



## Press Release

# EMIRATES REIT SEES 90% CASH PROFIT GROWTH IN Q1 2017

## BENEFIT FROM INCREASING OCCUPANCY AND IMPROVED EXPENSE RATIO

**Dubai – 8 May 2017:** Emirates REIT (CEIC) Limited (“Emirates REIT” or the “REIT”), the UAE’s first regulated Shari'a compliant Real Estate Investment Trust listed on Nasdaq Dubai, managed by Equitativa (Dubai) Limited (“Equitativa Dubai”), today reported its unaudited Q1 financial results for the period ended 31 March 2017.

### HIGHLIGHTS

- ◆ 21% increase in rental income year on year
- ◆ Strong rental income conversion leading to 90% growth in funds from operations (“FFO”)
- ◆ Appointment of Index Mall contractor
- ◆ Development of British Columbia Canadian School making good progress

### GROWTH IN RENTAL INCOME

Emirates REIT saw continued momentum in rental income growth in Q1 2017, with a 21% increase to USD 12.6 million (Q1 2016: USD 10.4 million). This primarily reflects stronger leasing at Index Tower, income from Jebel Ali School and the first rental payments from British Columbia Canadian School. Total occupancy across the portfolio reached 81% in Q1 2017 and the weighted average unexpired lease term was up to 8.0 years from 6.4 years in Q1 2016.

### IMPROVED FLOW-THROUGH OF RENTAL INCOME TO FFO

The REIT was able to convert most of its additional rental income to FFO, resulting in a 90% increase in FFO, or cash profit, to USD 4.2 million for the quarter (Q1 2016: USD 2.2 million).

The REIT benefited from Equitativa’s portfolio management strategy, which includes fitting out and upgrading commercial properties as well as developing schools. In addition, Equitativa’s hands-on property management and proactive tenant management continues to improve the financial performance of the existing portfolio. Consequently, this combined strategy significantly improved the flow-through of income to FFO.

### INCREASE IN PORTFOLIO VALUATION AND NET ASSET VALUE

The total portfolio value as of 31 March 2017 was USD 763.5 million, a year-on-year increase of 10% (Q1 2016: USD 692.2 million). The net asset value increased to USD 1.64 per share, or USD 490.5 million, (Q1 2016: USD 1.57 per share or USD 472 million).

Revaluation gains in Q1 2017 were USD 4.9 million (Q1 2016: USD 12.1 million), reflecting the increase in contracted cash flow. The decrease in revaluation gains, which is a result of the maturing portfolio that generates more stable cash flows, lead to a lower net profit of USD 9.1 million for the quarter (Q1 2016: USD 14.3 million).



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### STRONG OPERATIONAL ACHIEVEMENTS DURING THE QUARTER

The pace of leasing at Index Tower picked up during Q1 2017, following increased marketing across a wider range of brokers that resulted in signing 20 new office leases. Office Park in Dubai Internet City saw an active period of leasing with the renewal of nearly all leases, demonstrating the value tenants continue to see in the quality of the building and in its strong location.

After the period end, the REIT Manager awarded the remodeling contract for Index Mall, the retail space at Index Tower, to BW Interiors, one of the most respected fit-out specialists in the UAE. The 73,650 sq.ft Index Mall will be a prime destination featuring a variety of shops, food and beverage outlets and amenities.

The first phase of the new British Columbia Canadian School is on schedule to be handed over in Q3 this year. This is a leasehold plot in Dubai Investments Park that the REIT acquired and immediately leased back to the school. The overall investment is estimated to be AED 88 million (USD 24 million), and the estimated IRR on this project is expected to exceed 12%.

### LEVERAGE

Total debt at the end of Q1 2017 was USD 308.8 million. The LTV ratio of the REIT stood at 37.4%, well below the REIT's regulatory maximum LTV of 50%.

#### **Sylvain Vieujot, CEO of Equitativa Dubai, the REIT Manager, commented:**

"Emirates REIT has had a strong start to 2017, headlined by year-on-year growth in rental income and increased cash flow conversion. The major improvement we achieved in funds from operations shows that we are on track to achieve our goal of paying out a higher dividend to the owners of the REIT. From an operational perspective, we are making good progress on the development of the British Columbia Canadian School and are now pressing ahead with the remodeling of Index Mall. We are pleased to see increased interest from tenants wanting to rent commercial space in Index Tower and are confident that the launch of Index Mall will further accelerate this positive trend."

- Ends -

For further information, please refer to our website [www.reit.ae](http://www.reit.ae), or contact:

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### ABOUT EMIRATES REIT

Emirates REIT, (NASDAQ Dubai: REIT; ISIN: AEDFXA1XE5D7), the first Shari'a compliant Real Estate Investment Trust listed on NASDAQ Dubai, is a Dubai-based real estate investment trust established to invest in principally income-producing real estate in line with Shari'a principles. It currently owns nine freehold or leasehold properties comprising commercial, retail and education assets. Emirates REIT benefits from an exclusive Ruler's Decree's permitting it to purchase properties in onshore Dubai and Ras Al Khaimah.

### THE REIT PORTFOLIO

Emirates REIT invested in education, commercial mix and retail sectors. The portfolio consists of nine properties:

#### EDUCATION

**GEMS World Academy Dubai** is an education facility located in Al Barsha South

**Jebel Ali School** is an education facility located in Akoya by Damac, Sport City

**British Columbia Canadian School** is an education facility located in Dubai Investments Park

#### COMMERCIAL MIX (including offices+retail+terraces+storage)

**Building 24** is a low-rise building featuring commercial office and retail space located in Dubai Internet City – a well-established commercial district in Dubai

**Loft Offices** (Loft 1, Loft 2 and Loft 3) are a cluster of three low-rise commercial buildings located in Dubai Media City.

**Office Park** is a commercial building located in Knowledge Village within Dubai Internet City.

**Indigo 7** is a low-rise building located on Sheikh Zayed Road.

**Index Tower** is a mixed-use property located in the DIFC. The REIT's assets in Index Tower consists of the entire retail area located over ground, podium and sky lobby levels, 17 floors of office space and 1426 car parks.

#### RETAIL

**Le Grande Mall** in Dubai Marina, consisting of 22 individual retail and F&B outlets.