

Equitativa increases Emirates REIT's educational sector's interest by acquiring the Lycée Français Jean Mermoz

- Fourth school will immediately increase REIT's education sector portfolio to AED 875 million (USD 238m), representing 27% of total portfolio;
- Lycée Français Jean Mermoz agreed to a 27-year lease;
- New school development generates strong rental yields and secures long-term cash flow

(Dubai-3 May 2018) - Equitativa, the largest REIT manager in the GCC, and manager of Emirates REIT, the largest Shari'a compliant REIT in the world and first REIT listed on Nasdaq Dubai, today announced that it had signed a buy and lease-back agreement with the Lycée Français Jean Mermoz.

Equitativa has agreed with the Lycée Français Jean Mermoz to acquire its existing school in Al Quoz, Dubai, for AED 75 million (USD 20.5m) on behalf of Emirates REIT, and immediately lease it back for a period of 27 years.

Equitativa expects the transaction to generate an estimated Internal Rate of Return (IRR) in excess of 12%, and provide an initial income of 9.75% over the total investment costs during the first year.

Following completion of the acquisition, Emirates REIT's educational sector portfolio will immediately increase to AED 875m (USD 238m), representing 27% of the total portfolio. The total portfolio will comprise eleven properties for a total value of AED 3.3 billion (USD 886 million).

The Lycée Français Jean Mermoz is located in the heart of the residential area of Al Quoz, between Business Bay and Al Barsha neighbourhoods. It was inaugurated in September 2017 and currently provide French curriculum education. After completion of the two extensions, the facilities comprising a large gym, an auditorium and two indoor pools alongside the classrooms will be able to accommodate up to 1,500 students.

The Lycée Français Jean Mermoz simultaneously assigned the interest on the land leasehold plot to Emirates REIT and entered into an Istisna agreement to fund the construction of facilities' extension in two phases. The construction of the first extension will start immediately.

The overall investment including the development of two extensions is estimated to be approximately AED 138 million (USD 37.6 million) and generate an IRR in excess of 12%. The facilities, constructed to the school operator's specifications, will propose a final build-up area over 21,000m².

Sylvain Vieujot, Chief Executive Officer of Equitativa Dubai, commented:

“We are pleased to enter this new partnership with the Lycée Français Jean Mermoz, the fourth educational facility in Emirates REIT’s portfolio. This agreement is similar to the ones completed previously with The Jebel Ali School and British Columbian Canadian School. Our successful track record in managing both schools will be replicated to similar successes in the Lycée Français.

With this new acquisition, we are immediately strengthening Emirates REIT’s rental income, offering substantial upside valuation and securing long-term cash flows.

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About Equitativa Group

The Equitativa Group is a leading regional asset manager focused on creating and managing real estate investment trusts (REITs). The group offers innovative risk-adjusted, income generating financial products that cater to institutional and retail investors. As the founder of the UAE’s first Shari’a compliant REIT, Emirates REIT, established in the DIFC, Equitativa is today the largest REIT Manager in the Gulf Cooperation Council (GCC) countries and the biggest REIT Manager for Shari’a Compliant REITs in the world. Equitativa has about USD 2 billion of assets under management in the UAE including Emirates REIT and The Residential REIT, the latter incorporated in Abu Dhabi Global Markets. Equitativa is further diversifying its REITs by launching a hospitality REIT, a logistics REIT, and several other REITs in emerging markets.

About Emirates REIT

Emirates REIT, (NASDAQ Dubai: REIT; ISIN: AEDFXA1XE5D7), the world’s largest Shari’a compliant Real Estate Investment Trust. It invest principally in income-producing real estate in line with Shari’a principles, and distribute regular bi-annual dividends to its shareholders since 7 years. It owns a well-balanced portfolio of eleven assets in the commercial, educational and retail sector.

Emirates REIT benefits from an exclusive Rulers’ Decrees permitting it to purchase properties in onshore Dubai and Ras Al Khaimah.

About The Residential REIT

The Residential REIT is the first Shari'a compliant residential REIT UAE. Established and managed by Equitativa. The Residential REIT is incorporated in the Abu Dhabi Global Market. It is a Shari'a compliant Real Estate Investment Trust and distributes at least 80% of its net income to shareholders.

The portfolio of a value of AED 1.2 billion comprises villas and apartments in Abu Dhabi, Dubai and Ras Al Khaimah.