

2021

2022

2023



3Q 2022 RESULTS  
PRESENTATION  
NOVEMBER 2022

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## SUSTAINED IMPROVEMENT IN OPERATIONS AND NET ASSET VALUE Y-O-Y

OCCUPANCY<sup>(1)</sup>

**81.9%**

+13.6 p.p.



INVESTMENT PROPERTY

**USD 766.3m**

+5.9%



NET ASSET VALUE

**USD 359.7m**

+30.5%



NET PROPERTY INCOME<sup>(2)</sup>

**USD 41.1m**

-3.4%



NET PROFIT

**USD 69.0m**

+39.9%



EARNINGS PER SHARE

**USD 0.216**

+33.5%



<sup>(1)</sup> On a like-for-like basis, excluding Jebel Ali School from 3Q 2021 occupancy

<sup>(2)</sup> Disregarding the one-offs relating to the sale of half a floor of Index Tower in 2Q 2021 and Jebel Ali School in 2Q 2022, Net Property Income would be at +18.1% y-o-y

\* USD Numbers are rounded to the nearest hundred thousand





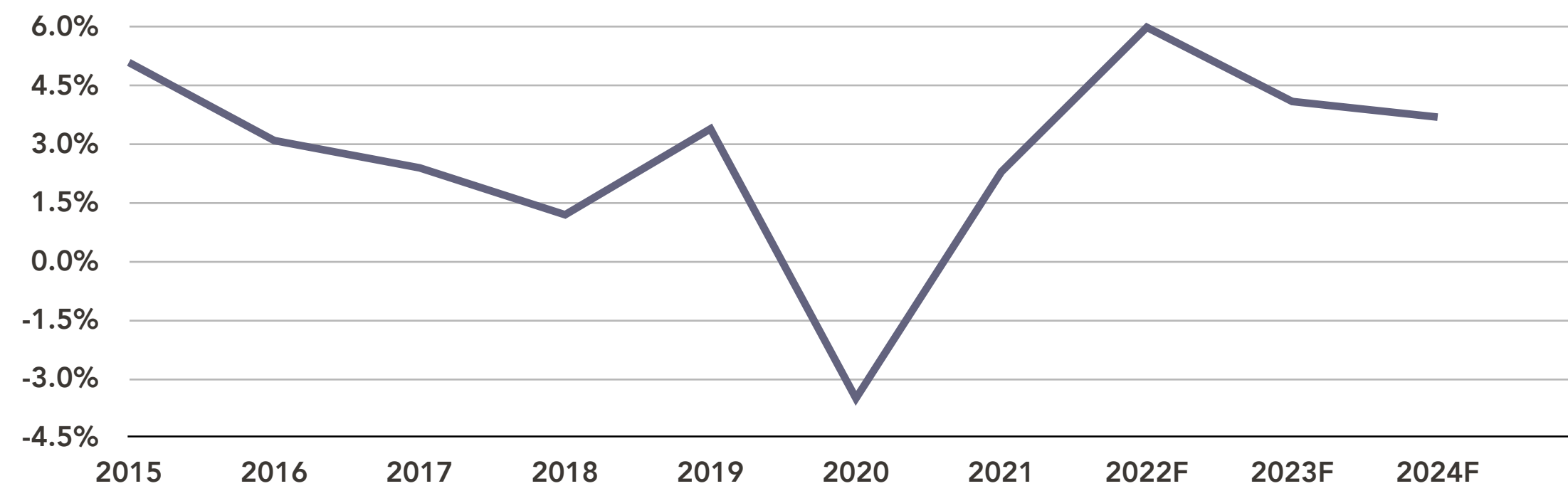
# MARKET OVERVIEW



- The UAE economy continued its recovery into 2022 on the back of an increase in tourism, higher energy prices and a rebounding services sector.
- The visa reforms, coupled with instability in Russia and Ukraine, has led to a considerable increase in net migration levels. This has greatly benefited the real estate market throughout the UAE and particularly in Dubai.
- Economic growth forecasts for 2022 have been revised with Bloomberg's Composite Index compiled through various sources indicating an expected growth of 6.0% compared to 5.4% forecasted a quarter ago.
- However, fears of recession in US and Europe and a tightening monetary policy continue to pose some risks, with forecasts for 2023 being lowered to 4.1% compared to 4.9% indicated in the same index a quarter ago.

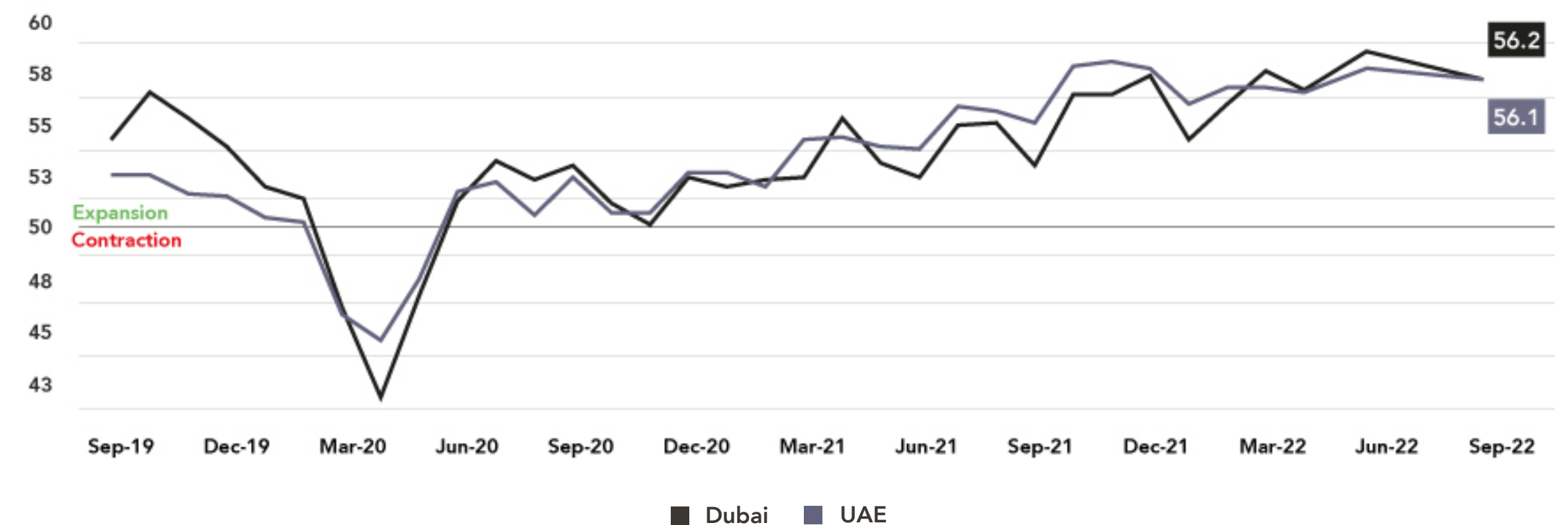
- The UAE and Dubai continued to exhibit positive momentum into 3Q 2022, with the non-oil private sector Purchasing Managers Index for the month of August indicating 56.7 and 57.9, respectively, the highest levels seen in over three years.
- The indices fell to 56.1 and 56.2, respectively, in September, which are still very strong readings when compared to long-term averages.
- The q-o-q rise was attributed to a sharper uplift in new order volumes and a strong rate of sales growth arising from higher client demand and increased price promotions offered in the summer months.
- Going forward, higher borrowing costs and a strengthening US dollar (and the AED peg) are likely to pose challenges to consumption and investment, thus giving rise to a more uncertain 2023.

## UAE REAL GDP GROWTH (Y-O-Y)



Source: Bloomberg Composite Index, UAE Central Bank

## UAE PURCHASING MANAGERS INDICES



Source: S&P Global Purchasing Managers Index

- As per research, city-wide occupancy levels have risen to 83% in 3Q 2022 and are at their highest since the 2014 peak, notably as a result of an absorption of over 500,000 sq.m. of office space over the last 12 months.
- The 100% company ownership reforms have resulted in a significant rise in take up with the bulk of the revival seen in the financial / business services and technology sectors.
- With demand for quality space outpacing existing stock and new deliveries, landlords are now achieving higher rental rates with relatively limited incentives and negotiations.
- While the volume of enquiries has been greater in non-free zone areas, the introduction of a 9% Corporation Tax from June 2023 may incentivize occupiers to choose free zones which have historically been exempt from taxes.

## OFFICE OCCUPANCY 3Q 2021 VS 3Q 2022



## DUBAI OFFICE MARKET: TOTAL STOCK & EXPECTED DELIVERIES



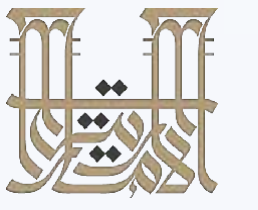
Source: Core Dubai Market Update Q3 2022, JLL UAE Real Estate Market Report Q3 2022

- There were no new retail completions in Dubai in 2Q 2022 and the total stock remains unchanged at 4.6 million sq.m.
- In 2H 2022, approximately 333,000 sq.m. of retail space is scheduled to be completed in Dubai.
- It is generally expected that new completions will be delayed to catch up with demand levels rather than risk a greater supply-demand imbalance.
- Retail rents have continued to soften in Dubai, with values down by around 3% y-o-y on average as at the end of 2Q 2022.
- The luxury and fashion segments are recovering with the out-performer being the F&B sector supported by rebounding tourism. New brands and concepts have also been seen entering the market for the first time.

## DUBAI RETAIL MARKET: TOTAL STOCK, EXPECTED DELIVERIES & RENTAL RATES







# OPERATIONAL HIGHLIGHTS



- Occupancy across the portfolio was stable during 3Q 2022 at 81.9%.
- Rental rates across the commercial portfolio increased by 2.8% q-o-q to AED 1,664 per sq.m.
- Rental rates across the education portfolio\* increased by 2.3% to AED 925 per sq.m.
- On a like for like basis, WALE decreased from 7.8 years to 7.6 years.
- Leasing activity during 3Q 2022:
  - 32 renewals (4,951 sq.m.)
  - 17 new leases (2,108 sq.m.)
  - 17 exits (2,057 sq.m.)

- Occupancy at Index Tower increased by 1.2 p.p. during 3Q 2022 to 80.9% with a blended rental rate increase of 1.3%.
- Occupancy at properties in Media City / Internet City remained stable during 3Q 2022 at 64.5%, with a positive outlook due to the level of new enquiries.
- Works on phase 3 of Lycee Francais Jean Mermoz have been progressing and are scheduled to complete during 1H 2023.
- Works at Durham School were completed and the school opened as scheduled to 5 September 2022.

(1): Excludes Jebel Ali School



# OFFICE PORTFOLIO

## INDEX TOWER

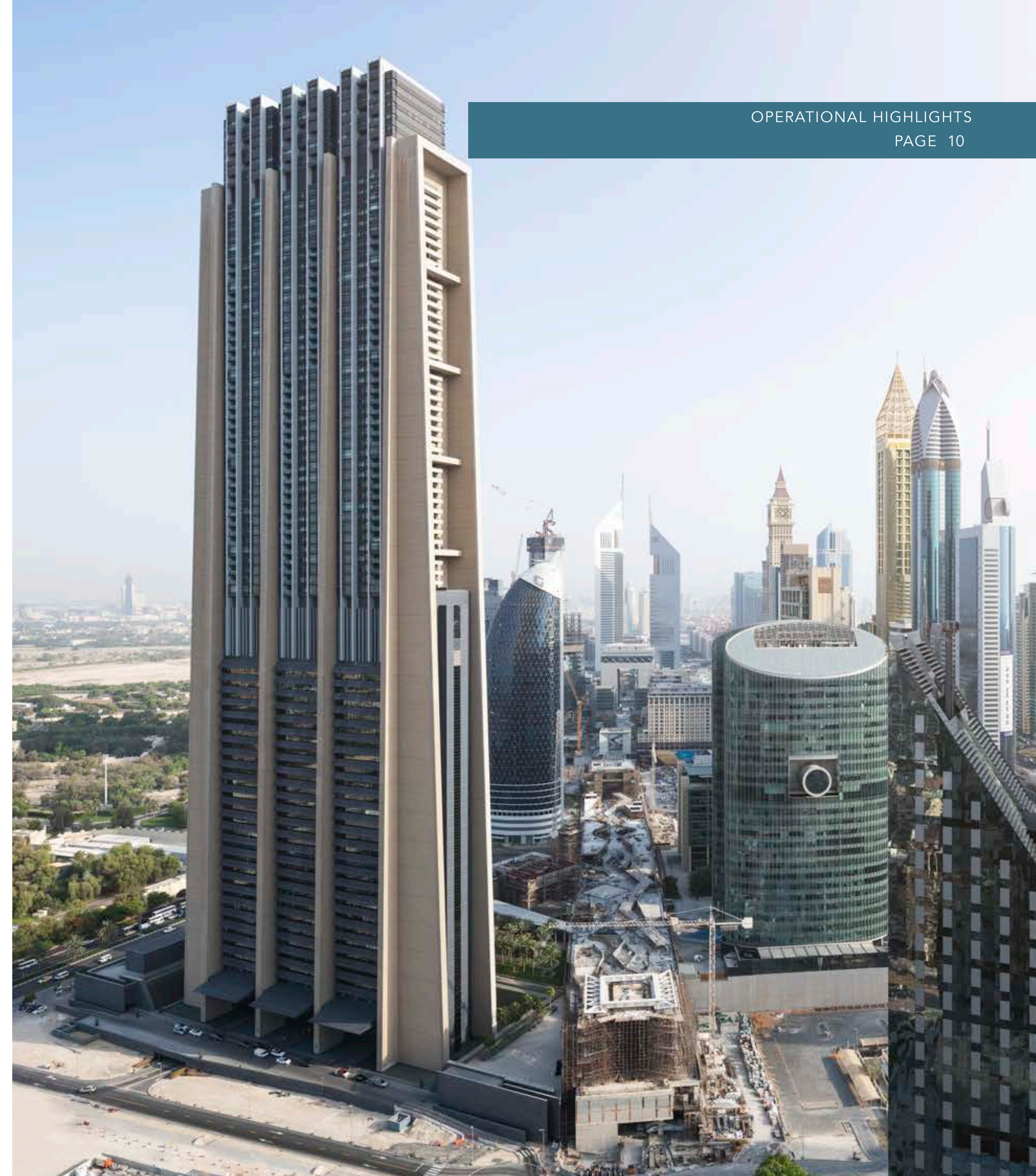
- Occupancy: 87.0%, an increase in occupancy by 1 p.p. during 3Q 2022.
- Leasing enquiries largely driven by premium fully fitted and furnished offices.

## OFFICE PARK

- Occupancy stable at 79.8%.
- Good level of enquiries with some larger spaces being sub-divided in line with demand.
- Property refurbished in 2021 and well positioned to compete.

## LOFT OFFICES

- Occupancy: 38.6%, a slight increase of 0.4 p.p, during 3Q 2022.
- Cluster with small SMEs was impacted by Covid-19 disruption and shorter term leases.
- Pick up in enquiries noted since September.
- Activity is currently concentrated in Loft Offices 1 & 2. Loft Offices 3 remains vacant for re-purposing project to meet demand for larger corporates.





# OFFICE PORTFOLIO

## EUROPEAN BUSINESS CENTRE

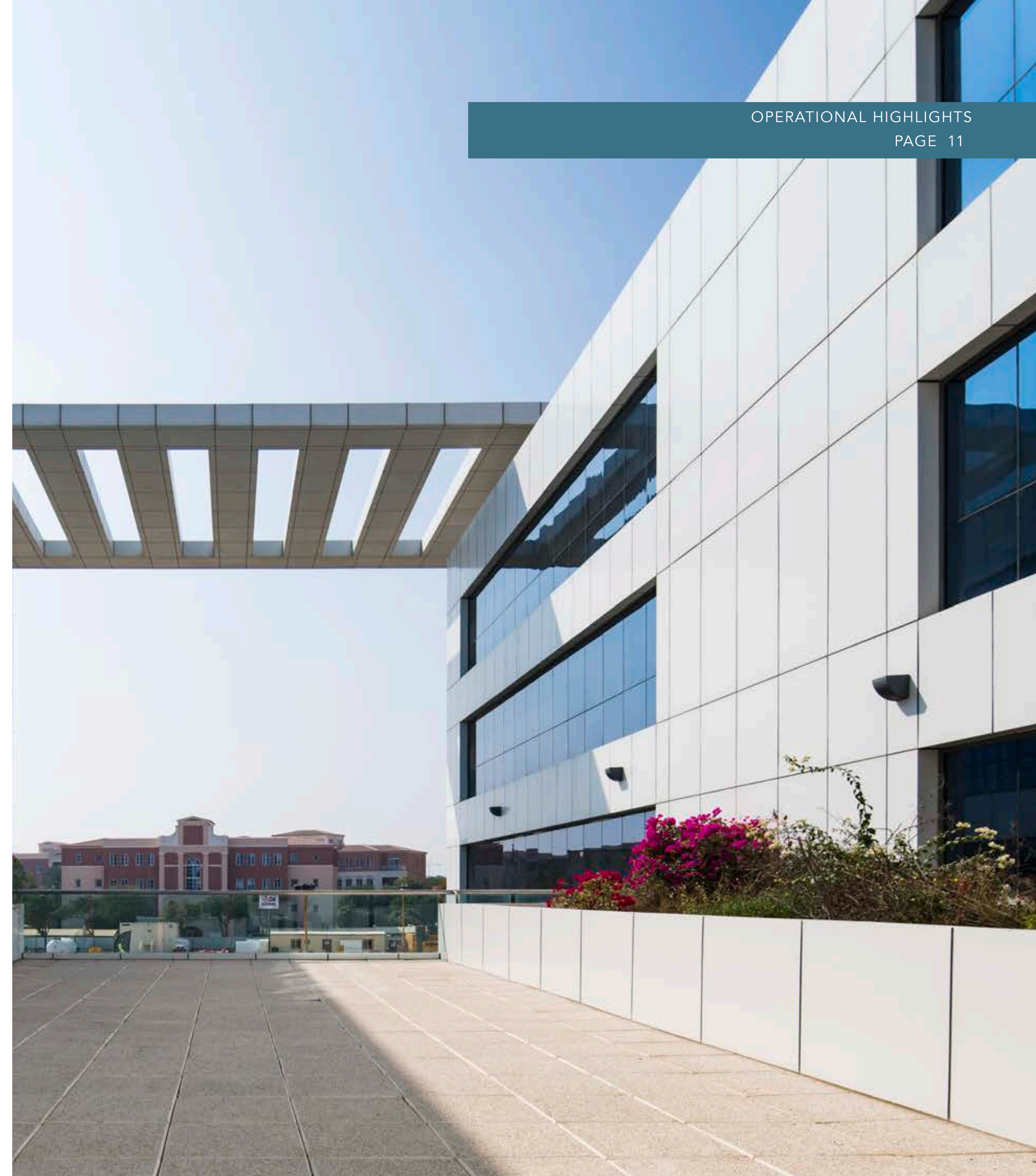
- Occupancy: 65.9%, decreased by 2.8 p.p. during 3Q 2022.
- Premium building with high visibility and direct access to the metro station.
- Ongoing property improvements:
  - Access and road works completed
  - Replacement of entrance doors and canopies on-going
  - Soft refurbishment of common areas planned to commence during 4Q 2022
- Strong focus on Asset Management and opportunity to improve product & occupancy, whilst achieving higher rates compared to the competitive market area.

## BUILDING 24

- Occupancy: 41.3%, decreased by 0.7 p.p. during 3Q 2022.
- Property impacted by new competition and refurbished properties within the Freezone.
- The REIT Manager is now taking direct leasing enquires and promoting the property with positive interest.
- Assessing the requirement for refurbishment and / or leasing the property to a single tenant.

## INDIGO 7

- Occupancy remains at 100% as at September 30, 2022.



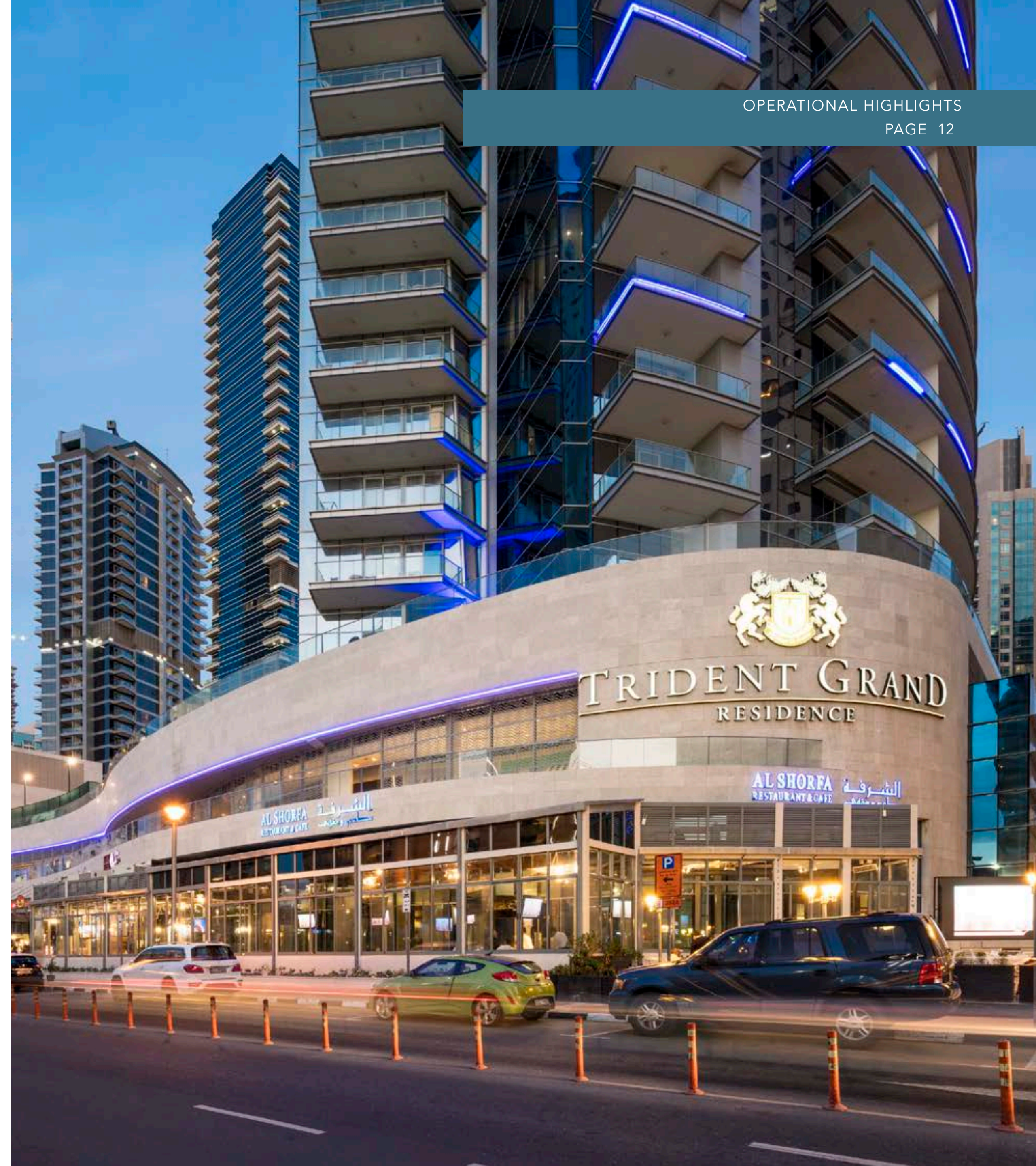


## INDEX MALL

- Occupancy: 48.0%, an increase of 2 p.p. during 3Q 2022.
- Opening of Smart Salem Medical Fitness Centre, driving increased traffic and attractiveness of retail area.
- Increased footfall at Index Mall (GF level now 75.0% occupied).
- An increase in level of tenant enquiries evident.

## TRIDENT MALL

- Occupancy level increased by 4.2 p.p. to 75.7% as at September 30, 2022.
- Optimisation of operational costs and improvement of service charge recovery on-going





## GEMS WORLD ACADEMY

- Continued property improvements by GEMS, keeping state of the art facilities for one of their flagship schools

## LYCEE FRANCAIS JEAN MERMOZ

- On-going construction works for phase 3, with completion expected by 1H 2023.
- Strong September 2022 enrollment/intake with wait lists across all grades.

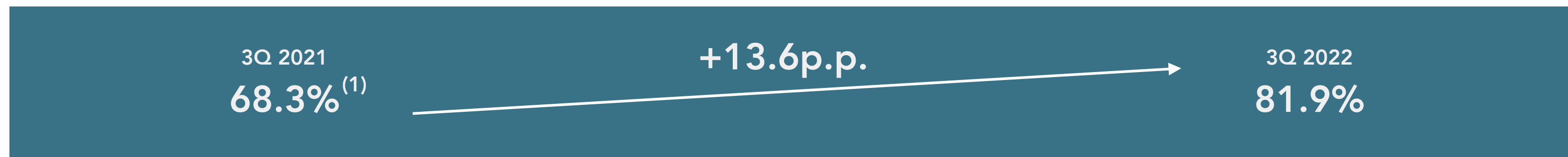
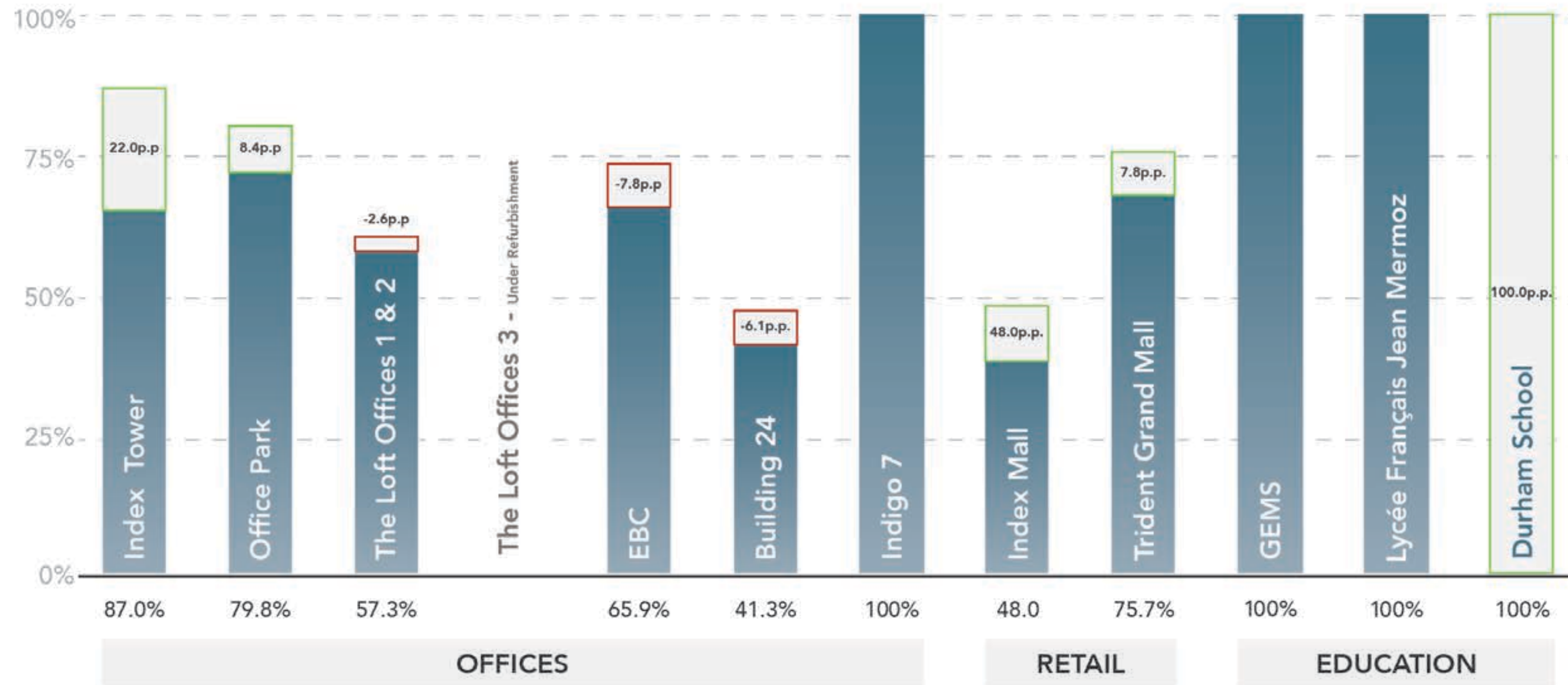
## DURHAM SCHOOL DUBAI

- Construction and fit-out works completed for the opening of Durham School Dubai.
- School opened as scheduled in September 2022.



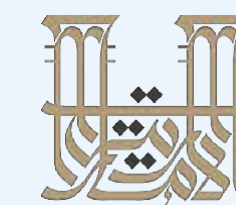


# Y-O-Y OCCUPANCY CHANGE



<sup>(1)</sup>On a like-for-like basis, excluding Jebel Ali School





# FINANCIAL HIGHLIGHTS



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| IN USD '000  | FOR THE 9 MONTH PERIOD ENDED |              |              |
|--|------------------------------|--------------|--------------|
|  | SEP 30, 2022                 | SEP 30, 2021 | CHANGE Y-O-Y |
| RENTAL, FEE & OTHER INCOME                               | 51,732                       | 45,697       | 13.2%        |
| (LOSS)/GAIN ON DISPOSAL OF INVESTMENT PROPERTY           | (1,455)                      | 6,500        | (122.4%)     |
| TOTAL PROPERTY INCOME                                    | 50,277                       | 52,197       | (3.7%)       |
| PROPERTY OPERATING EXPENSES                              | (9,211)                      | (9,678)      | (4.8%)       |
| NET PROPERTY INCOME                                      | 41,066                       | 42,519       | (3.4%)       |
| FUND EXPENSES  | (12,041)                     | (10,991)     | 9.6%         |
| ALLOWANCE FOR EXPECTED CREDIT LOSS                       | (882)                        | 6,496        | (113.6%)     |
| TOTAL FUND EXPENSES                                      | (12,923)                     | (4,495)      | 187.5%       |
| OPERATING PROFIT   | 28,143                       | 38,024       | (26.0%)      |
| NET FINANCE COST   | (20,644)                     | (21,114)     | (2.2%)       |
| PROFIT BEFORE FAIR VALUATION/FUNDS FROM OPERATIONS (FFO) | 7,499                        | 16,910       | (55.7%)      |
| UNREALIZED GAIN ON REVALUATION                           | 61,519                       | 32,423       | 89.7%        |
| NET PROFIT FOR THE PERIOD                                | 69,018                       | 49,333       | 39.9%        |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD                | 69,917                       | 50,116       | 39.5%        |
| FFO PER SHARE (USD)                                      | 0.023                        | 0.056        | (57.7%)      |
| EARNINGS PER SHARE (USD)                                 | 0.216                        | 0.162        | 33.5%        |

- Rental, fee & other income for the 9 month period ended Sept 30, 2022 amounted to USD 51.7m compared to USD 45.7m in same period last year (up 13.2% y-o-y).
- Incorporating the effect of asset disposals, the 3Q YTD 2022 Total Property Income amounted to USD 50.3m compared to USD 52.2m recorded for 3Q YTD 2021 (-3.7% y-o-y).
- 3Q YTD 2022 Property Operating Expenses amounted to USD 9.2m compared to USD 9.7m in 3Q YTD 2021, a y-o-y decline of 4.8% which is a result of continued cost rationalization.
- Net Property Income for 3Q YTD 2022 amounted to USD 41.1m compared to USD 42.5m in 3Q YTD 2021(-3.4% y-o-y). Disregarding the effect of asset disposals, the Net Property Income in 3Q YTD 2022 grew by 18.1% y-o-y.
- 3Q YTD 2022 Fund Expenses are higher 9.6% or USD 1.0m y-o-y, mainly owing to the USD 1.2m voluntary management fee discount granted by REIT Manager last year.
- Net provision on ECL was mainly driven by a USD 0.9m charge on the Jebel Ali School booked in 3Q YTD 2022, compared to a net reversal of USD 7.3m booked during same period last year.
- Due to substantial valuation increase in 2Q 2022, unrealized gain on portfolio revaluation for 3Q YTD 2022 amounted to USD 61.5m which, added to the reported USD 7.5m FFO, resulted in a YTD Net Profit of USD 69.0m (3Q 2021 YTD: USD 49.3m)



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| IN USD '000                     | AS AT        |              |              |
|---------------------------------|--------------|--------------|--------------|
|                                 | SEP 30, 2022 | SEP 30, 2021 | CHANGE Y-O-Y |
| <b>INVESTMENT PROPERTY</b>      | 766,339      | 723,351      | 5.9%         |
| <b>CASH AND CASH EQUIVALENT</b> | 50,656       | 21,130       | 139.7%       |
| <b>TOTAL ASSETS</b>             | 915,735      | 847,968      | 8.0%         |
| <b>TOTAL LIABILITIES</b>        | 556,031      | 572,389      | (2.9%)       |
| <b>ISLAMIC FINANCING</b>        | 467,684      | 484,718      | (3.5%)       |
| <b>NET ASSET VALUE</b>          | 359,704      | 275,579      | 30.5%        |
| <b>NO OF SHARES</b>             | 319,156,400  | 304,451,393  | 4.8%         |
| <b>NAV PER SHARE (USD)</b>      | 1.13         | 0.91         | 24.5%        |
| <b>LTV (%)</b>                  | 51.1%        | 57.2%        | (6.1p.p)     |

- Driven by continued improvement in asset performance, the value of the investment property portfolio recorded a 5.9% increase y-o-y. Disregarding the effect of asset divestment, on a like-for-like basis, the portfolio valuation grew by 12.4%.
- Total Assets registered a y-o-y growth of 8.0% driven by portfolio growth and improved liquidity resulting from the divestment of Jebel Ali School in 1H 2022.
- Islamic Financing reduced by 3.5% y-o-y due to the scheduled amortization of the bilateral financing facilities.
- NAV per share crossed the par value mark to close at USD 1.13 per share as at September 30, 2022, a 24.5% y-o-y increase compared to USD 0.91 per share as at September 30, 2021.
- Supported by improved profitability, revaluation gains & facility amortization, the LTV reduced to 51.1% as at the end of the 9-month period ended September 30, 2022, down from 57.2% last year.



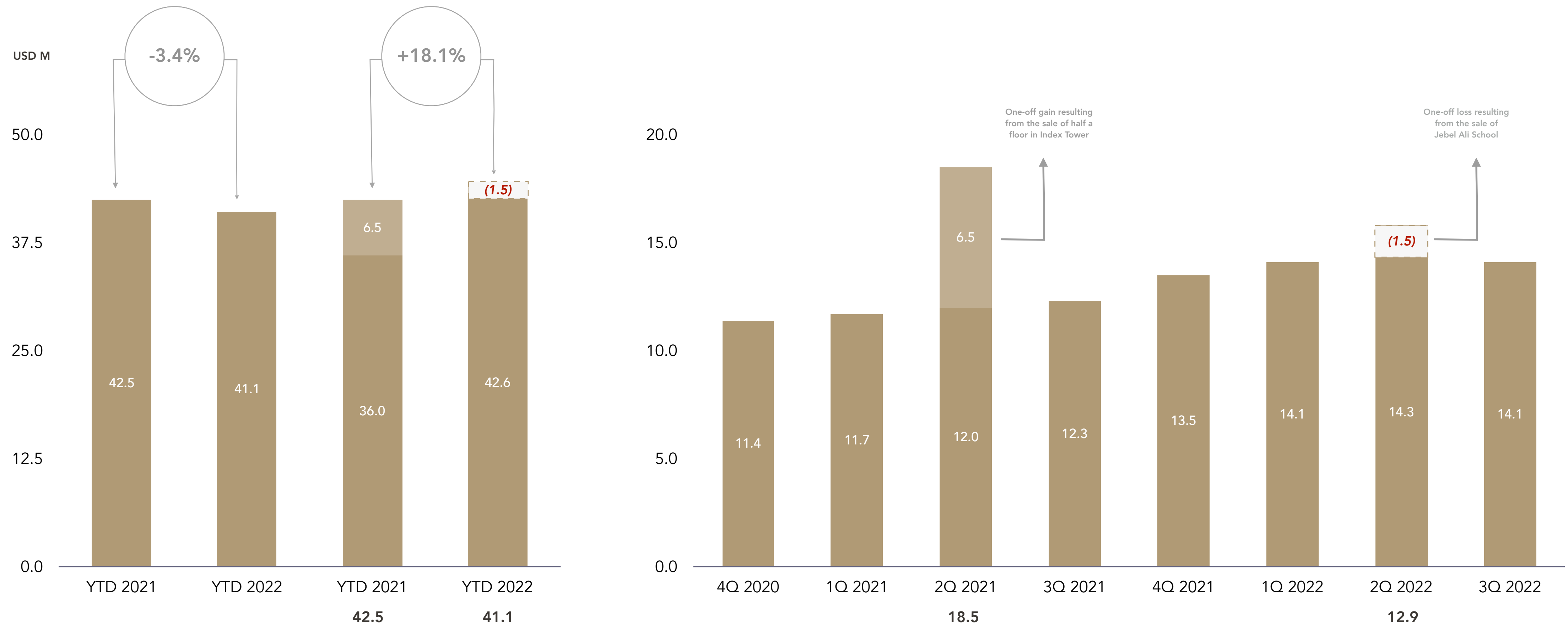
# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| IN USD '000  | FOR THE QUARTER ENDED |              | CHANGE Q-O-Q |
|--|-----------------------|--------------|--------------|
|  | SEP 30, 2022          | JUN 30, 2022 |              |
| RENTAL, FEE & OTHER INCOME                               | 17,312                | 17,243       | 0.4%         |
| LOSS ON DISPOSAL OF INVESTMENT PROPERTY                  | -                     | (1,455)      | (100.0%)     |
| TOTAL PROPERTY INCOME                                    | 17,312                | 15,788       | 9.7%         |
| PROPERTY OPERATING EXPENSES                              | (3,209)               | (2,925)      | 9.7%         |
| NET PROPERTY INCOME                                      | 14,103                | 12,863       | 9.6%         |
| FUND EXPENSES  | (4,021)               | (4,083)      | (1.5%)       |
| ALLOWANCE FOR EXPECTED CREDIT LOSS                       | (133)                 | (403)        | (67.0%)      |
| TOTAL FUND EXPENSES                                      | (4,154)               | (4,486)      | (7.4%)       |
| OPERATING PROFIT   | 9,949                 | 8,377        | 18.8%        |
| NET FINANCE COST   | (6,891)               | (6,844)      | 0.7%         |
| PROFIT BEFORE FAIR VALUATION/FUNDS FROM OPERATIONS (FFO) | 3,058                 | 1,533        | 99.5%        |
| UNREALIZED GAIN ON REVALUATION                           | 4,472                 | 37,197       | (88.0%)      |
| NET PROFIT FOR THE PERIOD                                | 7,530                 | 38,730       | (80.6%)      |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD                | 7,123                 | 39,114       | (81.8%)      |
| FFO PER SHARE  | 0.010                 | 0.005        | 99.5%        |
| EPS PER SHARE  | 0.024                 | 0.121        | (80.6%)      |

- Total Property Income for 3Q 2022 amounted to USD 17.3m, up 9.7% q-o-q. Disregarding the impact of the sale of the Jebel Ali School in 2Q 2022, the q-o-q growth amounted to 0.4%.
- The q-o-q increase in property operating expenses was countered by a reduction in fund expenses and allowance for ECL. Consequently, the operating profit for 3Q 2022 amounted to USD 9.9m as compared to USD 8.4m in 2Q 2022, an increase of 18.8% q-o-q.
- Quarterly finance cost slightly increased by 0.7% q-o-q, resulting directly from the rising benchmark rates scenario.
- Unrealized gain on portfolio revaluation for 3Q 2022 amounted to USD 4.5m as compared to USD 37.2m recorded in 2Q 2022, which is the result of quarterly independent portfolio valuations conducted by the REIT.
- Taking the above into account, the Net Profit for 3Q 2022 amounted to USD 7.5m, which contributed towards a YTD Net Profit of USD 69.0m as at September 30, 2022.



# NET PROPERTY INCOME

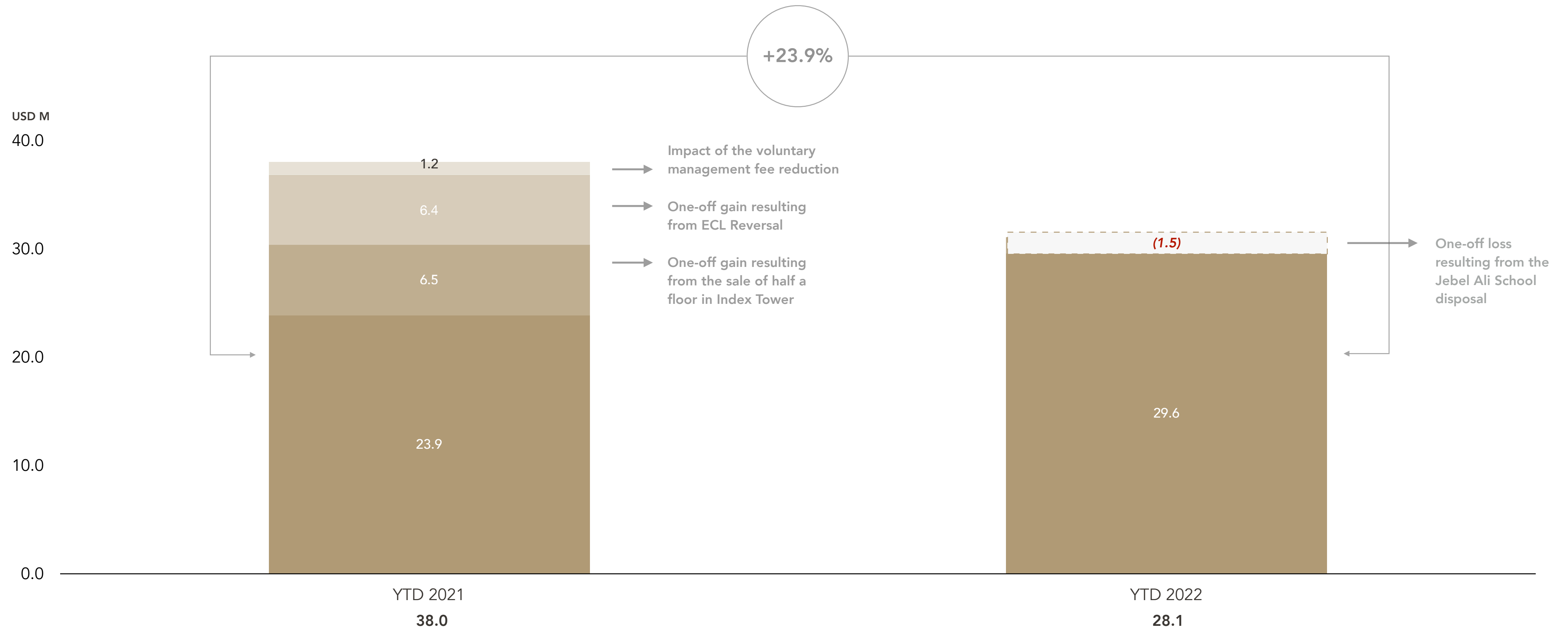


**Y-O-Y NET PROPERTY INCOME DOWN BY -3.4%**  
**DISREGARDING ONE-OFFS <sup>(1)</sup> THE NET PROPERTY INCOME WILL BE UP +18.1% Y-O-Y**

<sup>(1)</sup>One-offs include gain/(loss) on disposal of investment property



# OPERATING PROFIT



**Y-O-Y OPERATING PROFIT DOWN BY -26.0%**  
**DISREGARDING ONE-OFFS<sup>(1)</sup> THE OPERATING PROFIT WILL BE UP +23.9% Y-O-Y**

<sup>(1)</sup>One-offs include gain/(loss) on disposal of investment property, one-off reversal of ECL provisions and voluntary management fee discount





THANK YOU

