



Emirates Real Estate Fund Limited
(the “Sub-Fund”)
a subsidiary
of
EMIRATES FUNDS LIMITED
(the “Fund”)

The Fund is an open-ended investment company incorporated in Jersey, Channel Islands

SUPPLEMENT
October 2012

This supplement relates to the following Share Classes of the Fund

Emirates Funds Limited Emirates Real Estate Fund A Share Class (USD) – “A Share Class”

Emirates Funds Limited Emirates Real Estate Fund Dirham Share Class (AED) – “E Share Class”

Emirates Funds Limited Emirates Real Estate Fund Income Share Class (USD) “Income Share Class”

Launch Size USD 65,000,000

United Arab Emirates

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Kingdom of Saudi Arabia

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United Kingdom

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The Company and each of the Sub-Funds will be managed by the Manager, which is not authorised under the FSMA. The Company, the Manager, the Custodian are not authorised persons under the FSMA and the Company is not a recognised scheme under the FSMA. Shareholders are not protected by any statutory compensation scheme.

This document is for information purposes only. For UK purposes the Fund is an unregulated collective investment scheme (UCIS) and the promotion of a UCIS either within or from the UK is severely restricted by statute. Consequently this document is only made available to Professional Customers, Eligible Counterparties and Overseas Persons as defined by the Financial Services Authority (FSA) and to persons falling within the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions Order) 2001 and any other exemptions within the rules of the FSA.

Singapore

The offer or invitation of the Participating Shares of the Sub-Fund of the Fund which is the subject of this Supplement, do not relate to collective investment schemes which are authorised under section 286 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”) or recognised under section 287 of the SFA. The Sub-Fund is not authorised or recognised by the Monetary Authority of Singapore (the “MAS”) and Participating Shares are not allowed to be offered to the retail public. Each of this Supplement and any other document or material issued in connection with the offer or sale is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. You should consider carefully whether the investment is suitable for you.

This Supplement has not been registered as a prospectus with the MAS. Accordingly, this Supplement and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Participating Shares may not be circulated or distributed, nor may Participating Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305(1) of the SFA, or any person pursuant to Section 305(2) of the SFA, and in accordance with the conditions specified in Section 305 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Participating Shares are subscribed or purchased under Section 305 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 Participating Shares pursuant to an offer made under Section 305 except:

- (1) to an institutional investor or to a relevant person defined in Section 305(5) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 305A(3)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 305A(5) of the SFA; or
- (5) as specified in Regulation 36 of the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005 of Singapore.

The offer of the Participating Shares is regulated by the Jersey Financial Services Commission (the “**JFSC**”) pursuant to the Collective Investment Funds (Jersey) Law 1988.

The Fund has appointed Emirates NBD Fund Managers (Jersey) Limited (the “**Manager**”) to be responsible for the overall management of the Fund’s affairs and the affairs of the Sub-Fund. The Manager is regulated by the JFSC.

State Street Custodial Services (Jersey) Limited is the Custodian and is regulated by the JFSC.

The contact details of the JFSC are as follows:

Address: PO Box 267, 14-18 Castle Street, St Helier, Jersey, JE4 8TP, Channel Islands

Telephone No.: +44 (0) 1534 822000

Facsimile No.: + 44 (0) 1534 822047

Information on the past performance of the Sub-Fund may be obtained from the Manager or the Delegate Investment Manager.

The Delegate Investment Manager may, at its discretion, enter into side letters with separate fee terms with specific investors on a case by case basis, however any fees to be paid under such terms would be paid out of the fees due to the Delegate Investment Manager and would not

affect any amounts charged by the Sub-Fund to the relevant investor, as stated under this Prospectus.

This Supplement contains specific information in relation to the A, E and Income Share Classes of the Sub-Fund. The Supplement forms part of and must be read in the context of and together with the Private Placement Memorandum of Emirates Funds Limited dated October 2012 (the “PPM”). Terms not otherwise defined in this Supplement shall have the meanings given to them in the PPM.

Prospective investors should be aware that investment in the Fund carries a significant degree of risk. Investment in the Fund is only suitable for financially sophisticated investors who understand the risks involved in investing in the Fund and can withstand any loss therefrom. Prospective investors are referred to section 20 hereof and section 12.1 of the PPM for a summary of certain of the risks involved.

Investors should note that the price of Participating Shares may go down as well as up and that investors may not receive on redemption of their shares the amounts that they invested. If you are in any doubt about the contents of this Supplement or the PPM you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser. This supplement should also be read in conjunction with the latest fact sheet for the Sub-Fund, which provides the most up-to-date performance data.

For the avoidance of doubt, this Supplement replaces the previous supplement relating to the Sub-Fund dated February 2012.

Index

1.	DEFINITIONS	7
2.	SUB-FUND DIRECTORY	8
3.	INTRODUCTION.....	10
4.	REFERENCE CURRENCY.....	11
5.	INVESTMENT OBJECTIVES.....	11
6.	OTHER ASSETS OF THE SUB-FUND.....	13
7.	INVESTMENT RESTRICTIONS AND GUIDELINES.....	13
7.1	Property Sectors.....	14
7.2	Development	14
7.3	Financing.....	14
8.	FUNDING REDEMPTIONS	15
9.	SHARI'A COMPLIANCE	15
9.1	Shari'a Guidelines for Investment	17
10.	VALUATION DAY	18
11.	SUBSCRIPTION DAY	18
12.	SUBSCRIPTION POLICY	18
13.	REDEMPTION DAY.....	19
14.	CONVERSION BETWEEN SHARE CLASSES	19
15.	DISTRIBUTION POLICY.....	20
15.1	Income Share Class	20
15.2	A and E Share Classes	20
16.	FUND SERVICE PROVIDERS	20
16.1	Discretionary Investment Manager.....	20
16.2	Investment Committee	21
16.3	Investment Advisors	21
16.4	Property Service Provider	22
16.5	Independent Property Valuer	22
16.6	Corporate Services Provider	22
17.	FEES AND EXPENSES.....	23
17.1	Subscription Fee	23
17.2	Redemption Charges	23
17.3	Management Fee	23
17.4	Property Service Provider's Fees.....	24
17.5	Performance Fee.....	24
17.6	Administration Fee	25
17.7	Corporate Services.....	25
17.8	Custodian Fees	25
17.9	Valuation Fees	26
17.10	Title Registration Fees	26
17.11	Property Transaction Costs.....	27
17.12	Conversion Charge	27
17.13	Other Fees	27
18.	OWNERSHIP OF THE ASSETS.....	27
19.	TAXATION ISSUES.....	28
19.1	Jersey taxation in relation to the Sub-Fund and SPVs.....	28
19.2	The Taxation in the United Arab Emirates	28
20.	RISK WARNINGS	29
	SCHEDULE 1: Sub-Funds Available in Singapore	36

1. DEFINITIONS

Business Day	means any weekday on which banks in Jersey, Channel Islands and Ireland are open for normal business. For the avoidance of doubt, if any or more of these territories are closed, the day shall not be considered a Business Day for the purposes of subscription, redemption or conversion of shares.
Fund	means Emirates Funds Limited.
Net Asset Value or NAV	means the NAV of the Fund, a Sub Fund or of the Participating Shares (or any class thereof) within a Sub Fund as the context may require.
Redemption Day	means such Business Days as are specified in this Supplement relating to each Share Class or such other Business Day or Business Days as may be agreed between the Directors from time to time.
Subscription Day	means such Business Days as are specified in this Supplement relating to each Share Class or such other Business Day or Business Days as may be agreed between the Directors from time to time.
Share Class	means each class of Participating Shares in the Sub-Fund. Details of the individual share classes will be set out in this Supplement.
Sub-Fund	means the Emirates Real Estate Fund Limited.
SPV	means a special purpose vehicle established for the purpose of holding specific properties or other assets of the Sub-Fund and 'SPVs' shall be construed accordingly.
Valuation Point	means 5.00 pm Jersey time on the Valuation Day (as the case may be).

Unless the context otherwise requires and except as defined herein, words and expressions in this Supplement shall have the same meaning as in the Articles of Association of the Fund.

2. SUB-FUND DIRECTORY

Sub-Fund

Emirates Real Estate Fund Limited

Dumaresq House
Dumaresq Street
St Helier
Jersey
JE2 3RL
Channel Islands

Registered Office

Dumaresq House
Dumaresq Street
St Helier
Jersey
JE2 3RL
Channel Islands

Board of Directors

Mark Creasey
Gary Clark
David Marshall
Faisal Aqil

Manager

Emirates NBD Fund Managers
(Jersey) Limited
22 Grenville Street
St Helier
Jersey
JE4 8PX

Custodian

State Street Custodial Services (Jersey)
Limited
Dumaresq House
Dumaresq Street
St Helier
Jersey
JE2 3RL
Channel Islands

Discretionary Investment Manager

Emirates NBD Bank PJSC
Baniyas Road
PO Box 777
Deira
Dubai
United Arab Emirates

Delegate Investment Manager

Emirates NBD Asset Management Limited
8th Floor East Wing
DIFC – The Gate Building
PO Box 506578
Dubai
United Arab Emirates

Auditor

Ernst & Young LLP
Liberation House
Castle Street
St. Helier, Jersey JE1 1EY
Channel Islands

Legal Adviser as to Jersey Law

Voisin Advocates, Solicitors & Notaries
Public
Templar House
Don Road
St Helier
Jersey
JE1 1AW

Administrator, Secretary and Registrar
State Street Fund Services (Jersey) Limited
Dumaresq House
Dumaresq Street
St Helier
Jersey
JE2 3RL
Channel Islands

Independent Property Valuer
CB Richard Ellis
8th floor,
Building 6,
Emaar Square,
Downtown Dubai,
Dubai,
UAE

Shari'a Board

Fatwa and Shari'a Supervisory Board
Emirates NBD Asset Management Limited
Dr Hussein Hamid Hassan
Dr Ojeill Jassim AlNashmi
Dr Ali Al-Qurra Daghi

3. INTRODUCTION

Emirates Real Estate Fund Limited is a sub-fund of Emirates Funds Limited. Emirates Funds Limited (the “Fund”) is an open ended investment company registered with limited liability in Jersey on 9th June 2005. The Fund is governed by the Collective Investment Funds (Jersey) Law, 1988, as amended and the subordinate legislation made thereunder. The Fund was originally authorised by the Jersey Financial Services Commission as an expert fund in accordance with Jersey’s expert fund guidelines and has subsequently been approved as an Unclassified Fund by the Jersey Financial Services Commission under the Collective Investment Funds (Jersey) Law, 1988. The Fund has received a certificate under the Collective Investment Funds (Jersey) Law 1988 (the “CIF Law”) to carry out its functions under the CIF Law. . The Jersey Financial Services Commission is protected by law against liability arising from its functions under the CIF Law. The Manager, Administrator and Custodian are registered by the Jersey Financial Services Commission pursuant to Article 9 of the Financial Services (Jersey) Law 1998 to carry out their respective functions. The Jersey Financial Services Commission is protected by law against liability arising from its functions under the Financial Services (Jersey) Law 1998.

The following Share Classes feed into the Emirates Real Estate Fund Limited (the “Sub-Fund”) which is a wholly owned subsidiary of the Fund.

- Emirates Funds Limited Emirates Real Estate Fund USD A Share Class (the “A” Share Class)
- Emirates Funds Limited Emirates Real Estate Fund Dirham Share Class (the “E Share Class”)
- Emirates Funds Limited Emirates Real Estate Fund USD Income Share Class (the “Income” Share Class)

The Sub-Fund (i.e. Emirates Real Estate Fund Limited) was incorporated in Jersey on 9th June 2005 with company number 90370 and has its Registered Office at Dumaresq House, Dumaresq Street, St Helier, Jersey, JE2 3RL. The Directors of the Sub-Fund are Mark Creasey, Gary Clark, Faisal Aqil and David Marshall.

Shares in the Sub-Fund can only be owned by the Fund. The records of the Fund will reflect the number of shares in the Sub-Fund which are attributable to each Share Class proportionate to the subscription monies and the reinvestment of distributions in the case of the A and E Share Classes received in respect of each (after taking into account any separate costs and expenses attributable to each Share Class). For the avoidance of doubt, each of the other share classes and Sub-Funds of Emirates Funds Limited may invest in the Sub-Fund provided always that no Sub-Fund may invest in another Sub-Fund which already has an investment in it and no circular investments may be made.

Dealing in relation to the Sub-Fund was suspended in March 2009 and the pre suspension queue was repaid in December 2011. This suspension was lifted on 31 December 2012 when the Sub-Fund’s share classes moved to quarterly dealing and gating of redemptions was introduced, in accordance with this supplement and the PPM, in order to manage the redemption queue. Additionally investors have been given the opportunity to move to the Income Share Class during the suspension period to receive dividends as appropriate and a capital distribution was

made in Q4 2011 to all class holders. The directors of the Fund would draw your attention to the risk warnings contained herein in relation to the Sub-Fund. Furthermore it is expected that it will take a considerable amount of time to meet the existing redemption queue and therefore any investment should be considered to be a long term investment.

4. REFERENCE CURRENCY

The A Share Class is designated by reference to US Dollars.

The E Share Class is designated by reference to the UAE Dirham.

The Income Share Class is designated by reference to US Dollars.

Any other Share Classes created by the Directors shall be designated by reference to such currency as the Directors may consider appropriate at the time of creation of such Class of Share.

5. INVESTMENT OBJECTIVES

Save for monies which are retained by the Fund for the purpose of funding redemptions (as to which see section 8 of this Supplement headed '*Funding Redemptions*' and meeting the costs and expenses of each Share Class all monies attributable to each Share Class will be invested in the Sub-Fund.

The investment purpose of the Sub-Fund is to provide professional, institutional and high net worth investors with a professionally managed means of participating in real estate markets. The primary investment objective of the Sub-Fund is to achieve high yielding rental income and medium to long term capital growth from a diversified portfolio of property and property related assets. The Sub-Fund will seek to acquire a diversified portfolio of residential and commercial properties, predominantly in the UAE. Investment decisions under the supervision of the Directors of the Fund will be made on behalf of the Fund by the Manager, advised by the Investment Committee of the Delegate Investment Manager, and will reflect the medium to long term objective to maximise total return made up of rental income plus capital appreciation.

It is the Manager's aim to achieve a high and rising level of income distribution commensurate with the market and in keeping with the distributions that can be made by the Share Class in accordance with the Companies (Jersey) Law, 1991. It is intended that the Manager will distribute the target distribution for the Income Share Class, and automatically re-invest the distribution for the A Share Class. All surplus income will be reinvested in order to maximise total return for both Share Classes.

The Sub-Fund shall have the capacity to seek finance in a manner compliant with the Islamic Shari'a in order to aid further property acquisitions from time to time, in order to focus on higher yielding property investments or to ensure adequate recourse for the Sub-Fund to the economic interests of the underlying assets.

The Sub-Fund may invest in properties via offshore special purpose companies ("SPVs"). A single SPV may be used to hold each separate property. Any finance sought for property acquisitions will be at the SPV level, or other level as may be approved by directors of the Sub-Fund or the Fund, thus endeavouring to ring-fence the finance according to the property to which

it pertains. Non-freehold properties will not be held in the name of the Custodian. The Custodian has no responsibility for the selection of any property investments.

All investments of the Sub-Fund will take place according to Shari'a guidelines, as defined by the Shari'a Board of the Sub-Fund. The Shari'a Board will also periodically review that all implemented investment decisions of the Manager remain within Shari'a guidelines.

6. OTHER ASSETS OF THE SUB-FUND

The Manager intends to maintain some liquidity within the Sub-Fund to meet redemptions. This will usually be in the region of 5% of the Net Asset Value (“NAV”) of each Share Class and is intended to be held in cash or cash-equivalent assets in accordance with Shari’a principles. However, the Manager reserves the right to allocate surplus levels of cash to other Shari’a compliant liquid assets as deemed appropriate.

The Manager may also allocate from time to time to Shari’a compliant property related securities in the relevant jurisdictions in which the fund predominantly invests. This may apply especially where surplus cash has been received into the Sub-Fund and real property investments are not currently available or deemed unsuitable by the Manager for current investment by the Sub-Fund.

7. INVESTMENT RESTRICTIONS AND GUIDELINES

The following is a summary of the investment restrictions and guidelines applicable to the Sub-Fund:

Up to 100% of the assets of the Sub-Fund may be property assets which shall be principally but not limited to UAE property assets.

Prior to any property asset being acquired by the Sub-Fund, the Manager must have taken reasonable care to determine that the title to the property is a good marketable title.

Prior to any such acquisition or disposal the Manager must also have received a report and valuation from the Independent Valuer confirming that the transaction is fair and reasonable to the Sub-Fund.

The investment policy of the Sub-Fund may require that, at certain times, it is appropriate for the Sub-Fund not to be fully invested but to hold cash or cash equivalent investments which investments shall at all times be made in accordance with the principles of the Islamic Shari’a. Cash and cash equivalent investments will only be held when the Manager reasonably regards it as necessary in order to enable redemptions of Shares to be made and for the efficient management of the Sub-Fund and in accordance with the Sub-Fund’s investment objectives or for a purpose ancillary to the Sub-Fund’s investment objectives.

The Sub-Fund may invest in transferable securities which are property related assets and which are approved securities. An approved security is a transferable security which is admitted to official listing in a GCC member state or which is traded on or under the rules of an approved securities market and which complies with the principles of the Islamic Shari’a.

No one property asset (on a look-through basis after any Islamic finance is applied) shall, at time of acquisition, represent more than 75% of the value of the Sub-Fund.

Not more than 50% of the Property of the Sub-Fund, by reference to completed value, may be under development, or held vacant land pending development, at any time.

No more than 50% in value of the Sub-Fund shall consist of deposits with a single entity or group. For the avoidance of doubt, this restriction does not apply to any provider of Islamic finance for investment or any other purpose.

No more than 50% in value of the Sub-Fund shall consist of transferable securities or cash or cash equivalent investments. In applying this restriction, certificates representing certain transferable securities shall be treated as equivalent to the underlying security.

For the avoidance of doubt, all the above investment restrictions shall apply at the time of the purchase of the relevant assets. The Sub-Fund shall not be required to dispose of any assets which breach the above investment restrictions as a result merely of their appreciation or depreciation during the time in which they are held.

7.1 Property Sectors

The Sub-Fund will principally invest in the following sectors:

Offices - Including but not limited to both in-town and out-of-town and business parks.

Residential developments - Including but not limited to both tower blocks and individual units.

Industrial - Including but not limited to estates and distribution warehousing.

Retail - Including but not limited to shopping centres.

Leisure

The Sub-Fund may also invest in other property sectors.

Each of the specific properties acquired within these property sectors will comply with the Shari'a guidelines for investment as determined by the Fatwa and Shari'a Supervisory Board of the Emirates NBD Asset Management Limited ("Emirates NBD AM") as set out section 9 hereof.

7.2 Development

The carrying out of any development projects or substantial refurbishments will only be undertaken where the level of risk is anticipated by the Manager to be compensated by the predicted returns. The acquisition of pre-let developments or the carrying out of building improvements which enhance value will be considered on a case by case basis.

7.3 Financing

Financings, where effected and used for any purpose, will be in a manner in keeping with the Islamic Shari'a and will be initiated at the Sub-Fund level (either directly or through the medium of an SPV). Any financings sought will be limited to 80% of the gross cost (purchase price plus costs) of total property purchased by the Sub-Fund either directly or through an SPV whether such financing is for the purposes of the acquisition of the assets or subsequent redemption of Shares. It should be noted, however, that a single property may be financed to a higher level than 80% provided that the overall total financing level is not breached. Such financings will be restricted so as to secure (so far as they can do so by such restriction) that the financings of any Sub-Fund or an SPV shall not exceed the amount set out above.

All such financings will be raised by the SPVs from reputable Islamic institutions, as guided by the Shari'a Board, and may be offered from a party connected to one or more counterparties to the Fund or Sub-Fund. It will be secured on the real property acquired by the relevant SPV, normally on a non recourse basis. Any such financings will be carried out on the appropriate terms and rates for such arrangements available on the market at the time.

8. FUNDING REDEMPTIONS

The Manager has determined that in order to meet redemption requests each Share Class will where practicable retain in cash or other readily liquid assets such amount as the Manager may from time to time consider appropriate, typically 5% of the NAV of each Share Class. Investors should be aware, however, that there is no guarantee that such cash may be retained. In the event that a Share Class does not have sufficient cash to fund redemptions it is not normally intended that property and illiquid assets held by the Sub-Fund will be sold to meet redemptions unless the Manager considers in its absolute discretion that it would be appropriate to do. Where a Share Class does not have sufficient cash to fund redemptions, the Manager may seek finance to enable the Fund to make such redemptions without the necessity to sell property and illiquid assets of the Share Class. The Manager may seek finance in a manner in keeping with the Islamic Shari'a to fund such redemptions. The Manager shall limit such financing to 10% of the gross asset value of the relevant Share Class. Such 10% of the gross asset value of each Share Class shall be calculated at the time of the financing to meet any temporary shortages of liquid assets created by the redemption requests of shareholders for the redemption of their Shares and with respect to any timing differences in connection with the purchase and settlement of the property of the Sub-Fund. Any financing technique used for such financings shall not be taken into account for computing the Fund or individual Sub-Fund's level of financing for redemption. **An investment in each Share Class and ultimately in the properties held by the Sub-Fund must, however, be viewed as a medium to long term investment with significant risks of illiquidity.**

If there is insufficient liquidity to meet redemption requests, redemptions may be suspended in accordance with section 8 of the Private Placement Memorandum of the Fund. This suspension has been in place since March 2009. The suspension was lifted on 31 December 2012 when the Sub-Fund's share classes moved to quarterly dealing and gating of redemptions was introduced, in accordance with this supplement and the PPM, in order to manage the redemption queue.

9. SHARI'A COMPLIANCE

To ensure compliance with Islamic Shari'a principles, the Sub-Funds shall invest within the guidelines and restrictions as agreed and approved by the Emirates NBD AM Limited ("Emirates NBD AM") Fatwa and Shari'a Supervisory Board as from time to time constituted (the "Shari'a Board"). Emirates NBD AM is regulated by the Dubai Financial Services Authority and has a category two licence and licence to operate as an Islamic window. The following individuals currently constitute the Shari'a Board but its constitution may change from time to time.

Dr Hussein Hamid Hassan

Chairman Emirates NBD AM Shari'a Board

Dr Hussein Hamid received his PhD in the Faculty of Shari'a at Al Azhar University in Cairo, Egypt in 1965. He also holds two law degrees from the International Institute of Comparative Law, University of New York and two additional degrees in Law and Economics from Cairo University. He served as Assistant Professor, Associate Professor and Professor of Shari'a in the Faculty of Law and Economics at Cairo University between 1960 and 2002. During his tenure at Cairo University, he was seconded to many academic and advisory missions to a number of educational institutions and heads of State throughout the Arabic and Muslim World, including Saudi Arabia, Pakistan, Kyrgyzstan, and Kazakhstan. Currently, he chairs or is member of the Shari'a boards of numerous Islamic financial institutions including Emirates NBD AM, Emirates Islamic Bank PJSC, Dubai Islamic Bank PJSC, Sharjah Islamic Bank PJSC, Islamic Development Bank, Dubai Islamic Insurance and Re-Insurance (Aman), Tamweel, AMLAK, the Liquidity Management Center and AAOIFI in Bahrain. He is the author of more than 21 books on Islamic law, Islamic finance, Islamic economics, social studies and art, in addition to more than 400 research articles on these subjects.

Dr Ojeil Jassim AlNashmi

Currently a professor of Shari'a and Islamic Studies at Kuwait University

Dr Ojeil AlNashmi received his PhD on "Principles of Islamic Jurisprudence" from Al-Azhar University in Cairo, Egypt in 1977. He is a member and the representative of Kuwait at the International Islamic Jurisprudence Assembly and serves on the Shari'a boards of a number of Islamic financial institutions in the GCC including Kuwait Finance House, Emirates Islamic Bank PJSC, Dubai Islamic Bank PJSC, Sharjah Islamic Bank PJSC, AAOIFI and the Liquidity Management Center in Bahrain. He has published many scholarly articles and studies in prominent periodicals on contemporary issues in Islamic finance and jurisprudence. He has also authored many books on the Principles of Islamic Jurisprudence and on Islamic education.

Dr Ali Al-Qurra Daghi

Currently a Professor of Shari'a and Head of the Department of Principles of Islamic Jurisprudence in the School of Shari'a and Law at Qatar University.

Dr Ali Al-Qurra Daghi received his PhD in the area of contracts and financial transactions from Al Azhar University in Cairo, Egypt in 1985. He presently serves on the Shari'a Boards of many Islamic financial institutions in and outside Qatar including Qatar International Islamic Bank (QIIB), Emirates Islamic Bank PJSC and Dubai Islamic Bank PJSC in the UAE. In addition, he is a founding member of many charitable organizations and international Islamic Jurisprudence bodies. He is the author of many research articles in contemporary issues in Islamic finance and banking. He has more than eight books published and six new books in various publication

stages on various topics on Islamic Jurisprudence and Islamic Thought, with emphasis on contemporary issues.

The Shari'a Board is learned in the Shari'a and has both the capability and expertise necessary to evaluate categories of investments for conformity with Shari'a principles. The Sub-Fund shall at all times invest in accordance with the rulings issued from time to time by the Shari'a Board. All rulings and decisions of the Shari'a Board shall be binding.

In particular the Shari'a Board shall study the Sub-Fund's Private Placement Memorandum and this Supplement and the investment objectives and policies contained therein; give general advice to the Sub-Fund and the Manager regarding compliance with Islamic Shari'a and confirm that the investment activities of the Sub-Fund comply with the principles and rules of Islamic Shari'a in all respects.

The Shari'a Board shall review the Sub-Fund's activities on a periodic basis to ensure that the Manager, the Fund and the Sub-Fund continue to conform to the Shari'a's guidelines as set out from time to time. Any minor amounts of income received by way of indirect investment activity shall be declared by the Manager and shall be purified on guidance from the Shari'a Board in a manner in keeping with the Islamic Shari'a.

9.1 Shari'a Guidelines for Investment

The Sub-Fund will only use Shari'a compliant contracts and agreements. It shall avoid non Shari'a contracts such as options, derivatives, futures and forwards. The Sub-Fund must particularly avoid generating or receiving riba or interest under any circumstances. Any minor amounts of derived riba or interest received by way of indirect investment activity shall be declared by the Manager and shall be purified on guidance from the Shari'a Board in a manner in keeping with the Islamic Shari'a.

The Sub-Fund must particularly avoid holding property which has tenants involved in the following particular non-Shari'a compliant activities:

1. Production, selling, distilling or distribution of alcoholic beverages and products.
2. Production, selling, distribution or slaughter of pork and pork related products.
3. Gambling, casinos, lotteries and related games.
4. Principal activities within the entertainment businesses (i.e. companies whose principal activity is in films, videos, theatres, cinemas etc).
5. Pornography and obscenities in any form.
6. Production of weapons.
7. Production of tobacco and tobacco related products.

8. Conventional (non Islamic) banks, financial institutions and insurance companies.

Where tenants are individuals or families the above relates to their activities whilst within the property and not necessarily their private employment, which may not always be known to the Manager or the Fund.

Investments made by the Sub-Fund into liquid assets such as cash and cash-equivalent investments will be in line with the widely approved Shari'a products generally available in the market place.

Investments made by the Sub-Fund into any property related securities will only be from those securities selected from an approved list as pre-agreed with the Shari'a board and updated from time to time.

The Shari'a board will periodically review all assets within the Sub-Fund with regards to ongoing Shari'a compliance and advise the Manager and the Fund accordingly.

10. VALUATION DAY

The Valuation Day for the A,E and Income Share Classes shall be the last Business Day of each calendar quarter or other such day as directors of the Fund or Sub-Fund may determine.

For any assets valued on exchanges that are closed on the Valuation Day, the last available published prices prior to the Valuation Day will be used for valuation purposes.

11. SUBSCRIPTION DAY

The Subscription Days for the A, E and Income Share Classes will, unless subscriptions are suspended, be the first Business Day following a Valuation Day or such other day as the directors of the Fund may determine. Five Business Days' notice (4.00 pm Jersey time) prior to the Valuation Day will be required to be given by each investor, unless such other notice period is agreed by the Manager from time to time.

12. SUBSCRIPTION POLICY

The minimum subscription for the A and Income Share Classes will be USD 100,000 or the currency equivalent or such other higher amount as the Manager may determine from time to time. Further subscriptions from the same investor should be a minimum of USD 10,000 or the currency equivalent or such other amount as the Manager may on a case by case basis determine.

The minimum subscription for the Dirham Share Class – E Share Class, will be AED 367,300 or the currency equivalent or such other higher amount as the Manager may determine from time to time. Further subscriptions from the same investor should be a minimum of AED 36,730 or the currency equivalent or such other amount as the Manager may on a case by case basis determine.

Cleared monies, in class currency, need to be received prior to the subscription cut-off stated above.

Please see section 17.1 hereof entitled 'Subscription Fee' for further details.

13. REDEMPTION DAY

The Redemption Days for the A, E and Income Share Classes will, unless the redemptions are suspended, be the first Business Day following the Valuation Day or other such day as directors of the Fund or Sub-Fund may determine. Twenty Business Days' notice (4.00pm Jersey time) preceding the Valuation Day of such redemption shall be required from investors.

For the avoidance of doubt, any redemption of seed capital by Emirates Islamic Bank PJSC shall not require Emirates Islamic Bank PJSC to give the full notice period where such redemption is being netted off against net subscriptions.

On redemption, all monies will normally be paid within twenty Business Days, in class currency, of the relevant Redemption Day on which the redemption is made.

Please see section 17.2 hereof entitled 'Redemption Charges' for further details.

14. CONVERSION BETWEEN SHARE CLASSES

Shareholders in the Sub-Fund may on any Redemption Day convert all or, subject to any applicable rules, part of their holding of Participating Shares of any Share Class (the "**Original Share Class**") into Participating Shares of another Share Class (the "**New Share Class**") by giving notice to the Administrator prior to close of business, (4.00 pm Jersey time) of 20 Business Days preceding the Valuation Day (or other notice period as may be agreed by the Manager from time to time) on which the conversion is to take place (unless the Manager has indicated that a shorter delivery period will be accepted in respect of any Share Class).

Conversion takes place in accordance with the following formula:

$$\text{NSH} = \frac{\text{OSH} \times (\text{RP} - \text{CF}) \times \text{CCR}}{\text{SP}}$$

- where
- NSH is the number of Participating Shares of the New Share Class
 - OSH is the number of Participating Shares of the Original Share Class in the conversion notice
 - RP is the Redemption Price of Participating Shares of the Original Share Class
 - CCR is the currency conversion rate between the currencies of denomination of the Original Share Class and the New Share Class (if applicable)
 - SP is the Subscription Price of Participating Shares of the New Share Class.
 - CF is the conversion fee (if applicable)

For the avoidance of doubt, there shall be no conversion fee payable on conversion between income and accumulation Share Classes within the same Sub-Fund.

Where such conversion would cause the Minimum Holding to be breached in respect of a holding in the Original Share Class or New Share Class conversion of Participating Shares will be subject to the prior consent of the Directors.

Fractions of shares (to 3 decimal places) may be allotted on conversions where monies are less than the Subscription Price of one share of the New Share Class.

Except as specified herein a holder who exchanges Participating Shares in one Share Class for Participating Shares in another Share Class will not be given a right by law to reverse the transaction except as a new transaction. Conversion from one Share Class to another may be regarded as a disposal and acquisition of shares for capital gains tax purposes in certain jurisdictions.

Please see section 17.12 hereof entitled 'Conversion Charge' for further details.

15. DISTRIBUTION POLICY

15.1 Income Share Class

It is intended that in each year the Income Share Class shall seek to achieve a high and rising level of income distribution commensurate with the market and in keeping with the distributions that can be made by the Share Class in accordance with the Companies (Jersey) Law, 1991. Distributions will be declared on a semi-annual basis in June and December and will usually be paid within the next six weeks.

15.2 A and E Share Classes

In the case of the A and E Share Classes, it is intended that all sums that would otherwise have been distributed in each year shall be retained in such Share Class for the benefit of the Shareholders in the A and E Share Classes.

16. FUND SERVICE PROVIDERS

In addition to the fund service providers of the Fund set out in section 4 of the PPM, the following fund service providers will be appointed in respect of the Sub-Fund:

16.1 Discretionary Investment Manager

With the approval of the Fund, the Manager will appoint Emirates NBD Bank PJSC as Discretionary Investment Manager (the "DIM") in respect of the Sub-Fund.

The DIM was incorporated on 16th July 2007 with limited liability. Its registered office is PO Box 777, Baniyas Road, Deira, Dubai, UAE. It's issued and paid up share capital is AED 5,577,774,724 as at the last accounting date on 31st December 2009.

The Discretionary Investment Management Agreement contains certain indemnities in favour of the Discretionary Investment Manager and is terminable by the Manager on six months' notice or on shorter notice in certain circumstances including material breach.

The DIM may appoint, with the approval of the Manager, other such professional parties and investment advisors deemed necessary in order to carry out its investment activities. For the purposes of this Sub-Fund, with the consent of the Manager, and pursuant to a Delegate Investment Management Agreement dated 20th April 2010, the DIM has appointed Emirates NBD AM to act as Delegate Investment Manager ("DDIM") to the Sub-Fund. The DDIM is a subsidiary company of the DIM and is regulated by the Dubai Financial Services Authority. The DDIM will keep all investments of the Sub-Fund under regular review and will provide full investment advice to the DIM and the Manager in relation to the investments of each Share Class and the Sub-Fund. The DDIM may, additionally, use the services of an investment advisor on certain of the real property components of the Sub-Fund as set out in section 16.3 entitled Investment Advisors.

It is also the intention of the DDIM to appoint a property service provider in respect of certain assets held within the real property component of the Sub-Fund as set out in section 16.4 entitled Property Service Provider. If no Property Service Provider has been specifically appointed, the DDIM will assume responsibility for the function.

The DDIM intends to run all investment advice and decisions of the Sub-Fund via a committee based approach (see Investment Committee below).

16.2 Investment Committee

The DDIM intends to appoint an Investment Committee (the "**Investment Committee**") to ensure that investment decisions of the Sub-Fund are taken on a collective basis, minimising any issues for potential conflict of interest. Such Investment Committee shall consist at all times of not less than three members as appointed from time to time by the DDIM. Any vacancies would be filled within the earliest possible time, however, as long as two members are in position and in full agreement on decisions business progress should not be restricted during the interim appointment period.

The Investment Committee will consider real property recommendations from the Investment Advisor and any other appointed advisors, as well as the overall investment recommendations of the DDIM, prior to passing such investment instructions through to the Manager. Fees may be paid to members of the Investment Committee for their work as stated in section 17.13.

16.3 Investment Advisors

With the approval of the Manager and the DIM, the DDIM may appoint Emirates Islamic Bank PJSC as Investment Advisor (the "**Investment Advisor**") in respect of certain holdings of the real property component of the Sub-Fund as it deems necessary. The Investment Advisor will keep this element of the Sub-Fund's real property investments under regular review and may provide investment advice to the Investment Committee of the DDIM in relation to the

investments of each Share Class and the Sub-Fund into real property, if requested to do so by the DDIM.

For the avoidance of doubt, the DDIM shall have the capacity, with the approval of the Manager, to appoint such other investment advisors as it considers appropriate and to enter into appropriate agreements to formalise such appointments.

16.4 Property Service Provider

With the approval of the Manager, the DDIM has appointed Emirates Islamic Bank PJSC as the Property Service Provider (the "**Property Service Provider**") in respect of certain properties acquired by the Sub-Fund. The Property Service Provider will manage each of such properties which have been acquired by the Sub-Fund and delegated to it on a day to day basis. The Property Service Provider may also provide such other services for the Sub-Fund, as may be agreed in a separate agreement from time to time.

For the avoidance of doubt, the DDIM shall have the capacity, with the approval of the Manager, to appoint such other investment advisors and service providers as it considers appropriate and to enter into appropriate agreements as necessary to formalise such appointments.

In line with section 16.1, where the DDIM does not delegate this function, it will assume responsibility for it. Charges for this service may sit outside of the normal management fees and may be levied separately should the services required sit outside of a current agreement supporting the Sub-Fund.

16.5 Independent Property Valuer

The Manager has appointed CB Richard Ellis to act as Independent Property Valuer to the Sub-Fund (the "**Property Valuer**") and may appoint any other Independent Property Valuer as may be required from time to time. The Property Valuer will value each and every initial real property purchase of the Sub-Fund and will also undertake quarterly valuations of each property held by the Sub-Fund. The Manager, with approval of the DIM, reserves the right to appoint additional or replacement Property Valuers at any time. The Manager reserves the right to vary the frequency of the valuations as deemed suitable and appropriate for the ongoing management of the Sub-Fund.

It should be noted that no formal market exists, nor is expected to exist, for assets held by the Sub-Fund. Valuation of the Sub-Fund's assets is therefore subjective and prices on realisation may differ significantly from those given by any valuer, notwithstanding its independence from the Sub-Fund itself. More details on this are given in the section headed Risk Warnings.

16.6 Corporate Services Provider

State Street Fund Services (Jersey) Limited or any other Corporate Services Provider as may be appointed by the Manager from time to time, will provide corporate administration services to the Sub-Fund and any SPVs of the Sub-Fund (including the provision of directors and secretary).

17. FEES AND EXPENSES

The following fees and expenses will be payable in relation to the Sub-Fund:

17.1 Subscription Fee

The Manager may at its discretion impose an initial dealing charge not exceeding 5 per cent of the value of each individual subscription transaction.

17.2 Redemption Charges

The following redemption charges on the proceeds payable on redemption shall be deducted from such redemption proceeds on redemptions of Participating Shares in each of the A, E and Income Share Classes made in the respective periods set out below. In all cases, the relevant period shall be from the date on which such Participating Shares were registered in the redeeming shareholder's name on a first in, first out basis. Redemption charges shall be retained for the account of the Sub-Fund.

Period of Holding following Registration of Share	Redemption Charge
Up to 6 months	5%
6 to 12 months	3%
12 to 24 months	2%
24 to 36 months	1%
More than 36 months	0%

For the avoidance of doubt, any redemption of seed capital by Emirates Islamic Bank PJSC shall not incur a redemption charge provided that it is matched off against net subscriptions.

17.3 Management Fee

The Manager shall be entitled to receive a management fee of 1.5% per annum of the gross asset value of each Share Class. The management fee shall accrue at each Valuation Point (or at any other frequency as directors of the Fund or Sub-Fund shall determine) and shall be payable quarterly in arrears from the assets of each Share Class within fifteen days of the relevant quarter end. In addition to the management fee, the Sub-Fund shall reimburse to the Manager all reasonable expenses, costs, charges and fees incurred or to be incurred by the Manager including all reasonable expenses, costs, charges and fees in the relevant categories incurred or to be incurred by any person to whom the Manager shall have delegated any of its powers and duties in accordance with the Management Agreement and who is entitled to be reimbursed in respect of such expenses, costs, charges and fees by the Manager. The Manager shall be responsible for paying the fees of the DDIM who shall in turn be responsible for paying any of its delegates, advisers or sub appointed parties including Property Service Providers and Investment advisers,

where appropriate. The Shari'a Board Fees shall be billed on a time spent basis in accordance with appropriate rates for such services.

17.4 Property Service Provider's Fees

The Property Service Provider will be paid a fee as agreed in writing from time to time with the DDIM and the Manager.

For the avoidance of doubt, specific fees and expenses such as legal costs, survey work in connection with on-going running costs, repairs and improvements of a property, external professional fees for handling rent reviews and new leasing negotiations, as well as external agency fees for letting for empty buildings and any other services approved by the Manager on behalf of the Sub-Fund, may be charged directly to a Sub-Fund or SPV. Work carried out by the Property Service Provider itself with regards to rent reviews, leasing negotiations, property management and maintenance activities (other than actual contracts, works or maintenance) and letting will be included within the pre-agreed service fee.

The Manager reserves the right to appoint any additional service provider from time to time. These additional service providers may be paid fees separately from the assets of the Sub-Fund.

17.5 Performance Fee

The Manager will be entitled to a performance fee in respect of each Share Class. The performance fee will be payable half yearly and will be calculated on the Calculation Days, these being the Valuation Days in June and December each year ("the **Calculation Day**").

An estimate of the performance fee payable at the next Calculation Day earned to date will be made and accrued on each Valuation Day or at any other time as determined by directors of the Fund or Sub-Fund. The Discretionary Investment Manager and other advisors shall receive any entitlement that it has to a share of the performance fee from the Manager.

The performance fee will be payable on the increase of the NAV of each Share Class over the NAV recorded at the last Calculation Day after taking into account subsequent subscriptions and redemptions. The performance fee will be equal to up to 20% of the increase in the NAV of each Share Class over and above the Hurdle Rate Return (as defined below).

The "Hurdle Rate Return" will be equal to an amount calculated by applying an annual rate of return of 7% to the aggregate of:

- the NAV of each Share Class as at the last Calculation Day (after distributions payable at that Calculation Day) (or the NAV on launch of the relevant Share Class in respect of the first Calculation Day), and
- the total of all subsequent subscriptions less all subsequent redemptions (calculated at the time of the relevant subscription or redemption) made in respect of the each Share Class since the last Calculation Day (or since launch of the relevant Share Class in respect of the first Calculation Day.)

For the purpose of determining the NAV of each Share Class at the relevant Calculation Day (i) calculations will be made before deducting performance fees and (ii) any issue or redemption of shares in the particular Share Class on the relevant Subscription Day shall be disregarded, and (iii) distributions payable at that Calculation Day will be included in the NAV at that Valuation Day.

The performance fee payable on each Calculation Day represents a definitive charge to each Share Class, and is not recoverable by the Share Class in the event that there is a subsequent fall in the NAV of the Share Class or subsequent under performance when compared to the Hurdle Rate Return.

17.6 Administration Fee

The Administrator, or other such administrator who may, at the discretion of the Directors, be appointed to the Sub-Fund, shall be paid an administration fee as per the schedule below.

Total Net Assets per sub-fund	Administration and Accounting Fees
First \$100 Million	0.12%
Next \$100 Million	0.09%
Next \$100 Million	0.07%
Excess	0.05%

Such fee shall accrue at each Valuation Point and shall be payable to the Administrator by quarterly payments in arrears from the assets of the Sub-Fund within fifteen days of the relevant quarter's end. Additional charges may arise from time to time at the discretion of the Directors.

17.7 Corporate Services

State Street Fund Services (Jersey) Limited, or any other Corporate Services Provider that may be appointed by the Manager from time to time, will also be paid a fee in respect of corporate services which it provides to the Sub-Fund at the relevant market rate and as agreed with the Manager from time to time. It is not expected that this fee will exceed \$15,000 per annum.

Disbursements relating to exempt company fees, audit fees, filing fees and other extraordinary costs will be additional costs. The above fees and costs will be payable by the Sub-Fund.

17.8 Custodian Fees

The Custodian, or other such custodian who may at the discretion of the Directors be appointed to the Sub-Fund, will be paid custody fees at market rates, or as agreed between the Fund, the Manager and Custodian from time to time.

The custodial fees are divided into two categories for each market of investment, namely safekeeping fees and transaction fees. The safekeeping fee is an annual fee, billable monthly, based on the value of the month end assets. Safekeeping fees are based on a "per country" basis

and include the safekeeping fees charged by any sub custodians. The upper limit for safekeeping fees charged on a “per country” basis is 0.65%. The transaction fee is essentially a trade settlement fee and also includes any sub custodian expenses. Transaction fees typically fall in the range of \$10 to \$80 per trade, dependent on security type and market.

These fees are detailed in full in the schedules to the Custodian Agreement between State Street Custodial Services (Jersey) Limited and the Fund and are available to shareholders on request.

The Custodian Fees shall accrue at the Valuation Point on each Valuation Day and shall be payable quarterly in arrears from the assets of the Sub-Fund within fifteen days of the relevant quarter's end.

Investors attention is drawn to custody and title issues in Section 18.

17.9 Valuation Fees

The following fees and expenses will be payable to the Property Valuer by each relevant SPV:

- valuation for loan security purposes (up to 0.06% on up to USD100,000,000 and 0.05% on over USD100,000,000 of the aggregate value of the properties inspected, inclusive of disbursements) carried out at the request of the Sub-Fund or its financiers/bankers;
- independent valuation of property to be acquired (on the same basis as loan security valuations) carried out at the request of the Sub-Fund or its financiers/bankers;
- quarterly valuations (without site inspection) (up to a rate of 0.04% on up to USD100,000,000 and 0.03% on up to USD150,000,000 and 0.02% on up to USD200,000,000 and 0.015% on over USD200,000,000 of the aggregate value of the properties inspected, inclusive of disbursements).

The fees of the Property Valuer will be payable at such intervals to be agreed between the Property Valuer and the Manager.

The valuation frequency and subsequent pricing may be varied by the Manager as seen appropriate for the Sub-Fund.

17.10 Title Registration Fees

Title registration fees are payable in the UAE. Currently these are typically 2% of the purchase or sale price of any transacted property. The proportion of these fees payable by either buyer or seller should normally form part of the overall transaction contract to be negotiated and agreed between the transacting parties. If the proportion has not been clearly defined in the contract the relevant authority will usually deem the fees to be equally split between the parties. Additional or alternative fees normally apply for the registration of lease or mortgage interests. The relevant authorities may continue to update their registration and transfer fees from time to time.

Title registration fees if applicable in any other jurisdiction would be payable as applicable if any properties are purchased in such jurisdiction.

17.11 Property Transaction Costs

There will be the following property transaction costs on the acquisition and disposal of property:-

- (i) an acquisition fee of up to 2.0% of the purchase price paid for property;
- (ii) a disposal fee of up to 2.0% of the sale price of property;

The specific fees of external agents engaged by the DDIM or its delegate (as appropriate) in relation to the acquisition and sale of property includes without limitation the fees of surveyors, property agents and other professional advisers. Such fees are expected to be charged at market rates.

The acquisition costs of property purchased by the Sub-Fund will be amortised over a period of four years from the date of acquisition and will be reflected in the NAV per share of the Sub-Fund and in the subscription and redemption prices of each Share Class.

If a property should be redeemed by the Sub-Fund prior to the completion of the amortisation period, the balance of acquisition costs amortised will be written off as part of the overall property sale and factored into the resulting gain or loss.

17.12 Conversion Charge

A conversion charge may be applied to all conversions save for conversions within Share Classes of the same Sub-Fund. The conversion charge will not exceed 5% of the Subscription Amount of the new class into which Participating Shares of the original class are converted. Conversions between Share Classes will be effected in accordance with the conversion rules set out in the PPM and the Articles of the Fund.

17.13 Other Fees

The Fund will be responsible for all normal operating expenses including (but not limited to) audit fees, registration and certificate fees, legal fees, charges incurred on the acquisition and realisation of investments, costs of publication and distribution of prospectuses and annual reports, the publication of share prices, costs and expenses of members of the Investment Committee as well as the costs and expenses of the Manager. Where possible such fees and charges will be allocated to the relevant Share Class to which they relate. Hence the Sub-Fund will bear these normal operating expenses in relation to its activities where they relate to the investments of the Sub-Fund.

18. OWNERSHIP OF THE ASSETS

Whilst acquisition of real estate in the UAE is allowable to international investors, and as such the real estate market especially on the residential side is widely marketed around the world to prospective personal and commercial international investors, it is not yet possible for non-

nationals of the UAE to register their ownership at the relevant UAE land registry departments or such other Governmental offices in respect of properties outside of freehold areas. As such in order to ensure that the Sub-Fund may evidence sufficient title of its assets, with the Manager's approval, the real property may be purchased for the benefit of the Sub-Fund through an Ijarah contract or other such means as directors of the Fund may deem suitable and adequate to protect shareholders' interests. Ijarah contracts, which may be held by the Sub-Fund, will permit the passing of economic interests while direct ownership of the underlying assets is secured by a creditor.

As part of the Ijarah arrangement the Sub-Fund will derive the economic interest in the property and the DIM / Investment Advisor or connected party will assume a role of registered holder of the real property assets of the Sub-Fund until such time as the appropriate UAE law is passed to allow registration of the assets with the appropriate land registry department in the Sub-Fund's own name. Under the terms of the arrangement, the Sub-Fund will receive rights to the income and capital gains of the assets by reference to such assets rather than direct legal title.

Investors should note that properties backing such arrangements, while permitting the transferral of economic benefit, either positive or negative, may not be ring-fenced in the event of insolvency or default. This may provide increased risks for investors in the event of a general creditor claim against any underlying registered holder. For further details, please see the section entitled Risk Warnings.

19. TAXATION ISSUES

It is the intention of the Directors to conduct the affairs of the Sub-Fund and SPV so that management and control are exercised in Jersey and that neither Sub-Fund nor SPV are resident for tax purposes in any other jurisdiction.

19.1 Jersey taxation in relation to the Sub-Fund and SPVs

With effect from 1 January 2009 pursuant to the Income Tax (Amendment No.28) (Jersey) Law 2007, and the Income Tax (Amendment No.29) (Jersey) Law 2008, companies incorporated in Jersey are subject to a standard rate of corporate income tax of 0% with specified financial services companies subject to a special rate of corporate income tax of 10%. The Sub-Fund and each SPV will be subject to a rate of corporate income tax of 0% as their business does not fall within the definition of a financial services company under the above laws. However, if the Sub-Fund or any SPV's business should in the future change to become a financial services company as therein defined then it may be at risk of becoming subject to the special rate of corporate income tax of 10%. As companies subject to corporate income tax at 0%, the Sub-Fund and SPVs will not be liable to pay any corporate income tax in Jersey under the current Jersey law. It should be noted that the Sub-Fund will particularly avoid generating or receiving *riba* or interest under any circumstances.

19.2 The Taxation in the United Arab Emirates

The Directors believe that there will be no taxation in the UAE at the Fund or Sub-Fund level.

20. RISK WARNINGS

In addition to the risk warnings set out in section 12.1 of the PPM, investors are also directed towards the following inherent risks relating to an investment in the A, E and Income Share Classes and ultimately in the real property and other assets to be acquired via the Sub-Fund.

- (i) The general market for residential and commercial property, both in the UAE and worldwide, may during the period of any investment depreciate with the result that the value of the Sub-Fund's property investment portfolio falls. The value of an individual property may fall, for example, due to location or the insolvency of a tenant, as well as political and economic reasons.
- (ii) Market value of properties is usually affected by general economic conditions, such as changes in gross domestic product, employment trends, inflation and changes in interest rates, or by the particular financial condition of the developer and other parties doing business with the Sub-Fund. The financial operations of the Sub-Fund may be further adversely affected by conditions in various markets; specifically, deterioration in the economy of a country can be expected to have an adverse effect on the amount of money spent by the companies based in that country on real estate in developing real estate markets. The performance of the Sub-Fund may be also adversely affected by a downturn in the property market in terms of capital value or a weakening of rental values. Investments in property in target jurisdictions may be difficult, slow or impossible to realise.
- (iii) Investors interests will be subject to the uncontrollable and unpredictable general risks incidental to the ownership of real property, including changes in the supply of or demand for competing investment properties in an area, changes in interest rates and the availability of mortgage funds, changes in property tax rates and landlord/tenant or planning laws, credit risks of tenants and borrowers, changes in building, environmental and other laws, changes in real property tax rates, changes in the availability of mortgage funds which may render the sale or refinancing of properties difficult or impracticable, environmental liabilities, uninsured risks or other factors which are beyond the control of the Sub-Fund and the Manager. The marketability and value of any investment properties owned by the Sub-Fund will, therefore, depend on many factors beyond the control of the Sub-Fund and the Manager and there is no assurance that there will be either a ready market for any investment properties of the Sub-Fund or that such investment properties will be sold at a profit or will yield a positive cash flow.
- (iv) The value of and income from real estate properties held by the Sub-Fund may be materially adversely affected by a number of specific real estate factors, including:
 - a. vacancies that lead to decreased occupancy rates,
 - b. the Sub-Fund's ability to obtain adequate management, maintenance or insurance services on commercial terms or at all,
 - c. the Sub-Fund's ability to collect rent and service charge payments from tenants and other contractual payments under real estate outsourcing contracts, on a timely basis or at all,

- d. tenants seeking the protection of bankruptcy laws, which could result in delays in receipt of rental and other contractual payments, inability to collect such payments at all or the termination of a tenant's lease, all of which could hinder or delay the sale of a property,
 - e. the amount of rent and the terms on which lease renewals and new leases are agreed being less favourable than leases in place on the acquisition of a property,
 - f. a competitive rental market which may affect rental levels or occupancy levels at the Sub-Fund's properties, or
 - g. changes in laws and governmental regulations in relation to real estate, including those governing permitted and zoning usage, ownership of the asset, taxes and government charges.
- (v) Other assets purchased by the Sub-Fund, including but not limited to Shari'a compliant liquid assets and property related securities may not achieve the income and growth characteristics intended to enhance the Sub-Funds returns on surplus cash within the Sub-Fund.
- (vi) The success of the Sub-Fund will depend on the ability to identify suitable properties within the stated investment objectives, on the ability of the Sub-Fund to acquire, develop and realize such investments, and on the availability of suitable properties on the market. The stated investment objective and strategy is based, in part, upon the basis that investments will be available for investment or development by the Sub-Fund at prices and upon terms and conditions (including financing), which the Manager considers favourable to the Sub-Fund. There can be no assurance that the Manager will be able to find a sufficient number of attractive opportunities to meet the investment objectives or that the Sub-Fund will be able to invest its capital on attractive terms and generate returns for its Investors.
- (vii) The value of a property depends to a large extent on its location and the purpose for which it is intended. If the Sub-Fund misjudges the desirability of a property's location or its intended use, it may be difficult to sell the property at the budgeted price or to rent fully or at all at the budgeted rental levels. If the Sub-Fund is required to reduce the sale price to attract purchasers or the rental level of a property to attract tenants, or if the property is empty for a long period, the market value of the property may be significantly reduced and the Sub-Fund's revenues adversely affected. If budgeted sale or rental revenue should fail to materialize as planned, this may have long-term effects on the performance of the property concerned. Any such misjudgement or miscalculation may have a material adverse effect on the Sub-Fund's business, financial condition, results of operations and prospects. In addition to the above, even if the Sub-Fund acquires real estate in a location that is suitable for a development, the suitability of that location may be adversely affected by external factors such as a competing development project opening within the same catchment area. In the event that the suitability of a location is adversely affected, the development by the Sub-Fund may be delayed or abandoned. In such circumstances, there is no guarantee that the Sub-Fund will be able to use the site for an alternative development or be able sell the site.

- (viii) The Sub-Fund may invest in certain development properties (although at the time of writing it has not done so). Development properties involve more risk than properties on which development has been completed. Development properties do not generate operating revenue while costs are incurred to develop the properties, and may also generate certain expenses including property taxes and insurance. Although the Manager will seek to mitigate risk where necessary, development projects are subject to the general risks associated with construction and development, some of which are described below:
- a. the Sub-Fund may be unable to proceed with a development because it cannot obtain financing on favourable terms;
 - b. the Sub-Fund may incur construction costs for a development that exceeds its original estimates due to increased material, labour or other costs, which could make completion of the development uneconomical as it may not be able to increase rents or the sale price to offset the increase in such costs;
 - c. the Sub-Fund may incur unexpected expenses due to construction accidents and third party liability, which may render the development uneconomical;
 - d. the Sub-Fund may be unable to obtain, or face delays in obtaining required land-use, building, occupancy, environmental and other governmental permits and authorizations, which could result in increased costs deriving from delays in construction and operation and could result in the Sub-Fund abandoning its activities entirely with respect to a development;
 - e. the Sub-Fund may be unable to complete the construction, leasing or sale of a development on schedule, which could result in increased debt servicing, construction or renovation costs and which could allow competitors to enter into lease agreements with tenants that the Sub-Fund was targeting or open a retail, residential or other development ahead of the Fund, which may have a negative effect on the ability of the Fund to sell the completed development;
 - f. the Sub-Fund may lease developed retail, residential or other developments at below expected rental rates or sell at a price which is below what was expected;
- (ix) Property assets are inherently difficult to value due to the individual nature of each property and due to the fact that there is no liquid market or pricing mechanism for them. As a result, valuations are subject to uncertainty and risk of subjectivity. Valuations are a matter of opinion rather than of fact. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even in situations where such sales occur shortly after the date of the valuation. In addition, any future property market recession or severe market conditions could adversely affect the value of properties. Ultimately there may be times when it is not possible to determine a valuation.
- (x) The Sub-Fund is dependent on its ability to attract third parties to enter into new leases on favourable terms in order to receive a profitable price for each development or undermanaged asset. The Sub-Fund may find it more difficult to attract third parties to enter into leases during periods when market rents are increasing or when general consumer activity is decreasing, or if there is competition

for tenants from competing developments. The termination of a lease or an agreement for lease by any anchor tenant may adversely affect a shopping and entertainment centre and the price obtainable for it. The failure of an anchor tenant to abide by these agreements may cause delays, or result in a decline in rental income (temporary or long term), the effect of which the Sub-Fund may not be able to offset due to difficulties in finding a suitable replacement anchor tenant. Furthermore, the tenants or operators of units comprising part of a development may be unable to obtain the necessary governmental permits or licenses which are necessary for the operation of their respective businesses. Where such operations are delayed or not permitted due to lack of necessary permits, a negative impact on the attractiveness of the project and on revenues may result"

- (xi) The Administrator's valuation on the Valuation Day may be predominantly based on the Property Valuer's opinions of the current market value of the Sub-Fund's property portfolio and the amount derived on realisation of the property may be less than the valuation given to the property by the Property Valuer.
- (xii) Some property markets invested in by the Sub-Fund, particularly the UAE, may be considered immature or emerging markets. As a consequence these markets could display volatile and or illiquid characteristics.
- (xiii) Any property related securities invested in by the Sub-Fund could display different risk and return characteristics to that of real property. Some securities markets considered by the Sub-Fund may be considered immature or emerging markets. As such, any securities invested in by the Sub-Fund could display volatile characteristics and lack the liquidity normally associated with wider international markets.
- (xiv) Financing strategies by any SPV may exacerbate the effect on the value of falls and rises in the value of the Sub-Fund's property investment portfolio and falls in value may consequently affect the Sub-Fund's liquidity.
- (xv) The cash resources immediately available to meet redemption applications will be limited and may ultimately necessitate a sale of investment properties in order to redeem Participating Shares having regard to section 8 in this Supplement headed '*Funding Redemptions*'. Investors should be aware that the Directors may determine that available properties within any categories should not be sold and even where a determination is made to sell a property, investors should note that land and buildings may be difficult to sell and as a consequence there may be times when the Participating Shares cannot be redeemed.
- (xvi) Redemptions in the Sub-Fund were suspended in 2009. Investors should not invest in the Sub-Fund if they need liquidity.
- (xvii) While directors of the Sub-Fund may determine to use any future subscriptions to fund redemptions, it may not be possible to honour further redemptions (beyond the

provision of fresh capital from inflows). As such, redemptions may be suspended once more as soon as money from subscriptions has been paid away.

- (xviii) The facilities granted by the financiers to an SPV may be terminated in circumstances including the following:
- (a) the amount of sums drawn exceeding specified proportions of the realisation value of the properties;
 - (b) a change in control of the beneficial ownership of the Fund or the Sub-Fund or SPV (as appropriate);
 - (c) any event occurs which will adversely affect the business, assets or financial condition of the Fund, the Sub-Fund or an SPV (as appropriate) or its ability to comply with its obligations to its financier. The availability of the Fund's, Sub-Fund's or an SPV's financing facilities and its liability to repay sums is, therefore, subject to circumstances beyond the Fund's control, including movements in the value of its assets.

A termination of financing facilities as described above may have an adverse effect on an investment in any Share Class and may require properties to be sold prematurely or at discount to market value.

- (xix) The Sub-Fund and ultimately each Share Class assumes all property ownership risks including, without limitation, environmental and third party liability risk. The Sub-Fund may not be able to directly hold title to real property assets through the official property registration channels, property related securities directly through the usual securities markets. The property of the Sub-Fund may be held by the DIM, Investment Advisor, or other nominee as the DIM sees fit for the benefit of the Sub-Fund.
- (xx) There can be no assurance that the exit strategies of the Sub-Fund and ultimately each Share Class may be available or practical. It may be difficult to achieve an outright sale of the property held by the Sub-Fund due to its size and market specialisation.
- (xxii) An investment of the type offered by each Share Class may not be suitable for all recipients of the PPM or this Supplement. An investment in each Share Class and ultimately in the assets held via the Sub-Fund is designed as a longer term investment and consequently may not be suitable as a short or medium term investment. Prospective investors should seek advice from their investment adviser before making an investment in a Share Class.
- (xxiii) Charges and expenses in connection with the Fund, each Share Class and the Sub-Fund are not made uniformly throughout the life of the Fund and it is possible that an investor may not receive back the full amount of their investment especially if it is redeemed within the first three years where redemption charges apply.

- (xxiv) In the event that the shareholders of any Share Class pass a Special Resolution for the winding up of that Share Class, such winding up may necessitate a sale of properties held by the Sub-Fund. Such sale may have an adverse impact on the remaining Share Classes investing in the Sub-Fund as not only may a portion of properties be sold thereby reducing the overall capital and income value of the Sub-Fund but also that the choice of properties may affect the balance, spread and overall value of properties remaining within the Sub-Fund.
- (xxv) In the event that properties held by the Sub-Fund are sold to fund redemptions, such sale may have an adverse impact on the investors who have not redeemed shares as the selection of available properties to be sold will be subject to the restrictions set out above under '*Funding Redemptions*' and may affect the balance, spread and overall value of properties and income remaining within the Sub-Fund.
- (xxvi) The Fund may be required to pledge the shares in the Sub-Fund as security for the obligations of the Fund in respect of any financing arrangements. Any enforcement of such security will have an adverse effect on all Share Classes and in particular may have a disproportionate impact on those Share Classes to which the obligations giving rise to enforcement do not relate.
- (xxvii) Notwithstanding the intention to pay a high and rising level of income distribution commensurate with the market and in keeping with the distributions that can be made by the Share Class in accordance with the Companies (Jersey) Law, 1991 and to accumulate shares in the A and E Share Classes, there can be no guarantee that there will be sufficient income generated by each Share Class, the Sub-Fund or any SPV to be able to do this.
- (xxviii) Property assets in the United Arab Emirates are situated in both freehold and non-freehold areas. While freehold properties may be directly owned by the Sub-Fund, certain properties within the Sub-Fund may be situated in non-freehold areas. In this case, properties may be held indirectly or through an Ijara contract with security, and therefore ownership, held by a permitted entity as part of the contractual financing relationship. These arrangements, while providing a legitimate means to pass economic benefit back to the Sub-Fund, may provide increased risk in the event of insolvency on the part of an underlying counterparty. In extreme cases, the Sub-Fund may not be able to lay claim to the assets and losses could equal the amount invested. Additionally, third party registered ownership might be held by, or by a party connected to, the manager or discretionary investment manager.
- (xxix) The directors of the Sub-Fund, Fund and Manager have taken all reasonable steps to ensure that the valuation and accounting practices used or adopted by the Sub-Fund (or service providers appointed to it) are in line with internationally recognised standards and that any changes to these processes (either now or in the future) will conform with internationally recognised best practice. Save for cases of negligence or wilful default, the Directors of the Sub-Fund, Fund or Manager accept no liability for

- any losses (direct, indirect or opportunity) arising as a result of the accounting or valuation practices adopted by the Sub Fund.
- (xxx) The situation may arise that cash generated by the Sub-Fund may be reinvested at a lower profit rate. Additionally, periods when the risk free rate is reduced may lead to lower dividends payable.
 - (xxxi) Due to the nature of the Sub-Fund, there is inherent risk stemming from concentration of the Sub-Fund's investments. When all investments in a Sub-Fund are concentrated within one country, the Sub-Fund may be vulnerable single, localized events that affect the value, liquidity, or income generated by the Sub-Fund.
 - (xxxii) Due to prevailing circumstance, there is a risk that certain investments within the Sub-Fund will be retired earlier than anticipated. In this situation the investment may not realise its full potential cash flows.

SCHEDULE 1: Sub-Funds Available in Singapore

Emirates Islamic Alternative Strategies Fund Limited
Emirates Emerging Market Equity Fund Limited
Emirates Islamic Global Balanced Limited
Emirates Global Sukuk Fund Limited
Emirates MENA Opportunities Fund Limited
Emirates Islamic Money Market Fund Limited