

Emirates Real Estate Fund

Fact Sheet March 2015



ASSET MANAGEMENT

Details

Fund Manager	Emirates NBD Fund Managers (Jersey) Ltd
Delegate Investment Manager	Emirates NBD Asset Management Ltd regulated by the Dubai Financial Services Authority
Lead Manager	Tim Rose
Domicile	Jersey, Channel Islands
Fund Launch Date	July 2005
Current Fund Size	USD 368 million
Dealing Frequency	Quarterly

Contact Us

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Dividend History

	June	December
2014	2.75%	2.88%
2013	2.88%	2.75%
2012	2.65%	2.83%
2011	-	3.29%
2010	3.71%	2.73%
2009	3.04%	3.34%
2008	3.13%	2.70%
2007	3.26%	3.10%
2006	3.27%	3.14%
2005	-	3.28%

Top 5 Holdings[†]

Building Name	Location	Type	%
Al Thuraya 1	Dubai	Commercial	22%
ART IV	Dubai	Residential	10%
DHCC49	Dubai	Commercial	8%
Al Farah Plaza	Dubai	Residential	8%
Crescent Tower	Sharjah	Commercial	7%

Investment Objective

Emirates Real Estate Fund is a Shari'a compliant open-ended investment company incorporated in Jersey, Channel Islands. The purpose of the fund is to acquire and accumulate a diverse portfolio of real estate assets, predominantly in the UAE, with the aim of generating rental income and capital appreciation in the mid- to long-term. Assets will be actively managed by the team in order to maximise return on the property. The fund also has the ability to invest in the wider GCC real estate market should the opportunity arise. The fund aims to retain some liquidity by maintaining an element of the portfolio in cash or cash equivalent instruments. All assets held by the fund are Shari'a compliant as approved by the Investment Manager's Shari'a board.

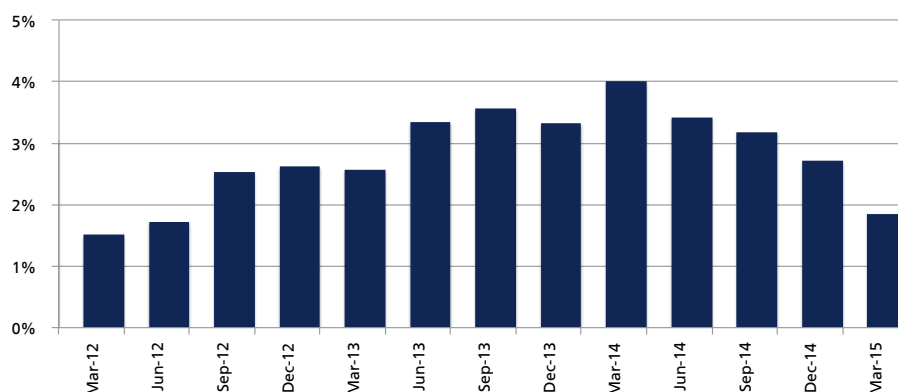
The Team

With one of the longest track records in the MENA region, Emirates NBD Asset Management operates as an independent asset manager based in the DIFC yet also backed by Emirates NBD Group, one of largest financial services groups in the UAE.

The real estate team consists of seven members, headed by Tim Rose. Tim has 20 years of experience in the industry and holds a number of qualifications including MRICS. He is supported by a senior portfolio manager, Ben Coombe, as well as a fund manager, Anthony Taylor, along with the rest of the team.

In addition to these professionals, the investment committee plays an important role in the fund's strategy. This team consists of three individuals with extensive property expertise who are there to advise the fund management team. Oversight is then provided by the fund's board as well as the Shari'a board of Emirates NBD Asset Management.

Performance History*

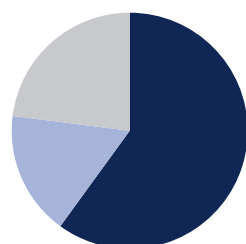


Performance Data*

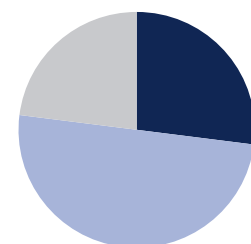
	1st Quarter 2015	Year to Date	One Year	Two Year	Three Year	Since Inception
Fund*	1.85%	1.85%	11.66%	28.41%	40.96%	22.47%

* Source: Emirates NBD AM, A share class, bid to bid, USD terms with net income reinvested including the capital distribution.

Asset Allocation[†]



Regional Allocation[†]



Commercial 50%
 Residential 27%
 Cash 23%

Dubai 60%
 Sharjah 17%
 Cash 23%

[†] Source: Emirates NBD AM as at 31st March 2015. All Shari'a compliant products and services are approved by the Shari'a Supervisory Board of Emirates NBD Asset Management Limited.

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Market Commentary

The Emirates Real Estate Fund enjoyed a strong start to the year with a +1.85% return in Q1 2015. This equates to +11.7% year-on-year, and a 41.0% return over the last 3 years.

The main drivers of this quarterly performance can be mainly attributed to improving contractual income throughout both the residential and commercial assets. This was driven in the residential properties by increasing rentals closer to market rates at renewal coupled with improving market rentals for better quality units, while commercial properties continue to evidence increased occupancies. Yields in the properties have been kept constant by the valuers.

Garhoud Star building, located close to the Dubai International Airport, has enjoyed significant demand from tenants recently, increasing rentals on new leases and renewals. This building alone achieved an increase in value of +4% in the quarter. Dubai Healthcare City assets, contributing 15% of the fund by value, are now both over 90% occupied for the first time since 2008 after strong leasing activity in the quarter.

Other asset management activity in the portfolio over the last 3 months included exterior painting of Al Farah Plaza and beginning works identified during due diligence to the fund's recent acquisition, ART IV, in preparation to lease to a corporate tenant towards the end of 2015.

Macro indicators in the UAE have recently cast some short-term uncertainty on the real estate market. The fall in the oil price towards the end of 2014 brought with it some negative sentiment, however this has largely been removed with the price stabilising and then recovering. The strengthening of the USD is also making UAE properties more expensive to many non GCC buyers.

The effect has been a small decline in the sales and rental values for individual villa and apartments, particularly in Dubai. It is important to highlight that this trend is not citywide though. This softening is in contrast to the institutional market (AED 50m plus assets held for investment purposes) where there is still a situation of a high number of cash-rich investors, chasing a limited number of quality assets in the market. This dynamic has maintained prices in this segment of the real estate market and we do not anticipate this to change in the near future.

We consider this as an opportunity to buy in a long term growth market. The government spend on infrastructure is expected to continue with budgets for 2015 in UAE and Dubai approved at increases of 6.5% and 9% on the previous year. A case in point is the announcement of the extension of the Dubai Metro towards the identified Expo 2020 site, close to the new Al Maktoum International Airport. Inflation and GDP growth forecasts indicate a positive outlook for the UAE, in the absence of any macro shocks in the region.

On the acquisition front, the fund has made good progress with its latest acquisition of A-grade offices in a prominent free-zone. On completion of the transaction expected to be finalised in early May 2015, the composition of the fund will be 69% office, 27% residential and 4% cash. The cash balance is supported by an AED 250m facility which can be drawn on for future acquisitions and liquidity management.

Quarterly Performance Data*

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Q1	-	6.41%	1.69%	3.65%	(6.98)%	1.04%	(7.45)%	1.56%	2.56%	4.01%	1.85%
Q2	-	3.99%	2.78%	3.72%	(22.66)%	(7.71)%	(0.82)%	1.72%	3.33%	3.42%	-
Q3	2.97%	3.26%	3.00%	5.60%	(5.60)%	(7.34)%	(1.29)%	2.53%	3.56%	3.18%	-
Q4	3.75%	5.77%	2.77%	4.76%	(0.69)%	(7.21)%	3.05%	2.62%	3.32%	2.73%	-
Total	6.90%	21.23%	10.73%	19.23%	(32.50)%	(19.83)%	(6.63)%	8.64%	13.41%	14.02%	-

Fund Codes and Fees

Share Class	NAV/Share (01.04.2015) [^]	Investment Management Fee	Exit Fee	ISIN Code	Bloomberg Code
A USD Acc [†]	11.9615	1.50%	Up to 5.00%	GB00B0D0DW97	EMIRATA JY
E AED Acc [†]	7.8361	1.50%	Up to 5.00%	JE00B2R8G913	EMIRATE JY
I USD Inc [†]	6.8863	1.50%	Up to 5.00%	GB00B0CV5M70	EMIRATI JY

[†] Performance fee is 20% of the increase of the NAV of the share class over a 7% hurdle rate payable semiannually

[^] Pricing date as at 31.03.2015



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Past performance is not indicative of future performance. The value of investments and the income derived from them may go down as well as up and you may not receive back all the money which you invest.

For a full outline on applicable fees, please refer to the Fund's prospectus or term sheet.

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