



2020

Q3 2020
PRESENTATION



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MARKET OVERVIEW

DUBAI REAL ESTATE MARKET OVERVIEW



Q3 2020

Deliveries

- A total of 190,000 sq m of office GLA was delivered so far this year in the DIFC, Downtown Dubai and MBR City, bringing the total stock to 8.9 million sq m of GLA

Consolidation

- Tenants continue to either consolidate operations or seek more attractive lease terms

Demand focused on fitted out offices

- The majority of occupiers are seeking fitted spaces, considering the limited appetite to invest CAPEX in shell & core spaces.

Limited decrease in rental rates

- Average Grade A CBD rents (including DIFC) declined 4% Y-o-Y in Dubai to reach AED 1,700 per sq m

TOTAL STOCK	Y-O-Y AVERAGE GRADE A CBD RENTS
8.9m sq m GLA 2% increase	Grade A -4%

Source: JLL

DUBAI OFFICE MARKET LEASING TRENDS

Q3 2020

Stabilisation in leasing trends

- Stabilisation in leasing trends and increased pressure on landlords to support tenants

Negotiations limited to SMEs

- Following COVID most small businesses are looking to renegotiate with current landlords or move. This segment has constituted the majority of enquiries in the last few months with demand focused in the sub 200 sq m area requirements

Flight to quality : Positive for ER portfolio

- Flight to quality by tenants who are looking to take advantage of weaker market conditions to upgrade occupational space

Source: Knight Frank

 Managed by Equitativa





PORTFOLIO OVERVIEW

FINANCIAL HIGHLIGHTS

Q3 2020 YEAR TO DATE

- **Net Property Income** was down 6.4% Y-o-Y to USD 40.6m (AED 149.1m)
- **Fund Expenses** down 9.9% Y-o-Y to USD 12.4m (AED 45.5m)
- **Property Expenses** down 5.9% Y-o-Y to USD 10.1m (AED 37.1m)
- **Provision on receivables** increased Y-o-Y to USD 5.3M (AED 19.5M) mainly due to rent payment delay from a large tenant
- **EBITDA** decreased by 20.8% Y-o-Y to USD 22.9m (AED 84.1m)
- **FFO** stands at USD 1.26m (AED 4.6m)
- **YTD Net Valuation Loss** stands at USD 95.7m (AED 351.3m)
- **Total Comprehensive** loss for the year as at Q3 2020 stands at USD 96m (AED 352.6m)
- **Liquidity** stands at USD 21.6m (AED 79.3m)



OPERATIONAL HIGHLIGHTS

Q3 2020

- **Occupancy: 68.64% (-5.8% Y-o-Y)**
- Focus on tenant retention and replacement
- Expansion of leasing team
- Completion of LFJM extension
- Commenced soft refurbishment works at Office Park and Index
- Planning soft refurbishment at Building 24 and European Business Centre
- Weighted Average Lease Term increased to 8.4 years, up from 7.2 years for the same period in 2019



PROPERTY OPERATIONS HIGHLIGHTS

Q3 2020



LEASING ACTIVITY

- 50 new leases with c. 90,000 sqft of lease-able area
- 68 renewals with c. 150,000 sqft of renewals
- 72 leases expired with 115,000 sqft of vacated space

INDEX TOWER

- Occupancy: 46.27% (-3.5% Y-o-Y)
- Connection to Gate Avenue now open

OFFICE PARK

- Occupancy: 77.19% (-7.9% Y-o-Y)
- Commenced soft refurbishment (Lobbies and common areas)
- Large tenants reducing office space
- A lease expired (c. 30,000 sqft) in August

BUILDING 24

- Occupancy 45.25% (Y-o-Y -32.2%)
- Discussions with TECOM in relation to Property Management

LOFT OFFICES

- Lofts 1 & 2 - Occupancy: 64.32% (-5.8% Y-o-Y)
- COVID pandemic affecting SME's
- Expecting further compression to affect smaller business
- Concept design for Lofts 3 re-purpose

EUROPEAN BUSINESS CENTRE

- Occupancy: 67.47% (-14.3% Y-o-Y)
- Opening of Metro Link (although expected to become operational mid 2021)
- EBC largest tenant lease (c. 30,000 sqft) expired in September

INDIGO 7

- Occupancy: 45% (-19% Y-o-Y)

TRIDENT GRAND MALL

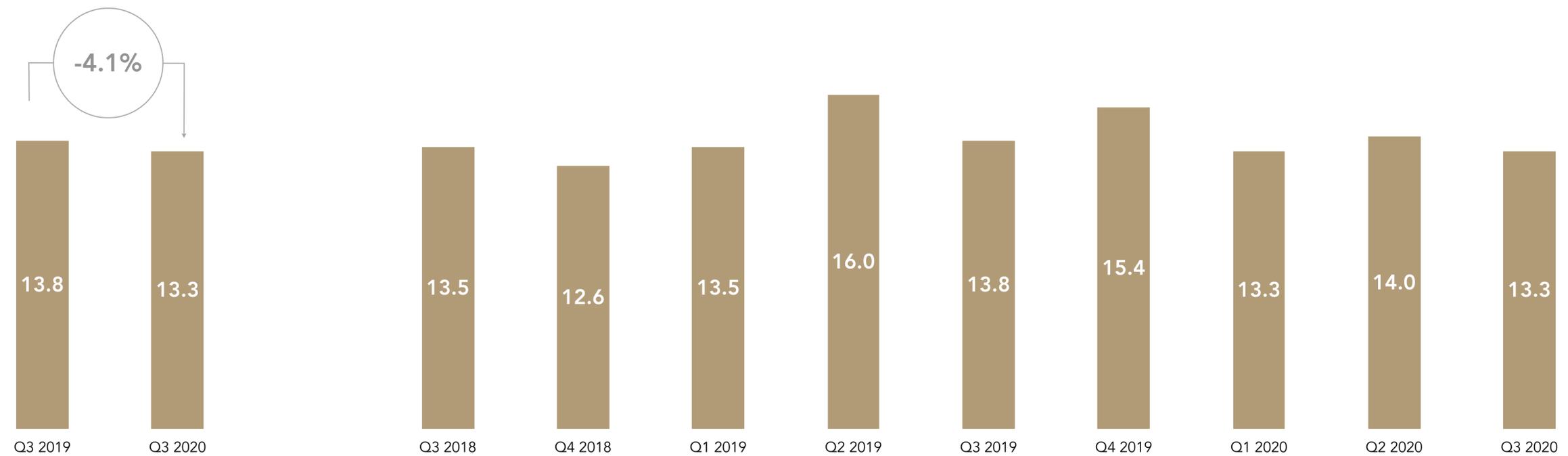
- Occupancy: 71.70% (+1.1% Y-o-Y)
- Concept design for soft refurb of common areas



FINANCIAL HIGHLIGHTS

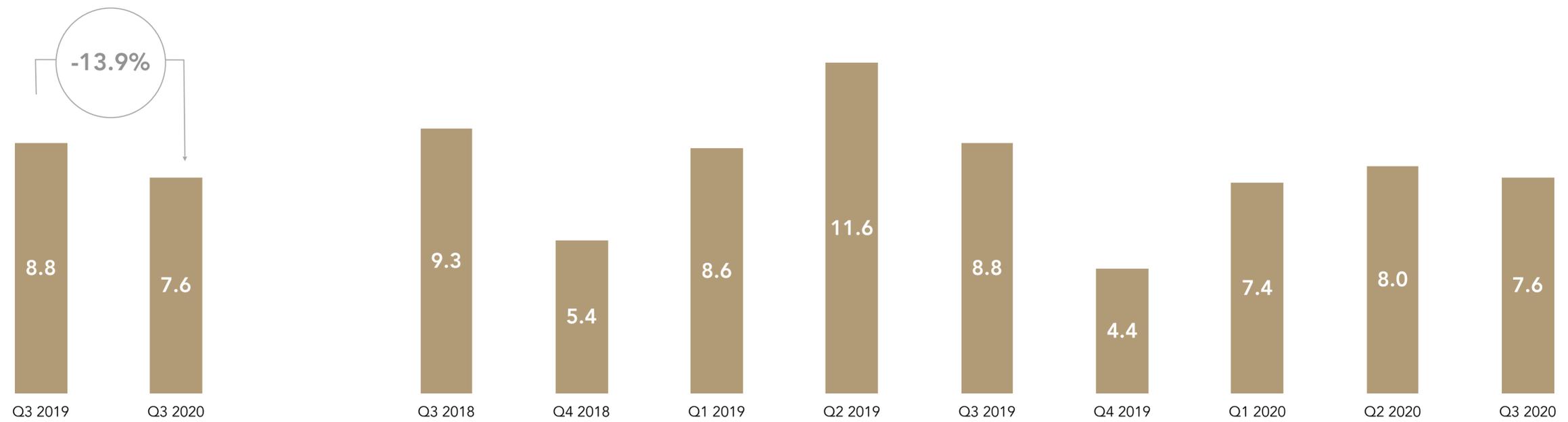
NET OPERATING/PROPERTY INCOME

(USD M)



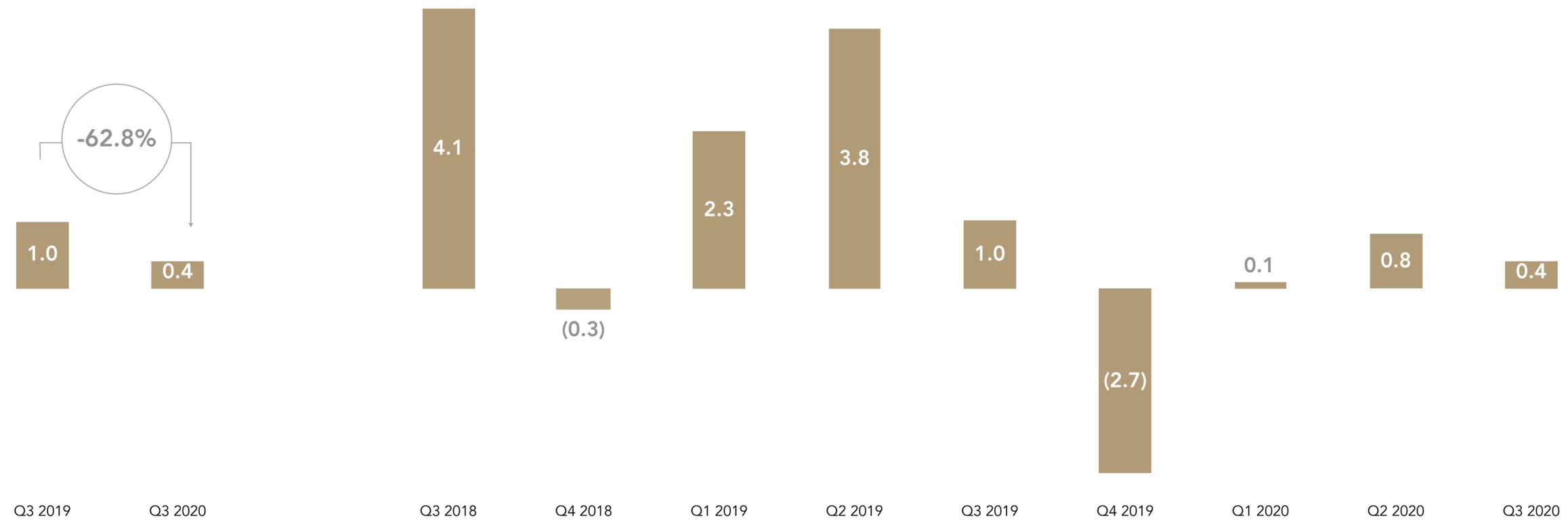
EBITDA

(USD M)



FFO

(USD M)

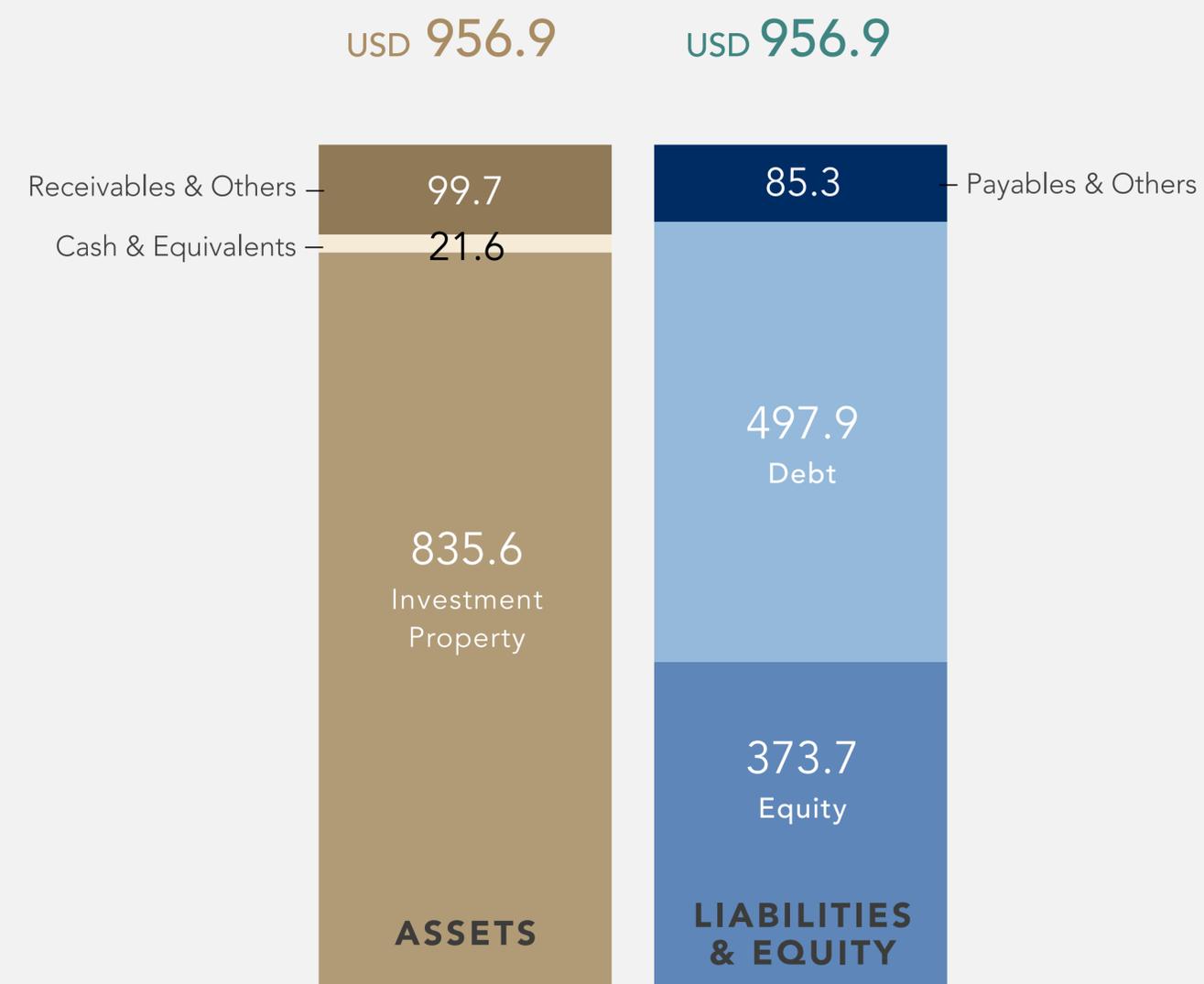


BALANCE SHEET OVERVIEW

Q3 2020



IN USD M	30 SEP 2020	30 SEP 2019	CHANGE
Investment Property ***	835.6	946.6	(11.7%)
Total Assets*	956.9	1,103.3	(13.3%)
Islamic Financing	497.9	512.1	(2.8%)
Total Liability*	583.2	602.4	(3.2%)
Equity	373.7**	500.9	(25.4%)
LTV Ratio (%)	52.0%	46.4%	5.6%
NAV per share	1.23**	1.67	(26.5%)



30 September 2020

* Includes impact of IFRS 16 Standard adopted in 2019

** Includes stock dividend of 0.0143 USD per share issued in June 2020

*** Fair value of investment property Net of IFRS and other adjustments

SUMMARY

Q3 2020



USD 855m

PORTFOLIO
MARKET VALUE

220,031 m²

NET LEASABLE AREA

USD 374m

NET ASSET VALUE

69%

OCCUPANCY

USD 1.23 per share

NET ASSET VALUE

8.4 years

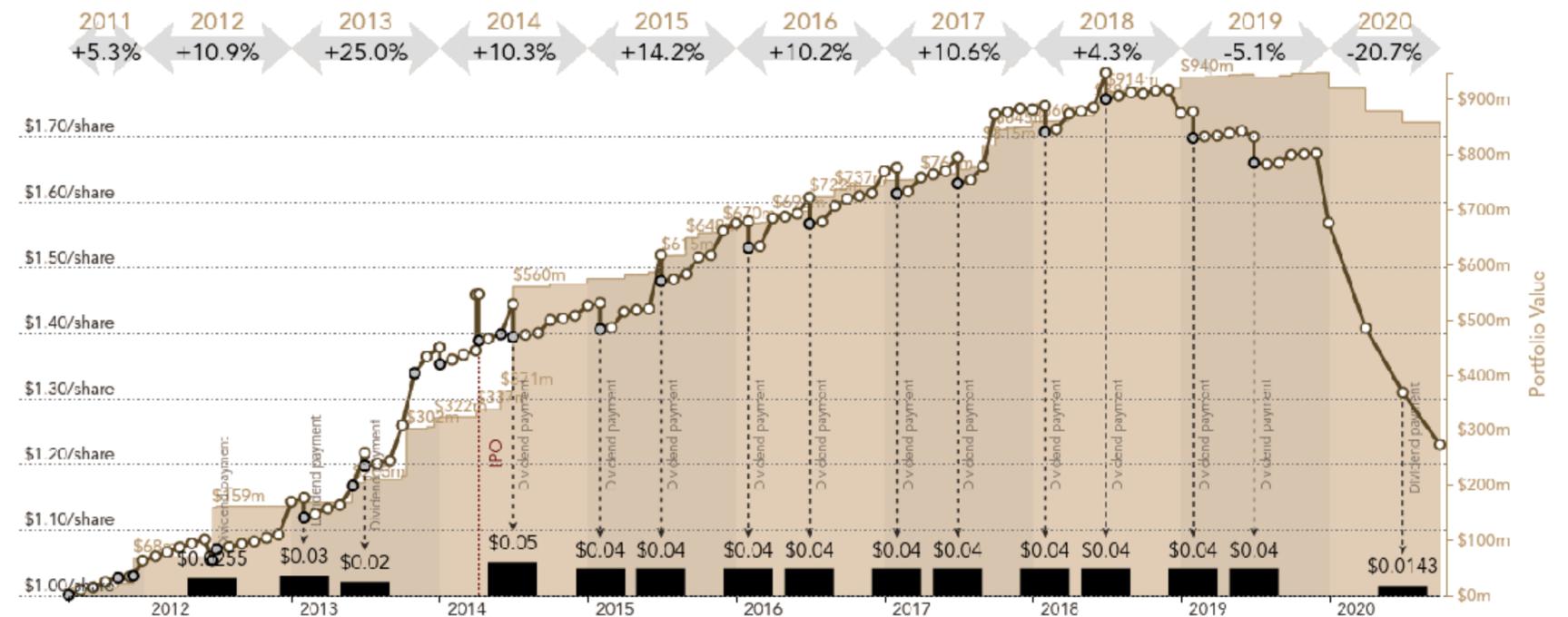
WAULT⁽¹⁾

11 Properties

296 Tenants

(1) Weighted average unexpired lease term

As of 30 September 2020



NAV per share is calculated by the REIT administrator. Growth rates are adjusted for dividends and annualized. For 2011, 2012 and 2013, the NAV per share was calculated in accordance with the REIT's Articles of Association, not IFRS. From 2014, the NAV has been calculated in accordance with IFRS. The historical NAV per share data presented in the figure above has been adjusted to reflect the sub-division of Shares by a factor of 100 on 26 January 2014.

THANK YOU

