

Fund Objective

The Emirates Real Estate Fund is a Shari'a compliant investment that aims to achieve high-yielding rental income and medium to long term capital growth by investing in a diversified portfolio of residential and commercial properties. The Fund will focus predominantly on real property assets throughout the UAE, whilst retaining the flexibility to invest in markets outside of the UAE. The Fund aims to retain some liquidity by maintaining an element of the portfolio in cash or cash equivalent investments. The Fund may also consider exposure to listed property related securities in order to manage any excess liquidity whilst aiming to maintain levels of return. Fund assets and transactions will be Shari'a compliant, as advised by the Emirates Islamic Bank Shari'a Board.

Market Commentary

There has been a significant level of portfolio activity since the last valuation at the end of September, with events both inside and outside of the fund leading to directors of Emirates Funds Limited requesting a special pricing point for the 30th November 2011. This indicated a rise over the two months (October-November 2011) of +3.58%.

The increase in the fund value was largely attributable to realized sales prices ahead of the valuer's previous estimates. This comes on the back of intensive asset management to ensure that, as wider market conditions improve, the fund is able to achieve the best possible value for shareholders (and in the meantime retain or improve the income stream on the fund's assets). This is also helping the improved liquidity position in the fund. We estimate the current yield to be approximately 7%-8%, which is highly competitive compared with other asset classes, and which is driving flows into the asset class once more from cash buyers. Additionally, we have increased occupancy, albeit in challenging market conditions, which has kept the income and therefore capital values relatively stable.

Following on from the successful completion of the Yamaha property, on which we updated shareholders in our September report, we are pleased to report that interest from prospective buyers has seen offers accepted on three further properties. These are Tecom C in Dubai and Sama 1 & 2 in Sharjah. We expect all of these to complete before year-end subject to suitable due diligence from the buyers. The sales of the three properties will total c AED110m. after transaction costs. We continue to receive interest in other properties in the portfolio although, in line with direction from directors, we will only take these forward with buyers if they are deemed to hold upside for all shareholders.

Outside the portfolio activity, we are pleased to report planned payments to shareholders. As we write, a payment is being made of \$8m. across all shareholders as a capital distribution in lieu of a mid-year dividend. Additionally, the first set of queued investors who sought to redeem prior to the fund's suspension in March 2009 will now be offered the chance to execute this order for the end of December valuation. We believe this is the first step towards improving the liquidity in the fund for all investors and is evidence of the improved market conditions and intense work on the fund's assets.

We expect to be able to update investors further on the liquidity position in the fund in Q1 2012.

Details

Discretionary Investment Manager	Emirates NBD Bank PJSC, UAE	
Delegate Investment Manager	Emirates NBD Asset Management Limited regulated by Dubai Financial Services Authority	
Fund Manager	Emirates NBD Fund Managers (Jersey) Limited	
Fund Type	Open ended investment fund	
Domicile	Jersey, Channel Islands	
Fund Launch Date	July 2005	
Current Fund Size	USD 282 million (gross)	
Annual Management Fee	1.5%	
Performance Fee	20% over a hurdle rate of 7%	
NAV/Share (30.11.2011)*** (Pre-distribution NAV only)	Income Share Class**:	USD 6.13
	Accumulation Share Class:	USD 8.69
	AED Share Class:	AED 5.69
Bloomberg Ticker	Accumulation:	EMIRATA JY
	Income:	EMIRATI JY

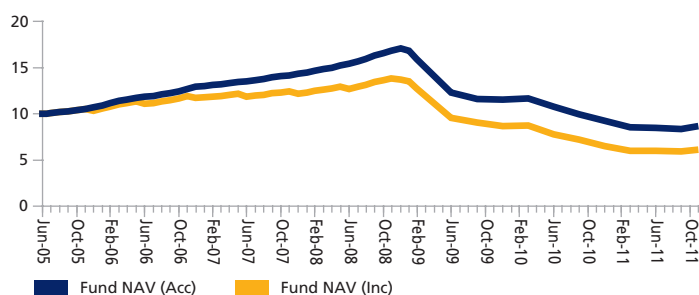
Emirates Real Estate Fund dealing remains currently suspended

Asset Allocation

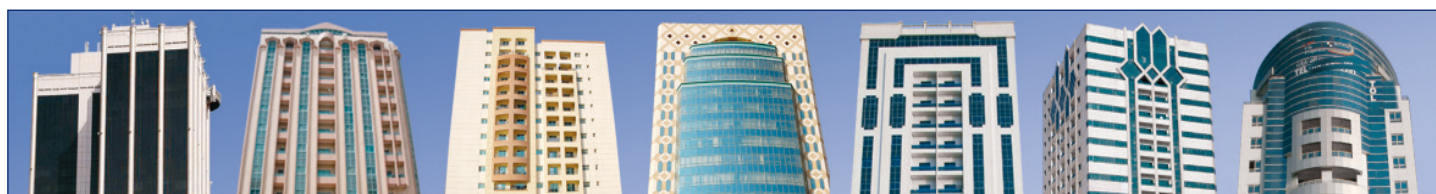
Sector Allocation		Regional Allocation	
Residential	23.8%	Dubai	72.1%
Commercial - Office	56.5%	Sharjah	27.9%
Commercial - Staff Accmd	7.6%		
Other	12.1%		

Performance Data

	Jan %	Feb %	Mar %	Apr %	May %	Jun %	Jul %	Aug %	Sep %	Oct %	Nov %	Dec %	Total %
2005	-	-	-	-	-	-	1.00	0.99	0.98	1.17	1.25	1.33	6.90
2006	2.25	2.01	2.15	1.58	1.21	1.20	0.76	1.42	1.07	1.72	2.17	1.89	21.23
2007	0.62	0.54	0.53	0.99	0.90	0.89	0.81	0.88	1.31	0.79	0.78	1.20	10.73
2008	0.70	1.59	1.36	0.81	1.67	1.25	1.62	1.78	2.19	1.53	1.51	1.72	19.23
2009	(1.46)	(5.52)	-	-	-	(22.66)	-	-	(5.60)	-	-	(0.69)	(32.50)
2010	-	-	1.04	-	-	(7.71)	-	-	(7.34)	-	-	(7.21)	(19.83)
2011	-	-	(7.45)	-	-	(0.82)	-	-	(1.29)	-	3.58	-	(6.16)



2 Month Performance (Oct-Nov)	3.58%
Performance Since Launch	-13.10%
CAGR Since Inception*	-2.16%



* Figures based on period 30th June 2005 to 30th November 2011. Performance stated on accumulation share class, annualised on a day count basis. Launch bid price held to 15th July 2005 at \$10, prevailing bid thereafter.
 ** The following dividends for income shares were declared - \$0.305 per share as at 31st December 2005, \$0.375 as at 30th June 2006, \$0.38 as at 29th December 2006, \$0.40 as at 29th June 2007, \$0.39 as at 31st December 2007, \$0.41 as at 30th June 2008, \$0.38 as at 31st December 2008, \$0.30 as at 30th June 2009, \$0.30 as at 31st December 2009, \$0.30 as at the 30th June 2010, \$0.1829 as at the 31st December 2010, and an interim dividend of \$0.0495 for 2011. The published price for income shares is the ex-dividend price and share valuations are based on this ex-dividend price from 31st Dec 2005 onwards.
 *** The Fund was suspended on 30 March 2009 and is currently still suspended. All NAV's issued during the period of suspension are indicative and not for trading and provided on a "reasonable endeavors" basis. Neither Emirates Real Estate Fund Limited, Emirates Funds Limited, Emirates NBD Fund Managers (Jersey) Limited nor Standard Bank Fund Administration Jersey Limited accepts any responsibility for any losses (direct, indirect or opportunity) arising from the publication of this document and any use to which it might be put.

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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 supplement or term sheet.

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