



Press Release

EMIRATES REIT REPORTS 31% RISE IN NET RENTAL INCOME AND 67% GROWTH IN FUNDS FROM OPERATIONS IN H1 2017

H1 HIGHLIGHTS

- ◆ 31% growth in net rental income to USD 21.5m (1H 2016: USD 16.4m)
- ◆ Strong rental income conversion lead to 67% growth in funds from operations ("FFO"), now USD 8.3m
- ◆ Current annualized rent passed AED 200 million mark
- ◆ Phase 1 of the British Columbia Canadian School is being delivered. Opening pending authority inspections.
- ◆ Owner fit out and leasing under way at Index Mall
- ◆ Pursuing acquisition opportunities in the current market environment

Dubai – 23 August 2017: Emirates REIT (CEIC) Limited ("Emirates REIT" or the "REIT"), the world's largest Shari'a compliant Real Estate Investment Trust, managed by Equitativa (Dubai) Limited ("Equitativa Dubai"), today reported its unaudited first half financial results for the period ended 30 June 2017.

GROWTH IN RENTAL INCOME

Emirates REIT saw rental income grow 22% to USD 25.4 million in the first half of the year (H1 2016: USD 20.9 million). Service fees and other income rose 6% to USD 2.8 million, leading to USD 28.3 million in property income generated in H1 2017 (+20%). This primarily reflects incremental leasing of office units at Index Tower, income from Jebel Ali School and rental payments from British Columbia Canadian School. Total occupancy across the portfolio reached 83% as at 30 June 2017. The weighted average unexpired lease term was up to 8.2 years from 6.2 years in H1 2016.

The annualized rental income continues to grow and passed the AED 200 million mark as of August 2017.

IMPROVED FLOW-THROUGH OF RENTAL INCOME TO FFO

In a challenging market environment, the REIT continues to grow its occupancy, increase its rental rates and achieve a strong increase in its rental income. In addition, Equitativa's hands-on property management and proactive optimization of the portfolio continues to improve the financial performance of the REIT. Consequently, this combined strategy significantly improved the flow-through of income to FFO. The REIT was able to convert most of its additional rental income to FFO, resulting in a 67% increase in FFO, or cash profit, to USD 8.3 million in the first half of the year (H1 2016: USD 5.0 million).



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INCREASE IN PORTFOLIO VALUATION AND NET ASSET VALUE

The total portfolio value as of 30 June 2017 was USD 772.1 million, a year-on-year increase of 6.9% (30 June 2016: USD 722.0 million). The net asset value was USD 1.63 per share, or USD 487.8 million, (30 June 2016: USD 1.57 per share or USD 469.4 million). Valuation gains on the total portfolio in H1 2017 were USD 10.0 million (H1 2016: USD 18.8 million), reflecting the increase in contracted cash flow.

As expected, and highlighted in previous quarterly statements, the decrease in revaluation gains year on year, which is a result of the maturing portfolio that generates more stable cash flows, led to a lower net profit of USD 18.3 million for the first half (H1 2016: USD 23.8 million).

FURTHER OPERATIONAL PROGRESS

The first phase of the new British Columbia Canadian School is being delivered. The opening of the school is pending authority inspections. This leasehold plot in Dubai Investments Park was acquired by the REIT and immediately leased back to the school. The estimated IRR on this project is expected to exceed 12%. The owner fit out and leasing of Index Mall is now well underway. The 73,650 sq. ft. Mall will be a prime destination featuring a variety of shops, food and beverage outlets and amenities, connected to DIFC's Gate Avenue, which is due to open in H1 2018.

LEVERAGE

Total debt as at 30 June 2017 was USD 300.2 million. The LTV ratio of the REIT stood at 36.8%, well below the REIT's regulatory maximum LTV of 50%.

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

"The first half of the year was marked by strong operating cash flow conversion to profits and demonstrates the efficiency of our property and tenant management. Our defensive portfolio of prime assets and the doubling of our team has helped us continue to grow rents and identify strong acquisition opportunities. We continue to strengthen Emirates REIT's track record in the education sector and are pleased to be handing over BCCS on budget and in less than a year. Despite market challenges, the REIT continues to perform well and return a high dividend to shareholders."

- Ends -

For further information, please refer to our website www.reit.ae, or contact:



Press Release

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ABOUT EMIRATES REIT

Emirates REIT, (NASDAQ Dubai: REIT; ISIN: AEDFXA1XE5D7), the world's largest Shari'a compliant Real Estate Investment Trust, 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 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.