S.\$12.9 million for the financial year ended 31 December 2015 to U.S.\$15.1 million for the financial year ended 31 December 2016. The principal factor affecting this increase in total property operating expenses was the increased size of the Portfolio during the financial year ended 31 December 2016, as compared with the financial year ended 31 December 2015, leading to an increase in service charges payable.

Total property operating expenses as a percentage of total property income declined to 29.8 per cent. during the financial year ended 31 December 2016, as compared to 31.0 per cent. during the financial year ended 31 December 2015. The decline in total property operating expenses as a percentage of total property income is the result of the implementation of numerous operating improvements at the Properties by the REIT Manager resulting in the realisation of operating cost efficiencies.

During the financial year ended 31 December 2015, Emirates REIT's total property operating expenses incurred in relation to the management of the Portfolio increased by U.S.\$2.9 million (29.9 per cent.) from U.S.\$9.9 million for the financial year ended 31 December 2014 to U.S.\$12.9 million for the financial year ended 31 December 2015. The principal factor affecting this increase in total property operating expenses was the

increased size of the Portfolio during the financial year ended 31 December 2015, as compared with the financial year ended 31 December 2014, leading to an increase in service charges payable.

Total property operating expenses as a percentage of total property income increased to 31.0 per cent. during the financial year ended 31 December 2015, as compared to 26.8 per cent. during the financial year ended 31 December 2014. The increase in total property operating expenses as a percentage of total property income is the result of an increase in the number of unoccupied properties.

Net rental income

Net rental income (being rental income, service fee income and other property income less total property operating expenses) increased by U.S.\$8.0 million (31.7 per cent.) to U.S.\$33.3 million for the nine months ended 30 September 2017 (representing 75.9 per cent. of total property income) from U.S.\$25.3 million for the nine months ended 30 September 2016 (representing 69.7 per cent. of total property income). The increase in net rental income over the period is as a result of the corresponding increase in total property income over the period.

During the financial year ended 31 December 2016, Emirates REIT's net rental income increased by U.S.\$7.0 million (24.4 per cent.) to U.S.\$35.6 million for the financial year ended 31 December 2016 (representing 70.2 per cent. of total property income) from U.S.\$28.6 million for the financial year ended 31 December 2015 (representing 69.0 per cent. of total property income). The increase in net rental income over the period is as a result of the corresponding increase in total property income over the period.

During the financial year ended 31 December 2015, Emirates REIT's net rental income increased by U.S.\$1.6 million (5.9 per cent.) from U.S.\$27.0 million for the financial year ended 31 December 2014 (representing 73.2 per cent. of total property income) to U.S.\$28.6 million for the financial year ended 31 December 2015 (representing 69.0 per cent. of total property income). The principal factor affecting this increase in net rental income over the period is as a result of the corresponding increase in total property income over the period.

General & Administrative Expenses

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

The following table presents Emirates REIT's total general & administrative expenses incurred in relation to the entire Portfolio for the nine months ended 30 September 2017 and 30 September 2016, respectively and for the financial years ended 31 December 2016, 2015 and 2014, respectively.

| General & Administrative Expenses* | For the nine months ended 30 September | | For the financial year ended 31 December | | |
|---|---|--------------|---|--------------|-------------|
| | 2017 | 2016 | 2016 | 2015 | 2014 |
| | | | <i>(U.S.\$'000)</i> | | |
| Custodian fees | — | — | — | 20 | 43 |
| Board fees | 249 | 210 | 295 | 250 | 182 |
| Valuation fees | 114 | 88 | 135 | 115 | 107 |
| Legal and professional fees | 86 | 127 | 170 | 253 | 216 |
| Branding and marketing fees..... | 199 | 377 | 490 | 704 | 233 |
| Other | 472 | 443 | 547 | 353 | 194 |
| Total | 1,120 | 1,245 | 1,637 | 1,695 | 975 |

*The figures for the financial years ended 31 December 2014 and 2015 have been reclassified to conform to the presentation in the Reviewed Financial Statements and the 2016 Financial Statements.

During the nine-month period ended 30 September 2017, Emirates REIT's total general & administrative expenses incurred in relation to the management of the Portfolio decreased by U.S.\$0.1 million (10.0 per cent.) from U.S.\$1.2 million for the nine-month period ended 30 September 2016 to U.S.\$1.1 million for the nine-month period ended 30 September 2017. The principal factor affecting this decrease in total general & administrative expenses was as a result of optimisation efforts and efforts to reduce branding and marketing expense.

Total general & administrative expenses as a percentage of total property income declined to 2.6 per cent. during the nine-month period ended 30 September 2017, as compared to 3.4 per cent. during the nine-month

period ended 30 September 2016. The decline in total general & administrative expenses as a percentage of total property income is the result of optimisation efforts and efforts to reduce branding and marketing expense

During the financial year ended 31 December 2016, Emirates REIT's total general & administrative expenses incurred in relation to the management of the Portfolio decreased by U.S.\$0.06 million (3.4 per cent.) from U.S.\$1.7 million for the financial year ended 31 December 2015 to U.S.\$1.6 million for the financial year ended 31 December 2016. The principal factor affecting this decrease in total general & administrative expenses was optimisation and implementation of efforts to reduce branding and marketing expense.

Total general & administrative expenses as a percentage of total property income declined to 3.2 per cent. during the financial year ended 31 December 2016, as compared to 4.1 per cent. during the financial year ended 31 December 2015. The decline in total general & administrative expenses as a percentage of total property income is the result of cost-effective methods implementing reductions in branding and marketing expense.

During the financial year ended 31 December 2015, Emirates REIT's total general & administrative expenses incurred in relation to the management of the Portfolio increased by U.S.\$0.7 million (73.8 per cent.) from U.S.\$1.0 million for the financial year ended 31 December 2014 to U.S.\$1.7 million for the financial year ended 31 December 2015. The principal factor affecting this increase in total general & administrative expenses was the increase in branding and marketing expenses over the year.

Total general & administrative expenses as a percentage of total property income increased to 4.1 per cent. during the financial year ended 31 December 2015, as compared to 2.6 per cent. during the financial year ended 31 December 2014. The increase in total general & administrative expenses as a percentage of total property income is the result of the corresponding increase in Emirates REIT's total general & administrative expenses over the same period.

Custodian fees

Custodian fees were previously paid to SHUAA Capital International Ltd. in its capacity as custodian (the **Custodian**) pursuant to an agreement entered into between Emirates REIT, the REIT Manager and the Custodian on 20 March 2014 (the **Custody Agreement**) relating to the custody of the title deeds, certificates, agreements (including lease agreements) and other physical documents evidencing Emirates REIT's ownership of the Portfolio. The REIT Manager, on behalf of Emirates REIT, terminated the Custody Agreement on 7 May 2015.

During the financial year ended 31 December 2015, Emirates REIT's custodian fees decreased by U.S.\$0.02 million (53.5 per cent.) from U.S.\$0.04 million for the financial year ended 31 December 2014 to U.S.\$0.02 million for the financial year ended 31 December 2015. The principal factor affecting this decrease in total custody fees was the termination of the Custody Agreement on 7 May 2015.

Custody fees represented 1.2 per cent. of total general & administrative expenses during the financial year ended 31 December 2015 (as compared 4.4 per cent. of total general & administrative expenses during the financial year ended 31 December 2014).

Board fees

Board fees represent fees paid to the members of the Oversight Committee, Investment Committee, Shari'a Supervisory Board and Advisory Board.

During the nine-month period ended 30 September 2017, Emirates REIT's board fees increased by U.S.\$0.04 million (18.6 per cent.) from U.S.\$0.21 million for the nine-month period ended 30 September 2016 to U.S.\$0.25 million for the nine-month period ended 30 September 2017.

During the financial year ended 31 December 2016, Emirates REIT's board fees increased by U.S.\$0.04 million (18.0 per cent.) from U.S.\$0.2 million for the financial year ended 31 December 2015 to U.S.\$0.3 million for the financial year ended 31 December 2016.

During the financial year ended 31 December 2015, Emirates REIT's board fees increased by U.S.\$0.07 million (37.4 per cent.) from U.S.\$0.1 million for the financial year ended 31 December 2014 to U.S.\$0.2 million for the financial year ended 31 December 2015.

Board fees represented 22.2 per cent. of total general & administrative expenses during the nine months ended 30 September 2017 (as compared to 16.9 per cent. of total general & administrative expenses during the nine months ended 30 September 2016). During the financial year ended 31 December 2016, Board fees represented 18.0 per cent. of total general & administrative expenses (as compared to 14.7 per cent. of total general &

administrative expenses during the financial year ended 31 December 2015 and 18.7 per cent. of total general & administrative expenses during the financial year ended 31 December 2014).

Valuation fees

Valuation fees represent the amounts paid to independent valuers for their services in relation to the periodic valuation of Emirates REIT's Properties.

During the nine-month period ended 30 September 2017, Emirates REIT's valuation fees increased by U.S.\$0.03 million (29.5 per cent.) from U.S.\$0.09 million for the nine-month period ended 30 September 2016 to U.S.\$0.11 million for the nine-month period ended 30 September 2017.

During the financial year ended 31 December 2016, Emirates REIT's valuation fees increased by U.S.\$0.02 million (17.4 per cent.) from U.S.\$0.1 million for the financial year ended 31 December 2015 to U.S.\$0.14 million for the financial year ended 31 December 2016.

During the financial year ended 31 December 2015, Emirates REIT's valuation fees increased by U.S.\$0.008 million (7.5 per cent.) from U.S.\$0.11 million for the financial year ended 31 December 2014 to U.S.\$0.12 million for the financial year ended 31 December 2015.

Valuation fees represented 10.2 per cent. of total general & administrative expenses during the nine months ended 30 September 2017 (as compared to 7.1 per cent. of total general & administrative expenses during the nine months ended 30 September 2016). During the financial year ended 31 December 2016, valuation fees represented 8.2 per cent. of total general & administrative expenses (as compared to 6.8 per cent. of total general & administrative expenses during the financial year ended 31 December 2015 and 11.0 per cent. of total general & administrative expenses during the financial year ended 31 December 2014).

Legal and professional fees

During the nine-month period ended 30 September 2017, Emirates REIT's legal and professional fees decreased by U.S.\$0.04 million (32.3 per cent.) from U.S.\$0.1 million for the nine-month period ended 30 September 2016 to U.S.\$0.09 million for the nine-month period ended 30 September 2017.

During the financial year ended 31 December 2016, Emirates REIT's legal and professional fees decreased by U.S.\$0.08 million (32.8 per cent.) from U.S.\$0.3 million for the financial year ended 31 December 2015 to U.S.\$0.2 million for the financial year ended 31 December 2016. The principal factor affecting this decrease in legal and professional fees was the hiring of the in-house legal team.

During the financial year ended 31 December 2015, Emirates REIT's legal and professional fees increased by U.S.\$0.04 million (17.1 per cent.) from U.S.\$0.22 million for the financial year ended 31 December 2014 to U.S.\$0.3 million for the financial year ended 31 December 2015. The principal factor affecting this increase in legal and professional fees was the increase in the size of the Portfolio post the IPO.

Legal and professional fees represented 7.7 per cent. of total general & administrative expenses during the nine months ended 30 September 2017 (as compared to 10.2 per cent. of total general & administrative expenses during the nine months ended 30 September 2016). During the financial year ended 31 December 2016, legal and professional fees represented 10.4 per cent. of total general & administrative expenses (as compared to 14.9 per cent. of total general & administrative expenses during the financial year ended 31 December 2015 and 22.2 per cent. of total general & administrative expenses during the financial year ended 31 December 2014).

Branding and marketing fees

During the nine-month period ended 30 September 2017, Emirates REIT's branding and marketing fees decreased by U.S.\$0.2 million (47.2 per cent.) from U.S.\$0.4 million for the nine-month period ended 30 September 2016 to U.S.\$0.2 million for the nine-month period ended 30 September 2017. The principal factor affecting this decrease in branding and marketing fees was optimisation efforts and the implementation of efforts to reduce branding and marketing expense.

During the financial year ended 31 December 2016, Emirates REIT's branding and marketing fees decreased by U.S.\$0.2 million (30.4 per cent.) from U.S.\$0.7 million for the financial year ended 31 December 2015 to U.S.\$0.5 million for the financial year ended 31 December 2016. The principal factor affecting this decrease in branding and marketing fees was the introduction of cost-effective branding and marketing tools.

During the financial year ended 31 December 2015, Emirates REIT's branding and marketing fees increased by U.S.\$0.5 million (202.1 per cent.) from U.S.\$0.2 million for the financial year ended 31 December 2014 to

U.S.\$0.7 million for the financial year ended 31 December 2015. The principal factor affecting this increase in branding and marketing fees was the incurrence of one-off, non-recurring re-branding and design costs across certain Properties during the financial year ended 31 December 2015.

Branding and marketing fees represented 17.8 per cent. of total general & administrative expenses during the nine months ended 30 September 2017 (as compared to 30.3 per cent. of total general & administrative expenses during the nine months ended 30 September 2016). During the financial year ended 31 December 2016, branding and marketing fees represented 29.9 per cent. of total general & administrative expenses (as compared to 41.5 per cent. of total general & administrative expenses during the financial year ended 31 December 2015 and 23.9 per cent. of total general & administrative expenses during the financial year ended 31 December 2014).

Other

Other general & administrative expenses include miscellaneous expenses such as regulatory fees, courier fees and office supplies.

During the nine-month period ended 30 September 2017, Emirates REIT's other general & administrative expenses increased by U.S.\$0.03 million (6.5 per cent.) from U.S.\$0.44 million for the nine-month period ended 30 September 2016 to U.S.\$0.47 million for the nine-month period ended 30 September 2017.

During the financial year ended 31 December 2016, Emirates REIT's other general & administrative expenses increased by U.S.\$0.2 million (55.0 per cent.) from U.S.\$0.4 million for the financial year ended 31 December 2015 to U.S.\$0.5 million for the financial year ended 31 December 2016.

During the financial year ended 31 December 2015, Emirates REIT's other general & administrative expenses increased by U.S.\$0.2 million (82.0 per cent.) from U.S.\$0.2 million for the financial year ended 31 December 2014 to U.S.\$0.4 million for the financial year ended 31 December 2015.

Other general & administrative expenses represented 42.1 per cent. of total general & administrative expenses for the nine-month period ended 30 September 2017 (as compared to 35.6 per cent. of total general & administrative expenses during the nine months ended 30 September 2016). During the financial year ended 31 December 2016, other general & administrative expenses represented 33.4 per cent. of total general & administrative expenses (as compared to 20.8 per cent. of total general & administrative expenses during the financial year ended 31 December 2015 and 19.9 per cent. of total general & administrative expenses during the financial year ended 31 December 2014).

Net unrealised gain/(loss) on revaluation of investment properties

The following table presents Emirates REIT's net unrealised gain/(loss) on revaluation of investment properties, on a per Property basis, for the nine months ended 30 September 2017 and 30 September 2016, respectively and for the financial years ended 31 December 2016, 2015 and 2014, respectively.

| Net unrealised gain/(loss) on revaluation of investment properties | For the nine months ended 30 September | | For the financial year ended 31 December | | |
|--|--|---------------|--|---------------|---------------|
| | 2017 | 2016 | 2016 | 2015 | 2014 |
| | (U.S.\$'000) | | | | |
| | (Unaudited) | (Unaudited) | | | |
| Building 24..... | 46 | 55 | 668 | (261) | 3,305 |
| Indigo 7..... | (93) | 8 | (79) | (142) | 1,519 |
| Loft Offices..... | (730) | 474 | 496 | 9,905 | 12,140 |
| BCCS..... | 16,130 | 1,134 | 1,472 | N/A | N/A |
| JAS..... | 8,922 | 20,411 | 21,896 | 2,026 | N/A |
| Office Park..... | 3,640 | 248 | 1,356 | 4,024 | 18,756 |
| GEMS..... | 2,499 | 324 | 437 | 822 | 670 |
| EBC..... | 2,926 | — | — | — | — |
| Trident Grand Mall..... | (1,089) | 25 | 2,031 | (433) | (1,370) |
| Index Tower..... | 5,397 | 4,684 | 8,199 | 37,312 | 2,398 |
| Total | 37,648 | 27,363 | 36,476 | 53,253 | 37,418 |

During the nine-month period ended 30 September 2017, Emirates REIT's net unrealised gain on revaluation of investment properties increased by U.S.\$10.3 million (37.6 per cent.) from U.S.\$27.4 million for the nine month

period ended 30 September 2016 to U.S.\$37.6 million for the nine-month period ended 30 September 2017. The principal factor affecting this increase in net unrealised gain on revaluation of investment properties was due to the completion of BCCS.

Total net unrealised gain on revaluation of investment properties as a percentage of total net property income increased to 53.1 per cent. during the nine months ended 30 September 2017, as compared to 51.9 per cent. during the nine months ended 30 September 2016. The increase in net unrealised gain on revaluation of investment properties as a percentage of total net property income is the result of the corresponding increase in the net unrealised gain on revaluation of investment properties over the period.

During the financial year ended 31 December 2016, Emirates REIT's net unrealised gain on revaluation of investment properties decreased by U.S.\$16.8 million (31.5 per cent.) from U.S.\$53.3 million for the financial year ended 31 December 2015 to U.S.\$36.5 million for the financial year ended 31 December 2016. The principal factor affecting this decrease in net unrealised gain on revaluation of investment properties was due to stabilising the gain generated by the Index Tower acquisition.

Total net unrealised gain on revaluation of investment properties as a percentage of total net property income declined to 50.6 per cent. during the financial year ended 31 December 2016, as compared to 65.0 per cent. during the financial year ended 31 December 2015. The decline in net unrealised gain on revaluation of investment properties as a percentage of total net property income is the result of the corresponding decline in the net unrealised gain on revaluation of investment properties over the period.

During the financial year ended 31 December 2015, Emirates REIT's net unrealised gain on revaluation of investment properties increased by U.S.\$15.8 million (42.3 per cent.) from U.S.\$37.4 million for the financial year ended 31 December 2014 to U.S.\$53.3 million for the financial year ended 31 December 2015. The principal factor affecting this increase in net unrealised gain on revaluation of investment properties was as a result of the acquisition gain generated from Index Tower.

Total net unrealised gain on revaluation of investment properties as a percentage of total net property income increased to 65.0 per cent. during the financial year ended 31 December 2015, as compared to 58.1 per cent. during the financial year ended 31 December 2014. The increase in net unrealised gain on revaluation of investment properties as a percentage of total net property income is the result of the corresponding increase in the net unrealised gain on revaluation of investment properties over the period.

Fund management fee

The fund management fee is the fee payable to the REIT Manager by Emirates REIT pursuant to the Fund Management Agreement. The REIT Manager is entitled to receive from Emirates REIT a fund management fee of an amount equal to 1.5 per cent. per annum of the gross asset value of Emirates REIT as consideration for the services it provides as REIT Manager. The fund management fee is payable on a quarterly basis by Emirates REIT.

The following table presents the levels of Emirates REIT's gross asset value and Fund management fee for the nine months ended 30 September 2017, and 30 September 2016, respectively and for the financial years ended 31 December 2016, 2015 and 2014, respectively

| Fund management fee | For the nine months ended 30 September | | For the financial year ended 31 December | | |
|---|---|--------------|---|--------------|--------------|
| | 2017 | 2016 | 2016 | 2015 | 2014 |
| | | | <i>(U.S.\$'000)</i> | | |
| Gross asset value at balance sheet date..... | 882,463 | 773,174 | 832,468 | 741,344 | 594,149 |
| Fund management fee for the period/year total..... | 9,276 | 8,547 | 11,722 | 9,983 | 7,924 |

The basis for the calculation of the above Fund Management Fee is the level of assets under management by Emirates REIT which historically has been impacted by (i) the timing of the acquisitions of the various Properties; (ii) the method of payment for the different acquisitions; and (iii) the appreciation in the value of the Properties as per the independent valuation reports.

During the nine months ended 30 September 2017, the Fund Management Fee increased by U.S.\$0.7 million (8.5 per cent.) from U.S.\$8.5 million for the nine months ended 30 September 2016 to U.S.\$9.3 million for the nine months ended 30 September 2017, directly as a result of the increase in Emirates REIT's gross asset value

across the period from U.S.\$773 million as at 30 September 2016 to U.S.\$882.5 million as at 30 September 2017.

During the financial year ended 31 December 2016, the Fund Management Fee increased by U.S.\$1.7 million (17.4 per cent.) from U.S.\$9.9 million for the financial year ended 31 December 2015 to U.S.\$11.7 million for the financial year ended 31 December 2016, directly as a result of the increase in Emirates REIT's gross asset value across the year from U.S.\$741.3 million as at 31 December 2015 to U.S.\$832.5 million as at 31 December 2016.

During the financial year ended 31 December 2015, the Fund Management Fee increased by U.S.\$2.1 million (26.0 per cent.) from U.S.\$7.9 million for the financial year ended 31 December 2014 to U.S.\$9.9 million for the financial year ended 31 December 2015, directly as a result of the increase in Emirates REIT's gross asset value across the year from U.S.\$594.1 million as at 31 December 2014 to U.S.\$741.3 million as at 31 December 2015.

Performance fee

The REIT Manager is also entitled to receive from Emirates REIT an annual performance fee equal to 3 per cent. of the annual increase in the NAV of the Portfolio (calculated based on Emirates REIT's audited annual financial statements). Additionally, for the financial year ended 31 December 2014, the REIT Manager received an additional one-off performance fee from Emirates REIT, on conclusion of Emirates REIT's initial public offering in April 2014. This one-off IPO-related performance fee was calculated as an amount of 5 per cent. of the increase in Emirates REIT's net asset value from inception to the date of the IPO.

The following table presents the levels of Emirates REIT's NAV and performance fee for the nine months ended 30 September 2017, and 30 September 2016, respectively and for the financial years ended 31 December 2016, 2015 and 2014, respectively.

| Performance fee | For the nine months ended 30 September | | For the financial year ended 31 December | | |
|---|---|--------------|--|--------------|-------------|
| | 2017 | 2016 | 2016 | 2015 | 2014 |
| | | | (U.S.\$) | | |
| NAV at balance sheet date | 519,392,859 | 480,728,903 | 493,418,917 | 469,565,407 | 432,035,659 |
| Performance fee for the period/year total..... | 1,546 | 1,086 | 1,478 | 1,903 | 918 |

During the nine months ended 30 September 2017, the performance fee increased by U.S.\$0.5 million (42.4 per cent.) from U.S.\$1.1 million for the nine months ended 30 September 2016 to U.S.\$1.5 million for the nine months ended 30 September 2017, directly as a result of the increase in Emirates REIT's NAV across the period from U.S.\$480.7 million as at 30 September 2016 to U.S.\$519.4 million as at 30 September 2017.

During the financial year ended 31 December 2016, the performance fee decreased by U.S.\$0.4 million (22.3 per cent.) from U.S.\$1.9 million for the financial year ended 31 December 2015 to U.S.\$1.5 million for the financial year ended 31 December 2016, as a result of a decline in the rate of increase of NAV as at 31 December 2016 as compared with 31 December 2015.

During the financial year ended 31 December 2015, the performance fee increased by U.S.\$1.0 million (107.3 per cent.) from U.S.\$0.9 million for the financial year ended 31 December 2014 (which included the annual performance fee of U.S.\$0.6 million and the one-off IPO-related performance fee of U.S.\$0.3 million) to U.S.\$1.9 million for the financial year ended 31 December 2015, as a result of the increase in Emirates REIT's NAV across the year from U.S.\$432.0 million as at 31 December 2014 to U.S.\$469.6 million as at 31 December 2015.

Operating profit

Operating profit increased by U.S.\$17.2 million (41.4 per cent.) to U.S.\$58.9 million for the nine months ended 30 September 2017 from U.S.\$41.6 million or the nine months ended 30 September 2016. This increase in operating profit over the period is primarily as a result of the corresponding increase in net unrealised gain on revaluation of investment property over the period.

Operating profit decreased by U.S.\$10.9 million (16.1 per cent.) to U.S.\$57.1 million for the financial year ended 31 December 2016 from U.S.\$68.1 million for the financial year ended 31 December 2015. The decrease

in operating profit over the year is as primarily a result of the corresponding decrease in net unrealised gain on revaluation of investment property over the period.

During the financial year ended 31 December 2015, Emirates REIT's operating profit increased by U.S.\$14.4 million (26.8 per cent.) from U.S.\$53.7 million for the financial year ended 31 December 2014 to U.S.\$68.1 million for the financial year ended 31 December 2015. The principal factor affecting this increase in operating profit over the year is as a result of the corresponding increase in total net property income over the period.

Finance costs, net

The following table presents the level of Emirates REIT's net financing expenses for the nine months ended 30 September 2017 and 30 September 2016, respectively and for the financial years ended 31 December 2016, 2015 and 2014, respectively.

| Financing costs, net | For the nine months ended 30 September | | For the financial year ended 31 December | | |
|---|---|----------------|---|----------------|----------------|
| | 2017 | 2016 | 2016 | 2015 | 2014 |
| | (U.S.\$'000) | | | | |
| Finance costs: | | | | | |
| Rent on <i>Ijarah</i> facilities..... | (9,021) | (6,579) | (9,322) | (6,580) | (5,196) |
| Finance income: | | | | | |
| Profit on current & savings accounts..... | 81 | 64 | 67 | 17 | 76 |
| Finance costs, net..... | (8,940) | (6,515) | (9,255) | (6,563) | (5,120) |

As at 30 September 2017, Emirates REIT had 12 corporate Islamic facilities with six different lenders: Emirates Islamic Bank, Commercial Bank of Dubai, Abu Dhabi Commercial Bank, Union National Bank, Ajman Bank and Noor Bank. Variable profit is charged on the facilities and calculated at a weighted average profit rate of 3-month EIBOR + 2.6 per cent. per annum, (subject, in certain cases, to a minimum profit rate). As at 30 September 2017, 3-month EIBOR stood at 1.55817 per cent.

The rental payments under Emirates REIT's *Ijarah* facilities comprise Emirates REIT's finance costs and such rental payments are payable in quarterly instalments over the term of the relevant facility. Rental expense also includes the amortisation of loan processing fees using the effective profit rate method. Further details of Emirates REIT's outstanding *Ijarah* facilities as at 30 September 2017 are set out under the heading "– *Liquidity & Capital Resources*" below.

Finance costs

Finance costs increased by U.S.\$2.4 million (37.1 per cent.) to U.S.\$9.0 million for the nine months ended 30 September 2017 (representing 20.6 per cent. of total property income) from U.S.\$6.5 million for the nine months ended 30 September 2016 (representing 17.9 per cent. of total property income). The increase in finance costs over the period is as a result of an increase in the prevailing EIBOR rate during the period.

Finance costs increased by U.S.\$2.7 million (41.7 per cent.) to U.S.\$9.3 million for the financial year ended 31 December 2016 (representing 18.4 per cent. of total property income) from U.S.\$6.6 million for the financial year ended 31 December 2015 (representing 15.9 per cent. of total property income). The increase in finance costs over the period is as a result of an increase in the prevailing EIBOR rate during the year.

During the financial year ended 31 December 2015, Emirates REIT's finance costs increased by U.S.\$1.4 million (26.6 per cent.) from U.S.\$5.2 million for the financial year ended 31 December 2014 (representing 14.1 per cent. of total property income) to U.S.\$6.6 million for the financial year ended 31 December 2015 (representing 15.9 per cent. of total property income). The principal factor affecting this increase in finance costs over the period is as a result of further drawdowns on facilities during the year.

Finance income

Emirates REIT receives finance income comprised of profit earned on bank deposits.

Finance income increased marginally by U.S.\$0.02 million (26.6 per cent.) to U.S.\$0.08 million for the nine months ended 30 September 2017 (representing 0.2 per cent. of total property income) from U.S.\$0.06 million for the nine months ended 30 September 2016 (representing 0.2 per cent. of total property income).

Finance income increased by U.S.\$0.05 million (294.1 per cent.) to U.S.\$0.07 million for the financial year ended 31 December 2016 from U.S.\$0.02 million for the financial year ended 31 December 2015.

During the financial year ended 31 December 2015, Emirates REIT's finance income decreased by U.S.\$0.06 million (77.6 per cent.) from U.S.\$0.08 million for the financial year ended 31 December 2014 to U.S.\$0.02 million for the financial year ended 31 December 2015.

Profit and total comprehensive income for the period/year

Profit and total comprehensive income for the nine months ended 30 September 2017 reached U.S.\$49.9 million, representing 113.8 per cent. of total property income for the period, growing by U.S.\$14.8 million (42.2 per cent.) from U.S.\$35.1 million for the nine months ended 30 September 2016, representing 96.7 per cent. of total property income for the period.

Profit and total comprehensive income for the financial year ended 31 December 2016 reached U.S.\$47.8 million, representing 94.3 per cent. of total property income for the year, though declining by U.S.\$13.7 million (22.2 per cent.) from U.S.\$61.5 million for the financial year ended 31 December 2015, representing 148.2 per cent. of total property income for the year.

Profit and total comprehensive income for the financial year ended 31 December 2015 reached U.S.\$61.5 million, representing 148.2 per cent. of total property income for the year, growing by U.S.\$12.9 million (26.7 per cent.) from U.S.\$48.6 million for the financial year ended 31 December 2014, representing 131.5 per cent. of total property income for the year.

Liquidity and Capital Resources

Cash flow

The following table summarises Emirates REIT's cash flow from operating activities, investing activities and financing activities for the nine months ended 30 September 2017 and 30 September 2016, respectively and for the financial years ended 31 December 2016, 2015 and 2014, respectively.

| Statement of cash flows | For the nine months ended 30 September | | For the financial year ended 31 December | | |
|---|---|-----------------|--|---------------|--------------|
| | 2017 | 2016 | 2016 | 2015 | 2014 |
| | | | <i>(U.S.\$'000)</i> | | |
| Net cash generated from operating activities..... | 18,270 | 18,149 | 19,560 | 16,810 | 11,760 |
| Net cash used in investing activities..... | (55,580) | (42,854) | (41,544) | (43,684) | (224,273) |
| Net cash (used in)/generated from financing activities... | (8,953) | (20,245) | 22,822 | 73,980 | 220,997 |
| Net cash flows for the period/year..... | (46,263) | (44,950) | 838 | 47,106 | 8,484 |

Net cash generated from operating activities was U.S.\$18.3 million for the nine months ended 30 September 2017 and U.S.\$18.1 million for the nine months ended 30 September 2016. The U.S.\$0.2 million increase in net cash generated from operating activities for the nine months ended 30 September 2017, as compared to the nine months ended 30 September 2016, was primarily due to the decline in trade and other payables across the period.

Net cash generated from operating activities was U.S.\$19.6 million in the financial year ended 31 December 2016, U.S.\$16.8 million in the financial year ended 31 December 2015 and U.S.\$11.8 million in the financial year ended 31 December 2014. The U.S.\$2.8 million increase in net cash generated from operating activities in 2016, compared to 2015, was primarily due to an increase in operating profit for the year due to growth in Emirates REIT's Portfolio. The U.S.\$5.1 million increase in net cash generated from operating activities in 2015, compared to 2014 was primarily due to a positive increase in working capital.

Net cash used in investing activities was U.S.\$55.6 million for the nine months ended 30 September 2017 and U.S.\$42.9 million for the nine months ended 30 September 2016. The U.S.\$12.7 million increase in net cash used in investing activities for the nine months ended 30 September 2017, as compared to the nine months ended 30 September 2016, was primarily due to increased expenditure on properties under construction and the acquisition of EBC.

Net cash used in investing activities was U.S.\$41.5 million in the financial year ended 31 December 2016, U.S.\$43.7 million in the financial year ended 31 December 2015 and U.S.\$224.3 million in the financial year

ended 31 December 2014. The U.S.\$2.1 million decrease in net cash used in investing activities in 2016, compared to 2015, was primarily due to reduced spending on property acquisition during the year. The U.S.\$180.6 million decrease in net cash used in investing activities in 2015, compared to 2014, was primarily due to the one-off acquisitions of a number of Properties during the financial year ended 31 December 2014 and a reduction in acquisition activity in 2015.

Net cash used in financing activities was U.S.\$8.9 million for the nine months ended 30 September 2017 and U.S.\$20.2 million for the nine months ended 30 September 2016. The U.S.\$11.3 million reduction in net cash used in financing activities for the nine months ended 30 September 2017, as compared to the nine months ended 30 September 2016, was primarily due to the utilisation of certain of the Islamic facilities during the period.

Net cash generated from financing activities was U.S.\$22.8 million in the year ended 31 December 2016, compared to U.S.\$73.9 million in the year ended 31 December 2015 and U.S.\$220.9 million in the year ended 31 December 2014. The U.S.\$51.2 million decrease in net cash generated from financing activities in 2016, compared to 2015, was primarily due to a reduction in new Islamic facilities over the year. The U.S.\$147.0 million decrease in net cash generated from financing activities in 2015, compared to 2014, was primarily due to Emirates REIT's completion of its IPO during the financial year ended 31 December 2014. For the financial year ended 31 December 2014, Emirates REIT's net cash generated from financing activities of U.S.\$220.9 million is inclusive of the cash proceeds of U.S.\$193.4 million from the completion of Emirates REIT's IPO on 8 April 2014.

Dividends

Emirates REIT is obliged under the CIR and its Articles to distribute at least 80 per cent. of its audited annual net income to its shareholders in order to maintain its status as a real estate investment trust under the CIR (which is subject to Emirates REIT 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 72 of the DIFC Companies Law). Dividends in respect of a completed financial period have historically been paid as an interim dividend in the January following the end of the relevant period and as a final dividend in the following June. The REIT Manager, as the sole Director of Emirates REIT, is not obliged to recommend that an interim dividend is paid but it has done so historically and may continue to do so in the future. The extent to which any unrealised gains on the Portfolio are distributed is subject to the approval of the Oversight Committee.

In January 2017, Emirates REIT paid an interim dividend in respect of the financial year ended 31 December 2016 of U.S.\$11.9 million (equating to U.S.\$0.04 per ordinary share outstanding as at 31 December 2016). In June 2017, Emirates REIT paid a final dividend in respect of the financial year ended 31 December 2016 of U.S.\$11.9 million (equating to U.S.\$0.04 per ordinary share outstanding as at 31 December 2016).

In January 2016, Emirates REIT paid an interim dividend in respect of the financial year ended 31 December 2015 of U.S.\$11.9 million (equating to U.S.\$0.04 per ordinary share outstanding as at 31 December 2015). In June 2016, Emirates REIT paid a final dividend in respect of the financial year ended 31 December 2015 of U.S.\$11.9 million (equating to U.S.\$0.04 per ordinary share outstanding as at 31 December 2015).

In January 2015, Emirates REIT paid an interim dividend in respect of the financial year ended 31 December 2014 of U.S.\$11.9 million (equating to U.S.\$0.04 per ordinary share outstanding as at 31 December 2014). In June 2015, Emirates REIT paid a final dividend in respect of the financial year ended 31 December 2014 of U.S.\$11.9 million (equating to U.S.\$0.04 per ordinary share outstanding as at 31 December 2014).

For further information, please refer to Note 12 (*Dividends*) to the 2016 Financial Statements and Note 11 (*Dividends*) to the Reviewed Financial Statements.

Borrowings

Emirates REIT utilises *Shari'a* compliant debt facilities and is permitted by the CIR to procure financing up to 50 per cent. of Emirates REIT's gross asset value. As at 30 September 2017, Emirates REIT's external borrowings as a percentage of gross asset value were 38.2 per cent.

As at the date of this Prospectus, each of Emirates REIT's external Islamic financings are structured on a reducing balance basis over the tenure of the relevant borrowing (which are between 2 and 10 years as at the date of this Prospectus).

Each of Emirates REIT's current outstanding Islamic facilities with Emirates Islamic Bank PJSC, Commercial Bank of Dubai, Abu Dhabi Commercial Bank, Union National Bank, Ajman Bank and Noor Bank have floating

rate profit rates linked to 3-month EIBOR plus a specified margin, (subject, in certain cases, to a minimum profit rate). As at 30 September 2017, 3-month EIBOR stood at 1.55817 per cent.

The following table sets out details of Emirates REIT's outstanding Islamic facilities as at 30 September 2017:

| Facility | Lender | Facility Size | Tenor (years) | Rate | Amount outstanding as at 30 September 2017 (U.S.\$'000s) |
|----------|---------------------------|--|---------------|--|---|
| 1 | Abu Dhabi Commercial Bank | AED 400 million (U.S.\$108.9 million equivalent) | 5 | 3 month EIBOR + 2.5 per cent. (No minimum) | 76,776 |
| 2 | Commercial Bank of Dubai | AED 109 million (U.S.\$29.7 million equivalent) | 10 | 3 month EIBOR + 2.5 per cent. (No minimum) | 18,548 |
| 3 | Emirates Islamic Bank | AED 107 million (U.S.\$29.1 million equivalent) | 10 | 3 month EIBOR + 2.5 per cent. (2.5 per cent. minimum) | 20,392 |
| 4 | Emirates Islamic Bank | AED 90 million (U.S.\$24.5 million equivalent) | 10 | 3 month EIBOR + 2.5 per cent. (No minimum) | 19,603 |
| 5 | Emirates Islamic Bank | AED 100 million (U.S.\$27.2 million equivalent) | 10 | 3 month EIBOR + 2.5 per cent. (No minimum) | 23,822 |
| 6 | Emirates Islamic Bank | AED 160 million (U.S.\$43.6 million equivalent) | 10 | 3 month EIBOR + 3.0 per cent. (2.5 per cent. minimum) | 24,109 |
| 7 | Emirates Islamic Bank | AED 80 million (U.S.\$21.8 million equivalent) | 10 | 3 month EIBOR + 3.0 per cent. (6.5 per cent. minimum) | 10,986 |
| 8 | Emirates Islamic Bank | AED 80.8 million (U.S.\$22.0 million equivalent) | 10 | 3 month EIBOR + 3.0 per cent. (5.5 per cent. minimum) | 15,097 |
| 9 | Ajman Bank | AED 185 million (U.S.\$50.4 million equivalent) | 10 | Relevant EIBOR ⁽¹⁾ + 2.5 per cent. (No minimum) | 37,776 |
| 10 | Union National Bank | AED 75 million (U.S.\$20.4 million equivalent) | 10 | 3 month EIBOR + 2.5 per cent. (No minimum) | 17,130 |
| 11 | Noor Bank | AED 84.5 million (U.S.\$23 million equivalent) | 10 | 3 month EIBOR + 2.5 per cent. (3.5 per cent. minimum) | 23,006 |
| 12 | Noor Bank | AED 197 million (U.S.\$53.6 million equivalent) | 10 | 3 month EIBOR + 2.5 per cent. (3.5 per cent. minimum) | 52,461 |

⁽¹⁾ Relevant EIBOR denotes the relevant rate of EIBOR as notified by the UAE Central Bank from time to time.

Emirates REIT is permitted by the CIR to procure financing up to 50 per cent. of Emirates REIT's gross asset value. As at 30 September 2017, Emirates REIT's external borrowings as a percentage of gross asset value were 38.2 per cent.

The following table presents the outstanding indebtedness of Emirates REIT as at 30 September 2017, 31 December 2016, 2015 and 2014, respectively.

| Islamic financing | As at 30 September | As at 31 December | | |
|--|-----------------------|-------------------|----------------|----------------|
| | 2017 | 2016 | 2015 | 2014 |
| | | | (U.S.\$'000) | |
| Current portion..... | 21,881 | 30,145 | 23,963 | 16,486 |
| Non-current portion..... | 315,559 | 284,830 | 233,327 | 136,697 |
| Ending Balance..... | 337,440 | 314,975 | 257,290 | 153,183 |
| Islamic financing as per cent. of NAV | 65.0 per cent. | 63.8 per cent. | 54.8 per cent. | 35.5 per cent. |
| Islamic financing as per cent. of Gross Asset Value (total assets) | 38.2 per cent | 37.8 per cent. | 34.7 per cent. | 25.8 per cent. |

As at 30 September 2017, the outstanding indebtedness of Emirates REIT amounted to U.S.\$337.4 million which represented 65.0 per cent. of Emirates REIT's NAV and 38.2 per cent. of Emirates REIT's gross asset value as at that date. As at 31 December 2016, the outstanding indebtedness of Emirates REIT amounted to U.S.\$315.0 million which represented 63.8 per cent. of Emirates REIT's NAV and 37.8 per cent. of Emirates REIT's gross asset value as at that date. As at 31 December 2015, the outstanding indebtedness of Emirates REIT amounted to U.S.\$257.3 million which represented 54.8 per cent. of Emirates REIT's NAV and 34.7 per cent. of Emirates REIT's gross asset value as at that date. As at 31 December 2014, the outstanding indebtedness of Emirates REIT amounted to U.S.\$153.2 million which represented 35.5 per cent. of Emirates REIT's NAV and 25.8 per cent. of Emirates REIT's gross asset value as at that date.

For the periods under review, Emirates REIT has serviced its obligations under the Islamic facilities from cash generated by operating activities and/or from additional borrowing, within the maximum gearing threshold limits imposed on Emirates REIT by the CIR.

For further information, please refer to Note 9 (*Islamic Financing*) to the 2016 Financial Statements and Note 15 (*Islamic Financing*) to the Reviewed Financial Statements.

Commitments and Contingencies

Commitments

As at 30 September 2017, Emirates REIT had contractual capital commitments of U.S.\$30.0 million (as compared to U.S.\$20.1 million as at 31 December 2016, U.S.\$26.8 million as at 31 December 2015 and U.S.\$2.5 million as at 31 December 2014).

Of Emirates REIT's contractual capital commitments as at 30 September 2017, U.S.\$14.1 million related to the ongoing construction of BCCS (as compared to U.S.\$18.9 million as at 31 December 2016) and U.S.\$15.9 million related to fit out and redevelopment work in the office and retail areas at Index Tower (as compared to U.S.\$1.2 million as at 31 December 2016).

Of Emirates REIT's contractual capital commitments as at 31 December 2015, U.S.\$24.4 million related to the ongoing construction of JAS and U.S.\$2.4 million related to fit out and redevelopment work in the office and retail areas at Index Tower.

In addition to Emirates REIT's U.S.\$2.5 million contractual capital commitments as at 31 December 2014, Emirates REIT had signed letters of intent in the amount of U.S.\$7.0 million related to the fit out and redevelopment works in the office and retail areas at Index Tower.

Contingencies

Emirates REIT had no contingent liabilities as at 30 September 2017 and as at 31 December 2016, 2015 or 2014.

Operating lease commitments — Emirates REIT as lessee

Emirates REIT has entered into commercial property leases on certain properties. These leases have an average unexpired lease term of 32.5 years as at 30 September 2017 (26.3 years as at 31 December 2016, 27.8 years as at 31 December 2015 and 28.8 years as at 31 December 2014) with a mutual renewal option included in some of the contracts. There are no restrictions placed upon Emirates REIT by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 September 2017, 31 December 2016, 2015 and 2014, respectively are as follows:

| Future minimum rentals payable | As at 30 September | As at 31 December | | |
|---|-----------------------|-------------------|---------------|---------------|
| | 2017 | 2016 | 2015 | 2014 |
| | | (U.S.\$'000s) | | |
| Within one year | 1,930 | 1,251 | 1,251 | 1,251 |
| After one year but not more than five years | 7,674 | 5,005 | 5,005 | 5,005 |
| More than five years..... | 27,851 | 25,652 | 26,903 | 28,780 |
| Total | 37,455 | 31,908 | 33,159 | 35,036 |

Operating lease commitments — Emirates REIT as lessor

Emirates REIT has entered into commercial property leases on certain properties. These leases have an average unexpired lease term of 7.8 years as at 30 September 2017 (8.5 years as at 31 December 2016, 8.5 years as at 31 December 2015 and 8.4 years as at 31 December 2014) with a mutual renewal option included in some of the contracts. There are no restrictions placed upon Emirates REIT by entering into these leases.

Future minimum rental receivable under non-cancellable operating leases as at 30 September 2017, 31 December 2016, 2015 and 2014, respectively are as follows:

| Future minimum rentals payable | As at 30 September | As at 31 December | | |
|---|-----------------------|-------------------|----------------|----------------|
| | 2017 | 2016 | 2015 | 2014 |
| | | (U.S.\$'000s) | | |
| Within one year | 76,410 | 39,948 | 34,545 | 31,597 |
| After one year but not more than five years | 122,509 | 106,210 | 71,023 | 74,276 |
| More than five years..... | 482,577 | 495,262 | 237,390 | 246,863 |
| Total | 681,496 | 641,420 | 342,958 | 352,736 |

For further information, please refer to Note 15 (*Commitments and Contingencies*) to the 2016 Financial Statements and to Note 17 (*Commitments*) to the Reviewed Financial Statements.

Related Party Transactions

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.

DIB is also considered a related party as the managing director of DIB, Mr. Abdulla Al Hamli, is also chairman of the REIT Manager. Additionally, DIB held 15.7 per cent. of Emirates REIT's issued share capital as at 30 September 2017, 31 December 2016, 2015 and 2014. DIB is also a tenant of Emirates REIT, renting retail branch space within one of Emirates REIT's properties pursuant to a 15-year lease agreement.

The following table presents the transactions with the related parties included in the statement of comprehensive income for the nine months ended 30 September 2017 and 30 September 2016, respectively and for the financial years ended 31 December 2016, 31 December 2015 and 31 December 2014, respectively.

| Related party transactions | For the nine months ended 30 September | | For the financial year ended 31 December | | |
|--------------------------------|---|----------------|--|-----------------|----------------|
| | 2017 | 2016 | 2016 | 2015 | 2014 |
| | | | (U.S.\$'000s) | | |
| Management fee | (9,276) | (8,547) | (11,722) | (9,983) | (7,924) |
| Performance fee | (1,546) | (1,086) | (1,478) | (1,903) | (918) |
| Rental and service income..... | — | — | 141 | — | 160 |
| Total | (10,822) | (9,633) | (13,059) | (11,886) | (8,682) |

The following table presents the amounts due to related parties included in the statement of comprehensive income for the nine months ended 30 September 2017 and for the financial years ended 31 December 2016, 31 December 2015 and 31 December 2014, respectively.

| Amounts due to Related Parties | For the nine months ended 30 September | For the financial year ended 31 December | | |
|---------------------------------|--|--|--------------|------------|
| | 2017 | 2016 | 2015 | 2014 |
| | | <i>(U.S.\$'000)</i> | | |
| Equitativa (Dubai) Limited..... | 1,546 | 1,766 | 2,145 | 314 |
| Total | 1,546 | 1,766 | 2,145 | 314 |

All transactions with related parties are approved by the REIT Manager. Outstanding balances at the end of the relevant financial year are unsecured and profit free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For each of the nine months ended 30 September 2017 and 30 September 2016, respectively and for each of the financial years ended 31 December 2016, 31 December 2015 and 31 December 2014, Emirates REIT has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Transactions with key management personnel

During each of the nine months ended 30 September 2017 and 30 September 2016, respectively and each of the financial years ended 31 December 2016, 31 December 2015 and 31 December 2014, there were no transactions with key management personnel as Emirates REIT is managed by the REIT Manager for which a REIT Management fee is paid.

For further information, please refer to Note 13 (*Related Party Transactions*) to the 2016 Financial Statements and Note 14 (*Related Party Transactions*) to the Reviewed Financial Statements.

DESCRIPTION OF EMIRATES REIT

STRATEGY AND INVESTMENT OBJECTIVES OF EMIRATES REIT

Structure of Emirates REIT

Emirates REIT is a closed-ended investment company with unlimited duration and was established in the DIFC by the REIT Manager on 28 November 2010 under the DIFC Companies Law No. 2 of 2009 with the name "Emirates REIT (CEIC) Limited", with registration number 997 and with telephone number +97144057348. The registered office address and principal place of business of Emirates REIT is at Level 23, Index Tower, DIFC, P.O. Box 482015, Dubai, UAE. Emirates REIT is categorised under the CIR as a Domestic Fund, an Islamic Fund, a Property Fund and a Real Estate Investment Trust (**REIT**) (each as defined in the CIR) and is governed by the laws of the DIFC.

On 26 January 2014, the shareholders of Emirates REIT approved the sub-division of each issued and un-issued share owned by investors of U.S.\$100 each into 100 investor shares with a par value of U.S.\$1 each (the **Share Split**). The investor shares were renamed "ordinary shares". The total number of ordinary shares in issue following the share split was 151,642,600.

On 8 April 2014, Emirates REIT issued 128,676,471 ordinary shares through an initial public offering (the **IPO**) on Nasdaq Dubai. A further 19,301,470 shares were issued on 11 May 2014 in relation to the exercise of the IPO over-allotment option, bringing the total number of ordinary shares issued at the IPO to 147,977,941 shares. The IPO was priced at U.S.\$1.36 per share and the over-allotment shares were issued at the same price.

As at 30 September 2017, the Company's issued share capital comprised a total of 299,620,541 ordinary shares of U.S.\$1 each. The authorised share capital of Emirates REIT is U.S.\$10,000,000,100 and is divided into: (i) one share with a par value of U.S.\$100 (the **REIT Manager Share**); (ii) and 10,000,000,000 ordinary shares with a nominal value of U.S.\$1 per share. Emirates REIT is the first Shari'a compliant real estate investment trust incorporated within the DIFC and regulated by the DFSA under the CIR as a public domestic fund.

Emirates REIT is managed by the REIT Manager. As at the date of this Prospectus, Equitativa owns 100 per cent. of the REIT Manager's total issued share capital.

The principal shareholders of Emirates REIT as at 30 September 2017 comprised: Dubai Islamic Bank PJSC (15.7 per cent.), Vintage Bullion (12 per cent.), Dubai Properties Group (10 per cent.) and the UAE Global Pension and Social Security Authority (5 per cent.). In aggregate, as at 30 September 2017, 95 per cent. of the shareholders of Emirates REIT were institutional investors, with 38 per cent. of shareholders being Government of Dubai or Government of Dubai owned entities.

Emirates REIT does not hold any subsidiary interests as of the date of this Prospectus. Emirates REIT has two branches outside of the DIFC that are registered as branches of a foreign company, being: (i) Emirates REIT CEIC Limited Dubai Branch (the **Onshore Dubai Branch**); and (ii) the TECOM Branch. The Onshore Dubai Branch was established on 3 April 2012 and is licenced to: (i) purchase and sell real estate; and (ii) undertake private property management and leasing. The TECOM Branch was established on 12 April 2012 and is licenced to undertake property management services.

Pursuant to the Dubai Ruler's Decree, the Onshore Dubai Branch is entitled to purchase real estate in areas outside of free zones and designated areas in the Emirate of Dubai, subject to certain conditions.

Furthermore, Equitativa also obtained the RAK Ruler's Decree which permits any REIT established or to be established by Equitativa to own freehold or any real property rights in the Emirate of Ras Al Khaimah, subject to certain conditions.

Emirates REIT completed its first real estate asset investment on 27 June 2011 when it acquired Building 24 in Dubai Internet City. As at 30 September 2017, the Portfolio consisted of 10 Properties, all of which are located in the Emirate of Dubai, consisting of a mixture of commercial, educational, retail and car parking properties.

For further information on Emirates REIT, the REIT Manager and its functions, please refer to the "*Description of Emirates REIT – Corporate Structure and Governance*" section.

Principal Investment Objective

Emirates REIT has and continues to develop a diversified portfolio of Shari'a compliant real estate properties and related assets through the acquisition of property assets with an initial focus on Dubai but with subsequent exploration of other opportunities in the UAE in order to spread investment risk. The principal objective of

Emirates REIT is to provide its shareholders with: (i) a stable source of income through the consistent distribution of at least 80 per cent. of its audited annual net income (in accordance with the CIR, which is subject to Emirates REIT having sufficient cash available to make such a distribution and the distribution being in compliance with all local laws); and (ii) increased shareholder value through: (a) the potential capital appreciation of the Properties within the Portfolio; and (b) investment in: (1) real property; (2) property-related assets; (3) units in other property funds; and (4) cash, government and public securities, up to a maximum of 40 per cent. of the size of the Portfolio.

Key Strengths

Emirates REIT believes that it has the following key business strengths:

Increasingly diversified Portfolio of Properties with attractive investment fundamentals

Since its establishment, Emirates REIT has continuously expanded and improved its Portfolio. As at 30 September 2017, the Portfolio included a total of 10 Properties, diversified in terms of location, use and tenants.

Emirates REIT categorise the net leaseable area (**NLA**) of its Portfolio in three main tenant activity categories: commercial, education and retail. As at 30 September 2017, the Portfolio comprised of 204,000m² of NLA broken down as follows:

- 60 per cent. of commercial use;
- 26 per cent. of educational use;
- 11 per cent. of retail use; and
- 3 per cent. ancillary services related to commercial, educational and retail use.

Emirates REIT believes that the diversified Portfolio increases the resilience of the Portfolio against potential risks of local real estate market fluctuation. Furthermore, Emirates REIT believes that the Properties individually, and the Portfolio as a whole, possesses strong income profiles, due to the high levels of occupancy and tenant commitments, with its Portfolio occupied at 85 per cent. and the weighted average lease expiry of 7.9 years. Emirates REIT believes that the performance in occupancy and weighted average lease term offers visibility on the stability of its earnings.

Strong, reputable and committed shareholders

As at 30 September 2017, 95 per cent. of the shareholders of Emirates REIT were institutional investors, with 38 per cent. of shareholders being Government of Dubai or Government of Dubai owned entities. As at 30 September 2017, the key shareholders of Emirates REIT are:

- Dubai Islamic Bank PJSC (**DIB**) (owning 15.7 per cent. of the ordinary shares in Emirates REIT);
- Vintage Bullion (owning 12 per cent. of the ordinary shares in Emirates REIT);
- Dubai Properties Group (owning 10 per cent. of the ordinary shares in Emirates REIT); and
- UAE Global Pension and Social Security Authority (**UAE Pension Fund**) (owning 5 per cent. of the ordinary shares in Emirates REIT).

In particular, DIB, the largest shareholder of Emirates REIT, is a publicly listed company of which the Investment Corporation of Dubai (**ICD**) is the main shareholder. ICD is a sovereign wealth fund owned by the Government of Dubai. Dubai Properties Group is majority owned by Dubai Holding, which is a holding of His Highness Sheikh Mohammed bin Rashid Al Maktoum, UAE Vice President, Prime Minister and Ruler of Dubai. The UAE Pension Fund is led by His Highness Sheikh Hamdan bin Rashid Al Maktoum, the Deputy Ruler of Dubai and the Minister of Finance and Industry of the UAE.

Although there can be no assurance that any of Emirates REIT's shareholders will support Emirates REIT with financial assistance, Emirates REIT believes that its relationship with its key shareholders remains strong and is unlikely to change in the foreseeable future.

Stable cashflow with pre-determined contracted rent increases

The Properties dedicated to education are contracted on long-term leases, providing to the Portfolio a stable and long-term cashflow. Overall, the weighted average unexpired lease term of the Portfolio is 7.9 years. Furthermore, Emirates REIT's leases generally have contracted rent increases in excess of 2.5 per cent. per year.

The mix of long-term leases with contracted rent increases provides Emirates REIT with predictable, long-term cashflows.

Diversified tenant base

As at 30 September 2017, Emirates REIT's tenants included high profile local and international institutions, corporates and companies, with diversified activities including, but not limited to, education, pharmaceutical, finance, services, beverages and technologies.

Emirates REIT has established direct relationships with each of its tenants and Emirates REIT believes that such relationships will assist in the active management of the leases, maintaining the low payment default rate and the high tenant retention. As at 30 September 2017, 57 per cent. of Emirates REIT's contracted rents are for leases with a term of 10 years or more; representing high tenant loyalty to Emirates REIT's properties.

Emirates REIT and the REIT Manager have an established corporate governance framework

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

Strong governance by experienced REIT Manager with expertise in the UAE property market

The REIT Manager consists of an experienced team of professionals with decades of cumulative experience in real estate portfolio management and property investment and a strong collective track record in acquiring, owning, managing, leasing and repositioning real estate assets to ensure steady growth of Emirates REIT's Portfolio cashflow. The REIT Manager has significant expertise in the UAE real estate market with extensive knowledge of local market dynamics including supply and demand-side characteristics, bidding and acquisition processes, and tenant requirements, as well as regulatory considerations through its past transactional experience and expanding market coverage.

Benefit of the Dubai Ruler's Decree and the RAK Ruler's Decree

Emirates REIT benefits from the Dubai Ruler's Decree which permits Emirates REIT through the Onshore Dubai Branch to acquire and own properties in Onshore Dubai, subject to certain conditions. Pursuant to Law No. 7 of 2006 (and subsequent regulations implementing it) non-GCC nationals and companies wholly or partly owned by non-UAE/GCC nationals (such as Emirates REIT), are only permitted to own property in certain designated geographical areas and free zone areas in the Emirate of Dubai. Therefore, the Dubai Ruler's Decree widens the geographical area in which Emirates REIT can acquire properties in the Emirate of Dubai.

In October 2016, Equitativa, the parent company of the REIT Manager, was granted an exclusive decree, which was issued by His Highness Shaikh Saud Bin Saqr Al Qasimi, UAE Supreme Council Member and Ruler of Ras Al Khaimah. The RAK Ruler's Decree allows current and future REITs managed by the Equitativa group to own real estate in Onshore RAK. The Fund Manager believes that the RAK Ruler's Decree provides an opportunity to consider a deeper pool of onshore real estate investment that matches Emirates REIT's acquisition strategy.

The REIT Manager believes that both the Dubai Ruler's Decree and the RAK Ruler's Decree offers Emirates REIT a unique competitive advantage by significantly widening the geographic areas in which Emirates REIT is able to invest in property in Dubai and Ras Al Khaimah, a strength that is not otherwise enjoyed by funds incorporated outside of Ras Al Khaimah, Onshore Dubai and/or having non-UAE or GCC shareholders.

Proprietary REIT Management Information Technology System

The REIT Manager has established and internally developed a bespoke information technology system (the **Intranet**) which enables live monitoring of the Portfolio. This provides Emirates REIT with real-time updates on the performance of each Property and facilitates efficient management of the Portfolio.

The Intranet significantly enhances the ability of Emirates REIT to monitor, forecast and improve the performance of its Portfolio. It also allows close monitoring of a large number of potential properties to acquire. Many parties have selected access to the Intranet including asset managers, property managers, leasing agents, fund administrators and auditors. This allows a high degree of control and transparency over the performance of the service providers of Emirates REIT and ensures the accountability of all parties.

Competition

Over the past few years, there has been an increase in activity in the REIT market which has seen new REIT laws enacted in Abu Dhabi (in June 2015), the Kingdom of Saudi Arabia (in October 2016) and the Kingdom of Bahrain (in November 2016), as well as several new REITs established across the region.

In the Kingdom of Saudi Arabia, since the introduction of the new REIT laws, three new REITs have been established: Riyadh REIT, AlJazira Mawten (REIT) and Jadwa Reit Alharamain Fund, two of which have listed on the Saudi Stock Exchange (Tadawul).

In the Kingdom of Bahrain, since the new trust laws facilitating REITs were enacted, the first REIT, Eskan Bank Realty Income Trust, has been established and listed on the Bahrain Bourse in January 2017.

Investment Policy

Investment Restrictions

The current CIR sets out restrictions on the permitted composition of Emirates REIT's investment portfolio. Pursuant to the CIR and the Articles, Emirates REIT:

- may only invest in: (i) real property; (ii) property-related assets; (iii) shares or units in another property fund; and (iv) up to a maximum of 40 per cent. cash, government and public securities **provided that** such 40 per cent. limit may be exceeded when Emirates REIT receives cash as a result of a disposal of assets or where Emirates REIT receives cash as a result of a subscription for new shares or pursuant to any financing, re-financing or other similar arrangements whatsoever where the intention is to invest/re-invest such cash within six months of receipt or such longer period as is approved by a Special Resolution (**provided that** any cash received in connection with an equity fundraising undertaken at the time of the admission of the shares or any of them to trading on an exchange may be held for such period as the REIT Manager may determine without the need for the further approval of shareholders **provided that** the same is in compliance with the CIL, the CIR and any other laws, rules and regulations affecting Emirates REIT and in force from time to time (the **REIT Regulations**));
- is not permitted to acquire interests in land or property requiring development if the aggregate of such interests exceeds the limits set out in the CIR (currently 30 per cent. of Emirates REIT's NAV);
- may from time to time invest in properties indirectly with other investors by way of real estate joint ventures **provided that:** (i) Emirates REIT holds more than 50 per cent. ownership in, and control of, each property at all times and also has the freedom to dispose of its interest at any time; (ii) the REIT Manager can demonstrate that the arrangement, including the decision to own less than a 100 per cent. interest in the property concerned, is in the interests of the shareholders; and (iii) the REIT Manager has obtained the relevant legal opinion as required under the CIR in such circumstances. When investing through joint ownership arrangements, the REIT Manager is required by the CIR to ensure that: (i) proper due diligence is conducted in identifying restrictions and constraints that may limit Emirates REIT from holding a 100 per cent. direct ownership interest in the property; and (ii) the liability of, or assumed by, Emirates REIT does not exceed the percentage of its interest in the joint ownership arrangement and there is to be no assumption of unlimited liability by Emirates REIT;
- may take advantage of any opportunities to invest through a special purpose vehicle **provided that:** (i) Emirates REIT has majority ownership and control of the relevant special purpose vehicle; (ii) neither the articles of association of any special purpose vehicle nor the organisation, transactions or activities of such vehicles under any circumstances breach the requirements of the CIR; (iii) the board of directors of each special purpose vehicle is appointed by the REIT Manager in agreement with the

Oversight Committee and the Investment Committee (each as defined below); (iv) both Emirates REIT and the special purpose vehicle must appoint the same auditor and adopt the same accounting principles and policies; (v) the special purpose vehicle distributes to Emirates REIT all of the income to which Emirates REIT is entitled as permitted by the laws and regulations of the jurisdiction where the special purpose vehicle is established; and (vi) the REIT Manager, Emirates REIT and the special purpose vehicle otherwise comply with the other requirements of the CIR at all times; and

- may, where appropriate, seek to use gearing in order to improve shareholder returns over the long-term **provided that** Emirates REIT will ensure that its total gearing, whether directly or through special purpose vehicles, complies with the limits under the CIR for REITs which is 50 per cent. of Emirates REIT's gross asset value.

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

Asset Enhancement

Emirates REIT may undertake enhancements of additional properties in the future as and when appropriate opportunities arise. Emirates REIT is currently: (i) integrating Index Tower Mall with the DIFC Gate Avenue and refurbishing to include new restaurants and retail outlets; (ii) fitting out a portion of the office space in Index Tower; (iii) undertaking key enhancements to the landscaping and car park across all Properties (as applicable); and (iv) finalising the second phase works on the British Columbia Canadian School (**BCCS**), which was opened in September 2017. Emirates REIT may review more asset enhancement opportunities as and when they arise.

Strategy

Key Strategies

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

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

Active Asset Management Strategy

The REIT Manager actively manages the Properties in order to increase their performance and to ensure the optimisation of its Portfolio in terms of occupancies and rental income. The REIT Manager delegates, when appropriate, the function of property management and facility management to professional service providers in order to facilitate the multiple disciplines that are necessary to ensure the day-to-day management of the Portfolio, whilst also keeping a high degree of control on such professional service providers.

The asset management department of the REIT Manager carries out a proactive approach to the management of the Properties and is involved in all the steps below:

- enhancing and maintaining the quality of the Portfolio;
- optimising the NLA of the Properties;
- increasing rental income and property yields through a considered approach to contract terms;
- tendering the process for appointing property and facility managers;
- improving the service cost coverage ratio with respect to the different Properties; and
- enhancing the operating efficiency of the Portfolio.

Prudent Acquisitions

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

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

- invest in Shari'a compliant properties;
- focus on quality properties with attractive yields; and
- pursue acquisitions that are accretive to the Portfolio's existing yields.

Emirates REIT and the REIT Manager follow a comprehensive procedure for the approval of acquisitions requiring an independent valuation and the endorsement of the potential investment assets by various committees which is adhered to once potential opportunities have arisen.

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 and achieving steady growth in NAV per share. The REIT Manager also seeks to:

- manage the tenant risks associated with the Properties by seeking quality tenants, favourable lease terms and balancing the Portfolio composition by sector to have a long weighted average lease term; and
- optimise the capital structure to ensure a debt and equity combination that maximises cash flow generation, provides Emirates REIT with financial flexibility to undertake its operations and maintain sufficient liquidity levels.

Currently, Emirates REIT and the REIT Manager intend to follow the Investment Policy and the strategies described in this section. However, the REIT Manager may from time to time change the Investment Policy and/or may impose additional investment restrictions thereon. Pursuant to the Articles, the Investment Policy cannot be changed without the prior consent of the shareholders by Special Resolution.

Administration of Emirates REIT

Fund Administrator

MaplesFS Limited, a DFSA regulated entity, has been appointed as the administrator of Emirates REIT pursuant to an administration agreement entered into between Emirates REIT, the REIT Manager and MaplesFS Limited on 8 January 2012 and amended on 1 April 2014 (the **Administration Agreement**). Its address is 6th Floor, Office 616, Liberty House, Dubai International Financial Centre, P.O. Box 506734, Dubai, United Arab Emirates.

In accordance with the Administration Agreement, administrative services provided by MaplesFS Limited (under the ultimate supervision of the REIT Manager) include, but are not limited to: (i) determining the NAV of Emirates REIT; (ii) preparing and submitting to Emirates REIT and the REIT Manager all ancillary documentation that is used for the annual audit and the preparation of the financial statements; and (iii) performing such other services as may be agreed with the REIT Manager in connection with the administration of Emirates REIT.

Registrar

In accordance with a registrar agreement entered into between Emirates REIT and Nasdaq Dubai Limited (the **Registrar**) on 2 April 2014 (the **Registrar Agreement**), services provided by the Registrar include, but are not limited to: (i) maintaining and providing updates to the register of shareholders maintained by the Registrar (the **Shareholder Register**); (ii) carrying out all acts and things necessary to effect the transfer of legal title of the Shares in the Shareholder Register; (iii) opening the Shareholder Register for inspection; (iv) providing Emirates REIT with information on the foreign ownership details of the shares on a daily basis; (v) providing Emirates REIT with details of the beneficial owners of the Shares as provided for in the records of the Central Securities Depository (the **CSD**) on a monthly basis where such information is available; (vi) providing details of CSD account holders of the shares as appearing in the records of the CSD on request; (vii) issuing Emirates REIT with a certificate of foreign ownership on request; and (viii) carrying out such additional services as may be agreed with Emirates REIT.

Valuers

The REIT Manager has appointed a panel of two valuers for its Portfolio, namely CBRE DIFC Limited and Asteco Property Management LLC. The valuers provide valuations of the Portfolio as requested by the REIT Manager and/or the Administrator.

The REIT 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 estimated amount for which the 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 (as required under the CIR).

EMIRATES REIT'S PORTFOLIO

Portfolio Overview

As at 30 September 2017, the Portfolio consisted of the following 10 Properties:

- Building 24;
- Indigo 7;
- the Lofts Office;
- British Columbia Canadian School;
- Jebel Ali School (**JAS**);
- Office Park;
- GEMS World Academy (**GEMS**);
- European Business Center (**EBC**);
- Trident Grand Mall; and
- Index Tower.

Emirates REIT has acquired the freehold interest in respect of six of the ten Properties, being Office Park, Building 24, Loft Offices, Index Tower, Jebel Ali School and Trident Grand Mall. Four properties are held on the basis of a long-term leasehold interest: (i) GEMS until 14 November 2056; (ii) Indigo 7 until 8 September 2039; (iii) in EBC until 26 May 2065; and (iv) BCCS until 1 September 2036.

Portfolio

The Portfolio, as at 30 September 2017, comprises commercial properties, education properties, retail properties and car parking, as more particularly described below:

| Property | Acquisition Date | Title | Current Valuation ⁽¹⁾ | Valuation as % of Portfolio | NLA (metres squared) | Occupancy ⁽¹⁾ |
|--|------------------------------|-----------|----------------------------------|-----------------------------|----------------------|--------------------------|
| Building 24 Dubai Internet City | 27 June 2011 | Freehold | U.S.\$19.4 million | 2.3% | 5,327 | 97% |
| Indigo 7 Sheikh Zayed Road (Al Manara) | 1 October 2011 | Leasehold | U.S.\$7.8 million | 1.0% | 1,902 | 86% |
| Loft Offices Dubai Media City | 8 December 2011 | Freehold | U.S.\$77.2 million | 9.2% | 15,224 | 87% |
| British Columbia Canadian School Dubai Investment Park | 5 September 2016 | Leasehold | U.S.\$32.8 million | 3.9% | 17,156 | 100% |
| Jebel Ali School Sports City | 2 August 2015 | Freehold | U.S.\$90.7 million | 10.8% | 28,802 | 100% |
| Office Park Dubai Internet City | 19 June 2012 | Freehold | U.S.\$138.0 million | 16.4% | 34,449 | 97% |
| Index Tower DIFC | May 2013 to December 2014 | Freehold | U.S.\$317.3 million | 37.2% | 35,476 | 26% |
| GEMS Al Barsha South | 10 October 2013 | Leasehold | U.S.\$89.2 million | 10.6% | 42,699 | 100% |
| Trident Grande Mall Dubai Internet City | 18 May 2014 | Freehold | U.S.\$32.3 million | 3.8% | 8,746 | 88% |
| European Business Center Dubai Investments Park | 23 August 2017 | Leasehold | U.S.\$39.9 million | 4.8% | 22,454 | 97% |

⁽¹⁾ The Properties are valued by Emirates REIT's valuers (Asteco and CBRE) as at 30 September 2017

Together, the Properties comprise approximately 204,000 m² of NLA and were independently valued at U.S.\$845 million as at 30 September 2017. The aggregate purchase price of the Properties was U.S.\$624.1 million.

Tenant Profiles

The Properties have a diverse tenant base with occupants operating in a wide range of industries with international and domestic occupants. The ten largest tenants contributed approximately 45.0 per cent. of rental income of Emirates REIT as at 30 September 2017. The three largest contributors to passing income as at 30 September 2017 represented 15 per cent., 8 per cent. and 4 per cent. respectively.

The table below sets out details of the ten largest tenants of the Properties, in terms of passing income and NLA, as at 30 September 2017:

Portfolio Tenant Concentration

| Tenant | Building | Sector | Lease Expiry | Percentage of Portfolio Passing Income |
|---------------------------------|-------------|----------------|--------------|--|
| Tenant 1 | GEMS | Education | 2043 | 15% |
| Tenant 2 | JAS | Education | 2041 | 8% |
| Tenant 3 | Office Park | IT | 2018 | 4% |
| Tenant 4 | BCCS | Education | 2044 | 4% |
| Tenant 5 | Index Tower | Pharmaceutical | 2022 | 3% |
| Tenant 6 | Office Park | Beverages | 2021 | 3% |
| Tenant 7 | Office Park | Consulting | 2018 | 3% |
| Tenant 8 | Office Park | Technology | 2024 | 2% |
| Tenant 9 | Office Park | Pharmaceutical | 2019 | 2% |
| Tenant 10 | Index Tower | Pharmaceutical | 2021 | 1% |
| 10 Largest Tenants | | | | 45% |
| Other tenants | | | | 55% |
| Vacant Units..... | | | | 0% |

Occupancy

Property Occupancy Rates

| | As at 31 December | | As at 30 |
|--|-------------------|-----------|-----------|
| | 2015 | 2016 | September |
| | % | | |
| Building 24..... | 99 | 93 | 97 |
| Indigo 7 | 90 | 83 | 86 |
| Trident Grand Mall..... | 60 | 83 | 88 |
| Office Park | 97 | 98 | 97 |
| Loft Offices | 92 | 89 | 87 |
| EBC..... | N/A | N/A | 97 |
| Index Tower | 12.8 | 20 | 26 |
| GEMS | 100 | 100 | 100 |
| BCCS | N/A | 100 | 100 |
| JAS..... | N/A | 100 | 100 |
| Total Portfolio Occupancy | 77 | 81 | 85 |

THE REIT MANAGER

Overview

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

Equitativa, a BVI business company incorporated and existing under the laws of the British Virgin Islands with registered number 1438983 and with its registered office at Woodbourne Hall, Road Town, Tortola, British Virgin Islands, is the parent company and the sole shareholder of the REIT Manager. Equitativa is wholly-owned by a foundation, Equitativa Holding Foundation, of which Sylvain Vieujot (the executive deputy chairman of the REIT Manager) and Magali Mouquet (an executive director of the REIT Manager) are beneficiaries and are married.

The REIT Manager is a private company limited by shares that was incorporated in the DIFC on 27 October 2010 and with registration number 983. The REIT Manager is licensed by the DFSA (with DFSA reference number F001310) to undertake the financial services activities of: (i) advising on financial products; and (ii) managing a collective investment fund. This also includes the following financial services activities when such activities fall within the ordinary scope of managing a collective investment fund: (i) managing assets; (ii) providing fund administration; (iii) dealing as principal; (iv) dealing as agent; (v) arranging credit or deals in investments; and (vi) providing custody in relation to the management of Emirates REIT. The REIT Manager's DFSA authorisation has an Islamic Financial Business Endorsement of "Islamic Financial Institution" and a Retail Endorsement of "carrying out authorised financial services with or for Retail Clients".

Pursuant to the CIL and the CIR, the REIT Manager must, amongst other things:

- carry out such duties and functions in relation to Emirates REIT as are necessary to ensure compliance with the CIL and the CIR that impose obligations on a REIT Manager;
- carry out its duty to make, or ensure that, decisions as to the constituents of the Portfolio are made, in accordance with the Articles and the Investment Objective of Emirates REIT;
- take all steps and execute all documents to ensure that transactions are properly entered into for the account of Emirates REIT;
- establish and maintain risk management controls in relation to Emirates REIT;
- 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;
- ensure that the following activities are performed in the DIFC (unless this requirement has been waived by the DFSA):
 - asset pricing and valuation of Emirates REIT (but not the actual valuation exercise undertaken by a valuer appointed by Emirates REIT in relation to Real Property in the Portfolio);
 - issuing shares in Emirates REIT from time to time; and
 - record-keeping and maintaining Emirates REIT's register of shareholders;
- ensure that any transaction in respect of the Portfolio undertaken with a related party is on terms at least as favourable to Emirates REIT as any comparable arrangement on normal commercial terms negotiated at arm's length with an independent third party; and
- make and retain accounting and other records that are necessary to enable it to comply with the CIR and to demonstrate at any time that such compliance has been achieved.

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

Emirates REIT is permitted from time to time to delegate certain activities or outsource certain functions in accordance with the CIR and the Islamic Finance Rules of the DFSA (as amended) (**IFR**). However, the REIT Manager continues to retain responsibility for such delegated activities and functions.

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

Pursuant to Emirates REIT's Articles, Emirates REIT is obliged to ratify all actions taken by the REIT Manager and is also obliged to indemnify the REIT 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 REIT Manager, an officer or employee of Emirates REIT 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 REIT Manager, its officers and employees. Furthermore, subject to any provision of the DIFC Companies Law No. 3 of 2017 (the **DIFC Companies Law**) and the REIT Regulations to the contrary, the REIT Manager, its officers and employees will not be liable for any damage, loss, costs or expenses to or of Emirates REIT unless this was caused by their fraud, gross negligence or wilful default.

The Articles are not permitted to and do not exempt the REIT Manager from any liability to shareholders under the laws enacted from time to time by the DIFC (including the DIFC Companies Law and the REIT Regulations).

REIT Manager Directors

The directors of the REIT Manager are:

- ***Abdulla Al Hamli (Independent Chairman)***

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

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

Mr Vieujot is the co-founder and executive deputy chairman of the REIT Manager.

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

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

- ***Magali Mouquet (Executive Director)***

Ms Mouquet joined the board of the REIT Manager in October 2013 and is an executive director and a board member of the REIT Manager and a board member of Equitativa. She oversees the investor relations, the communication, marketing and the human resources functions of the REIT Manager. Ms Mouquet is the co-founder of Platre.com and Freelance.com. In 2005, she led the IPO of Freelance.com on the French stock market (Alternext of Euronext). Ms Mouquet has studied business management in the European Business School of Paris.

REIT Manager Management Team

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

- ***Abdul Wahab Al-Halabi (Group Chief Investment Officer)***

Abdul Wahab Al-Halabi is the chief investment officer of the Equitativa group. He is responsible for the expansion of its REIT business globally as well as the development of new funds. Previously, he was the chief investment officer of the Meraas Holding Group, in charge for developing and directing Meraas Holding's strategy and its funding and investments. Furthermore, Mr. Al-Halabi was a partner at KPMG and he has also acted as chief executive officer of Dubai Properties, a member of Dubai Holding, and has held other executive roles within Dubai Holding. Mr. Al-Halabi has more than 18 years' experience in the real estate sector, with expertise in financial restructuring, crisis and debt management, credit enhancements and joint ventures.

- ***Remi Ishak (Group Chief Financial Officer)***

Mr Ishak is the chief financial officer of the REIT Manager. Mr Ishak joined the REIT Manager from hospitality management giant, Westmont Hospitality Group. In a career spanning 12 years with

Westmont, he has worked in a number of different finance roles initially in Toronto, Canada and more recently as a managing director in both Singapore and Tokyo, directing the Westmont Hospitality Group's business across the Asia region. He played a central role in the largest ever hospitality REIT privatisation on the Toronto Stock Exchange and has been active in the Westmont Hospitality Group's international real estate acquisition and disposal program.

- ***Arsheen Saulat (Chief Compliance Officer and Money Laundering Reporting Officer)***

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

The Fund Management Agreement

Emirates REIT is managed by the REIT Manager pursuant to the Fund Management Agreement. The following is a summary of the key provisions of the Fund Management Agreement.

Overview

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

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

REIT Manager Fee Overview

Management Fee

The REIT Manager is entitled to receive from Emirates REIT a fund management fee of an amount equal to 1.5 per cent. per annum of the gross asset value of Emirates REIT (the **Fund Management Fee**) as consideration for the services it provides as REIT Manager. The Fund Management Fees are payable on a quarterly basis by Emirates REIT.

Performance Fee

The REIT Manager is also entitled to receive from Emirates REIT an annual performance fee (the **Performance Fee**). The annual Performance Fee is equal to 3.0 per cent. of the increase in the NAV per share (adjusted for historical dividend payments) previously used in calculating the Performance Fee and will be calculated by taking the NAV per share at the end of the financial year, subtracting from that value per share the highest NAV per share previously used in calculating the Performance Fee and then multiplying that resulting figure by the number of shares in issue at the end of the financial year in question. The base NAV per share of Emirates REIT will be the highest NAV per share determined on any previous date on which the Performance Fee was calculated. Notwithstanding that the fees described above are limited by their terms to a particular percentage of assets or income, as the case may be, there is no limit on the amount of any such fees that may, in the aggregate, be paid to the REIT Manager.

Termination

The REIT Manager is appointed to manage Emirates REIT and the Properties on a non-exclusive basis in accordance with: (i) the Articles; (ii) the CIL; (iii) the DFSA Rules (including, without limitation, the CIR); and (iv) the Fund Management Agreement.

The REIT Manager may terminate the Fund Management Agreement if: (i) Emirates REIT goes into liquidation, becomes insolvent or is wound up; (ii) Emirates REIT commits a material breach of the Fund Management Agreement and fails to rectify such breach within 30 days of receipt of written notice requiring it to do so; (iii) Emirates REIT is wound up on immediate notice; or (iv) the REIT Manager gives three months' notice to

Emirates REIT. Emirates REIT is entitled to reciprocal termination rights as described in (i) and (ii) above should any of those termination events be applicable to the REIT Manager and, also, in the event that the REIT Manager ceases to be authorised to act as such. Emirates REIT is otherwise required to provide the REIT Manager with three years' prior written notice in order to terminate the Fund Management Agreement.

CORPORATE STRUCTURE AND GOVERNANCE

Emirates REIT Director

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

Committees

A number of committees have been appointed by the REIT Manager in varying capacities in accordance with the CIL, the CIR and the Articles. These are: (i) the Oversight Committee, which supervises the activities of the REIT Manager in accordance with the CIL and the 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 REIT Manager prior to Emirates REIT's entry into such investments; and (iii) the Shari'a Supervisory Board, which advises the REIT Manager and Emirates REIT on matters of Shari'a and ensures the compliance of Emirates REIT's business with the principles of Shari'a in accordance with Chapter 6 of the IFR. Additionally the Advisory Board provides expert advice and general views on the current state of the real estate market and specific ad hoc advice in relation to various projects and potential acquisition targets of Emirates REIT from time to time.

Oversight Committee

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

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

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

The REIT Manager must also ensure that its systems and controls make provision to enable: (i) the compliance officer to have unrestricted access to members of the Oversight Committee and to their reports and recommendations; (ii) the REIT 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 REIT Manager which are not remedied by the REIT 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 Emirates REIT 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 four principles of: (i) observing high standards of integrity and fair dealing and disclosing relevant financial interests; (ii) acting with due skill, care and diligence; (iii) observing proper standards of conduct in financial markets; and (iv) dealing with the DFSA in an open and co-operative manner (and, in so doing, disclosing appropriately any information of which the DFSA would reasonably be expected to be notified of);
- (c) monitor whether the REIT Manager is:
 - managing Emirates REIT in accordance with, *inter alia*, the Articles 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 Emirates REIT under the CIL or the DFSA Rules; and
 - complying with all the terms and conditions of the REIT Manager's DFSA licence particularly with respect to management of Emirates REIT;
- (d) assess whether the REIT Manager's systems and controls, particularly those relating to risk management and compliance, operate as intended and remain adequate;
- (e) report to the REIT 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 REIT Manager as to whether the REIT Manager's systems and controls relating to the oversight function of Emirates REIT are operating as intended and remain adequate at least quarterly at a board of directors meeting of the REIT Manager;
- (g) report to the DFSA if the REIT Manager has failed, or is reasonably likely to fail, to take appropriate action to rectify or remedy a matter reported to the REIT 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 Properties 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 Emirates REIT (the Oversight Committee is required to meet four times a year under its current terms of reference);
- (j) prepare a report for the shareholders each year. The Oversight Committee report must contain a description of the Oversight Committee's oversight duties and in respect of the safekeeping of the Properties; a statement whether, in any material respect or not, the issue, sale, redemption, cancellation, calculation of the price of the shares in Emirates REIT and the application of Emirates REIT's income have been carried out in accordance with the CIR and the Articles, and a statement whether, in any material respect, the investment and financing powers and other restrictions applicable to Emirates REIT have been exceeded;
- (k) consider and, if thought fit, approve the appointment and removal of the Administrator;
- (l) approve the terms of a proposed transaction with a related party where the total consideration or value of the investment opportunity is five per cent. or more of the latest NAV;
- (m) approve related party transactions in the nature of services provided relating to the Real Property of Emirates REIT in the ordinary and usual course of estate management, including renovation and maintenance work; and

- (n) approve the terms of engagement by the REIT Manager of related parties as property agents to provide such property agent services to Emirates REIT.

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

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

- Fahad Kazim
- Suresh Kumar
- Mustafa Naim Al Hashimi

Fahad Kazim

Fahad Kazim was appointed to the Oversight Committee on 2 May 2016. Mr. Kazim is currently the senior advisor to the Group Chairman at Meraas Holding. Prior to Meraas Holding, he served as Chief Investment Executive Officer at Bright Start LLC for two years. Mr. Kazim helped formalise Bright Start's overall investment strategy and oversaw its real estate projects, including a Four Seasons Hotel and a mixed-use development project in Dubai. Prior to Bright Start LLC, Mr. Kazim worked with PricewaterhouseCoopers as part of the transaction services team, focusing on financial due diligence and valuation assignments and advising clients on buy/sell transactions in the real estate sector with a focus on the hospitality and retail industries. He was also involved in significant assignments, including the establishment of one of the largest real estate development companies in the Kingdom of Saudi Arabia. Mr. Kazim serves as Non-Executive Director on the boards of Arthogen BV, Dubai Parks and Resorts PJSC, Dubai Hills and Rove Hotels. Mr. Kazim holds a bachelor's degree in Accounting from Concordia University in Canada and is a qualified Certified Public Accountant.

Suresh Kumar

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

Mustafa Naim Al Hashimi

Mustafa Naim Al Hashimi was appointed to the Oversight Committee on 2 July 2017. Mr Al Hashimi has over 10 years' experience in the real estate sector with a focus on hospitality. Mr Al Hashimi is currently the Chief Hospitality & Leisure Officer at Wasl Group, where he leads the hospitality asset management team and oversees the development of new projects. During his time at the Wasl Group, Mr Al Hashimi has transformed the structure and culture of the organisation efficiently, which has resulted in an exponential financial growth year on year whilst winning multiple international and local awards in both service excellence and facility management. Mr Al Hashimi holds a Bachelor Degree in Engineering from Concordia University in Montreal, Canada and was part of the UAE Consortium for Executive Development from INSEAD.

Investment Committee

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

The Investment Committee is required to comprise 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 Emirates

REIT's investments. Each member of the Investment Committee must be independent of the REIT Manager and each shareholder. Each member of the Investment Committee is appointed for an initial period of 12 months.

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

The Investment Committee members are not permitted to involve themselves with the day-to-day management of Emirates REIT. The function of the Investment Committee is to review and confirm it has no objection to prospective investment opportunities proposed by the REIT Manager prior to any proposed investment being made by Emirates REIT. It also reviews: (i) proposed transactions with a Related Party where the total consideration or value of the investment opportunity is five per cent or more of the latest NAV; and (ii) the engagement by the REIT Manager of related parties as property agents to provide such property agent services to Emirates REIT.

Where the REIT 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 REIT 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 U.S.\$35,000 per annum from Emirates REIT.

Each member of the Investment Committee is indemnified by Emirates REIT 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:

- Abdullah Al Hashemi
- Marwan Bin Ghulaita
- Captain David Ralph Savy

Abdullah Al Hashemi

Abdullah Al Hashemi was appointed to the Investment Committee on 22 June 2014. Mr Al Hashemi is a director and owner of Al Hashemi, a planning, architectural and engineering company. Mr Al Hashemi is also a director and member of the board for the Dubai Electricity and Water Authority (DEWA). He was educated in Egypt and graduated from the Fine Arts Academy – Egypt in 1979 with a bachelor of Architecture. From 1979 to 1983, Mr Al Hashemi worked with the Ministry of Public Works. He then moved to work for Dubai Municipality from 1983 to 2004, where he was appointed as Head of the Planning Department. Previously, Mr Al Hashemi has served on the boards of the DIB, AWQAF & Minor Affairs Foundation and the Private Housing Finance Scheme.

Marwan Bin Ghulaita

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

Captain David Ralph Savy

Captain David Ralph Savy was appointed to the Investment Committee on 13 December 2010. Captain Savy served as chairman and chief executive of Air Seychelles for a period of 14 years until February 2011. He is

currently the chairman of the Seychelles Civil Aviation Authority. Captain Savy launched his professional career as a pilot soon after his studies and has held both civilian and military posts. Civilian posts included airline captain, general manager flight operations, chief pilot, trainer and examiner with Air Seychelles. On the military side, Captain Savy served in several posts varying from commanding officer of the Seychelles Airwing to the Seychelles Defence Academy. He also holds the title of Lieutenant Colonel (Retired).

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

Shari'a Supervisory Board

The REIT Manager has appointed a Shari'a Supervisory Board in accordance with the CIR and Chapter 6 of the IFR.

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

- the provision of assistance with respect to the on-going legal and operational structure of Emirates REIT, including its Investment Objective, criteria and strategy, to ensure compliance with the principles of Shari'a;
- reviewing and satisfying itself that the legal structure and operations of Emirates REIT, including the Articles, Emirates REIT's Investment Objective, criteria and strategy, comply with the principles of the Shari'a;
- providing on-going support to Emirates REIT in respect of questions or queries shareholders may raise in respect of the on-going Shari'a compliance of Emirates REIT;
- providing on-going assistance to Emirates REIT in remaining compliant with Shari'a and active assistance in correcting and/or mitigating any errors if made; and
- convening annual meetings between the REIT Manager and the Shari'a Supervisory Board and an audit of Emirates REIT to ensure its operational activities and all investment transactions, including the Investment Objective of Emirates REIT are or were made in accordance with the principles of Shari'a.

The Shari'a Supervisory Board has final authority with regard to the Shari'a compliance of all business and investment activities of Emirates 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 Emirates REIT is binding on Emirates REIT and the shareholders in terms of Shari'a compliance. Each member of the Shari'a Supervisory Board is entitled to receive a fee of up to U.S.\$35,000 per annum from Emirates REIT.

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

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

- Fazal Rahim
- Dr. Mohamed Abdul Hakim Zoeir
- Mian Muhammad Nazir

Fazal Rahim

Mr. Fazal Rahim was appointed to the Shari'a Supervisory Board on 1 February 2016. Mr. Rahim holds an M.A. in economics from the University of Karachi, Pakistan, a B.A. in Islamic Studies & Arabic from the University of Karachi, Pakistan and a PGD in Islamic Banking and Insurance from IIBI, London. He has also been certified as a Shari'a Adviser and Auditor by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), Kingdom of Bahrain.

Mr. Rahim is an accomplished Shari'a practitioner in the field of Islamic banking and finance with more than 20 years of experience with local and regional banks. He has vast experience in structuring, developing and

documenting Islamic products, services and transactions across the Islamic banking and finance industry and has worked closely with regional Shari'a scholars.

Mr. Rahim has also undertaken and produced extensive research on many contemporary Islamic finance and banking topics. He is a member to the Islamic Banking Committee of the UAE Central Bank (the UAECB), Islamic Banking Committee of the UAE Banking Federation (the UAEBF) and Islamic Banking Coordination Committee of UAE Islamic banks.

Dr. Mohamed Abdul Hakim Zoeir

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

Mian Muhammad Nazir

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

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

Advisory Board

In addition to its obligations under the CIR, the REIT Manager has constituted an Advisory Board to provide expert advice and general views to the REIT Manager on the current state of the real estate market together with opinions on recent trends and developments and also specific *ad hoc* advice in relation to various projects and potential acquisition targets of Emirates REIT from time to time. The Advisory Board has no role in any investment decisions, review of investments or the day to day activities of Emirates REIT and its activities do not overlap with those of the Oversight Committee, Investment Committee or Shari'a Supervisory Board.

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

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

- Khalid Al Malik
- Kunal Bansal
- Michael Wunderbaldinger

Khalid Al Malik

Mr Al Malik is the group chief executive officer of Dubai Properties Group, a leading real estate developer in the UAE. Mr Al Malik continues to spearhead Dubai Properties Group growth strategy and has lead restructuring of the business in delivering fully integrated real estate developments and property management solutions.

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

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

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

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

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

Kunal Bansal

Kunal Bansal was appointed to the Advisory Board on 31 January 2013. Mr Bansal has been a director and partner at Vintage Bullion DMCC since its formation. Vintage Bullion holds 12 per cent. of the total issued share capital of Emirates REIT as at the date of this Prospectus. Mr Bansal holds a B.Sc in finance from the Rochester Institute of Technology.

Michael Wunderbaldinger

Michael Wunderbaldinger was appointed to the Advisory Board on 2 October 2014. Mr. Wunderbaldinger has served as the chief financial officer of TECOM Investments and of Unibail-Rodamco, the largest listed, fully integrated real estate conglomerate in Europe, where he was responsible for operations in Central & Eastern Europe. Prior to this, Mr. Wunderbaldinger was chief financial officer and chief operating officer at General Electric with various responsibilities for European wide operations, including emerging markets in Eastern & South Eastern Europe as well as for Russia and Turkey, both in the banking as well as real estate industry. Mr. Wunderbaldinger has extensive experience across a range of finance disciplines including restructuring and acquisition, corporate governance and compliance, real estate valuations and modelling, due diligence, and deal structuring. Mr. Wunderbaldinger holds a Master's degree in Economics & Business from the Vienna University of Economics and Business Administration, as well as an MBA in General Management from the Erasmus University, Rotterdam, The Netherlands. He also holds a MBA (MBA Exchange Program) in Financial Management & Strategy from the University of Texas, Austin, U.S.A.

Management of potential conflicts of interest

The management of conflicts of interests is of essential importance to Emirates REIT's corporate governance and regulatory requirements under the CIL, the CIR and the Articles.

REGULATORY OVERVIEW

DIFC

The DIFC is a financial free zone with its own civil and commercial laws established in 2004 in the Emirate of Dubai. The DIFC has been granted authority to self-legislate in civil and commercial areas. Companies operating in the DIFC are subject to the DIFC Companies Law. Financial activities in the DIFC are governed by the DIFC Regulatory Law No. 4 of 2004 as amended (the **DIFC Regulatory Law**), which also governs the operation of the DFSA. Legislation, rules and regulations governing companies incorporated in the DIFC and financial activities in the DIFC are available on the websites of the DIFC and the DFSA at www.difc.ae and www.dfsa.ae, respectively. **Neither the Trustee, Emirates REIT, the REIT Manager nor the Joint Lead Managers 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 DFSA Official List and for listing authority functions within the DIFC was transferred from Nasdaq Dubai to the DFSA. As a result of this regulatory change, the DFSA is now responsible for the approval of prospectuses and the admission of companies to the Official List of Securities (the **DFSA Official List**), while Nasdaq Dubai is responsible for the admission of securities to trading where an entity has been admitted to the DFSA 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 DFSA 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 DIFC Markets Law No. 1 of 2012, as amended, the DIFC Law Regulating Islamic Financial Business No. 13 of 2004, as amended, the DIFC Trust Law No. 11 of 2005, as amended and the DIFC Investment Trust Law No. 5 of 2006, as amended. In addition, additional guidance is provided by the DFSA pursuant to "Rules" set out in the "DFSA Rulebook", which comprise subsidiary legislation issued under the DIFC Regulatory Law by the board of directors of the DFSA for the purposes of supplementing any law administered by the DFSA. The DFSA Rulebook is made up of topic-area modules which specify their scope and the audience to whom they apply. The DFSA Rulebook contains additional commentary as guidance which is designed to assist DIFC participants in complying with their legal and related obligations. Certain other matters that are not Rules, such as application forms and returns are contained in the DFSA Sourcebook modules, which also comprise topic-area modules.

Nasdaq Dubai

Nasdaq Dubai is a securities exchange located in the DIFC. It was incorporated on 29 September 2004 as a DIFC limited liability company under the DIFC Companies Law. Nasdaq Dubai commenced operations on 26 September 2005. Nasdaq Dubai has been granted a licence by the DFSA to operate as an Authorised Market Institution under the DIFC Regulatory Law and is regulated by the DFSA.

The majority shareholder of Nasdaq Dubai is the Dubai Financial Market PJSC (the **DFM**) which, in May 2010, acquired two thirds of Nasdaq Dubai's total issued share capital. Borse Dubai Limited (owned by Dubai Financial Group LLC and ICD) holds the remaining one third of Nasdaq Dubai's shares. In July 2010, Nasdaq Dubai outsourced its trading and other key operational functions relating to equity securities to the DFM and investors are now able to trade on both exchanges using one national investor number.

As of 6 December 2017, there were nine equity securities, 74 Sukuk, 22 bonds and two funds listed on Nasdaq Dubai and 37 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, Structure 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. **Neither the Trustee, Emirates REIT, the REIT Manager nor the Joint Lead Managers have independently verified the information contained on this website nor can they provide any assurance as to the accuracy or completeness of such information. The information contained on the Nasdaq Dubai website does not form a part of, and is not incorporated by reference into, this Prospectus.**

Nasdaq Dubai is governed by its board of directors, comprised of seven directors, including the chief executive officer and chief operating officer, and three committees: the audit and risk management committee, the market oversight committee and the nomination and remuneration committee, all of which have formal charters detailing the role, responsibilities and membership requirements and require that each committee meets at least four times a year. The market oversight committee supervises the regulatory functions carried out by other areas of Nasdaq Dubai, including the application of the Nasdaq Dubai's rules and regulations, members' conduct of business and the regulatory aspects of the clearing and settlement functions. The audit and risk management committee is responsible for the independent and objective oversight of legal and regulatory compliance, governance issues, internal control and risk management, financial reporting, external and internal auditors and financial controls. The nomination and remuneration committee is responsible for recommending new members to the board, succession planning for the board and senior management, performance evaluation of the board and key executives and determining remuneration of directors and senior managers and employee benefit structures.

DFSA Collective Investment Funds regime

In 2006, the DFSA introduced the Collective Investment Funds (CIF) regime to the DIFC. It was established, *inter alia*, in order to enhance the appeal of the DIFC as a suitable jurisdiction for investment funds, fund managers and other service providers.

In 2010, significant reforms were made to the DFSA's CIF regime in order to more closely align it with the regimes of established funds jurisdictions. The reforms, which came into effect on 11 July 2010, were made pursuant to the CIL and the CIR (together with certain related amendments to the DIFC Regulatory Law and other DFSA Rulebook modules issued by the DFSA). The CIL was amended by the DIFC Amendment Law No.7 of 2012 on 23 December 2012, and was further amended by the DIFC Amendment Law No.1 of 2014 on 21 August 2014. An updated version of the CIR was issued by the DFSA on 13 June 2013 and came into force on 14 July 2013.

CIL

The CIL is one of the core financial services laws issued by the DFSA which applies to Emirates REIT and the REIT 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.

CIR

The CIR supplements 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 under 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 sets 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), REITs, feeder funds, master funds, fund of funds and umbrella funds.

Under the CIR, Emirates REIT is a Domestic Fund, being a fund established in the DIFC, a Public Fund (on account of some or all of its shares have been offered to investors by way of a public offer), and further a Property Fund as it is dedicated to investment in real property, a REIT on account of it being constituted as an investment company, primarily aimed at investments in real property (as it distributes to its shareholders at least 80 per cent. of its audited annual net income subject to Emirates REIT having sufficient cash available to make such a distribution and the distribution being in compliance with all local laws), and also an Islamic Fund, on account of its operations being conducted, and held out as being conducted, in accordance with Shari'a.

The CIR also regulates 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 unit holders, approvals and notifications, maintaining records and delegations and outsourcing). In addition, the CIR sets out the requirements for the accounting, audit and reporting functions of a fund, as well as detailing the permitted framework for marketing funds. The CIR requirements that are specific to Public Funds are also set out in further detail in the CIR.

The CIR requires Emirates REIT to put in place certain oversight functions and to maintain an investment committee to review investments proposed by the REIT Manager. For further information on Emirates REIT's Oversight Committee and Investment Committee, and the regulatory requirements relating to such committees, please refer to the "*Description of Emirates REIT – Corporate Structure and Governance*" section of this Prospectus.

In addition, for further information on Emirates REIT and the REIT Manager's compliance with the CIR, please refer to the "*Description of Emirates REIT – Corporate Structure and Governance*" and "*Description of Emirates REIT – The REIT 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 REIT Manager to convene a general meeting of shareholders. Where fundamental changes to Emirates REIT are proposed, the REIT Manager must obtain prior approval by way of a Special Resolution from the Shareholders. Fundamental changes include any change or event which changes the purpose or nature of Emirates REIT, may materially prejudice a shareholder, alters the risk profile of Emirates REIT or introduces any new type of payment out of the Property of Emirates REIT. 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 Emirates REIT, results in any increased payments out of the Property of Emirates REIT to the REIT Manager or any other director or an associate of either, or materially increases other types of payment out of the Property of Emirates REIT. The REIT 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 Emirates REIT). If alterations to the Articles in respect of investment, borrowing or gearing powers are proposed, or if the REIT Manager or the Auditor is to be replaced, the REIT Manager must obtain shareholders' consent by way of a Special Resolution. Pursuant to the CIL, if Emirates REIT 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 DIFC Companies Law requires all amendments to the Articles to be made by way of a Special Resolution.

Islamic Finance Rules (IFR)

The IFR contained within the DFSA Rulebook applies to Emirates REIT on account of Emirates REIT being a Domestic Fund which is an Islamic Fund and conducted in accordance with Shari'a.

The IFR imposes a series of obligations that Emirates REIT is required to comply with, such as ensuring that its Articles state that its entire business will be conducted in accordance with Shari'a (and, accordingly, conducting business in such a manner), establishing and maintaining systems and controls to enable it to comply with 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 applicable Shari'a requirements. In addition, certain accounting and auditing requirements must be met, such as ensuring that financial statements contain specific disclosures relating to the role and authority of the Shari'a Supervisory Board, and the method used in the calculation of Zakat. Further, being both a CIF and an Islamic Fund, additional requirements must be satisfied which include ensuring that (i) the Articles are and remain approved

by the Shari'a Supervisory Board, (ii) its investments are made in property assets which complies with Shari'a principles and (iii) Emirates REIT distributes to its Shareholders at least 80 per cent. of its audited annual net income (which is subject to Emirates REIT having sufficient cash available to make such a distribution and the distribution being in compliance with all local laws).

For further information on the Shari'a Supervisory Board, and the regulatory requirements relating to it, please refer to the "*Description of Emirates REIT – 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 Dubai 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 in Dubai to have its own real estate laws based upon common law systems.

Forms of ownership

In Dubai, outside of the DIFC, the available interests in real estate include absolute ownership, usufruct, musataha and lease rights. In the DIFC, the available interests in real estate including absolute ownership 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 a property right to own an area of real estate together with those elements that cannot be separated from the real estate, as well as to enjoy the rights benefiting the real estate (subject to all matters affecting the real estate (such as easements)).

Usufruct

This is a property right to use and occupy for a certain period real estate belonging to another person. 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 real estate and create a legal interest in the real estate itself (i.e. a property right). The grantee of a usufructuary right may assert and protect his rights in the real estate in his own name.

Musataha

This is a property right to use and occupy for a certain period real estate belonging to another person (similar to usufruct) but whereby the holder of the right can build on or alter the real estate that is the subject of the right. The grantee will own the buildings constructed on the real estate for the term of the musataha. This right therefore has an additional benefit 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, usufruct and mustaha interests, personal rights do not attach to or create a legal interest in the real estate 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, long leases in Dubai now enjoy some of the benefits and protections afforded to property rights (explained below).

Depending on the length of the contractual term, leases in Dubai are divided into short and long leases. Short leases should be registered with RERA on its register of tenancy contracts (known as “Ejari”) and are subject to the Dubai Tenancy Laws. It is not possible (at present) to register a mortgage over a short lease recorded on Ejari. Long leases should be registered with the Dubai Land Department on its real estate register and are subject to the real estate laws, rules and regulations promulgated by the Government of Dubai. It is possible to register (and enforce) a mortgage over a long lease recorded on the real estate register.

Ownership by Emirates REIT of real estate in Dubai and RAK

Emirates REIT, pursuant to the Dubai Ruler's Decree and acting through its Onshore Dubai Branch, is permitted to acquire properties anywhere within Onshore Dubai, **provided always that** the following conditions are met:

- the acquired property is registered in the name of the Onshore Dubai Branch;
- no less than 51 per cent. of the issued share capital of Emirates REIT is owned at all times by UAE and/or GCC nationals; and
- in the event that the Onshore Dubai Branch or Emirates REIT is liquidated, no transfer of any property located in Onshore Dubai that is outside the designated areas for freehold ownership shall be made to a Shareholder who is not a UAE and/or GCC national.

Pursuant to the RAK Ruler's Decree, any current and future REITs managed by Equitativa (including Emirates REIT) are permitted to acquire property rights in the Emirate of Ras Al Khaimah, including inside and outside of investment zones, subject to the following conditions:

- the acquired property is registered in the name of a REIT managed by Equitativa or a duly licensed branch or subsidiary of the REIT;
- no less than 51 per cent. of the total shares of the REIT shall at all times remain owned by UAE and/or other GCC nationals;
- the winding-up or dissolution of the REIT shall not lead to any non-UAE or non-GCC national owning a freehold or any other real property rights outside of the areas designated for foreign ownership;
- the REIT must be duly established and licensed in the UAE (including in any recognised financial free-zone) and must apply to the Government of Ras Al Khaimah Investment and Development Office for approval as a qualifying REIT under the RAK Ruler's Decree; and
- the REIT must be managed by a duly licensed UAE entity of Equitativa.

Rental and leasing laws and regulation in Dubai

Subject to the requirements of applicable legislation in Dubai (such as the Landlords and Tenants Relationship Law No. 26 of 2007), lease terms (including the length of the lease term) can be freely negotiated. Office leases tend to have a term of between three and five years, and the right to extend can be negotiated. Generally, the maximum lease term is 99 years. There is a standard template of lease terms that is often used for leases in Dubai, although additional provisions can be agreed between the landlord and tenant.

Unless the parties have agreed otherwise, the landlord is responsible for the general maintenance of the property and rectifying any defects or faults that affect the tenant's enjoyment of the property. The landlord's right to terminate a lease is set out under Law No. 33 of 2008. The Landlord may evict a tenant before the expiry date of the lease, if (among other things) the tenant has been in arrears of rent for more than 30 days after due demand, or on expiry of the lease term where the landlord intends to sell or occupy the property.

Periodically, rent decrees had been issued to regulate rent increases for 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 per cent. in certain limited circumstances.

Money laundering and financial crime regime in the UAE

'Authorised Firms' under the Anti-Money Laundering, Counter-Terrorist Financing and Sanctions Module of the DFSA Rules (the **AML**) are required to maintain adequate policies, procedures, systems and controls in place to prevent the activity of money laundering and terrorist financing.

Emirates REIT itself is not a 'Relevant Person' for the purposes of the AML, however the REIT Manager is, since it is an 'Authorised Firm'. The REIT 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 REIT 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 REIT 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 (as amended by Federal Law No. 9 of 2014) 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 REIT Manager.

SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the principal Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the principal Transaction Documents. Copies of the Transaction Documents will be available for inspection at the offices of the Principal Paying Agent (as defined in the Conditions). Words and expressions defined in "Terms and Conditions of the Certificates" shall have the same meanings in this section.

Purchase Agreements

The Dubai Purchase Agreement will be entered into on the Issue Date between the Trustee (in its capacity as Trustee and as Purchaser) and the Obligor (in its capacity as Seller) and will be governed by the laws of the Emirate of Dubai and, to the extent applicable to the Emirate of Dubai, the federal laws of the UAE.

The DIFC Purchase Agreement will be entered into on the Issue Date between the Trustee (in its capacity as Trustee and as Purchaser) and the Obligor (in its capacity as Seller) and will be governed by the laws of the DIFC.

Pursuant to the Purchase Agreements, the Seller will sell to the Purchaser and the Purchaser will purchase from the Seller, in each case, on the Issue Date all of the Seller's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets comprising the Initial Wakala Portfolio at the Purchase Price, being an amount which shall not be less than 55 per cent. of the Proceeds.

Service Agency Agreement

The Service Agency Agreement will be entered into on the Issue Date between the Obligor (in its capacity as Servicing Agent) and the Trustee and will be governed by English law.

Services

Pursuant to the Service Agency Agreement, the Trustee will appoint the Servicing Agent to manage the Wakala Portfolio. In particular, the Servicing Agent will undertake to provide, inter alia, the following services during the Wakala Ownership Period (the **Services**):

- (a) it shall manage the Wakala Portfolio in accordance with the wakala services plan set out in the schedule to the Service Agency Agreement;
- (b) it shall ensure that the Wakala Portfolio will comprise only Eligible Wakala Assets;
- (c) it shall, subject to clause 5.2 of the Service Agency Agreement, ensure that the Tangibility Ratio shall, at all times, remain 51 per cent. or more and if, at any time, the Tangibility Ratio should fall below 51 per cent., the Servicing Agent shall promptly take any and all steps as may be required to maintain such Tangibility Ratio;
- (d) it shall use all reasonable endeavours to manage the Wakala Portfolio such that the Value of the Wakala Assets, when aggregated with the aggregate amounts of Deferred Sale Price then outstanding, is at all times at least equal to the aggregate face amount of the Certificates then outstanding;
- (e) it shall carry out all Major Maintenance and Structural Repair in respect of the Wakala Assets on account and on behalf of the Trustee and in so doing the Servicing Agent shall:
 - (i) ensure that accurate and current records are kept of all Major Maintenance and Structural Repair activities;
 - (ii) conduct regular and proper inspection of the Wakala Assets and ensure that Major Maintenance and Structural Repair is carried out with the proper quality of materials and workmanship; and
 - (iii) ensure that Major Maintenance and Structural Repair is carried out by qualified persons and in accordance with all applicable regulations and law,

in each case, in accordance with good maintenance practice expected from a prudent person carrying on business and operations similar to that of the Servicing Agent on an arm's length basis and in order to fully maintain the Value of the Wakala Assets;

- (f) it shall promptly pay, on behalf of the Trustee, all Proprietorship Taxes (if any) charged, levied or claimed in respect of the Wakala Assets by any relevant taxing authority and promptly, upon request,

provide to the Trustee appropriate receipts or certificates from the relevant taxing authority for the full amount of all Proprietorship Taxes paid by it;

- (g) it shall do all acts and things (including the execution of such documents, issue of notices and commencement of any proceedings) that it considers reasonably necessary to ensure the assumption of and compliance by each Lessee with its covenants, undertakings or other obligations under the relevant Lease to which it is a party in accordance with all applicable laws and the terms of the relevant Lease, in each case in respect of the Wakala Assets;
- (h) it shall discharge or procure the discharge of all obligations to be discharged by the Servicing Agent (in whatever capacity) in respect of any of the Wakala Assets;
- (i) it shall pay on behalf of the Trustee any actual costs, expenses and losses which would otherwise be payable by the Trustee as a result of any interest that the Trustee may have in the Wakala Portfolio;
- (j) it shall ensure the timely receipt of all Wakala Portfolio Revenues, investigate non-payment of Wakala Portfolio Revenues and generally use all reasonable efforts to collect or enforce the collection of such Wakala Portfolio Revenues under the relevant contract or instrument as and when the same shall become due and shall record such Wakala Portfolio Revenues in the Wakala Collection Account;
- (k) it shall keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all amounts due in respect of the Wakala Portfolio Revenues;
- (l) it shall ensure that all Wakala Portfolio Revenues are received free and clear of, and without withholding or deduction for, Taxes;
- (m) it shall use all reasonable endeavours to ensure that the Wakala Portfolio Revenues in respect of each Wakala Distribution Period are (following conversion into U.S. dollars, if required, at the then applicable exchange rate) at least equal to the Expected Wakala Portfolio Revenues Amount;
- (n) it shall maintain the Wakala Collection Account and the Wakala Collection Reserve Account in accordance with clause 6 of the Service Agency Agreement;
- (o) it shall obtain all necessary licences, authorisations, consents and approvals in connection with any of the Wakala Assets and its obligations under or in connection with the Service Agency Agreement;
- (p) it shall renew existing Leases relating to the Wakala Assets, or where such leases are not to be renewed or do not exist, source new tenants; and
- (q) it shall carry out any incidental matters relating to any of the above.

The Servicing Agent will agree in the Service Agency Agreement to:

- (a) provide the Services in accordance with all applicable laws and regulations;
- (b) provide the Services with the degree of skill and care that it would exercise in respect of its own assets; and
- (c) manage the Wakala Assets and the Wakala Portfolio Revenues in accordance with generally accepted Shari'a principles.

For these purposes:

Eligible Wakala Asset means a Real Estate Asset:

- (a) in respect of which the relevant Lessee: (i) is generating cashflows relating to an activity which does not conflict with the principles of Shari'a; and (ii) is not in breach of its payment obligations under any document relating to such Real Estate Asset;
- (b) in respect of which the obligations contained in the documents entered into by the Lessee thereof constitutes legal, valid, binding and enforceable obligations of the Lessee thereof under the governing law of such documents and in the jurisdiction in which such Lessee is located;
- (c) in respect of which the Seller is entitled to receive all payments due;
- (d) in respect of which there has not occurred an event of default, any acceleration or analogous event; and
- (e) which is capable of being sold and transferred by the Seller to the Purchaser in accordance with the terms set out in the Service Agency Agreement;

Lease means a lease entered into by the Obligor with a third party relating to a Real Estate Asset;

Lessee means any tenant or other party to a Lease who has undertaken to make payments pursuant to the terms of such Lease;

Major Maintenance and Structural Repair means all structural repair and major maintenance (excluding Ordinary Maintenance and Repair), including doing such acts or things and taking such steps to ensure that the Wakala Assets suffer no damage, loss or diminution in value without which such Wakala Assets could not be reasonably and properly used by the Lessee;

Ordinary Maintenance and Repair means all day-to-day repairs, replacements, acts, maintenance and upkeep works required for the general use and operation of the Wakala Assets and to keep, maintain and preserve such Wakala Assets in good order, state and condition;

Proprietorship Taxes means all taxes in relation to the Wakala Assets by law imposed, charged or levied against a proprietor, but excluding all taxes that are by law imposed, charged or levied against a lessee or tenant;

Tangibility Ratio means the ratio of: (i) the aggregate Value of the Wakala Assets to the aggregate Value of (ii) the Wakala Assets and the aggregate amounts of Deferred Sale Price then outstanding, in each case applicable at the relevant time;

Total Loss Event means, in respect of a Wakala Asset:

- (a) the total loss or destruction of, or damage to such asset or any event or occurrence which renders such asset permanently unfit for any economic use and (but only after taking into consideration the proceeds of any insurances or other indemnity granted by any third party in respect of such asset) the repair or remedial work in respect thereof is wholly uneconomical; or
- (b) the occurrence of any expiration, nationalisation, requisition, confiscation, attachment, sequestration or execution of any legal process in respect of such asset;

Value means, in respect of any Wakala Asset, the amount in U.S. dollars (following conversion, if necessary, of any relevant amount(s) at the applicable exchange rate) determined by the Obligor as being equal to the value of that Wakala Asset on the day on which it first became part of the Wakala Portfolio, which will be determined by the Obligor on the basis of the market value of the relevant Wakala Asset at the relevant time as set out in the relevant Purchase Agreement, the relevant Supplemental Purchase Agreement, the relevant Substitution Request or the relevant Sale Agreement, as the case may be; and

Wakala Ownership Period means the period commencing on the Issue Date and ending on the date on which all of the Certificates are redeemed in full.

Insurance and Total Loss Shortfall Amount

The Servicing Agent also irrevocably undertakes to the Trustee, that, in relation to the Wakala Assets, the Servicing Agent will:

- (a) be responsible for ensuring that the Wakala Assets are properly insured to the extent consistent with general industry practice by prudent owners of similar assets and, accordingly, shall effect such insurances in respect of the Wakala Assets (the **Insurances**), through brokers and with such reputable insurance companies in good financial standing, including against a Total Loss Event. The Servicing Agent undertakes to ensure that the insured amount relating to a Total Loss Event corresponding to each Wakala Asset will, at all times, be at least equal to the Value of such Wakala Asset;
- (b) promptly make a claim in respect of each loss relating to the relevant Wakala Assets in accordance with the terms of the Insurances; and
- (c) ensure that, in the event of a Total Loss Event occurring, all the proceeds of the Insurances against a Total Loss Event are in an amount equal to the Value of the relevant Wakala Asset and are paid in U.S. dollars directly into the Wakala Collection Account by no later than the 30th day after the occurrence of the Total Loss Event and that the relevant insurer(s) will be directed accordingly.

If the Servicing Agent fails to comply with the above provisions and as a result of such breach the amount (if any) credited to the Wakala Collection Account pursuant to paragraph (c) above is less than the Value of the relevant Wakala Asset (the difference between such Value of the relevant Wakala Asset and the amount credited to the Wakala Collection Account being the **Total Loss Shortfall Amount**), then the Servicing Agent (unless it proves beyond any doubt that any shortfall in the insurance proceeds is neither attributable to its negligence nor

its failing to comply with the terms of the Service Agency Agreement relating to insurance) irrevocably and unconditionally undertakes to pay (in same day, freely transferable, cleared funds) the Total Loss Shortfall Amount directly to the Wakala Collection Account by no later than close of business on the 31st day after the Total Loss Event has occurred. Subject to paying such Total Loss Shortfall Amount, there will be no further claim against the Servicing Agent for failing to comply with its insurance obligations. The Servicing Agent will be obliged to use all reasonable endeavours to use such insurance proceeds (and the Total Loss Shortfall Amount) to purchase further Eligible Wakala Assets. Any such breach will not, however, constitute an Obligor Event.

Wherever the Servicing Agent procures Insurances in accordance with the terms of the Service Agency Agreement (including the renewal of any Insurances in existence on the Closing Date) it shall use its reasonable endeavours to obtain such Insurances on a takaful basis if such takaful insurance is available on commercially viable terms. A breach of this requirement will not, however, constitute an Obligor Event.

Service Agency Liability Amounts and Fees

The Trustee and the Servicing Agent agree that any Service Agency Liabilities Amounts incurred by the Servicing Agent in providing the Services shall be paid (or reimbursed) by the Trustee by way of the application of amounts standing to the credit of the Wakala Collection Account by the Servicing Agent on the Trustee's behalf pursuant to paragraph (b) of the order of priority set out below under the heading "Collection Accounts" or otherwise on the Scheduled Dissolution Date (or any earlier Dissolution Date on which all of the Certificates are to be redeemed). For these purposes, **Service Agency Liabilities Amount** means the amount of any actual claims, losses, costs and expenses properly incurred or suffered by the Servicing Agent or other payments made by the Servicing Agent (excluding, for the avoidance of doubt, interest, penalty payments, costs of funds and opportunity costs) on behalf of the Trustee, in each case in providing the Services during a Wakala Distribution Period, but does not include any amount due to the Servicing Agent (or any third-party provider of a Liquidity Facility) under the Service Agency Agreement in respect of any Liquidity Facility.

The Obligor shall be entitled to receive a fee for acting as Servicing Agent under the Service Agency Agreement. In addition, following payment of all amounts due and payable under the Certificates on the Scheduled Dissolution Date (or any earlier Dissolution Date on which all of the Certificates are to be redeemed), the Servicing Agent shall be entitled to retain any amounts that remain standing to the credit of the Wakala Reserve Collection Account for its own account as an incentive payment for acting as Servicing Agent (the **Incentive Payment**).

Asset Substitutions

In the Service Agency Agreement, the Trustee and the Servicing Agent agree that, provided no Dissolution Event or Potential Dissolution Event has occurred and is continuing:

- (a) the Obligor may at any time exercise its rights under the Sale Undertaking to substitute any one or more of the Wakala Assets as it may select in accordance with, and subject to, the conditions of the Service Agency Agreement and the Sale Undertaking;
- (b) promptly following any default in respect of any Wakala Asset or the arising of any circumstances which render the Servicing Agent unentitled to collect all Wakala Portfolio Revenues in respect of any Wakala Asset for and on behalf of the Trustee, the Servicing Agent shall use its best endeavours to substitute such Wakala Asset, and such substitution shall be effected by the Trustee pursuant to the Purchase Undertaking; and
- (c) promptly upon the Servicing Agent becoming aware that any Wakala Asset is not an Eligible Wakala Asset and/or that the Seller is in breach of any of the representations and warranties contained in clause 6.2 of the relevant Purchase Agreement in respect of any Wakala Asset, the Servicing Agent shall use its best endeavours to substitute such Wakala Asset, and such substitution shall be effected by the Trustee pursuant to the Purchase Undertaking,

provided that in each case the Servicing Agent and the Trustee agree that the Value of any substitute Wakala Assets shall at least be equal to the Value of the Wakala Assets to be so substituted.

Collection Accounts

The Servicing Agent will maintain two ledger accounts (such accounts being referred to in the Service Agency Agreement as the Wakala Collection Account and the Wakala Reserve Collection Account) in its books each of which shall be denominated in U.S. dollars in which all Wakala Portfolio Revenues will be recorded.

Amounts standing to the credit of the Wakala Collection Account will be applied by the Servicing Agent on behalf of the Trustee on each Wakala Distribution Determination Date (being a date which is three Payment Business Days immediately preceding the Periodic Distribution Date) in the following order of priority:

- (a) *first*, in repayment of any amounts advanced by way of a Liquidity Facility;
- (b) *second*, in payment of any due but unpaid Service Agency Liabilities Amounts in respect of the Wakala Distribution Period ending immediately before the immediately following Wakala Distribution Date (which is also a Periodic Distribution Date);
- (c) *third*, the Servicing Agent shall pay into the Transaction Account an amount equal to the lesser of the Required Amount payable on the immediately following Periodic Distribution Date and the balance of the Wakala Collection Account; and
- (d) any amounts still standing to the credit of the Wakala Collection Account immediately following payment of all of the above amounts, shall be debited from the Wakala Collection Account and credited to the Wakala Reserve Collection Account.

Shortfalls

Amounts standing to the credit of the Wakala Reserve Collection Account shall be applied by the Servicing Agent as follows:

- (a) if on a Wakala Distribution Determination Date (after payment of the relevant amounts standing to the credit of the Wakala Collection Account into the Transaction Account taking into account any other payments made or to be made into the Transaction Account pursuant to any other Transaction Document) there is a shortfall between: (A) the amounts standing to the credit of the Transaction Account; and (B) the Required Amount payable on the immediately following Periodic Distribution Date (a **Shortfall**), by paying into the Transaction Account on that Wakala Distribution Determination Date from the amounts standing to the credit of the Wakala Reserve Collection Account (if any) (after the re-crediting of any amounts previously deducted) an amount equal to the lesser of the Shortfall and the then balance standing to the credit of the Wakala Reserve Collection Account;
- (b) the Servicing Agent may deduct amounts standing to the credit of the Wakala Reserve Collection Account at any time during the Wakala Ownership Period and use such amounts for its own account, provided that it shall immediately re-credit all such amounts to the Wakala Reserve Collection Account (for on-payment into the Transaction Account) if so required to fund a Shortfall or upon the occurrence of a Dissolution Event or a Total Loss Event; and
- (c) following payment in full of all amounts due and payable under the Certificates on the Scheduled Dissolution Date (or any earlier Dissolution Date on which all of the Certificates are to be redeemed), the Servicing Agent shall be entitled to retain any amounts that remain standing to the credit of the Wakala Reserve Collection Account for its own account as an Incentive Payment.

Liquidity Facility

In the Service Agency Agreement, the Servicing Agent agrees that it may, after payment to the Transaction Account of the amounts credited to the Wakala Reserve Collection Account in accordance with the provisions described at paragraph (a) under the heading “*Shortfalls*” and after payment to the Transaction Account of all other amounts payable pursuant to any other Transaction Document, either:

- (a) provide non-interest bearing (or otherwise Shari'a compliant) funding itself; or
- (b) procure non-interest bearing (or otherwise Shari'a compliant) funding from a third party,

in each case, to the extent necessary, by payment of the same in U.S. dollars into the Transaction Account, on terms that such funding is repayable: (i) from Wakala Portfolio Revenues in accordance with the provisions described at paragraph (a) under the heading “*Collection Accounts*”; or (ii) on the Scheduled Dissolution Date (or any earlier Dissolution Date on which all of the Certificates are to be redeemed), to ensure that the Trustee receives on the fourth Payment Business Day prior to each Wakala Distribution Date (as defined in the Service Agency Agreement) the Required Amount payable by it in accordance with the Conditions on the corresponding Periodic Distribution Date (such funding, a **Liquidity Facility**).

Payments under the Service Agency Agreement

The payment obligations of the Servicing Agent under the Service Agency Agreement will be direct, unconditional, unsubordinated and unsecured obligations of the Servicing Agent which (save for such exceptions as may be provided by applicable law and subject to the negative pledge provisions included in Condition 5.1) at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations from time to time outstanding.

Purchase Undertaking

The Purchase Undertaking will be executed on the Issue Date by the Obligor in favour of the Trustee and the Delegate and will be governed by English law.

Pursuant to the Purchase Undertaking, the Obligor will irrevocably grant to the Trustee and the Delegate (on behalf of the Certificateholders) the following rights:

- (a) provided that a Dissolution Event has occurred and a Dissolution Notice has been delivered in accordance with the Conditions, to require the Obligor, at any time on or prior to the Dissolution Event Redemption Date, to purchase on the Dissolution Event Redemption Date specified in the Exercise Notice all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets at the Exercise Price specified in the Exercise Notice;
- (b) to require the Obligor, on the Scheduled Dissolution Date, to purchase all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets at the Exercise Price specified in the Exercise Notice; and
- (c) to require the Obligor, on the applicable Substitution Date (as defined in the Purchase Undertaking), to assign, transfer and/or convey to the Trustee all of the Obligor's rights, title, interests, benefits and entitlements in, to and under the New Wakala Assets (as defined in the Purchase Undertaking), which shall be Eligible Wakala Assets of a Value: (i) not less than the Value of the Substituted Wakala Assets (as defined in the Purchase Undertaking); and (ii) when aggregated with the Value of any Wakala Assets not replaced or substituted on the Substitution Date, does not result in the Tangibility Ratio falling below 51 per cent., against the assignment, transfer and/or conveyance of all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Substituted Wakala Assets, provided that in respect of the Substituted Wakala Assets (or any of them) no Exercise Notice has been delivered under the Purchase Undertaking nor has any Exercise Notice (as defined in the Sale Undertaking) been delivered under the Sale Undertaking, in each case where such Exercise Notice remains outstanding and the related redemption or cancellation of Certificates referred to therein has not occurred in accordance with the Conditions,

in each case on an "as is" basis but free from any Encumbrance (without any warranty express or implied as to condition, fitness for purpose, suitability for use or otherwise and if any warranty is implied by law, it shall be excluded to the fullest extent permitted by law) and otherwise on the terms and subject to the conditions of the Purchase Undertaking.

The Purchase Undertaking will provide that, pursuant to the exercise of any such rights, the Obligor will purchase the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets at the Exercise Price:

- (a) paying a cash sum equal to the Exercise Price into the Transaction Account (in U.S. dollars by wire transfer for same day value) on the Dissolution Event Redemption Date;
- (b) paying a cash sum equal to the Exercise Price into the Transaction Account (in U.S. dollars by wire transfer for same day value) on the second Payment Business Day immediately preceding the Scheduled Dissolution Date; and
- (c) following payment of the relevant amount in full, enter into a sale agreement so as to evidence the relevant purchase.

Pursuant to the Purchase Undertaking, the Obligor will covenant and undertake that if the Exercise Price is not paid in accordance with the provisions of the Purchase Undertaking, whether as a result of a dispute or challenge in relation to the rights, title, interests, benefits and entitlements that the Trustee may have in, to and under the Wakala Assets or any of them, or for any other reason, the Obligor shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the

outstanding Certificates and, accordingly, the amount payable under any such indemnity claim will equal the Exercise Price.

Sale Undertaking

The Sale Undertaking will be executed on the Issue Date by the Trustee in favour of the Obligor and will be governed by English law.

Pursuant to the Sale Undertaking, the Trustee will irrevocably grant to the Obligor the following rights:

- (a) provided that a Tax Event has occurred, to oblige the Trustee to sell on the Early Tax Dissolution Date specified in the Exercise Notice all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets at the Exercise Price in accordance with the terms thereof;
- (b) to oblige the Trustee to transfer, assign and convey on any Substitution Date all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Substituted Wakala Assets against the transfer, assignment and conveyance to the Trustee of all of the Obligor's rights, title, interests, benefits and entitlements in, to and under the New Wakala Assets, which shall be Eligible Wakala Assets of a Value not less than the Value: (i) of the Substituted Wakala Assets; and (ii) when aggregated with the Value of any Wakala Assets not replaced or substituted on the Substitution Date, does not result in the Tangibility Ratio falling below 51 per cent., provided that: (i) no Exercise Notice has otherwise been delivered under the Sale Undertaking in respect of the Substituted Wakala Assets; (ii) no Exercise Notice has been delivered under the Purchase Undertaking in respect of the Substituted Wakala Assets or the Wakala Assets; and (iii) no Dissolution Event or Potential Dissolution Event has occurred and is continuing;
- (c) to oblige the Trustee to transfer to the Obligor on any Cancellation Date (as defined in the Sale Undertaking) the Cancellation Wakala Assets (as defined in the Sale Undertaking), together with all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Cancellation Wakala Assets, following the delivery of the Cancellation Certificates (as defined in the Sale Undertaking) to the Principal Paying Agent or the Registrar for cancellation pursuant to Condition 13.2 and subject to: (i) the aggregate Value of any Cancellation Wakala Assets not being greater than the aggregate face amount of the Cancellation Certificates less the Cancellation Proportion (as defined in the Sale Undertaking) of the aggregate amounts of the Deferred Sale Price then outstanding, if any; (ii) no Exercise Notice having otherwise been delivered under the Sale Undertaking in respect of the Cancellation Wakala Assets; (iii) no Exercise Notice having been delivered under the Purchase Undertaking in respect of the Cancellation Wakala Assets or generally; and (iv) the exercise of such right in relation to part only of the aggregate face amount of the Certificates then outstanding not resulting in the Tangibility Ratio falling below 51 per cent.; and
- (d) to oblige the Trustee to sell, transfer and convey all the Trustee's rights, benefits, entitlements, title and interests in, to and under the Wakala Assets on the Clean Up Call Right Dissolution Date at the Exercise Price,

in each case, to be on an "as is" basis but free from any Encumbrance (without any warranty express or implied as to condition, fitness for purpose, suitability for use or otherwise and if any warranty is implied by law, it shall be excluded to the fullest extent permitted by law) and otherwise on the terms and subject to the conditions of the Sale Undertaking.

Murabaha Agreement

The Murabaha Agreement will be entered into on the Issue Date between the Trustee (in its capacity as Commodity Seller) and the Obligor (in its capacity as Commodity Purchaser) and will be governed by English law.

Pursuant to the Murabaha Agreement, the Commodity Seller shall enter into a commodity purchase transaction with the Commodity Purchaser using no more than 45 per cent. of the proceeds of the issuance of the Certificates. The Commodity Seller shall agree and undertake that, on the receipt of a purchase order (the **Purchase Order**) from the Commodity Purchaser, the Commodity Seller shall sell to the Commodity Purchaser on the Issue Date and on the terms set out in the Purchase Order certain commodities at the Commodity Purchase Price. Following the purchase of the commodities by the Commodity Seller from the Supplier for Purchase (as defined in the Murabaha Agreement), and provided that the Commodity Seller has acquired title to, and actual or constructive possession of, the commodities, the Commodity Seller shall deliver to the Commodity

Purchaser by no later than the Issue Date a letter of offer and acceptance (the **Letter of Offer and Acceptance**) indicating the Commodity Seller's acceptance of the terms of the Purchase Order made by the Commodity Purchaser and detailing the terms of the offer for the sale of the commodities to the Commodity Purchaser from the Commodity Seller by no later than the Issue Date.

Pursuant to the Murabaha Agreement, the Commodity Purchaser shall irrevocably and unconditionally undertake to accept the terms of, countersign and deliver to the Commodity Seller any Letter of Offer and Acceptance delivered to it in accordance with the Murabaha Agreement and (as a result of the Commodity Seller having acted on the request of the Commodity Purchaser set out in the Purchase Order) purchase the commodities acquired by the Commodity Seller for the Deferred Sale Price.

As soon as the Commodity Purchaser has countersigned the Letter of Offer and Acceptance, a murabaha contract (a **Murabaha Contract**) shall be created between the Commodity Seller and the Commodity Purchaser upon the terms of the Letter of Offer and Acceptance and incorporating the terms and conditions set out in the Murabaha Agreement, the Commodity Seller shall sell and the Commodity Purchaser shall purchase the commodities on the terms set out in the Letter of Offer and Acceptance and ownership of and all risks in and to the relevant commodities shall immediately pass to and be vested in the Commodity Purchaser, together with all rights and obligations relating thereto.

The Declaration of Trust

The Declaration of Trust will be entered into on the Issue Date between the Trustee, the Obligor and the Delegate and will be governed by English law. Pursuant to the Declaration of Trust, the Trustee will declare a trust for the benefit of the Certificateholders over the Trust Assets.

The Trust Assets comprise: (a) the cash proceeds of the issue of Certificates, pending application thereof in accordance with the terms of the Transaction Documents; (b) all of the Trustee's rights, title, interests, benefits and other entitlements in, and to and under, the Wakala Assets; (c) all of the Trustee's rights, title, interests, benefits and other entitlements, present and future, in, and to and under, the Transaction Documents (including, without limitation, the right to receive the Deferred Sale Price under the Murabaha Agreement) (excluding: (A) any representations given by the Obligor to the Trustee and/or the Delegate pursuant to any of the Transaction Documents to which it is a party; and (B) the covenant given to the Trustee pursuant to clause 14.1 of the Declaration of Trust); and (d) all moneys standing to the credit of the Transaction Account, and all proceeds of the foregoing.

Pursuant to the Declaration of Trust, the Trustee will, inter alia:

- (a) hold the Trust Assets upon trust absolutely for the Certificateholders pro rata according to the face amount of Certificates held by each Certificateholder in accordance with the provisions of the Declaration of Trust and the Conditions; and
- (b) act as trustee in respect of the Trust Assets, distribute the income from the Trust Assets to the Certificateholders and perform its duties in accordance with the provisions of the Declaration of Trust.

The Declaration of Trust specifies, inter alia, that:

- (a) no payment of any amount whatsoever shall be made by the Trustee or the Delegate or any agents of the Trustee on its behalf except to the extent funds are available therefor from the Trust Assets and no recourse shall be had for the payment of any amount owing thereunder, whether for the payment of any fee, indemnity or other amount under, or any other obligation or claim arising out of or based upon the Transaction Documents, against the Trustee to the extent the Trust Assets have been exhausted, following which all obligations of the Trustee shall be extinguished;
- (b) the Trustee may from time to time (but always subject to the provisions of the Declaration of Trust), without the consent of the Certificateholders, create and issue additional Certificates on terms and conditions which are the same in all respects save for the date and amount of the first payment of the Periodic Distribution Amount and the date from which Periodic Distribution Amounts start to accrue, and so that the same shall be consolidated and form a single series, with the outstanding Certificates, and that any additional Certificates which are to be created and issued so as to form a single series with the Certificates shall be constituted by a Supplemental Declaration of Trust; and
- (c) on the date upon which additional Certificates are created and issued pursuant to the provisions described in paragraph (b) above and the relevant Purchase Agreement (being the relevant Issue Date for that New Tranche), the Trustee will execute a Declaration of Commingling of Assets for and on

behalf of the holders of the existing Certificates and the holders of such additional Certificates so created and issued, declaring that the relevant Additional Wakala Assets, the Wakala Assets as in existence immediately prior to the creation and issue of the additional Certificates and the transactions concluded pursuant to the Murabaha Agreement are commingled and shall collectively comprise part of the Trust Assets for the benefit of the holders of the existing Certificates and the holders of such additional Certificates as tenants in common pro rata according to the face amount of Certificates held by each Certificateholder, in accordance with the Declaration of Trust.

Pursuant to the Declaration of Trust, the Obligor will also covenant and undertake that if the Exercise Price is not paid in accordance with the provisions of the Purchase Undertaking, whether as a result of a dispute or challenge in relation to the right, title, interests, benefits and entitlements that the Trustee may have in, to and under the Wakala Assets or any of them, or for any other reason, the Obligor shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates and, accordingly, the amount payable under any such indemnity claim will equal the Exercise Price.

In the Declaration of Trust, the Trustee will irrevocably and unconditionally appoint the Delegate to be its delegate and attorney and in its name, on its behalf and as its act and deeds, to execute, deliver and perfect all documents, and to exercise all of the present and future powers (including the power to sub-delegate), trusts, authorities (including, but not limited to, the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Transaction Documents) and discretions vested in the Trustee by the Declaration of Trust. The appointment of such delegate by the Trustee is intended to be in the interests of the Certificateholders and does not affect the Trustee's continuing role and obligations as sole trustee for the Certificateholders.

The Delegate also undertakes that, inter alia, if it has received express notice in writing pursuant to the Declaration of Trust of the occurrence of a Dissolution Event in respect of the Certificates and subject to Condition 14, it shall promptly notify the Certificateholders of the occurrence of such Dissolution Event.

A Transaction Account will be established in the name of the Trustee. Moneys received in the Transaction Account will, inter alia, comprise payments of Periodic Distribution Amounts and/or Dissolution Distribution Amounts (if any) immediately prior to each Periodic Distribution Date and/or any Dissolution Date, as the case may be. The Declaration of Trust shall provide that all moneys credited to the Transaction Account from time to time will be applied in the order of priority set out in the Declaration of Trust.

Agency Agreement

The Agency Agreement will be entered into on the Issue Date between the Trustee, the Obligor, the Delegate, the Principal Paying Agent, the Registrar and the Transfer Agents and will be governed by English law.

Pursuant to the Agency Agreement: (i) the Registrar has agreed to be appointed as agent of the Trustee and has agreed, inter alia, to authenticate and deliver the Global Certificate and, if any, each Individual Certificate; (ii) the Principal Paying Agent has agreed to be appointed as agent of the Trustee and has agreed, inter alia, to pay all sums due under such Global Certificate; and (iii) the Transfer Agent has agreed to be appointed as agent of the Trustee and has agreed, inter alia, to effect requests to transfer all or part of the Global Certificate and issue Individual Certificates in accordance with each request.

On the Issue Date, the Registrar will: (i) authenticate the Global Certificate in accordance with the terms of the Declaration of Trust; and (ii) deliver the Global Certificate to the Common Depository.

The Obligor shall cause to be deposited into the Transaction Account, in same day freely transferable, cleared funds, any payment which may be due under the Certificates in accordance with the Conditions.

The Principal Paying Agent agrees that it shall, on each Periodic Distribution Date and on the date fixed for payment of the Dissolution Distribution Amount, or any earlier date specified for the redemption of the Certificates, apply the moneys standing to the credit of the Transaction Account in accordance with the order of priority set out in the Declaration of Trust.

Further Issues

If the Trustee has issued additional Certificates in accordance with Condition 21 (*Further Issues*), Emirates REIT shall enter into a Supplemental Purchase Agreement under the relevant Purchase Agreement to transfer New Wakala Assets (as defined in the Service Agency Agreement) into the Wakala Portfolio and shall enter into

additional transactions with the Trustee pursuant to the Murabaha Agreement, provided that, at all times, the Tangibility Ratio shall remain 51 per cent. or more.

Shari'a Compliance

Each Transaction Document provides that, to the extent permitted by law, each of Emirates REIT Sukuk Limited (to the extent it is a party to the relevant Transaction Document) and Emirates REIT (CEIC) Limited (to the extent it is a party to the relevant Transaction Document), as the case may be, agrees that it has accepted the Shari'a compliant nature of the Transaction Documents to which it is a party and further agrees that:

- (a) it shall not claim that any of its obligations under the Transaction Documents to which it is a party (or any provision thereof) is ultra vires or not compliant with the principles of Shari'a;
- (b) it shall not take any steps or bring any proceedings in any forum to challenge the Shari'a compliance of the Transaction Documents to which it is a party; and
- (c) none of its obligations under the Transaction Documents to which it is a party shall in any way be diminished, abrogated, impaired, invalidated or otherwise adversely affected by any finding, declaration, pronouncement, order or judgment of any court, tribunal or other body that the Transaction Documents to which it is a party are not compliant with the principles of Shari'a.

TAXATION

The following is a general description of certain tax considerations relating to the Certificates as in effect on the date of this Prospectus and is subject to any change in law or relevant fiscal rules and practice that may take effect after such date (possibly with retrospective effect). It does not purport to be a complete analysis of all tax considerations relating to the Certificates and does not constitute legal or tax advice. Prospective purchasers of Certificates should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Certificates and receiving payments under the Certificates and the consequences of such actions under the tax laws of those countries.

Cayman Islands

Under existing Cayman Islands laws, payments by the Trustee on the Certificates will not be subject to taxation in the Cayman Islands and no withholding will be required on the payments to any holder of the Certificates, nor will gains derived from the disposal of the Certificates be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance or gift tax.

Subject as set out below, no capital or stamp duties are levied in the Cayman Islands on the issue, transfer or redemption of Certificates. An instrument transferring title to any Certificates, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty. An annual registration fee is payable by the Trustee to the Cayman Islands Registrar of Companies which is calculated by reference to the nominal amount of its authorised capital. At current rates, this annual registration fee is approximately U.S.\$854. The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

United Arab Emirates and the DIFC

Pursuant to Article 14 of Law No. (9) of 2004 in respect of the DIFC (the **DIFC Law**), entities licenced, registered or otherwise authorised to carry on financial services in the DIFC and their employees shall be subject to a zero rate of tax for a period of 50 years from 13 September 2004. This zero rate of tax applies to income, corporation and capital gains tax. In addition, this zero rate of tax will also extend to repatriation of capital and to transfers of assets or profits or salaries to any party outside the DIFC. Article 14 of the DIFC Law also provides that it is possible to renew the 50-year period to a similar period upon issuance of a resolution by the Ruler of the Emirate of Dubai. As a result, no payments by the Obligor under the Certificates are subject to any DIFC tax, whether by withholding or otherwise.

If any such withholding or deduction is required to be made in respect of payments due by the Trustee under the Certificates: (i) the Trustee has undertaken to gross-up the payment(s) accordingly (subject to certain limited exceptions as described in Condition 11); and (ii) the Obligor has undertaken under the Declaration of Trust to pay such additional amounts to the Trustee to enable the Trustee to discharge such obligation.

The Constitution of the UAE specifically reserves to the Federal Government of the UAE the right to raise taxes on a federal basis for the purposes of funding its budget. It is not known whether this right will be exercised in the future. The UAE has entered into "Double Taxation Arrangements" with certain other countries.

As at the date of this Prospectus, the UAE does not impose value-added tax (**VAT**) on the sale of goods or services. However, there is a possibility that this situation will not continue. On 24 February 2016, the UAE Minister of State for Financial Affairs announced that, pursuant to a GCC-wide framework agreement on the implementation of VAT, the UAE will implement VAT at the rate of 5 per cent. from 1 January 2018. The final GCC-wide framework agreement for VAT is yet to be made available. The UAE national legislation implementing this framework agreement was published on 23 August 2017 (UAE Federal Decree Law No.8 of 2017). On 1 October 2017, the Ministry of Finance also published executive legislation for the implementation of excise tax with immediate effect. This is considered to be the first phase of the new tax system in the UAE. Additionally, on 28 November 2017, the Ministry of Finance published VAT implementing regulations.

The Proposed Financial Transactions Tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The proposed FTT has very broad scope and could, if introduced, apply to certain dealings in Certificates (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No. 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Certificates where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, **established** in a participating Member State in a broad range of circumstances, including: (a) by transacting with a person established in a participating Member State; or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Certificates are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting, or related requirements. The Trustee may be a foreign financial institution for these purposes. A number of jurisdictions (including the Cayman Islands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Certificates, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Certificates, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Certificates, such withholding would not apply prior to 1 January 2019 and Certificates characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date.

SUBSCRIPTION AND SALE

Dubai Islamic Bank PJSC, Emirates NBD PJSC, Standard Chartered Bank and Warba Bank (K.S.C.) (together, the **Joint Lead Managers**) have entered into a subscription agreement with the Trustee and the Obligor dated 7 December 2017 with respect to the Certificates (the **Subscription Agreement**). The Trustee has agreed to issue and sell to the Joint Lead Managers U.S.\$400,000,000 in aggregate face amount of the Certificates and, subject to certain conditions, each Joint Lead Manager has jointly and severally agreed to subscribe for the Certificates. In accordance with the terms of the Subscription Agreement, each of the Trustee and the Obligor will reimburse the Joint Lead Managers in respect of certain of their expenses incurred in connection with the issue of the Certificates and to indemnify the Joint Lead Managers against certain liabilities incurred in connection with the issue of the Certificates. The Subscription Agreement entitles the Joint Lead Managers to terminate the issue of the Certificates in certain circumstances prior to payment to the Trustee.

UNITED STATES

The Certificates have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Joint Lead Manager has represented and agreed that it will not offer, sell or deliver Certificates: (a) as part of their distribution at any time; or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Joint Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Joint Lead Manager has further agreed that it will send to each dealer/manager to which it sells any Certificates during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Certificates within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The foregoing restrictions apply to holders of beneficial interests in the Certificates, as well as holders of the Certificates.

Each Joint Lead Manager has represented and agreed that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Certificates.

In addition, until 40 days after the commencement of the offering of the Certificates, an offer or sale of the Certificates within the United States by any dealer/manager (whether or not participating in the offering of the Certificates) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

UNITED KINGDOM

Each Joint Lead Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Trustee or the Obligor; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

CAYMAN ISLANDS

Each Joint Lead Manager has represented and agreed that it has not made and will not make any offer or invitation, whether directly or indirectly, to the public in the Cayman Islands to subscribe for the Certificates.

UNITED ARAB EMIRATES (EXCLUDING THE DUBAI INTERNATIONAL FINANCIAL CENTRE)

Each Joint Lead Manager has represented and agreed that the Certificates have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

DUBAI INTERNATIONAL FINANCIAL CENTRE

Each Joint Lead Manager has represented and agreed that it has not offered and will not offer the Certificates to any person in the DIFC unless such offer is:

- (a) an "Exempt Offer" in accordance with the Markets Rules (MKT) Module of the DFSA rulebook; and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA rulebook.

KINGDOM OF BAHRAIN

Each Joint Lead Manager has represented and agreed that it has not offered or sold, and will not offer or sell, any Certificates except on a private placement basis to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an **accredited investor** means:

- (a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more;
- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (c) 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).

KINGDOM OF SAUDI ARABIA

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Certificates. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a **Saudi Investor**) who acquires any Certificates pursuant to an offering should note that the offer of Certificates is a private placement under Article 11 or Article 12 of the "Offers of Securities Regulations" as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 3-151-2016 dated 21 December 2016 (the **KSA Regulations**), through a person authorised by the Capital Market Authority (**CMA**) to carry on the securities activity of arranging and following a notification to the CMA under the KSA Regulations.

The Certificates may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "Sophisticated Investors" under Article 11 of the KSA Regulations or by way of a limited offer under Article 12 of the KSA Regulations. Each Joint Lead Manager has represented and agreed that any offer of Certificates by it to a Saudi Investor will be made in compliance with Articles 11 or 12 of the KSA Regulations.

The offer of Certificates shall not therefore constitute a "public offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 18 of the KSA Regulations. Any Saudi Investor who has acquired Certificates pursuant to a private placement under Article 11 or Article 12 of the KSA Regulations may not offer or sell those Certificates to any person unless the offer or sale is made through an authorised person appropriately licensed by the CMA and: (i) the Certificates are offered or sold to a Sophisticated Investor (as defined in Article 11 of the KSA Regulations); (ii) the price to be paid for the Certificates in any one transaction is equal to or exceeds Saudi Riyals 1 million or an equivalent amount; or (iii) the offer or sale is otherwise in compliance with Article 18 of the KSA Regulations.

STATE OF QATAR (INCLUDING THE QATAR FINANCIAL CENTRE)

Each Joint Lead Manager has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, at any time, directly or indirectly, any Certificates in the State of Qatar (including the Qatar Financial Centre), except: (a) in compliance with all applicable laws and regulations of the State of Qatar; and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar.

JAPAN

The Certificates have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the **FIEA**). Accordingly, each Joint Lead Manager has represented and agreed that it has not, directly or indirectly, offered or sold any Certificates, and will not, directly or indirectly,

offer or sell any Certificates in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other relevant laws and regulations of Japan.

HONG KONG

Each Joint Lead Manager has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates other than: (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or (ii) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the Securities and Futures Ordinance) and any rules made under that Ordinance; or (iii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Winding Up and Miscellaneous Provisions) (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

MALAYSIA

This Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia under the Capital Markets and Services Act 2007 of Malaysia (the **CMSA**).

Accordingly, each Joint Lead Manager has represented and agreed that the Certificates have not been and will not be offered or sold, and no invitation to subscribe for or purchase any Certificates has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any one of the categories of persons specified under Schedule 6 or Section 229(1)(b) and Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3), read together with Schedule 9 or Section 257(3) of the CMSA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals including approval from the Controller of Foreign Exchange to purchase the Certificates. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Joint Lead Managers is responsible for any invitation, offer, sale or purchase of the Certificates as aforesaid without the necessary approvals being in place.

SINGAPORE

This Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Certificates or caused such Certificates to be made the subject of an invitation for subscription or purchase and will not offer or sell any Certificates or cause the Certificates to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Certificates, whether directly or indirectly, to any person in Singapore other than: (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the **SFA**)) pursuant to Section 274 of the SFA; (b) to a relevant person (as defined in Section 275(2) of the SFA) under Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Certificates are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Certificates pursuant to an offer made under Section 275 of the SFA except:

- (a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; or
- (b) where no consideration is or will be given for the transfer; or
- (c) where the transfer is by operation of law; or
- (d) as specified in Section 276(7) of the SFA; or
- (e) as specified in Regulation 32 of the Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

GENERAL

Each Joint Lead Manager has agreed that it will (to the best of its knowledge and belief) comply in all material respects with all applicable securities laws, and directives in force in any jurisdiction in which it purchases, offers, sells or delivers any Certificates or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Certificates under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Trustee, the Obligor, the Delegate, the Agents or any other Joint Lead Manager shall have any responsibility therefor.

None of the Trustee, the Obligor or any Joint Lead Manager has represented that Certificates may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale. Persons into whose possession this Prospectus or any Certificates may come must inform themselves about, and observe, any applicable restrictions on the distribution of this Prospectus and the offering and sale of Certificates.

GENERAL INFORMATION

AUTHORISATION

The issue of the Certificates and the entry by the Trustee into the Transaction Documents to which it is a party has been duly authorised by a resolution of the Board of Directors of the Trustee dated 21 November 2017. The entry by the Obligor into the Transaction Documents to which it is a party has been duly authorised by a written resolution of the REIT Manager, as sole Director of the Obligor, dated 23 November 2017 and a resolution of the shareholders of the Obligor dated 23 November 2017.

The Trustee and the Obligor have each obtained all necessary consents, approvals and authorisations in connection with the issue of the Certificates and the execution and performance of the Transaction Documents to which they are a party.

LISTING

Application has been made to the Irish Stock Exchange for the Certificates to be admitted to the Official List and to trading on the Main Securities Market.

The Main Securities Market is a regulated market for the purposes of MiFID. It is expected that the listing of the Certificates on the Official List and admission of the Certificates to trading on the Main Securities Market will be granted on or around 12 December 2017. The total expenses related to the admission to trading on the Main Securities Market are estimated to be €6,540.

Walkers Listing Services Limited is acting solely in its capacity as listing agent for the Trustee in relation to the Certificates and is not itself seeking admission of the Certificates to the Official List or to trading on the Main Securities Market.

DOCUMENTS AVAILABLE

For so long as any Certificates remain outstanding, copies (and English translations which will be accurate and direct translations, where the documents in question are not in English) of the following documents will be available in electronic and physical format, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection and/or collection by Certificateholders at the offices of the Principal Paying Agent in London:

- (a) the Transaction Documents;
- (b) the memorandum and articles of association of the Trustee and the constitutional documents of the Obligor;
- (c) the financial statements of the Obligor as at and for the years ended 31 December 2015 and 31 December 2016, in each case, together with the independent auditor's report thereon and the notes thereto;
- (d) the condensed interim financial information of the Obligor as at and for the nine months ended 30 September 2017, together with the review report thereon and the notes thereto; and
- (e) a copy of this Prospectus.

CLEARING SYSTEMS

The Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The ISIN for the Certificates is XS1720817540. The Common Code for the Certificates is 172081754.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

SIGNIFICANT OR MATERIAL CHANGE

There has been no significant change in the financial or trading position of the Trustee and no material adverse change in the prospects of the Trustee, in each case, since the date of its incorporation.

There has been no significant change in the financial or trading position of the Obligor since 30 September 2017, and there has been no material adverse change in the prospects of the Obligor since 31 December 2016.

LITIGATION

The Trustee is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Trustee is aware) since the date of its incorporation which may have or have in such period had a significant effect on the financial position or profitability of the Trustee.

The Obligor is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Obligor is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Obligor.

AUDITORS

Since the date of its incorporation, no financial statements of the Trustee have been prepared. The Trustee has no subsidiaries. The Trustee is not required by Cayman Islands law, and does not intend, to publish audited financial statements or appoint any auditors.

PwC have audited, without qualification, the financial statements of the Obligor as at and for the years ended 31 December 2015 and 31 December 2016, in each case, in accordance with ISA, as stated in their independent auditor's reports appearing herein.

PwC have reviewed, without qualification, the condensed interim financial information of the Obligor as at and for the nine months ended 30 September 2017 in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', as stated in their review report appearing herein.

PwC are independent auditors registered to practice as auditors with the Ministry of Economy in the UAE, as set forth in the independent auditor's reports included in this Prospectus. Their address is at Al Fattan Currency House, Tower 1, Level 8, Unit 801, DIFC, United Arab Emirates.

MANAGERS TRANSACTING WITH THE TRUSTEE, THE OBLIGOR AND THE REIT MANAGER

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage in, investment banking and/or commercial banking transactions with, and may perform services for the Trustee, the Obligor, the REIT Manager and their respective affiliates in the ordinary course of business for which they may receive fees.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates, have engaged in, and may in the future engage in, investment banking and/or commercial banking business with, and may provide services to the Trustee, the Obligor, the REIT Manager and/or its affiliates and, may make or hold a broad array of investments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Trustee, the Obligor, the REIT Manager and their affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Trustee, the Obligor, the REIT Manager and their affiliates routinely hedge their credit exposure to the Trustee, the Obligor, the REIT Manager and their affiliates consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Certificates. Any such short positions could adversely affect future trading prices of the Certificates. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purposes of this paragraph, the term **affiliates** shall also include parent companies.

SHARI'A APPROVALS

The transaction structure relating to the Certificates has been approved by the Shari'a Supervisory Board of the Obligor, the Shariah Supervisory Committee of Standard Chartered Bank and the Shariah Board advisers to Dubai Islamic Bank PJSC. Prospective Certificateholders should not rely on such approvals in deciding whether to make an investment in the Certificates and should consult their own Shari'a advisers as to whether the proposed transaction described in such approvals is in compliance with their individual standards of compliance with Shari'a principles.

Description of members of the Shari'a Supervisory Board of the Obligor

Fazal Rahim

Mr. Fazal Rahim was appointed to the Shari'a Supervisory Board on 1 February 2016. Mr. Rahim holds an M.A. in economics from the University of Karachi, Pakistan, a B.A. in Islamic Studies & Arabic from the University of Karachi, Pakistan and a PGD in Islamic Banking and Insurance from IIBI, London. He has also been certified as a Shari'a Adviser and Auditor by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), Kingdom of Bahrain.

Mr. Rahim is an accomplished Shari'a practitioner in the field of Islamic banking and finance with more than 20 years of experience with local and regional banks. He has vast experience in structuring, developing and documenting Islamic products, services and transactions across the Islamic banking and finance industry and has worked closely with regional Shari'a scholars.

Mr. Rahim has also undertaken and produced extensive research on many contemporary Islamic finance and banking topics. He is a member to the Islamic Banking Committee of the UAE Central Bank (the UAECB), Islamic Banking Committee of the UAE Banking Federation (the UAEBF) and Islamic Banking Coordination Committee of UAE Islamic banks.

Dr. Mohamed Abdul Hakim Zoeir

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

Mian Muhammad Nazir

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

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

Description of members of the Shariah Supervisory Committee of Standard Chartered Bank

Dr. Mohamed Ali Elgari

Dr. Elgari is a former Professor of Islamic Economics at King Abdulaziz University, Jeddah, Kingdom of Saudi Arabia and a former Director of the Center for Research in Islamic Economics, in the same university. He serves as an expert at the Islamic jurisprudence academy of the Organisation of Islamic Cooperation and the Islamic Jurisprudence Academy of the Islamic World League and a member of the Shariah Council of the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), Kingdom of Bahrain. He is a member of the editorial board of several academic publications in the field of Islamic finance and jurisprudence among them, the Journal of the Jurisprudence Academy (of the IWL), the Journal of Islamic Economic Studies (IDB), the Journal of Islamic Economic (IAIE, London), and the advisory board of Harvard Series in Islamic Law, Harvard Law School.

Dr. Elgari is a member of numerous Shariah boards of Islamic banks and takaful companies internationally. He authored several books in Islamic finance and published numerous articles on the subject both in Arabic and English. Dr. Elgari is also a frequent speaker at conferences worldwide. Dr. Elgari holds a PhD in Economics from the University of California, United States.

Dr. Nizam Yaquby

Dr. Nizam Yaquby studied traditional Islamic studies under the guidance of eminent Islamic scholars from different parts of the world. He has a B.A. in economics and comparative religions from McGill University,

Canada. He has served in Bahrain Mosques from 1981 to 1990 where he taught Tafsir, Hadith and Fiqh in the Kingdom of Bahrain since 1976. In addition to advising Citi Islamic Investment Bank E.C. and other Islamic finance institutions and funds, Dr. Nizam Yaquby is a member of the Islamic Fiqh Academy and Auditing and Accounting Organisation for Islamic Financial Institutions (AAOIFI), Kingdom of Bahrain. He has published several articles and books on various Islamic subjects including banking and finance.

Dr. Abdussattar Abu Ghuddah

Dr. Abu Ghuddah holds a PhD in Comparative Jurisprudence from Al-Azhar University, Egypt, a Bachelor's degree in Sharia from Damascus University, a Bachelors of Law from Damascus University, a Masters in Sharia from Al-Azhar University, Egypt and a Masters in Al-Hadith Sciences from Al-Azhar University, Egypt. Dr. Abu Ghuddah is Chairman and General Secretary of the Unified Sharia Board of Al-Baraka Banking Group, an expert and a former reporter of the Jurisprudence Encyclopaedia at the Kuwaiti Ministry of Awqaf & Islamic affairs, and a visiting professor at Saleh Kamel's Center for Islamic Economic Studies, Al-Azhar University, Egypt.

Dr. Abu Ghuddah is also a member of the International Islamic Fiqh Academy in Jeddah, the Zakat International Sharia Board, the Accounting Standards Council and the Sharia Council of the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), Kingdom of Bahrain. He also serves as vice chairman of the Sharia Board of Dubai Financial Market (DFM), an executive member of the Sharia Board of the Central Bank of Syria, a member of the Sharia Committee of the Central Bank of Bahrain, vice chairman of the Sharia Board of Abu Dhabi Islamic Bank, a member of the Sharia Board of Sharjah Islamic Bank, chairman of the Sharia Board of Abu Dhabi National Takaful Co., a member of the Sharia Board of Takaful Re Limited, chairman of the Al Hilal Bank Sharia Board, in addition to being the chairman or a member of many other Sharia boards, including those of Dow Jones Islamic Market Indices, Crédit Agricole CIB, SAMBA Financial Group, Qatar Islamic Bank and Jordan Islamic Bank.

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EMIRATES REIT (CEIC) LIMITED

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017
(UNAUDITED)**

EMIRATES REIT (CEIC) LIMITED

CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

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Report on review of condensed 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 of 30 September 2017 and the related condensed interim statements of comprehensive income, changes in equity and cash flows for the three month and nine month periods then ended and other explanatory notes. Equitativa (Dubai) Limited (the "REIT Manager") 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".

Other matter

The financial information for the three month and nine month periods ended 30 September 2016 was not audited nor reviewed.

PricewaterhouseCoopers
Dubai, United Arab Emirates

A handwritten signature in blue ink that reads "PricewaterhouseCoopers".

Audit Principal - Mohamed ElBorno
26 October 2017

PricewaterhouseCoopers Limited, License no. CL0215
Al Fattan Currency House, Tower 1, Level 8, Unit 801, DIFC, PO Box 11987, Dubai - United Arab Emirates
T: +971 (0)4 304 3100, F: +971 (0)4 346 9150, www.pwc.com/me

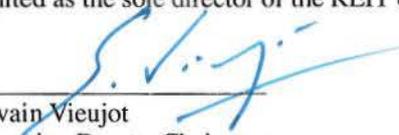
PricewaterhouseCoopers Limited is registered with the Dubai Financial Services Authority.

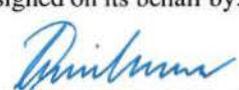
EMIRATES REIT (CEIC) LIMITED

CONDENSED INTERIM BALANCE SHEET

| | Notes | As at | |
|-------------------------------------|-------|--|---|
| | | 30 September 2017 USD'000 Unaudited | 31 December 2016 USD'000 Audited |
| ASSETS | | | |
| Non-current assets | | | |
| Investment property | 7 | 844,553 | 752,703 |
| Trade and other receivables | 8 | 12,031 | 8,055 |
| | | 856,584 | 760,758 |
| Current assets | | | |
| Trade and other receivables | 8 | 7,569 | 7,137 |
| Cash and cash equivalents | 9 | 18,310 | 64,573 |
| | | 25,879 | 71,710 |
| Total assets | | 882,463 | 832,468 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital | 10 | 299,621 | 299,621 |
| Share premium | 10 | 59,393 | 59,393 |
| Retained earnings | | 160,378 | 134,405 |
| Total equity | | 519,392 | 493,419 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Islamic financing | 15 | 315,559 | 284,830 |
| Current liabilities | | | |
| Islamic financing | 15 | 21,881 | 28,819 |
| Trade and other payables | 16 | 25,631 | 25,400 |
| | | 47,512 | 54,219 |
| Total liabilities | | 363,071 | 339,049 |
| Total equity and liabilities | | 882,463 | 832,468 |
| <hr/> | | | |
| Net asset value (USD) | | 519,392,859 | 493,418,917 |
| <hr/> | | | |
| Number of shares | | 299,620,541 | 299,620,541 |
| <hr/> | | | |
| Net asset value USD per share | | 1.73 | 1.65 |

This condensed interim financial information was approved by the Board of Directors of Equitativa (Dubai) Limited as the sole director of the REIT on 26 October 2017 and signed on its behalf by:


Sylvain Vieujot
Executive Deputy Chairman


Remi Ishak
Chief Financial Officer

The notes on pages 6 to 16 are an integral part of this condensed interim financial information.

(2)

EMIRATES REIT (CEIC) LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

| | Three month period ended | | Nine month period ended | |
|---|--|--|--|--|
| | 30 September 2017 USD'000 Unaudited | 30 September 2016 USD'000 Unaudited and Unreviewed | 30 September 2017 USD'000 Unaudited | 30 September 2016 USD'000 Unaudited and Unreviewed |
| Rental income | 13,857 | 11,413 | 39,304 | 32,359 |
| Service fee income | 1,672 | 1,236 | 4,418 | 3,748 |
| Other property income | 58 | 45 | 157 | 207 |
| | 15,587 | 12,694 | 43,879 | 36,314 |
| Property expenses | (3,742) | (3,777) | (10,564) | (11,010) |
| | 11,845 | 8,917 | 33,315 | 25,304 |
| Net unrealised gain on revaluation of investment property | 7 | 27,650 | 8,551 | 37,649 |
| Net property income | 39,495 | 17,468 | 70,964 | 52,660 |
| Expenses | | | | |
| Management fee | (3,236) | (2,923) | (9,276) | (8,547) |
| Performance fee | (979) | (352) | (1,546) | (1,086) |
| Board fees | (85) | (84) | (249) | (210) |
| Branding and marketing fees | (77) | (74) | (199) | (377) |
| REIT administration fees | (47) | (45) | (139) | (134) |
| Valuation fees | (38) | (30) | (114) | (88) |
| Legal and professional fees | (31) | (41) | (86) | (127) |
| Other expenses | (158) | (210) | (472) | (443) |
| Operating profit | 34,844 | 13,709 | 58,883 | 41,648 |
| Finance costs | (3,218) | (2,366) | (9,021) | (6,579) |
| Finance income | 1 | 2 | 81 | 64 |
| Finance costs - net | (3,217) | (2,364) | (8,940) | (6,515) |
| Profit and total comprehensive income for the period | 31,627 | 11,345 | 49,943 | 35,133 |
| Earnings per share | | | | |
| Basic and diluted loss per share | 12 | 0.11 | 0.04 | 0.17 |

The notes on pages 6 to 16 are an integral part of this condensed interim financial information.

(3)

EMIRATES REIT (CEIC) LIMITED**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**

| | Notes | Share capital USD'000 | Share premium USD'000 | Retained earnings USD'000 | Total USD'000 |
|--|-------|--------------------------|--------------------------|------------------------------|------------------|
| At 1 January 2016 | | 299,621 | 59,393 | 110,552 | 469,566 |
| Comprehensive income | | | | | |
| Profit for the period | | - | - | 35,133 | 35,133 |
| Transactions with shareholders | | | | | |
| Cash dividends | 11 | - | - | (23,970) | (23,970) |
| At 30 September 2016 (Unaudited and Unreviewed) | | 299,621 | 59,393 | 121,715 | 480,729 |
| At 1 January 2017 | | 299,621 | 59,393 | 134,405 | 493,419 |
| Comprehensive income | | | | | |
| Profit for the period | | - | - | 49,943 | 49,943 |
| Transactions with shareholders | | | | | |
| Cash dividends | 11 | - | - | (23,970) | (23,970) |
| At 30 September 2017 (Unaudited) | | 299,621 | 59,393 | 160,378 | 519,392 |

The notes on pages 6 to 16 are an integral part of this condensed interim financial information.

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EMIRATES REIT (CEIC) LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS

| | Notes | For the nine months ended 30 September | |
|---|-------|---|--|
| | | 2017 USD'000 Unaudited | 2016 USD'000 Unaudited and Unreviewed |
| Operating activities | | | |
| Profit for the period | | 49,943 | 35,133 |
| Adjustments for: | | | |
| Net unrealised gain on revaluation of investment property | 7 | (37,649) | (27,356) |
| Finance cost | | 9,021 | 6,579 |
| Finance income | | (81) | (64) |
| Provision for doubtful debts | | - | 64 |
| Operating cash flows before changes in working capital | | 21,234 | 14,356 |
| Changes in working capital: | | | |
| Trade and other receivables | 8 | (4,408) | (8,488) |
| Trade and other payables | | 1,444 | 12,281 |
| Net cash generated from operating activities | | 18,270 | 18,149 |
| Investing activities | | | |
| Additions to investment property | | (55,661) | (42,918) |
| Finance income received | | 81 | 64 |
| Net cash used in investing activities | | (55,580) | (42,854) |
| Financing activities | | | |
| Islamic financing received | | 45,331 | 26,125 |
| Repayment of Islamic financing | | (21,520) | (15,721) |
| Dividends paid | 11 | (23,970) | (23,970) |
| Finance costs paid | | (8,794) | (6,679) |
| Net cash used in financing activities | | (8,953) | (20,245) |
| Net decrease in cash and cash equivalents | | (46,263) | (44,950) |
| Cash and cash equivalents at the beginning of the period | | 64,573 | 63,735 |
| Cash and cash equivalents at the end of the period | | 18,310 | 18,785 |

The notes on pages 6 to 16 are an integral part of this condensed interim financial information,

(5)

EMIRATES REIT (CEIC) LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION for the nine months ended 30 September 2017

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 Equitativa (Dubai) Limited (the "REIT Manager") (formerly known as Emirates REIT Management (Private) Limited), a company limited by shares, duly registered in the DIFC under commercial registration number CL0997, and having its registered office at Level 23, Index Tower, Dubai International Financial Centre, Dubai, UAE. The REIT Manager was appointed by the REIT to undertake the management of the REIT.

The REIT's activities include acquisition of properties which are then rented out. The REIT receives rental revenues from the properties and distributes the income generated to 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.

This condensed financial information has been approved by the REIT Manager as the sole director of the REIT on 26 October 2017

2 BASIS OF PREPARATION

This condensed interim financial information for the nine months ended 30 September 2017 has been prepared in accordance with International Accounting Standard 34 'Interim financial reporting', ("IAS 34"). This condensed interim financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, the condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, 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 cost paid is presented within financing cash flows. The acquisitions of investment property are disclosed as cash flows from investing activities because this most appropriately reflects the REIT's business activities.

Operating segments

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

EMIRATES REIT (CEIC) LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION for the nine months ended 30 September 2017 (continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting policies

The accounting policies applied in this condensed interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2016.

3.2 New standards, amendments and interpretations

(a) *New standards, amendments and interpretations adopted by the REIT*

- IAS 7, 'Statement of cash flow' (amendment) (effective from 1 January 2017).

The above amendment did not have a material impact on the financial information in the prior or current periods and is not likely to have a material impact on any future periods.

There are no other IFRSs or IFRS IC interpretations that are effective and would be expected to have a material impact on the REIT.

(b) *New and amended standards issued but not effective for the financial period beginning 1 January 2017 and not early adopted:*

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the REIT's condensed interim financial information are disclosed below. The REIT Manager is currently assessing the impact of these standards and amendments and intends to adopt these standards, if applicable, when they become effective.

- IFRS 9, 'Financial instruments' (effective from 1 January 2018);
- IFRS 15, 'Revenue from contracts with customers' (effective from 1 January 2018); and
- IFRS 16, 'Leases' (effective from 1 January 2019).

There are no other standards or IFRS IC interpretations that are not yet effective and that would be expected to have a material impact on the REIT.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires the REIT Manager 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 the REIT Manager in applying the REIT's accounting policies and the key source of estimation uncertainty for the period ended 30 September 2017 is as follows:

(a) *Revaluation of investment property*

The REIT carries its investment property 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 property held, to determine the fair values of investment property as at 30 September 2017 and 31 December 2016. For income producing investment property, a valuation methodology based on the capitalisation rate method was used as it represents a method of determining the value of the investment property by calculating the net present value of expected future earnings.

EMIRATES REIT (CEIC) LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION for the nine months ended 30 September 2017 (continued)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(a) *Revaluation of investment property (continued)*

The valuation method adopted for these properties is based on inputs that are not based on observable market data (that is, unobservable inputs - Level 3). However, for vacant investment property, valuation was based on sales comparison method by which value of each property is derived by comparing it with prices achieved from transactions in similar properties (that is, significant observable input – Level 2).

The determined fair value of the investment property is most sensitive to the estimated yield, the stabilised occupancy rate as well as the property operating expenses. The key assumptions used to determine the fair value of the investment property and sensitivity analysis are further explained in Note 7.

(b) *Operating lease commitments — REIT as lessor*

The REIT has entered into commercial property leases on its investment property portfolio. The REIT has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

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 2016.

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

The fair values of the financial assets and financial liabilities approximate their carrying values.

EMIRATES REIT (CEIC) LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION for the nine months ended 30 September 2017 (continued)

5 FINANCIAL RISK MANAGEMENT (continued)

5.3 Fair value measurement (continued)

Asset measured at fair value

The following table provides the fair value measurement hierarchy of the REIT's investment property:

| | Date of valuation | Quoted prices in active Markets (Level 1) USD'000 | Significant observable inputs (Level 2) USD'000 | Significant unobservable inputs (Level 3) USD'000 | Total USD'000 |
|---------------------|-------------------|--|---|---|------------------|
| Investment property | 30 September 2017 | - | 131,873 | 707,087 | 838,960 |
| Investment property | 30 September 2016 | - | 158,571 | 581,207 | 739,778 |

6 SEASONALITY OF OPERATIONS

The REIT's financial results for any period are indicative of results to be expected for the full year as interim period revenues are not seasonal.

7 INVESTMENT PROPERTY

| | Completed properties USD'000 | Properties under construction USD'000 | Total USD'000 |
|--|------------------------------------|--|------------------|
| At 1 January 2017 | 747,886 | 4,817 | 752,703 |
| Work in progress during the period | - | 13,519 | 13,519 |
| Additional re-development and fitout carried on completed properties | 3,681 | - | 3,681 |
| Acquisitions during the period | 37,001 | - | 37,001 |
| Net unrealised gain on revaluation of investment property | 21,520 | 16,129 | 37,649 |
| At 30 September 2017 (Unaudited) | 810,088 | 34,465 | 844,553 |
| At 1 January 2016 | 670,066 | 3,161 | 673,227 |
| Work in progress during the period | 31,573 | - | 31,573 |
| Additional re-development and fitout carried on completed properties | 9,386 | - | 9,386 |
| Net unrealised gain on revaluation of investment property | 27,356 | - | 27,356 |
| At 30 September 2016 (Unaudited and Unreviewed) | 738,381 | 3,161 | 741,542 |

As at the reporting date, the REIT held total investment property amounting to USD 844,553 thousand (30 September 2016: USD 741,542 thousand) in a real estate portfolio of ten properties (30 September 2016: eight properties) located in Dubai, UAE.

EMIRATES REIT (CEIC) LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION for the nine months ended 30 September 2017 (continued)

7 INVESTMENT PROPERTY (continued)

Properties under land lease agreements

Four of the REIT's properties are constructed/under construction on plots in Dubai which are under land lease agreements as follows:

- Remaining lease term of 21.9 years with fair value of USD 7,759 thousand;
- Remaining lease term of 39.1 years with fair value of USD 89,614 thousand;
- Remaining lease term of 26.4 years renewable for another term of 30 years with fair value of USD 32,795 thousand; and
- Remaining lease term of 42.7 years with fair value of USD 39,926 thousand.

British Columbia Canadian School ("BCCS")

On 28 September 2016, the REIT acquired the leasehold interest in a 25,000 square meter plot of land and subsequently commenced construction of a school building on the plot. Simultaneously, the REIT entered into a lease agreement with BCCS for the lease of the school building for a period of 28 years. The fair value of this property amounted to USD 32,795 thousand. On 19 September 2017, a portion of the building structure was completed and certain grades opened for the academic year. The construction works on the remainder of the building structure was in progress as of 30 September 2017, including the common areas and the property continues to be classified as under construction. The property will be classified as completed property upon completion of the entire building structure.

European Business Centre acquisition

On 22 August 2017, the REIT acquired a commercial office building with an aggregate leasable area of 25,392 square meters on a 42.7 year lease term. The fair value of this property amounted to USD 39,926 thousand.

Fair valuation

The fair valuations of investment property were based on an individual assessment for each property type, of both, the future earnings and the required yield. In assessing the future earnings of the properties, the REIT Manager took into account potential changes in rental levels from each contract's rent and expiry date compared with the estimated current market rent, as well as changes in occupancy rates and property costs. Fair value hierarchy disclosures for investment property has been provided in Note 5.3.

The following table shows a reconciliation of the opening balances to the closing balances for Level 3 fair values:

| | 30 September 2017 USD'000 Unaudited | 30 September 2016 USD'000 Unaudited and Unreviewed |
|--|--|--|
| Balance at the beginning of the year | 591,996 | 509,541 |
| Work in progress during the period | 13,519 | 31,573 |
| Transfer from Level 2 to Level 3 | 26,922 | 12,737 |
| Additions of new investment property during the period | 37,001 | - |
| Net unrealised gain on revaluation of investments properties | 37,649 | 27,356 |
| Balance at the end of the period | 707,087 | 581,207 |

EMIRATES REIT (CEIC) LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION for the nine months ended 30 September 2017 (continued)

7 INVESTMENT PROPERTY (continued)

Fair valuation (continued)

For investment property categorised under Level 3 fair value hierarchy, a valuation methodology based on the capitalisation rate method was used, as it represents a method of determining the value of the investment property by calculating the net present value of expected future earnings.

For investment property categorised under Level 2 fair value hierarchy, a valuation methodology based on the sales comparison method was used by comparing it with prices achieved from transactions in similar properties.

Properties for which rental cash flows can be realistically predicted are transferred to Level 3; properties where cash flows are dependent on re-development and fitout, in addition to properties that do not have an existing lease or promise to lease are kept as Level 2.

The significant unobservable inputs used in arriving at fair values of investment property 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 property is as follows:

| | 30 September 2017 Unaudited | 30 September 2016 Unaudited and Unreviewed |
|---|-----------------------------------|---|
| Stabilised occupancy rate (%) | 90 – 100 | 90 – 100 |
| Equivalent yield (%) | 8.45 – 9.50 | 8.45 – 9.52 |
| Property operating expenses (USD/sq. ft.) | 7.88 – 17.78 | 7.88 – 20.09 |

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 property operating expenses in isolation would result in a significantly lower/(higher) fair value.

Properties with a fair value of USD 691,438,581 (31 December 2016: USD 587,304,887) are mortgaged against Islamic financing facilities (Note 14).

8 TRADE AND OTHER RECEIVABLES

| | 30 September 2017 USD'000 Unaudited | 31 December 2016 USD'000 Audited |
|--|--|---|
| Rental and service income receivables | 3,373 | 1,120 |
| Less: provision for doubtful debts | (412) | (412) |
| | 2,961 | 708 |
| Accrued income | 14,452 | 10,247 |
| Prepayments | 1,279 | 3,333 |
| Other receivables | 908 | 904 |
| | 19,600 | 15,192 |
| Less: non-current portion – accrued income | (12,031) | (8,055) |
| Current portion | 7,569 | 7,137 |

EMIRATES REIT (CEIC) LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

for the nine months ended 30 September 2017 (continued)

8 TRADE AND OTHER RECEIVABLES (continued)

Accrued income relates to rents recognised in advance as a result of spreading the effect of rent free and reduced rent periods and rent uplifts, over the expected terms of their respective leases in accordance with IAS 17. Together with USD 12,031 thousand (31 December 2016: USD 8,055 thousand), which was included as a non-current asset, these amounts totaled USD 14,452 thousand as at 30 September 2017 (31 December 2016: USD 10,247 thousand).

9 CASH AND CASH EQUIVALENTS

| | 30 September 2017 USD'000 Unaudited | 31 December 2016 USD'000 Audited |
|------------------------------|--|---|
| Current and savings accounts | 18,310 | 64,573 |

Balances with banks are placed with local Islamic banks.

10 SHARE CAPITAL

| | Number of ordinary shares | Ordinary shares USD'000 | Share premium USD'000 | Total USD'000 |
|--|------------------------------|-------------------------------|-----------------------------|------------------|
| At 30 September 2016 (Unaudited and Unreviewed) | 299,620,541 | 299,621 | 59,393 | 359,014 |
| At 30 September 2017 (Unaudited) | 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:

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

No new shares have been issued in the period.

11 DIVIDENDS

In January 2017, the REIT paid an interim dividend in respect of the year ended 31 December 2016 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 16 January 2017.

In June 2017, the REIT paid a final dividend in respect of the year ended 31 December 2016 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 2017.

EMIRATES REIT (CEIC) LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION for the nine months ended 30 September 2017 (continued)

12 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 September 2017 Unaudited | 30 September 2016 Unaudited and Unreviewed |
|--|-----------------------------------|---|
| Profit attributable to ordinary shareholders (USD) | 49,943,489 | 35,133,140 |
| Weighted average number of ordinary shares for basic EPS | 299,620,541 | 299,620,541 |
| Basic and diluted earnings per share (USD) | 0.17 | 0.12 |

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

13 ZAKAT

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

14 RELATED PARTY TRANSACTIONS AND BALANCES

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

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

(a) Related party transactions

| | 30 September 2017 USD'000 Unaudited | 30 September 2016 USD'000 Unaudited and Unreviewed |
|-----------------------------------|--|--|
| Equitativa (Dubai) Limited | | |
| Management fee | (9,276) | (8,547) |
| Performance fee | (1,546) | (1,086) |
| | (10,822) | (9,633) |

EMIRATES REIT (CEIC) LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION for the nine months ended 30 September 2017 (continued)

14 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Due to related parties comprises:

| | 30 September 2017 USD'000 Unaudited | 31 December 2016 USD'000 Audited |
|-----------------------------------|--|---|
| Equitativa (Dubai) Limited | 1,546 | 1,766 |

Management fee is payable to the REIT Manager quarterly in advance and is calculated quarterly based on the aggregated gross value of the assets of the REIT at a rate of 1.5% per annum.

The Performance fee is payable to the REIT Manager annually in arrears, at a rate of 3% of the increase in net asset value per share by reference to the highest net asset value per share previously used in calculating the fee. The first performance fee paid after listing was calculated at 5% on the increase in net asset value per share from the base net asset value per share and the number of shares in issue immediately prior to admission (i.e. excluding any offer shares made as part of the admission).

All transactions with related parties are approved by the REIT Manager. The outstanding balances at the period-end are unsecured and profit rate free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the period 30 September 2017, the REIT has not recorded any impairment of receivables relating to amounts owed by related parties (period ended 30 September 2016: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Transactions with key management personnel

During the period ended 30 September 2017 and the year ended 31 December 2016, the role of the key management personnel in accordance with IAS 24 was performed by the REIT Manager, for which the REIT Manager receives remuneration in the form of a management fee and performance fee.

15 ISLAMIC FINANCING

| Ijarah facilities | Current USD'000 | Non-current USD'000 | Total USD'000 |
|--|--------------------|------------------------|------------------|
| At 30 September 2017 (Unaudited) | 21,881 | 315,559 | 337,440 |
| At 31 December 2016 (Unaudited and Unreviewed) | 28,819 | 284,830 | 313,649 |

At 30 September 2017, the weighted average cost of finance taking into account the profit rate attributable to each loan and the amortisation of financing transaction costs was 3 month EIBOR + 2.6% (31 December 2016: 3-month EIBOR + 2.6%).

EMIRATES REIT (CEIC) LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION for the nine months ended 30 September 2017 (continued)

16 TRADE AND OTHER PAYABLES

| | 30 September 2017 USD'000 Unaudited | 31 December 2016 USD'000 Audited |
|-------------------------------------|--|---|
| Deferred income | 8,473 | 9,003 |
| Tenant deposits payable | 6,001 | 4,841 |
| Payable against investment property | 4,143 | 5,603 |
| Accrued expenses | 2,255 | 1,777 |
| Accrued profit payable | 1,572 | 1,326 |
| Accrued performance fee | 1,546 | 1,479 |
| Service fee received in advance | 1,509 | 1,041 |
| Administration fee payable | 32 | 31 |
| Management fee payable | - | 287 |
| Other payables | 100 | 12 |
| | <u>25,631</u> | <u>25,400</u> |

Included in the above accounts are balances due to related parties amounting to USD 1,546 thousand (31 December 2016: USD 1,766 thousand). (Note 13).

17 COMMITMENTS

(a) Capital commitments

As of 30 September 2017, the REIT had capital commitments of USD 30,018 thousand (31 December 2016: USD 20,134 thousand) out of which USD 14,104 thousand (31 December 2016: USD 18,960 thousand) pertains to the construction of British Columbia Canadian School and USD 15,914 thousand (31 December 2016: USD 1,174 thousand) pertains to fit-out and re-development work at Index Tower office and retail.

(b) Operating lease commitments – REIT as lessee

The REIT has entered into commercial property leases on certain properties. Future minimum rentals payable under non-cancellable operating lease are as follows:

| | 30 September 2017 USD'000 Unaudited | 31 December 2016 USD'000 Audited |
|---|--|---|
| Within one year | 1,930 | 1,251 |
| After one year but not more than five years | 7,674 | 5,005 |
| More than five years | 27,851 | 25,652 |
| | <u>37,455</u> | <u>31,908</u> |

EMIRATES REIT (CEIC) LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION for the nine months ended 30 September 2017 (continued)

17 COMMITMENTS (continued)

(c) *Operating lease commitments – REIT as lessor*

The REIT has entered into commercial property leases on certain properties. Future minimum rentals receivable under non-cancellable operating lease are as follows:

| | 30 September 2017 USD'000 Unaudited | 31 December 2016 USD'000 Audited |
|---|--|---|
| Within one year | 76,410 | 39,948 |
| After one year but not more than five years | 122,509 | 106,210 |
| More than five years | 482,577 | 495,262 |
| | <hr/> 681,496 | <hr/> 641,420 |

EMIRATES REIT (CEIC) LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

FINANCIAL STATEMENTS
for the year ended 31 December 2016

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Independent auditor's report to the shareholders of Emirates REIT (CEIC) Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Emirates REIT (CEIC) Limited (the "REIT") as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The REIT's financial statements comprise:

- the balance sheet as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the REIT in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the requirements of the Dubai Financial Services Authority (the "DFSA"). We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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(1)



Independent auditor's report to the shareholders of Emirates REIT (CEIC) Limited
(continued)

Our audit approach

Overview

-
- | | |
|------------------|---|
| Key audit matter | • Fair valuation of investment property |
|------------------|---|
-

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the REIT, the accounting processes and controls, and the industry in which the REIT operates.

Key audit matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

| Key audit matter | How our audit addressed the key audit matter |
|------------------|--|
|------------------|--|

| | |
|--|--|
| Fair valuation of investment property (refer to Note 5) | |
|--|--|

The REIT owns a portfolio of investment properties, comprising commercial and retail buildings, car parking spaces and schools located in Dubai, United Arab Emirates. Investment properties are those that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the REIT.

In accordance with the REIT's accounting policy, investment properties are measured at their fair values, reflecting market conditions at the date of reporting. Gains or losses arising from changes in the fair values of investment properties each year are included in that year's statement of comprehensive income.

We obtained The REIT Manager's calculations of investment properties' values based on external valuation reports and tested the accuracy of the posting of the related revaluation gain to the financial statements and performed the following:

- We reconciled the investment property value on the balance sheet to the external valuation report.

- We tested the accuracy of the total gain on investment properties by recalculating the difference in fair values of individual investment properties between 31 December 2015 and 31 December 2016.



Independent auditor's report to the shareholders of Emirates REIT (CEIC) Limited
(continued)

Our audit approach (continued)

Key audit matter (continued)

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| <p>Fair valuation of investment properties (refer to Note 5) (continued)</p> <p>As at 31 December 2016, the combined fair value of the REIT's investment properties was estimated to be USD 753 million (31 December 2015: USD 673 million) making it the most significant asset on the balance sheet. A revaluation gain for the year ended 31 December 2016 was recognised in the statement of comprehensive income amounting to USD 36.5 million (31 December 2015: USD 53.3 million).</p> <p>On a quarterly basis, Equitativa (Dubai) Limited ("the REIT Manager") engages independent certified property valuers to perform a formal valuation of the REIT's investment properties on an open market basis. Each property is valued separately.</p> <p>The determined fair value of each investment property is most sensitive to its estimated yield, its stabilised occupancy rate as well as its operating expenses. The underlying assumptions used to determine the fair value of investment properties and sensitivity analysis are further explained in Note 5.</p> <p>We have focused on this area because of the complexities and uncertainties inherent in the determination of fair values (including the use of estimates) and the significant impact any changes in the individual property fair values, or errors in their computation, could have on the REIT's reported financial position and performance.</p> | <ul style="list-style-type: none">- We involved our own, in-house property valuation experts to assess the methodologies used by the REIT's external valuers and the appropriateness of the underlying assumptions by performing the following procedures:<ul style="list-style-type: none">- Reviewed the methodology applied by the external valuers to ensure it is appropriate;- Assessed the reasonableness of assumed rents and comparable sales and compared them against market evidence; and- Assessed the capitalisation rates and yields to ensure they are appropriate and in line with current market conditions.- Evaluated the external valuers' independence, experience and reputation in the property valuation field; and- We also focused on the adequacy of the REIT's disclosures in Note 5 to the financial statements about those assumptions to which the outcome of the fair valuation is most sensitive, that is, those that have the most significant effect on the determination of the valuation of the REIT's investment properties. |



Independent auditor's report to the shareholders of Emirates REIT (CEIC) Limited
(continued)

Other information

The REIT Manager is responsible for the other information. The other information comprises the Annual Report which includes the REIT Manager's report but does not include the financial statements and our auditor's report thereon. The Annual Report, including the REIT Manager's report, is not yet received and is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, including the REIT Manager's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the DFSA.

Responsibilities of the REIT Manager and those charged with governance for the financial statements

The REIT Manager is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS and in accordance with the applicable regulatory requirements of the DFSA, and for such internal control as the REIT Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the REIT Manager is responsible for assessing the REIT's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the REIT Manager either intends to liquidate the REIT or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the REIT's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Independent auditor's report to the shareholders of Emirates REIT (CEIC) Limited
(continued)

Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 REIT's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the REIT Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the REIT's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the REIT to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Independent auditor's report to the shareholders of Emirates REIT (CEIC) Limited
(continued)

Report on other legal and regulatory requirements

As required by the applicable provisions of the DFSA Rulebook, we report that:

- i) the financial statements have been properly prepared in accordance with the applicable requirements of the DFSA;
- ii) the REIT has maintained proper books of accounts and the financial statements are in agreement therewith; and
- iii) we have obtained all the information and explanations which we considered necessary for the purposes of our audit.

PricewaterhouseCoopers
Dubai, United Arab Emirates

A handwritten signature in black ink, appearing to read 'Mohamed ElBorno', written over a faint, stylized PwC logo.

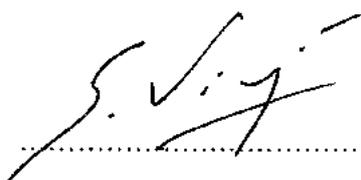
Audit Principal - Mohamed ElBorno
26 February 2017

Emirates REIT (CEIC) Limited

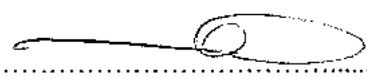
BALANCE SHEET

| | Note | As at 31 December | |
|-------------------------------------|------|-------------------|-----------------|
| | | 2016 USD'000 | 2015 USD'000 |
| ASSETS | | | |
| Non-current assets | | | |
| Investment property | 5 | 752,703 | 673,227 |
| Accrued income | 6 | 8,055 | - |
| | | 760,758 | 673,227 |
| Current assets | | | |
| Trade and other receivables | 6 | 7,137 | 4,382 |
| Cash and cash equivalents | 7 | 64,573 | 63,735 |
| | | 71,710 | 68,117 |
| Total assets | | 832,468 | 741,344 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital | 8 | 299,621 | 299,621 |
| Share premium | 8 | 59,393 | 59,393 |
| Retained earnings | | 134,405 | 110,552 |
| Total equity | | 493,419 | 469,566 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Islamic financing | 9 | 284,830 | 233,327 |
| Current liabilities | | | |
| Islamic financing | 9 | 30,145 | 23,963 |
| Trade and other payables | 10 | 24,074 | 14,488 |
| | | 54,219 | 38,451 |
| Total liabilities | | 339,049 | 271,778 |
| Total equity and liabilities | | 832,468 | 741,344 |
| Net asset value (USD) | | 493,418,917 | 469,565,407 |
| Number of shares | | 299,620,541 | 299,620,541 |
| Net asset value USD per share | | 1.65 | 1.57 |

These financial statements were approved by the Board of Directors of Equitativa (Dubai) Limited (formerly known as Emirates REIT Management (Private) Limited) as the sole director of the REIT on 26 February 2017 and signed on their behalf by:



Sylvain Vieujo
Executive Deputy Chairman



Abdul Wahab Al Halabi
Group Chief Investment Officer
Acting Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

| | Note | For the year ended 31 December | |
|---|------|--------------------------------|-----------------|
| | | 2016 USD'000 | 2015 USD'000 |
| Rental income | | 45,342 | 36,887 |
| Service fee income | | 5,049 | 4,352 |
| Other property income | | 313 | 250 |
| Total property income | | 50,704 | 41,489 |
| Property operating expenses | | (15,086) | (12,859) |
| | | 35,618 | 28,630 |
| Net unrealised gain on revaluation of investment property | 5 | 36,476 | 53,253 |
| Net property income | | 72,094 | 81,883 |
| Management fee | 13 | (11,722) | (9,983) |
| Performance fee | 13 | (1,478) | (1,903) |
| Branding and marketing fees | | (490) | (704) |
| Board fees | | (295) | (250) |
| Legal and professional fees | | (170) | (253) |
| Valuation fees | | (135) | (115) |
| Custodian fees | | - | (20) |
| REIT administration fee | | (180) | (240) |
| Other expenses | | (547) | (353) |
| Operating profit | | 57,077 | 68,062 |
| Finance income | | 67 | 17 |
| Finance costs | | (9,322) | (6,580) |
| Finance costs, net | | (9,255) | (6,563) |
| Profit and total comprehensive income for the year | | 47,822 | 61,499 |
| Earnings Per Share | | | |
| Basic and diluted earnings per share (USD) | 14 | 0.16 | 0.21 |

STATEMENT OF CHANGES IN EQUITY

| | Note | Share capital USD'000 | Share premium USD'000 | Retained earnings USD'000 | Total USD'000 |
|---------------------------------------|------|-----------------------------|-----------------------------|---------------------------------|------------------|
| Balance at 1 January 2015 | | 299,621 | 59,393 | 73,022 | 432,036 |
| Comprehensive income | | | | | |
| Profit for the year | | - | - | 61,499 | 61,499 |
| Transactions with shareholders | | | | | |
| Cash dividends | | - | - | (23,969) | (23,969) |
| Balance at 31 December 2015 | | 299,621 | 59,393 | 110,552 | 469,566 |
| Balance at 1 January 2016 | | 299,621 | 59,393 | 110,552 | 469,566 |
| Comprehensive income | | | | | |
| Profit for the year | | - | - | 47,822 | 47,822 |
| Transactions with shareholders | | | | | |
| Cash dividends | 12 | - | - | (23,969) | (23,969) |
| Balance at 31 December 2016 | | 299,621 | 59,393 | 134,405 | 493,419 |

STATEMENT OF CASH FLOWS

| | Note | For the year ended 31 December | |
|---|------|--------------------------------|-----------------|
| | | 2016 USD'000 | 2015 USD'000 |
| Operating activities | | | |
| Profit for the year | | 47,822 | 61,499 |
| Adjustments for: | | | |
| Net unrealised gain on revaluation of investment property | 5 | (36,476) | (53,253) |
| Finance costs | | 9,322 | 6,580 |
| Finance income | | (67) | (17) |
| Provision for doubtful debts | | 228 | 78 |
| Operating cash flows before changes in working capital | | 20,829 | 14,887 |
| Changes in working capital: | | | |
| Trade and other receivables | | (11,038) | (2,272) |
| Trade and other payables | | 9,769 | 4,195 |
| Net cash generated from operating activities | | 19,560 | 16,810 |
| Investing activities | | | |
| Additions to investment property | | (41,611) | (43,701) |
| Finance income received | | 67 | 17 |
| Net cash used in investing activities | | (41,544) | (43,684) |
| Financing activities | | | |
| Islamic financing obtained, net | | 54,728 | 103,925 |
| Dividends paid | 12 | (23,969) | (23,969) |
| Finance cost paid | | (7,937) | (5,976) |
| Net cash generated from financing activities | | 22,822 | 73,980 |
| Net increase in cash and cash equivalents | | 838 | 47,106 |
| Cash and cash equivalents at the beginning of the year | | 63,735 | 16,629 |
| Cash and cash equivalents at the end of the year | 7 | 64,573 | 63,735 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 Equitativa (Dubai) Limited (the "REIT Manager") (formerly known as Emirates REIT Management (Private) Limited), a company limited by shares, duly registered in the DIFC under commercial registration number CL0997, and having its registered office at Level 23, Index tower, Dubai International Financial Centre, Dubai, UAE. The REIT Manager was appointed by the REIT to undertake the management of the REIT.

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").

On 4 December 2016, the legal name of Emirates REIT Management (Private) Limited changed to Equitativa (Dubai) Limited (the "REIT Manager").

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

These financial statements have been approved by the REIT Manager as the sole director of the REIT on 26 February 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

2.1 Basis of preparation

Statement of compliance

The financial statements of the REIT have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB), Islamic Shari'a rules and principles as determined by the Shari'a Supervisory Board and in accordance with the applicable regulatory requirements of the Dubai Financial Services Authority ("DFSA").

Income and cash flow statement

The REIT has elected to present a single statement of comprehensive income and presents its expenses by nature.

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 acquisition of investment property is disclosed as cash flows from investing activities because this most appropriately reflects the REIT's business activities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Preparation of the financial statements

The financial statements have been prepared on a going concern basis, applying a historical cost convention, except for the measurement of investment property at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the REIT Manager to exercise its judgement in the process of applying the REIT's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions change. The REIT Manager believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.1.1 Changes in accounting policies and disclosures

(a) *New standards, amendments and interpretations effective for the financial year beginning after 1 January 2016 that did not have a material impact on the REIT*

- IAS 1, 'Presentation of Financial Statements' (amendment), (effective from 1 January 2016);
- IAS 16, 'Property, Plant and Equipment' (amendment), (effective from 1 January 2016);
- IAS 27, 'Separate Financial Statements' (amendment), (effective from 1 January 2016);
- IAS 28 'Investments in associates and joint ventures' (amendment), (effective from 1 January 2016);
- IAS 38, 'Intangible Assets (amendment), (effective from 1 January 2016);
- IFRS 10, 'Consolidated Financial Statements' (amendment), (effective from 1 January 2016);
- IFRS 11, 'Accounting for Acquisitions of Interests in Joint Operations' (amendment), (effective from 1 January 2016); and
- IFRS 14, 'Regulatory Deferral Accounts, (effective from 1 January 2016).

There are no other IFRSs or IFRIC interpretations that are effective and would be expected to have a material impact on the REIT.

(b) *New and amended standards issued but not effective for the financial year beginning 1 January 2016 and not early adopted*

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the REIT's financial statements are disclosed below. The REIT intends to adopt these standards, if applicable, when they become effective.

- IFRS 9, 'Financial instruments' (effective 1 January 2018);
- IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2018);
- IFRS 16, 'Leases' (effective from 1 January 2019); and
- IAS 7, 'Cash flow statement' (amendment), (effective from 1 January 2017).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Segment reporting

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

2.3 Foreign currency translation

(a) Functional and presentation currency

The functional currency of the REIT is UAE Dirhams ("AED"). The presentation currency of the financial statements of the REIT is USD translated at a rate of AED 3.673 to 1 USD. The translation rate has remained constant throughout the current and previous years.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the REIT at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised within profit and loss in the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item.

2.4 Investment Property

Property that is held for long-term rental yields or for capital appreciation, or both, and that is not occupied by the REIT, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment property under construction for which the fair value cannot be determined reliably, but for which the REIT Manager expects that the fair value of the property will be reliably determinable when construction is completed, is measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier.

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the REIT uses alternative valuation methods, such as discounted cash flow projections. Valuations are performed by independent professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements.

Gains or losses arising from changes in the fair values of investment property are included in profit or loss from the statement of comprehensive income in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Investment Property (continued)

Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable. It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- The provisions of the construction contract;
- The stage of completion;
- Whether the project/property is standard (typical for the market) or non-standard;
- The level of reliability of cash inflows after completion;
- The development risk specific to the property;
- Past experience with similar constructions; and
- Status of construction permits.

The fair value of investment property reflects, among other things, income from similar assets at their current highest and best use and assumptions about income from future operations in the light of current market conditions.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the REIT and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment property is derecognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognised within profit and loss in the statement of comprehensive income in the period of derecognition.

2.5 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

a. REIT as a lessee

i. Operating lease

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

b. REIT as a lessor

Leases in which the REIT does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. Refer note 2.13 for accounting policy on recognition of rental income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Financial assets

Classification

The REIT currently classifies its financial assets as 'loans 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.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables comprise of 'Trade and other receivables' (Note 6) and 'cash and cash equivalents' (Note 7) in the balance sheet.

Recognition and measurement

Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective profit rate method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the REIT has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

A provision for impairment of receivables is established when there is objective evidence that the REIT will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective profit rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised within profit and loss in the statement of comprehensive income.

2.7 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts, if any.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Rental and service income receivables

Rental and service income receivables are amounts due from customers arising from leases on investment property in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Rental and service income receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective profit rate method, less provision for impairment.

2.9 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

2.10 Islamic financing

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

After initial recognition, profit bearing Ijarah is subsequently measured at amortised cost using the effective profit rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognized as well as through the effective profit rate amortization process. Ijarah rent expense is recognised on a time-proportion basis over the Ijarah term.

2.11 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Accounts payables are recognised initially at fair value and subsequently measured at amortised cost using the effective profit rate method.

2.12 Provisions

Provisions are recognised when the REIT has a present obligation (legal or constructive) arising from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

2.13 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the REIT and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The REIT has concluded that it is the principal in all of its revenue arrangements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Revenue recognition (continued)

The specific recognition criteria described below must also be met before revenue is recognised.

Rental income

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term after the spreading of tenant incentives and fixed rental increases on such lease terms and is included in rental income in the statement of comprehensive income due to its operating nature.

Service fee income

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

2.14 Property expenses

Property expenses comprise all property related expenses which include third party property and facility management fees and utility expenses. Property expenses are recognised in profit and loss in the period in which they are incurred (on an accruals basis).

2.15 Management fee

Management fee represents the fee payable to the REIT Manager in relation to its management of the REIT. The management fee expense is recorded when it is due.

2.16 Performance fee

The REIT accrues for the amount of performance fee at the balance sheet date calculated in accordance with the REIT Management Agreement.

2.17 Finance income and costs

Finance income comprises profit income on short term investments and other bank deposits. Profit income is recognised as it accrues in the statement of comprehensive income, using the effective profit rate method.

Finance costs are mainly profits payable on borrowings obtained from financial institutions at normal commercial rates and recognised as it accrues in the statement of comprehensive income in the period in which it is incurred.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Earnings per share

The REIT presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit/(loss) attributable to the ordinary shareholders of the REIT by the weighted average numbers of ordinary shares outstanding during the period. Diluted EPS is calculated by adjusting the weighted average number of equity shares outstanding to assume conversion of all dilutive potential ordinary shares. The REIT does not have any dilutive potential ordinary shares.

2.19 Dividend distribution

Dividend distribution to the REIT's shareholders is recognised as a liability in the REIT's financial statements in the period in which the dividends are approved by the shareholders.

2.20 Earnings prohibited by Shari'a

The REIT is committed to avoiding recognising any income generated from non-Islamic sources. Accordingly, any non-Islamic income will be credited to a charity fund where the REIT uses these funds for social welfare activities. To date, no non-Islamic income has been generated.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The REIT's principal financial liabilities comprise Islamic financing facilities and trade payables. The main purpose of these financial instruments is to fund the purchase of investment property and to finance the REIT's operations. The REIT has various financial assets such as trade receivables and bank balances and cash, which arise directly from its operations.

The main risks arising from the REIT's financial instruments are profit rate risk, foreign currency risk, credit risk, and liquidity risk. The REIT Manager reviews and agrees policies for managing each of these risks which are summarised below:

(a) Profit rate risk

The REIT's exposure to the risk of changes in market profit rates relates primarily to the REIT's Islamic financing facilities with floating rates. As at 31 December 2016, if the profit rate on Ijarah facilities had been 1% higher/ lower, with all other variables held constant, profit for the year would have been USD 2,724 thousand (31 December 2015: USD 1,994 thousand) lower/higher, mainly as a result of higher/lower finance expense.

(b) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. As the REIT's exposure to foreign currency risk is primarily limited to the US Dollar and the UAE Dirham, which is pegged to the US Dollar, the REIT is not considered to be exposed to any significant currency risk.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(continued)

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Credit risk

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

Financial counterparties

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

| Rating | Credit rating agency | 2016 USD'000 | 2015 USD'000 |
|--------------|----------------------|-----------------|-----------------|
| A+ | Fitch | 10,057 | 14,365 |
| A- | Fitch | 47,709 | - |
| A1 | Moody's | 3,547 | 4,820 |
| Baal | Moody's | 1,236 | 20,833 |
| N/A* | N/A* | 2,024 | 23,717 |
| Total | | 64,573 | 63,735 |

*Not rated by Moody's or Fitch.

Tenants

The REIT Manager maintains the property portfolio under continual review to minimise tenant credit risk. Tenants occupying under existing leases at the time of the acquisition of an interest in a property are actively monitored for timely payment of rent and other obligations following the acquisition. New tenants that commence occupation subsequent to the acquisition of an interest in a property are assessed at the time of entering a lease. Amounts receivable from a single customer at 31 December 2016 represented 17% (31 December 2015: 25%) of the total rental and service fee income receivable.

The REIT Manager engages external property management agents to manage the payment of rents by tenants. The REIT Manager remains actively involved and undertakes regular consideration of tenant profiles, existing and anticipated voids, overdue rents and outstanding rent reviews. Rent deposits are held in respect of all new leases and may be withheld by the REIT in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract.

(d) Liquidity risk

The liquidity risk faced by the REIT is that it may have insufficient cash or cash equivalent resources to meet its financial obligations as they fall due. The REIT actively manages liquidity risk by monitoring actual and forecast cash flows and by maintaining adequate cash reserves.

The REIT has access to an undrawn facilities at the end of the reporting period of up to USD 103,951 thousand expiring within one year. The table on the following page summarises the maturity profile of the REIT's financial liabilities based on contractual undiscounted payments and includes profit at agreed rates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(continued)

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(d) Liquidity risk (continued)

| At 31 December 2016 | Less than 3 months USD'000 | 3 to 12 months USD'000 | 1 to 5 years USD'000 | Over 5 years USD'000 | Total USD'000 |
|---|-------------------------------|---------------------------|-------------------------|-------------------------|------------------|
| Islamic financing | 8,686 | 29,297 | 226,931 | 108,118 | 373,032 |
| Trade and other payables | 6,570 | 5,096 | 2,352 | - | 14,018 |
| Total undiscounted financial liabilities | 15,256 | 34,393 | 229,283 | 108,118 | 387,050 |

| At 31 December 2015 | Less than 3 months USD'000 | 3 to 12 months USD'000 | 1 to 5 years USD'000 | Over 5 years USD'000 | Total USD'000 |
|---|-------------------------------|---------------------------|-------------------------|-------------------------|------------------|
| Islamic financing | 8,193 | 24,471 | 182,293 | 85,459 | 300,416 |
| Trade and other payables | 5,587 | 1,156 | 2,960 | - | 9,703 |
| Total undiscounted financial liabilities | 13,780 | 25,627 | 185,253 | 85,459 | 310,119 |

(e) Capital management

The primary objective of the REIT when managing capital is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value.

The REIT's strategy for its capital management is to maintain a prudent balance of equity and debt appropriate to the profile of the REIT's asset portfolio taking into account regulatory restrictions on gearing.

Capital comprises share capital, share premium and retained earnings and is measured at USD 493,419 thousand as at 31 December 2016 (2015: USD 469,566 thousand).

Under the terms of the REIT's borrowing facilities, the REIT is required to maintain a ratio (calculated on a 12 month rolling basis) of operating profit before unrealised gains or losses on property revaluation to finance costs, above 2. As at 31 December 2016 the ratio of operating profit before unrealised gains or losses on property revaluation to finance costs was 2.12.

In addition, the REIT has covenants on the loan to value of specific assets mortgaged to its banking partners. These loan to value covenants require that the value of the outstanding finance amount to the property value should not exceed a predetermined percentage amount. The percentage amounts vary between banks and are in the range of 60% to 65%. The REIT has complied with its loan to value covenant requirements throughout the year.

The REIT is required by DFSA regulations to limit borrowings to a maximum of 50% of gross asset value. As of 31 December 2016, borrowings as a percentage of gross asset value was 37.8% (2015: 34.7%).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(continued)

3 FINANCIAL RISK MANAGEMENT (continued)

3.2 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 the financial assets and financial liabilities approximate their carrying values.

The following table provides the fair value measurement hierarchy of the REIT's investment property:

| | Date of valuation | Quoted prices in active Markets (Level 1) USD'000 | Significant observable inputs (Level 2) USD'000 | Significant unobservable inputs (Level 3) USD'000 | Total USD'000 |
|---------------------|-------------------|--|--|--|------------------|
| Investment property | 31 December 2016 | - | 158,571 | 591,996 | 750,567 |
| Investment property | 31 December 2015 | - | 161,766 | 509,541 | 671,307 |

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

4.1 Judgements

The preparation of the REIT's financial statements requires the REIT Manager to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. In the process of applying the REIT's accounting policies, The REIT Manager has made the following judgements, apart from those involving estimations, which have the most significant impact on the amounts recognised in the financial statements.

Revaluation of investment property

The REIT carries its investment property 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 property held, to determine the fair values of investment property as at 31 December 2016. For income producing investment property, a valuation methodology based on the capitalisation rate method was used as it represents a method of determining the value of the investment property 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 (that is, unobservable inputs - Level 3). However, for vacant investment property, valuation was based on sales comparison method by which value of each property is derived by comparing it with prices achieved from transactions in similar properties (that is, significant observable input – Level 2).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(continued)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4.1 Judgements (continued)

The determined fair value of the investment property 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 property and sensitivity analysis, are further explained in Note 5.

Operating lease commitments — REIT as lessor

The REIT has entered into commercial property leases on its investment property portfolio. The REIT has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

4.2 Going concern

The REIT Manager, as the sole director of the REIT, has made an assessment of the REIT's ability to continue as a going concern. The REIT Manager is not aware of any material uncertainties that may cast significant doubt upon the REIT's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(continued)

5 INVESTMENT PROPERTY

| | Completed properties USD'000 | Properties under construction USD'000 | Total USD'000 |
|--|------------------------------------|--|------------------|
| At 1 January 2015 | 575,332 | - | 575,332 |
| Acquisitions during the year | 26,807 | - | 26,807 |
| Work in progress during the period | - | 3,161 | 3,161 |
| Additional re-development and fitout carried on completed properties | 14,674 | - | 14,674 |
| Net unrealised gain on revaluation of investment property | 53,253 | - | 53,253 |
| At 31 December 2015 | 670,066 | 3,161 | 673,227 |
| Acquisitions during the year | 1,128 | - | 1,128 |
| Transfer from properties under construction | 32,741 | (32,741) | - |
| Work in progress during the period | - | 31,893 | 31,893 |
| Additional re-development and fitout carried on completed properties | 9,979 | - | 9,979 |
| Net unrealised gain on revaluation of investment property | 36,476 | - | 36,476 |
| At 31 December 2016 | 750,390 | 2,313 | 752,703 |

As at the reporting date, the REIT held total investment property amounting to USD 752,703 thousand (31 December 2015: USD 673,227 thousand) in a real estate portfolio of nine properties (2015: eight properties) located in Dubai, UAE.

One of the REIT's investment properties is constructed on a plot in Dubai which is under a lease agreement for a remaining period of 24.9 years. The fair value of this property amounted to USD 7,852 thousand. Another property is constructed on a plot which is under a land lease agreement, with a remaining lease period of 27.2 years as of 31 December 2016. The fair value of this property as of the balance sheet date amounted to USD 86,665 thousand.

During the year, an additional property is being constructed on a plot which is under a land lease agreement with a remaining lease period of 27 years renewable for another term of 30 years.

Properties under re-development represent redevelopment and fit out costs incurred in relation to some of the REIT's investment property and in which the work was not completed as of year-end. Properties under development are measured at cost less impairment, if any, until the fair value becomes readily determinable or development is completed – whichever is earlier.

British Columbian Canadian School

On 28 September 2016, the REIT acquired the leasehold interest in a 25,000 square meter plot of land which was leased to the British Columbian Canadian School on a 28 year lease term.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(continued)

5 INVESTMENT PROPERTY (continued)

The fair valuations of investment property were based on an individual assessment, for each property type, of both the future earnings and the required yield. In assessing the future earnings of the properties, the REIT Manager took into account potential changes in rental levels from each contract's rent and expiry date compared with the estimated current market rent, as well as changes in occupancy rates and property costs. Fair value hierarchy disclosures for investment property has been provided in Note 3.2.

The following table shows a reconciliation of the opening balances to the closing balances for Level 3 fair values:

| | 2016 USD'000 | 2015 USD'000 |
|--|-----------------|-----------------|
| Balance at the beginning of the year | 509,541 | 339,565 |
| Transfer from Level 2 to Level 3 | 44,851 | 87,022 |
| Additions of new investment property during the year | 1,128 | 29,968 |
| Net unrealised gain on revaluation of investments properties | 36,476 | 52,986 |
| Balance at the end of the year | 591,996 | 509,541 |

For investment property categorised under Level 3 fair value hierarchy, a valuation methodology based on the capitalisation rate method was used as it represents a method of determining the value of the investment property by calculating the net present value of expected future earnings.

For investment property categorised under Level 2 fair value hierarchy, a valuation methodology based on the sales comparison method was used by comparing it with prices achieved from transactions in similar properties.

Properties for which rental cash flows can be realistically predicted are transferred to level 3, properties where cash flows are dependent on re-development and fitout, in addition properties that do not have an existing lease or promise to lease are kept as level 2.

The significant unobservable inputs used in arriving at fair values of investment property 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 property are as follows:

| | 2016 | 2015 |
|----------------------------------|--------------|--------------|
| Stabilised occupancy rate (%) | 90 – 100 | 90 – 100 |
| Equivalent yield (%) | 8.00 – 9.00 | 8.00 – 8.98 |
| Operating Expenses (USD/sq. ft.) | 8.00 – 19.66 | 7.88 – 25.05 |

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 carrying value of USD 587,305 thousand (31 December 2015: USD 491,720 thousand) are mortgaged against Islamic financing facilities (Note 9).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(continued)

6 TRADE AND OTHER RECEIVABLES

| | 2016 USD'000 | 2015 USD'000 |
|--|-----------------|-----------------|
| Rental and service income receivable | 1,120 | 375 |
| Less: Provision for doubtful debts | (412) | (184) |
| | 708 | 191 |
| Accrued income | 10,247 | - |
| Prepayments | 3,333 | 3,261 |
| Other receivables | 904 | 930 |
| | 15,192 | 4,382 |
| Less: non-current portion – accrued income | (8,055) | - |
| Current portion | 7,137 | 4,382 |

Accrued income relates to rents recognised in advance as a result of spreading the effect of rent free and reduced rent periods and rent uplifts, over the expected terms of their respective leases in accordance with IAS 17. Together with USD 8,055 thousand, which was included as a non-current asset, these amounts totaled USD 10,247 as at 31 December 2016.

As at 31 December 2016, trade accounts receivable of USD 412 thousand (2015: USD 184 thousand) were fully impaired. The movement in the allowance for impairment of receivables is as follows:

| | 2016 USD'000 | 2015 USD'000 |
|--------------------------------------|-----------------|-----------------|
| Balance at the beginning of the year | 184 | 106 |
| Charge for the year | 228 | 78 |
| Balance at the end of the year | 412 | 184 |

As at 31 December, the ageing analysis of past due but unimpaired receivables is as follows:

| | Less than 30 days USD'000 | Between 30 to 60 days USD'000 | Between 60 to 90 days USD'000 | More than 90 days USD'000 | Total USD'000 |
|------|---------------------------------|-------------------------------------|-------------------------------------|---------------------------------|------------------|
| 2016 | 53 | 39 | 90 | 526 | 708 |
| 2015 | 34 | 4 | 19 | 134 | 191 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(continued)

7 CASH AND CASH EQUIVALENTS

| | 2016 USD'000 | 2015 USD'000 |
|------------------------------|-----------------|-----------------|
| Current and savings accounts | 64,573 | 24,258 |
| Wakala deposits | - | 39,477 |
| | 64,573 | 63,735 |

Balances with banks are placed with local Islamic banks.

8 SHARE CAPITAL

| | Number of ordinary shares | Ordinary shares USD'000 | Share premium USD'000 | Total USD'000 |
|---------------------|---------------------------------|-------------------------------|-----------------------------|------------------|
| At 31 December 2016 | 299,620,541 | 299,621 | 59,393 | 359,014 |
| At 31 December 2015 | 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:

- (i) one Manager Share with a par value of USD100; and
- (ii) 10,000,000,000 ordinary shares with a nominal par value of USD 1 per share.

9 ISLAMIC FINANCING

| Ijarah facilities | Within 1 year USD'000 | Between 1 and 5 years USD'000 | More than 5 years USD'000 | Total USD'000 |
|---------------------|-----------------------------|-------------------------------------|---------------------------------|------------------|
| At 31 December 2016 | 30,145 | 162,360 | 122,470 | 314,975 |
| At 31 December 2015 | 23,963 | 153,219 | 80,108 | 257,290 |

The Islamic financing facilities were obtained by the REIT to finance the acquisitions of investment property. Borrowing costs capitalised in relation to construction of Jebel Ali School and British Columbia Canadian School amounted to USD 885 thousand.

On 30 June 2016 the 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, Lofts and Building 24 which value amounted to USD 231,565 thousand collectively at 31 December 2016. The terms of the financing facility remains at a profit rate of 3 month EIBOR + 2.5% with no minimum rate. The amount of the total facility is being repaid over 10 years commencing from 30 June 2016.

On 11 October 2016 the REIT drew down USD 53,634,631 (AED 197 million) under a new Islamic financing with Noor Bank secured by way of new mortgage on Jebel Ali School. The finance is on a profit rate of 3 month EIBOR + 2.5% with a floor rate of 3.5% and the finance is repaid over 10 years in quarterly installments.

At 31 December 2016 the weighted average cost of finance taking into account the profit rate attributable to each loan and the amortisation of financing transaction costs was 3 month EIBOR + 2.6%. (31 December 2015: 3 month EIBOR + 2.7%)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(continued)

9 ISLAMIC FINANCING (continued)

Compliance with loan covenants:

The facilities are secured by certain covenants on the REIT. The covenants states that the REIT will ensure that the following financial ratios are met:

- Total Ijarah facilities should not exceed 50% of the gross fixed assets.
- Value of the underlying asset should not exceed 60% of the drawdown.
- Finance to value (of the underlying asset) should not exceed 65%.
- Income cover: income to interest payments should be 3 times the net operating income at property level or 2 times net operating income at portfolio level.

The REIT has complied with the financial covenants of its Ijarah facilities during the year ended 31 December 2016.

The financing facilities are secured by the following:

- First Rank Legal Mortgages over financed properties in favour of the banks for USD 435,754 thousand (31 December 2015: USD 367,745 thousand).
- Assignment of comprehensive insurance over financed properties in favour of the bank.
- Assignment of rental income from financed properties in favour of the bank.

10 TRADE AND OTHER PAYABLES

| | 2016 USD'000 | 2015 USD'000 |
|-------------------------------------|-----------------|-----------------|
| Deferred income | 9,003 | 959 |
| Tenant deposits payable | 4,841 | 3,708 |
| Accrued expenses | 1,777 | 3,055 |
| Service fee received in advance | 1,041 | 2,594 |
| Performance fee payable | 1,479 | 1,903 |
| Payable against investment property | 5,603 | 1,841 |
| Management fee | 287 | 242 |
| Administration fee | 31 | 37 |
| Other payables | 12 | 149 |
| | 24,074 | 14,488 |

Included in the above accounts are balances due to related parties amounting to USD 1,766 thousand (2015: USD 2,145 thousand) (Note 13). Tenant deposits payable include an amount of USD 2,476 thousand (2015: USD 3,015 thousand) relating to lease agreements for a period of more than one year.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(continued)

12 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.

13 RELATED PARTY TRANSACTIONS AND BALANCES

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

Dubai Islamic Bank PJSC ("DIB") is considered a related party as the Managing Director of DIB is also the Chairman of the REIT Manager and it held 15.7% of the issued share capital of the REIT at 31 December 2016 (31 December 2015: 15.7%) DIB is also a tenant of the REIT, renting retail branch space within one of the REIT's properties pursuant to a 15 year lease agreement.

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

(a) Related party transactions

The REIT entered into the following significant transactions with related parties during the year:

| | 2016 USD'000 | 2015 USD'000 |
|-----------------------------------|-----------------|-----------------|
| Equitativa (Dubai) Limited | | |
| Management fee | (11,722) | (9,983) |
| Performance fee | (1,478) | (1,903) |
| Rental and service income | 141 | - |
| | (13,059) | (11,886) |

(b) Due to related parties comprises:

| | 2016 USD'000 | 2015 USD'000 |
|----------------------------|-----------------|-----------------|
| Equitativa (Dubai) Limited | 1,766 | 2,145 |

Management fee is payable to the REIT Manager quarterly in advance and is calculated quarterly based on the aggregated gross value of the assets of the REIT at a rate of 1.5% per annum.

The Performance fee is payable to the REIT Manager annually in arrears, at a rate of 3% of the increase in net asset value per share by reference to the highest net asset value per share previously used in calculating the fee. The first performance fee paid after listing was calculated at 5% on the increase in net asset value per share from the base net asset value per share and the number of shares in issue immediately prior to admission (i.e. excluding any offer shares made as part of the admission).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(continued)

13 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

All transactions with related parties are approved by the REIT Manager. Outstanding balances at the year-end are unsecured and profit free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2016, the REIT has not recorded any impairment of receivables relating to amounts owed by related parties (2015: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Transactions with key management personnel

During the years ended 31 December 2016 and 31 December 2015, there were no key management personnel as the REIT is managed by the REIT Manager for which a REIT Management fee is paid.

14 EARNINGS PER SHARE

Basic and diluted Earnings Per Share ("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 year.

| | 2016 USD'000 | 2015 USD'000 |
|--|---------------------|---------------------|
| Profit attributable to Ordinary shareholders | 47,822 | 61,499 |
| | Number of shares | Number of shares |
| Weighted average number of Ordinary shares for basic EPS | 299,620,541 | 299,620,541 |
| | USD | USD |
| Basic and diluted earnings per share | 0.16 | 0.21 |

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

15 COMMITMENTS AND CONTINGENCIES

Commitments

At 31 December 2016, the REIT had contractual capital commitments of USD 20,134 thousand (2015: USD 26,819 thousand) out of which USD 18,960 thousand pertains to the construction of British Columbia Canadian School and USD 1,174 thousand in relation to fit out and redevelopment work at Index Tower Office and Retail (2015: USD 2,385 thousand).

Contingencies

At 31 December 2016, the REIT had no contingent liabilities (2015: Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
(continued)

15 COMMITMENTS AND CONTINGENCIES (continued)

Operating lease commitments — REIT as lessee

The REIT has entered into commercial property leases on certain properties. Future minimum rentals payable under non-cancellable operating leases as at 31 December 2016 are as follows:

| | 2016 USD'000 | 2015 USD'000 |
|---|-----------------|-----------------|
| Within one year | 1,251 | 1,251 |
| After one year but not more than five years | 5,005 | 5,005 |
| More than 5 years | 25,652 | 26,903 |
| | <u>31,908</u> | <u>33,159</u> |

Operating lease commitments — REIT as lessor

The REIT has entered into commercial property leases on certain properties. Future minimum rentals receivables under non-cancellable operating leases as at 31 December 2016 and 2015 are as follows:

| | 2016 USD'000 | 2015 USD'000 |
|---|-----------------|-----------------|
| Within one year | 39,948 | 34,545 |
| After one year but not more than five years | 106,210 | 71,023 |
| More than 5 years | 495,262 | 237,390 |
| | <u>641,420</u> | <u>342,958</u> |

16 SUBSEQUENT EVENTS

In January 2017, the REIT paid an interim dividend in respect of the year ended 31 December 2016 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 16 January 2017.

EMIRATES REIT (CEIC) LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

**FINANCIAL STATEMENTS
for the year ended 31 December 2015**

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Registered with the DFSA

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Emirates REIT (CEIC) Limited

Report on the financial statements

We have audited the accompanying financial statements of Emirates REIT (CEIC) Limited ("the REIT"), which comprise the balance sheet as at 31 December 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

REIT Manager's responsibility for the financial statements

Emirates REIT Management (Private) Limited ("the REIT Manager") is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards ("IFRS") and in accordance with the applicable regulatory requirements of the Dubai Financial Services Authority ("DFSA"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the REIT as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers, DIFC, Building no. 5, Level 4, PO Box 11987, Dubai - United Arab Emirates
T: +971 (0)4 304 3297, F: +971 (0)4 363 7039, www.pwc.com/me



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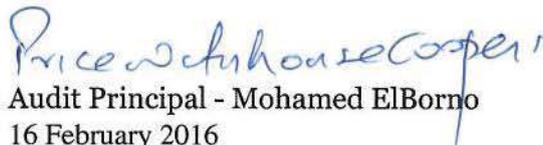
Independent Auditor's Report to the shareholders of Emirates REIT (CEIC) Limited (continued)

Report on regulatory requirements

As required by the applicable provisions of the DFSA Rulebook, we report that the financial statements have been properly prepared in accordance with the applicable requirements of the DFSA. Further, we report that:

- i) the REIT has maintained proper books of accounts and the financial statements are in agreement therewith;
- ii) we have obtained all the information and explanations which we considered necessary for the purposes of our audit; and
- iii) the financial information included in the section titled 'Report of the REIT Manager' within the Annual Report is consistent with the financial statements of the REIT.

PricewaterhouseCoopers
Dubai, United Arab Emirates


Audit Principal - Mohamed ElBorno
16 February 2016

Emirates REIT (CEIC) Limited

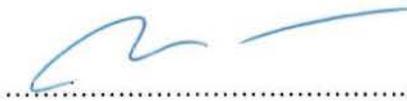
BALANCE SHEET

| | Note | As at 31 December | |
|---|------|-------------------|-----------------|
| | | 2015 USD'000 | 2014 USD'000 |
| ASSETS | | | |
| Non-current assets | | | |
| Investment property | 5 | 673,227 | 575,332 |
| Current assets | | | |
| Receivables, prepayments and other assets | 6 | 4,382 | 2,188 |
| Cash and cash equivalents | 7 | 63,735 | 16,629 |
| | | 68,117 | 18,817 |
| Total assets | | 741,344 | 594,149 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital | 8 | 299,621 | 299,621 |
| Share premium | 8 | 59,393 | 59,393 |
| Retained earnings | | 110,552 | 73,022 |
| Total equity | | 469,566 | 432,036 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Islamic financing | 9 | 233,327 | 136,697 |
| Current liabilities | | | |
| Islamic financing | 9 | 23,963 | 16,486 |
| Accounts payable and other liabilities | 10 | 14,488 | 8,930 |
| | | 38,451 | 25,416 |
| Total liabilities | | 271,778 | 162,113 |
| Total equity and liabilities | | 741,344 | 594,149 |
| Net asset value (USD) | | 469,565,407 | 432,035,659 |
| Number of shares | | 299,620,541 | 299,620,541 |
| Net asset value USD per share | | 1.57 | 1.44 |

These financial statements were approved by the Board of Directors of Emirates REIT Management (Private) Limited as sole director of the REIT on 16 February 2016 and signed on their behalf by:



 Sylvain Vieujot
 Executive Deputy Chairman



 James Anderson
 Chief Financial Officer

The notes on pages 7 to 26 form an integral part of the financial statements.

(3)

Emirates REIT (CEIC) Limited

STATEMENT OF COMPREHENSIVE INCOME

| | Note | For the year ended 31 December | |
|---|------|--------------------------------|-----------------|
| | | 2015 USD'000 | 2014 USD'000 |
| Rental income | | 36,887 | 33,019 |
| Service fee income | | 4,352 | 3,523 |
| Other property income | | 250 | 384 |
| Total property income | | 41,489 | 36,926 |
| Property operating expense | | (12,859) | (9,897) |
| | | 28,630 | 27,029 |
| Net unrealised gain on revaluation of investment property | 5 | 53,253 | 37,418 |
| Net property income | | 81,883 | 64,447 |
| Management fee | 13 | (9,983) | (7,924) |
| Performance fee | 13 | (1,903) | (918) |
| General and administrative expenses | | (1,593) | (800) |
| REIT administration fee | | (240) | (205) |
| Legal and professional fees | | (99) | (104) |
| Other expenses | | (3) | (71) |
| Initial Public Offering ("IPO") costs | | - | (747) |
| Operating profit | | 68,062 | 53,678 |
| Finance income | | 17 | 76 |
| Finance costs | | (6,580) | (5,196) |
| Finance costs, net | | (6,563) | (5,120) |
| Profit and total comprehensive income for the year | | 61,499 | 48,558 |
| Earnings Per Share | | | |
| Basic and diluted earnings per share (USD) | 14 | 0.21 | 0.19 |

STATEMENT OF CHANGES IN EQUITY

| | Share capital USD'000 | Share premium USD'000 | Retained earnings USD'000 | Total USD'000 |
|---|-----------------------------|-----------------------------|---------------------------------|------------------|
| Balance at 1 January 2014 | 151,643 | 13,970 | 39,445 | 205,058 |
| Comprehensive income | | | | |
| Profit for the year | - | - | 48,558 | 48,558 |
| Transactions with shareholders | | | | |
| Share capital issued (Note 8) | 147,978 | 45,423 | - | 193,401 |
| Cash dividends (Note 12) | - | - | (14,981) | (14,981) |
| Total transactions with shareholders | 147,978 | 45,423 | (14,981) | 178,420 |
| Balance at 31 December 2014 | 299,621 | 59,393 | 73,022 | 432,036 |
| Comprehensive income | | | | |
| Profit for the year | - | - | 61,499 | 61,499 |
| Transactions with shareholders | | | | |
| Cash dividends (Note 12) | - | - | (23,969) | (23,969) |
| Transactions with shareholders | - | - | (23,969) | (23,969) |
| Balance at 31 December 2015 | 299,621 | 59,393 | 110,552 | 469,566 |

STATEMENT OF CASH FLOWS

| | Note | For the year ended 31 December | |
|---|------|--------------------------------|------------------|
| | | 2015 USD'000 | 2014 USD'000 |
| Operating activities | | | |
| Profit for the year | | 61,499 | 48,558 |
| Adjustments for: | | | |
| Net unrealised gain on revaluation of investment property | 5 | (53,253) | (37,418) |
| Finance expense | | 6,580 | 5,196 |
| Finance income | | (17) | (76) |
| Provision for doubtful debts, net | | 78 | 77 |
| Operating cash flows before changes in working capital | | 14,887 | 16,337 |
| Changes in working capital: | | | |
| Receivables, prepayments and other assets (net of provisions) | | (2,272) | (331) |
| Accounts payable and other liabilities | | 4,195 | (4,246) |
| Net cash generated from operating activities | | 16,810 | 11,760 |
| Cash flows from investing activities | | | |
| Purchase/development of investment property | | (43,701) | (224,349) |
| Finance income received | | 17 | 76 |
| Net cash used in investing activities | | (43,684) | (224,273) |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares (net of transaction costs) | | - | 193,401 |
| Islamic financing obtained, net | | 103,925 | 47,507 |
| Dividends paid | 12 | (23,969) | (14,981) |
| Finance expense paid | | (5,976) | (4,930) |
| Net cash generated from financing activities | | 73,980 | 220,997 |
| Net increase in cash and cash equivalents | | 47,106 | 8,484 |
| Cash and cash equivalents at the beginning of the year | | 16,629 | 8,145 |
| Cash and cash equivalents at the end of the year | 7 | 63,735 | 16,629 |

Non cash transactions

No significant non cash transactions were entered into in 2015. (2014: nil)

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015**

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 the REIT Manager, Emirates REIT Management (Private) Limited, a company limited by shares, duly registered in the DIFC under commercial registration number CL0997, and having its registered office at Level 5, Gate Village 4, DIFC, P.O. Box 482015, Dubai, UAE.

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

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

These financial statements have been approved by Emirates REIT Management (Private) Limited as sole director of the REIT on 16 February 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

2.1 Basis of preparation

Statement of compliance

The financial statements of the REIT have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB), Islamic Shari'a rules and principles as determined by the Shari'a Supervisory Board and the applicable requirements of the DIFC Laws.

Income and cash flow statement

The REIT has elected to present a single statement of comprehensive income and presents its expenses by function.

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 acquisition of investment property is disclosed as cash flows from investing activities because this most appropriately reflects the REIT's business activities.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Preparation of the financial statements

The financial statements have been prepared on a going concern basis, applying a historical cost convention, except for the measurement of investment property at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the REIT's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions change. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.1.1 Changes in accounting policies and disclosures

(a) New standards, amendments and interpretations adopted by the REIT

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

(b) Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the REIT's financial statements are disclosed below. The REIT intends to adopt these standards, if applicable, when they become effective.

- IFRS 9, 'Financial instruments' (effective 1 January 2018);
- IFRS 11, 'Joint arrangements' (amendment), (effective from 1 January 2016);
- IFRS 14, 'Regulatory deferral accounts', (effective from 1 January 2016);
- IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2018);
- IAS 1, 'Presentation of financial statement (amendment)', (effective from 1 January 2016);
- IAS 16, 'Property, plant and equipment' (amendment), (effective from 1 January 2016); and
- IAS 38, 'Intangible assets' (amendment), (effective from 1 January 2016).

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the REIT.

2.2 Segment reporting

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Foreign currency translation

(a) Functional and presentation currency

The functional currency of the REIT is UAE Dirhams ("AED"). The presentation currency of the financial statements of the REIT is USD translated at a rate of AED 3.673 to 1 USD. The translation rate has remained constant throughout the current and previous years.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the REIT at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised within profit and loss in the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item.

2.4 Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the REIT, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment property under construction for which the fair value cannot be determined reliably, but for which the REIT Manager expects that the fair value of the property will be reliably determinable when construction is completed, is measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier.

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the REIT uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements.

Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise.

Investment property is derecognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Investment Property (continued)

The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the REIT accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.5 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

a. REIT as a lessee:

i. Finance lease

Finance leases which transfer to the REIT substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of profit on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of comprehensive income.

Such leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the REIT will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

ii. Operating lease

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

b. REIT as a lessor

Leases in which the REIT does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. Refer note 2.13 for accounting policy on recognition of rental income.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Financial assets

Classification

The REIT currently classifies its financial assets as 'loans 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.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables comprise of 'Receivables, prepayments and other assets' (Note 6) and 'cash and cash equivalents' (Note 7) in the balance sheet.

Recognition and measurement

Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the REIT has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

A provision for impairment of receivables is established when there is objective evidence that the REIT will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts, if any.

2.8 Rental and service income receivables

Rental and service income receivables are amounts due from customers arising from leases on investment property in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Rental and service income receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.9 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

2.10 Accounts payables

Accounts payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Accounts payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.11 Islamic financing

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

After initial recognition, profit bearing Ijarah is subsequently measured at amortised cost using the effective profit rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective profit rate amortisation process. Ijarah rent expense is recognised on a time-proportion basis over the Ijarah term.

2.12 Provisions

Provisions are recognised when the REIT has a present obligation (legal or constructive) arising from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the REIT and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The REIT has concluded that it is the principal in all of its revenue arrangements.

The specific recognition criteria described below must also be met before revenue is recognised.

Rental income

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms after the spreading of tenant incentives and fixed rental increases on such lease terms and is included in rental income in the statement of comprehensive income due to its operating nature.

Service fee income

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

2.14 Property expenses

Property expenses comprise all property related expenses which include third party property and facility management fees and utility expenses. Property expenses are recognised in profit and loss in the period in which they are incurred (on an accruals basis).

2.15 Management fee

Management fee represents the fee payable to the REIT Manager in relation to its management of the REIT. The management fee expense is recorded when it is due.

2.16 Performance fee

Pursuant to the REIT Management Agreement, following the listing of the REIT's shares on a recognised exchange ("Admission"), a performance fee is payable to the REIT Manager.

The REIT accrues for the amount of performance fee at the balance sheet date calculated in accordance with the REIT Management Agreement.

2.17 Dividend distribution

Dividend distribution to the REIT's shareholders is recognised as a liability in the REIT's financial statements in the period in which the dividends are approved by the shareholders.

2.18 Earnings prohibited by Shari'a

The REIT is committed to avoiding recognising any income generated from non-Islamic sources. Accordingly, any non-Islamic income is credited to a charity fund where the REIT uses these funds for social welfare activities. To date, no non-Islamic income has been generated.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The REIT's principal financial liabilities comprise Islamic financing facilities and trade payables. The main purpose of these financial instruments is to fund the purchase of investment property and to finance the REIT's operations. The REIT has various financial assets such as trade receivables and bank balances and cash, which arise directly from its operations.

The main risks arising from the REIT's financial instruments are profit rate risk, foreign currency risk, credit risk, and liquidity risk. The REIT Manager reviews and agrees policies for managing each of these risks which are summarised below:

(a) Profit rate risk

The REIT's exposure to the risk of changes in market profit rates relates primarily to the REIT's Islamic financing facilities with floating rates and Wakala deposits. The exposure from Wakala deposits is not significant as deposit rate is fixed over the Wakala term and these deposits are short term in nature.

The REIT's Islamic financing facilities are priced at a variable rate. As at 31 December 2015, if the profit rate on Ijarah facilities had been 1% higher/ lower, with all other variables held constant, profit for the year would have been USD 1,993,535 lower/higher, mainly as a result of higher/lower finance expense.

(b) Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. As the REIT's exposure to foreign currency risk is primarily limited to the US Dollar and the UAE Dirham, which is pegged to the US Dollar, the REIT is not considered to be exposed to any significant currency risk.

(c) Credit risk

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

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

Tenants - The REIT Manager maintains the property portfolio under continual review to minimise tenant credit risk. Tenants occupying under existing leases at the time of the acquisition of an interest in a property are actively monitored for timely payment of rent and other obligations following the acquisition. New tenants that commence occupation subsequent to the acquisition of an interest in a property are assessed at the time of entering a lease.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) *Credit risk*

The REIT Manager engages external property management agents to manage the payment of rents by tenants. The REIT Manager remains actively involved and undertakes regular consideration of tenant profiles, existing and anticipated voids, overdue rents and outstanding rent reviews. Rent deposits are held in respect of all new leases and may be withheld by the REIT in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract.

(d) *Liquidity risk*

The liquidity risk faced by the REIT is that it may have insufficient cash or cash equivalent resources to meet its financial obligations as they fall due. The REIT actively manages liquidity risk by monitoring actual and forecast cash flows and by maintaining adequate cash reserves.

The REIT had access to an undrawn financing facility of up to USD 54,451,402 (AED 200 million) at the end of the reporting period. The facility is committed until 24 February 2017 and draw down is available in minimum tranches of USD 27,225,701 (AED 100 million) subject to conditions precedent. Conditions precedent include inter alia: registration of additional mortgages at Index Tower with a maximum loan to value of 50%, in favour of the bank; and confirmation of continued compliance with financial covenants.

The table below summarises the maturity profile of the REIT's financial liabilities based on contractual undiscounted payments.

| At 31 December 2015 | Less than 3 months USD'000 | 3 to 12 months USD'000 | 1 to 5 years USD'000 | Over 5 years USD'000 | Total USD'000 |
|---|----------------------------------|------------------------------|----------------------------|----------------------------|------------------|
| Islamic financing | 8,193 | 24,471 | 182,293 | 85,459 | 300,416 |
| Accounts payable and other liabilities | 5,587 | 1,156 | 2,960 | - | 9,703 |
| Total undiscounted financial liabilities | 13,780 | 25,627 | 185,253 | 85,459 | 310,119 |
| | | | | | |
| At 31 December 2014 | Less than 3 months USD'000 | 3 to 12 months USD'000 | 1 to 5 years USD'000 | Over 5 years USD'000 | Total USD'000 |
| Islamic financing | 5,200 | 17,627 | 105,638 | 62,021 | 190,486 |
| Accounts payable and other liabilities | 2,776 | 3,305 | 2,086 | 23 | 8,190 |
| Total undiscounted financial liabilities | 7,976 | 20,932 | 107,724 | 62,044 | 198,676 |

(e) *Capital management*

The primary objective of the REIT when managing capital is to ensure that it maintains a healthy capital ratio in order to support its business and maximize shareholders' value.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(e) Capital management (continued)

The REIT's strategy for its capital management is to maintain a prudent balance of equity and debt appropriate to the profile of the REIT's asset portfolio taking into account regulatory restrictions on gearing.

Capital comprises share capital, share premium and retained earnings and is measured at USD'000 469,566 as at 31 December 2015 (2014: USD'000 432,036).

Under the terms of the REIT's borrowing facilities, the REIT is required to maintain a ratio (calculated on a 12 month rolling basis) of operating profit before unrealised gains or losses on property revaluation to finance costs, above 2. As at 31 December 2015 the ratio of operating profit before unrealised gains or losses on property revaluation to finance costs was 2.25.

In addition, the REIT has covenants on the loan to value of specific assets mortgaged to its banking partners. These loan to value covenants require that the value of the outstanding finance amount to the property value should not exceed a predetermined percentage amount. The percentage amounts vary between banks and are in the range of 60% to 66.67%. The REIT has complied with its loan to value covenant requirements throughout the year.

The REIT is required by DFSA regulation to limit borrowings to a maximum of 50% of gross asset value. As of 31 December 2015, borrowings as a percentage of gross asset value was 34.7% (2014: 25.8 %).

3.2 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 the financial assets and financial liabilities are not materially different from their carrying value unless stated otherwise.

3.3 Fair value of non financial instruments

The following table provides the fair value measurement hierarchy of the REIT's investment property:

| | Date of valuation | Quoted prices in active Markets (Level 1) USD'000 | Significant observable inputs (Level 2) USD'000 | Significant unobservable inputs (Level 3) USD'000 | Total USD'000 |
|---------------------|-------------------|---|---|---|------------------|
| Investment property | 31 December 2015 | - | 161,766 | 509,541 | 671,307 |
| Investment property | 31 December 2014 | - | 234,454 | 339,565 | 574,019 |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

4.1 Judgements

The preparation of the REIT's financial statements requires the REIT Manager to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. In the process of applying the REIT's accounting policies, the REIT Manager has made the following judgements, apart from those involving estimations, which have the most significant impact on the amounts recognised in the financial statements.

Operating lease commitments — REIT as lessor

The REIT has entered into commercial property leases on its investment property portfolio. The REIT has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Investment property

The REIT has elected to adopt the fair value model for investment property. Accordingly, investment property is carried at fair value with the gain or losses arising from changes in fair values of investment property included in the statement of comprehensive income.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

Revaluation of investment property

The REIT carries its investment property 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 property held, to determine the fair values of investment property as at 31 December 2015. For income producing investment property, a valuation methodology based on the capitalisation rate method was used as it represents a method of determining the value of the investment property 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 (that is, unobservable inputs - Level 3). However, for vacant investment property, valuation was based on sales comparison method by which value of each property is derived by comparing it with prices achieved from transactions in similar properties.

The determined fair value of the investment property 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 property and sensitivity analysis, are further explained in Note 5.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4.2 Going concern

The REIT Manager, as sole director of the REIT, has made an assessment of the REIT's ability to continue as a going concern. The REIT Manager is not aware of any material uncertainties that may cast significant doubt upon the REIT's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

5 INVESTMENT PROPERTY

| | 2015 USD'000 | 2014 USD'000 |
|---------------------------------|-----------------|-----------------|
| Completed properties | 671,307 | 574,019 |
| Properties under re-development | 1,920 | 1,313 |
| | 673,227 | 575,332 |

As at the reporting date, the REIT held total investment property amounting to USD'000 673,227 (31 December 2014: USD'000 575,332) in a real estate portfolio of eight properties (2014: seven properties) located in Dubai, UAE. The movement in investment property during the year is as follows:

Completed properties

| | USD'000 |
|---|----------------|
| Balance at 1 January 2014 | 323,131 |
| Acquisitions during the year | 213,423 |
| Additions to existing properties | 47 |
| Net unrealised gain on revaluation of investment property | 37,418 |
| Balance at 31 December 2014 | 574,019 |
| Balance at 1 January 2015 | 574,019 |
| Acquisitions during the year | 26,807 |
| Work in progress during the period | 3,161 |
| Transfer from property under re-development | 14,067 |
| Net unrealised gain on revaluation of investment property | 53,253 |
| Balance at 31 December 2015 | 671,307 |

One of the REIT's investment properties is constructed on a plot in Dubai which is under a concession agreement amounting to USD 7,895,453 and another one is constructed on a plot which is under a land lease agreement amounting to USD 86,237,408. These agreements are for a remaining period of 25.9 years and 42 years respectively.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

5 INVESTMENT PROPERTY (continued)

Properties under re-development and fit-out

| | USD'000 |
|------------------------------------|--------------|
| Balance at 1 January 2015 | 1,313 |
| Work in progress during the period | 14,674 |
| Transfer to completed property | (14,067) |
| Balance at 31 December 2015 | 1,920 |

Properties under re-development represent redevelopment and fit out costs incurred in relation to some of the REIT's investment property and in which the work was not completed as of year-end. Properties under development are measured at cost less impairment, if any, until the fair value becomes readily determinable or development is completed – whichever is earlier.

Acquisition of Jebel Ali School

On 2 August 2015 the REIT acquired a 33,301 sq. meter freehold plot of land from Damac Crescent Properties LLC for a cash consideration of USD 25,786,647 (AED 94,714,356). Acquisition costs included land registry fees and legal fees amounting to USD 1,020,035 (AED 3,746,590) bringing the total acquisition cost to USD 26,806,683 (AED 98,460,946). Registration of the title deed in the name of the REIT was completed on 2 August 2015. Simultaneously with the acquisition, the REIT entered into various agreements for the construction of a school and long term lease arrangements with Jebel Ali Primary School as the school operator.

A formal valuation of the REIT's investment property was performed by independent certified property valuers, on an open market basis, as at 31 December 2015. Based on such valuations, the fair value of the investment property at 31 December 2015 was USD 668,145,633 (31 December 2014: USD 574,018,677).

The valuations were based on an individual assessment, for each property type, of both the future earnings and the required yield. In assessing the future earnings of the properties, the REIT Manager took into account potential changes in rental levels from each contract's rent and expiry date compared with the estimated current market rent, as well as changes in occupancy rates and property costs. Fair value hierarchy disclosures for investment property has been provided in Note 3.2.

The following table shows a reconciliation of the opening balances to the closing balances for Level 3 fair values:

| | 2015 USD'000 | 2014 USD'000 |
|--|-----------------|-----------------|
| Balance at the beginning of the year | 339,565 | 305,094 |
| Transfer from Level 3 to Level 2 | - | (33,474) |
| Transfer from Level 2 to Level 3 | 87,022 | - |
| Additions of new investment property during the year | 29,968 | 32,925 |
| Net unrealised gain on revaluation of investments properties | 52,986 | 35,020 |
| Balance at the end of the year | 509,541 | 339,565 |

For investment property categorised under Level 3 fair value hierarchy, a valuation methodology based on the capitalisation rate method was used as it represents a method of determining the value of the investment property by calculating the net present value of expected future earnings.

The significant unobservable inputs used in arriving at fair values of investment property 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

5 INVESTMENT PROPERTY (continued)

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

| | 2015 | 2014 |
|----------------------------------|--------------|--------------|
| Stabilised occupancy rate (%) | 90 – 100 | 90 – 100 |
| Equivalent yield (%) | 8.00 – 8.98 | 8.62 – 9.0 |
| Operating Expenses (USD/sq. ft.) | 7.88 – 25.05 | 5.77 – 14.42 |

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

Properties with a carrying value of USD 491,720,051 (31 December 2014: USD 331,527,361) are mortgaged against Islamic financing facilities .

6 RECEIVABLES, PREPAYMENTS AND OTHER ASSETS

| | 2015 USD'000 | 2014 USD'000 |
|--------------------------------------|-----------------|-----------------|
| Rental and service income receivable | 375 | 368 |
| Less: Provision for doubtful debts | (184) | (106) |
| | 191 | 262 |
| Prepayments | 3,261 | 1,243 |
| Security deposit receivable | 489 | 113 |
| Other receivables | 441 | 570 |
| | 4,382 | 2,188 |

As at 31 December 2015, trade accounts receivable of USD 183,764 (2014: USD 105,619) were fully impaired. The movement in the allowance for impairment of receivables is as follows:

| | 2015 USD'000 | 2014 USD'000 |
|--------------------------------------|-----------------|-----------------|
| Balance at the beginning of the year | 106 | 29 |
| Charge for the year | 78 | 77 |
| Balance at the end of the year | 184 | 106 |

As at 31 December, the ageing analysis of unimpaired receivables is as follows:

| | Neither past due nor impaired USD'000 | Less than 30 days USD'000 | Between 30 to 60 days USD'000 | Between 60 to 90 days USD'000 | More than 90 days USD'000 | Total USD'000 |
|------|---|---------------------------------|--|--|------------------------------------|------------------|
| 2015 | - | 34 | 4 | 19 | 134 | 191 |
| 2014 | - | 160 | 2 | - | 100 | 262 |

There is no significant concentration of credit risk with respect to trade receivables as the REIT has a large tenant base.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

7 CASH AND CASH EQUIVALENTS

| | 2015 USD'000 | 2014 USD'000 |
|-----------------------------|-----------------|-----------------|
| Current and savings account | 24,258 | 16,629 |
| Wakala deposits | 39,477 | - |
| Cash at banks | 63,735 | 16,629 |

Balances with banks are placed with local Islamic banks.

8 SHARE CAPITAL

| | Number of ordinary shares | Ordinary shares USD'000 | Share premium USD'000 | Total USD'000 |
|--------------------------------------|---------------------------------|-------------------------------|-----------------------------|------------------|
| Opening balance as at 1 January 2015 | 299,620,541 | 299,621 | 59,393 | 359,014 |
| At 31 December 2015 | 299,620,541 | 299,621 | 59,393 | 359,014 |
| Opening balance as at 1 January 2014 | 151,642,600 | 151,643 | 13,970 | 165,613 |
| Proceeds from shares issued | 147,977,941 | 147,978 | 45,423 | 193,401 |
| At 31 December 2014 | 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:

- (i) one Manager Share with a par value of USD100; and
- (ii) 10,000,000,000 ordinary shares with a nominal par value of USD 1 per share.

9 ISLAMIC FINANCING

| | 2015 USD'000 | 2014 USD'000 |
|-------------|-----------------|-----------------|
| Current | 23,963 | 16,486 |
| Non-current | 233,327 | 136,697 |
| | 257,290 | 153,183 |

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

On 15 January 2015 Emirates REIT increased its financing with Ajman Bank PJSC to USD 50,367,546 (AED 185,000,000) resulting in the receipt of additional gross funds of USD 25,932,232 (AED 95,249,088) secured by the way of mortgage on the GEMS World Academy. The terms of the financing facility remained at a profit rate of 3 month EIBOR + 2.5% (no minimum rate) with the full amount of the total borrowings being fully amortised over 10 years commencing from 15 January 2015.

On 23 July 2015 the REIT drew down USD 20,419,275 (AED 75 million) under a new Islamic financing with Union National Bank (UNB) secured by way of new mortgage on two floors at Index Tower. The finance is on a profit rate of 3 month EIBOR + 2.5% with no minimum and the finance amortises fully over 10 years in quarterly installments.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

9 ISLAMIC FINANCING (continued)

On 26 July 2015 the REIT drew down USD 24,503,131 (AED 90 million) under a new Islamic finance facility with Emirates Islamic Bank PJSC (EIB) secured by way of additional mortgage on properties already mortgaged with EIB. The additional finance is on the same terms as existing finance with EIB being a profit rate of 3 month EIBOR + 2.5% with no minimum and the finance amortising fully over 10 years in quarterly installments.

On December 2015 the REIT drew down USD 54,451,402 (AED 200 Million) as a first tranche under a new USD 108,902,804 (AED 400 million) Islamic financing facility with Abu Dhabi Commercial Bank. The facility is secured by mortgage on various floors at Index Tower. Funds drawn down under the facility are initially profit only with a repayment of principal by way of bullet payments in year 4 (15%) and year 5 (85%). The profit rate is 3 month EIBOR + 2.5% with no minimum.

At 31 December 2015 the weighted average cost of finance taking into account the profit rate attributable to each loan and the amortisation of financing transaction costs was 3 month EIBOR + 2.7%. (31 December 2014: 3 month EIBOR + 2.6%)

Until the introduction of revised profit rates, the financing facilities during 2014 had a profit rate of 3 month EIBOR + 3% (subject to a minimum of 5.5% per annum) payable in quarterly instalments.

The financing facilities are secured by the following:

- First Rank Legal Mortgages over financed properties in favour of the banks for USD 367,745,234 (31 December 2014: USD 170,432,888).
- Assignment of comprehensive insurance over financed properties in favour of the bank.
- Assignment of rental income from financed properties in favour of the bank.

10 ACCOUNTS PAYABLE AND OTHER LIABILITIES

| | 2015 USD'000 | 2014 USD'000 |
|-------------------------------------|-----------------|-----------------|
| Tenant deposits payable | 3,708 | 2,450 |
| Accrued expenses | 3,055 | 2,487 |
| Service fee received in advance | 2,594 | 1,796 |
| Performance fee payable | 1,903 | 301 |
| Payable against investment property | 1,841 | 900 |
| Rent received in advance | 959 | 827 |
| Management fee | 242 | 13 |
| Other payables | 149 | 116 |
| Administration fee | 37 | 40 |
| | 14,488 | 8,930 |

Included in the above accounts are balances due to related parties amounting to USD 2,218,488 (2014: USD 444,195) (Note 13). Tenant deposits payable include an amount of USD 3,014,959 (2014: USD 2,109,093) relating to lease agreements for a period of more than one year.

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

12 DIVIDENDS

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

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

13 RELATED PARTY TRANSACTIONS AND BALANCES

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

Dubai Islamic Bank PJSC ("DIB") holds 15.7% (2014: 15.7%) of the issued share capital of the REIT at 31 December 2015 (31 December 2014: 15.7%). DIB is also a tenant of the REIT, renting retail branch space within one of the REIT's properties pursuant to a 15 year lease entered into on the acquisition of the Property by the REIT on 27 June 2011.

Dar Al Shari'a Legal & Financial Consultancy LLC ("Dar Al Shari'a") is 60% owned by Dubai Islamic Bank ("DIB"). Dar Al Shari'a acts as an advisor to the REIT and REIT Manager on matters of Shari'a.

Deyaar Development PJSC ("Deyaar") holds 1.7% of the total issued share capital of the REIT as at 31 December 2015 (31 December 2014: 1.7%). Dubai Islamic Bank ("DIB") is a major shareholder of Deyaar. A group company of Deyaar, Deyaar Facilities Management LLC, provided facility management services in respect of one of the properties held by the REIT under a facility management services agreement which ended 31 December 2014

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

(a) Related party transactions

The REIT entered into the following significant transactions with related parties during the year:

| | 2015 USD'000 | 2014 USD'000 |
|---|-----------------|-----------------|
| Emirates REIT Management (Private) Ltd | | |
| Management fee | 9,983 | 7,924 |
| Performance fee | 1,903 | 918 |
| Dubai Islamic Bank (P.J.S.C.) | | |
| Rental and service income | 223 | 160 |
| Deyaar Facilities Management LLC | | |
| Property expenses | - | 121 |
| Dar Al Shari'a Legal & Financial Consultancy LLC | | |
| Professional fees | 105 | 105 |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

13 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Due to related parties comprises:

| | 2015 USD'000 | 2014 USD'000 |
|--|-----------------|-----------------|
| Emirates REIT Management (Private) Ltd | 2,145 | 314 |
| Dubai Islamic Bank (P.J.S.C.) | - | - |
| Dar Al Shari'a Legal & Financial Consultancy LLC | 73 | 72 |
| Deyaar Facilities Management LLC | - | 58 |
| | 2,218 | 444 |

Management fee is payable quarterly in advance, to the REIT Manager, calculated quarterly on the aggregated gross value of the assets of the REIT at a rate of 1.5% per annum.

The Performance fee is payable annually in arrears, after the date on which the REIT's shares were listed on a recognised stock exchange, to the REIT Manager at a rate which is currently set at 3% of the increase in net asset value per share by reference to the highest net asset value per share previously used in calculating the fee. The first performance fee paid after listing was calculated at 5% on the increase in net asset value per share from the base net asset value per share and the number of shares in issue immediately prior to admission (i.e. excluding any offer shares made as part of the admission).

All transactions with related parties are approved by the REIT Manager. Outstanding balances at the year-end are unsecured and profit free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2015, the REIT has not recorded any impairment of receivables relating to amounts owed by related parties (2014: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Transactions with key management personnel

During the year ended 31 December 2015 and 31 December 2014, there are no transactions with key management personnel as the REIT is managed by the REIT Manager for which a REIT Management fee is paid.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

14 EARNINGS PER SHARE

Basic and diluted Earnings Per Share ("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 year.

The calculation of the weighted average number of shares has been adjusted to reflect the 100 for 1 share split detailed in Note 8 that became effective on 26 January 2014. EPS have been presented on the basis that the share split took place at the beginning of each respective reporting period.

| | 2015 USD'000 | 2014 USD'000 |
|--|---------------------|---------------------|
| Profit attributable to Ordinary shareholders | 61,499 | 48,558 |
| | Number of shares | Number of shares |
| Weighted average number of Ordinary shares for basic EPS | 299,620,541 | 299,620,541 |
| | USD | USD |
| Basic and diluted earnings per share | 0.21 | 0.19 |

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

15 COMMITMENTS AND CONTINGENCIES

Commitments

At 31 December 2015, the REIT had contractual capital commitments of USD 26,819,494 (2014: USD 2,517,985) out of which USD 24,383,908 pertains to the construction of Jebel Ali School and USD 2,385,043 in relation to fit out and redevelopment work at Index Tower Office and Retail (2014: USD 6,979,136).

Contingencies

At 31 December 2015, the REIT had no contingent liabilities (2014: none).

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 27.8 years (2015: 28.8 years) with mutual renewal option included in some of the contracts. There are no restrictions placed upon the REIT by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 31 December 2015 and 31 December 2014 are as follows:

| | 2015 USD'000 | 2014 USD'000 |
|---|-----------------|-----------------|
| Within one year | 1,251 | 1,251 |
| After one year but not more than five years | 5,005 | 5,005 |
| More than 5 years | 26,903 | 28,780 |
| | 33,159 | 35,036 |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued)

15 COMMITMENTS AND CONTINGENCIES (continued)

Operating lease commitments — REIT as lessor

The REIT has entered into commercial property leases on certain properties. These leases have an average unexpired lease term of 8.5 years (2014: 8.4 years) with mutual renewal option included in some of the contracts. There are no restrictions placed upon the REIT by entering into these leases. Future minimum rentals receivables under non-cancellable operating leases as at 31 December 2015 and 2014 are as follows:

| | 2015 USD'000 | 2014 USD'000 |
|---|-----------------|-----------------|
| Within one year | 34,545 | 31,597 |
| After one year but not more than five years | 71,023 | 74,276 |
| More than 5 years | 237,390 | 246,863 |
| | <u>342,958</u> | <u>352,736</u> |

16 SUBSEQUENT EVENTS

On 17 January 2016, the REIT's shareholders approved an interim dividend of USD 0.04 per share amounting to a total interim dividend of USD 11,984,821 to Shareholders on the register as at 11 January 2016, which was paid on 25 January 2016.

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