

2021

2022

2023



1H 2022 RESULTS  
PRESENTATION  
AUGUST 2022

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

### OCCUPANCY

81.9%

+11.9 p.p.



### INVESTMENT PROPERTY

USD 758.6m

+4.7%



### NET ASSET VALUE

USD 352.6m

+27.3%



### NET PROPERTY INCOME <sup>(1)</sup>

USD 27.0m

-10.9%



### NET PROFIT

USD 61.5m

+20.9%



### EARNINGS PER SHARE

USD 0.206

+21.2%



<sup>(1)</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 +19.6% y-o-y

\* USD Numbers are rounded to the nearest hundred thousand





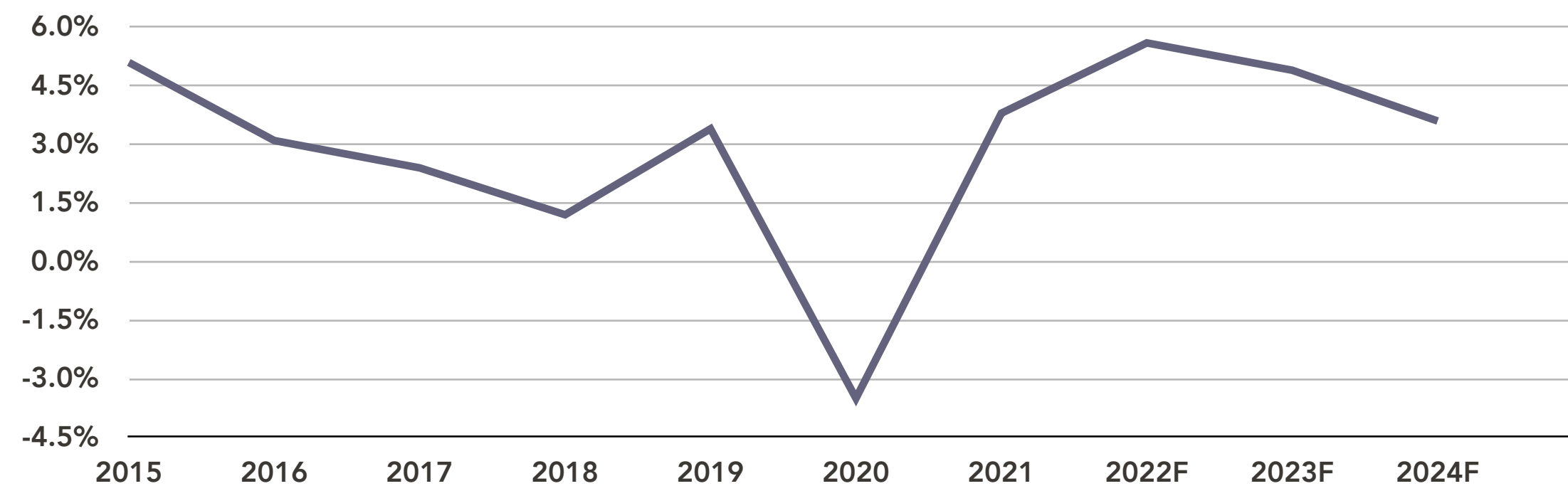
# MARKET OVERVIEW



- As per the UAE Central Bank, the country's Gross Domestic Product (GDP) grew 3.8% in 2021, beating earlier estimates of 2.1% – 2.3%. The growth was attributed to a rebound in tourism, the boost provided by the Expo 2020 event and a general return of confidence back into the economy and the business sector.
- In 1Q 2022, the Central Bank announced that the UAE economy grew a formidable 8.2%. Higher oil prices, higher oil production, government impetus towards various economic sectors and the visa reforms have all had a positive effect on growth and the Central Bank thus expects 2022 and 2023 to register a growth of 5.4% and 4.2%, respectively.
- Bloomberg's Composite Index compiled through various sources indicates an expected growth of 5.6% in 2022 and 4.9% in 2023.

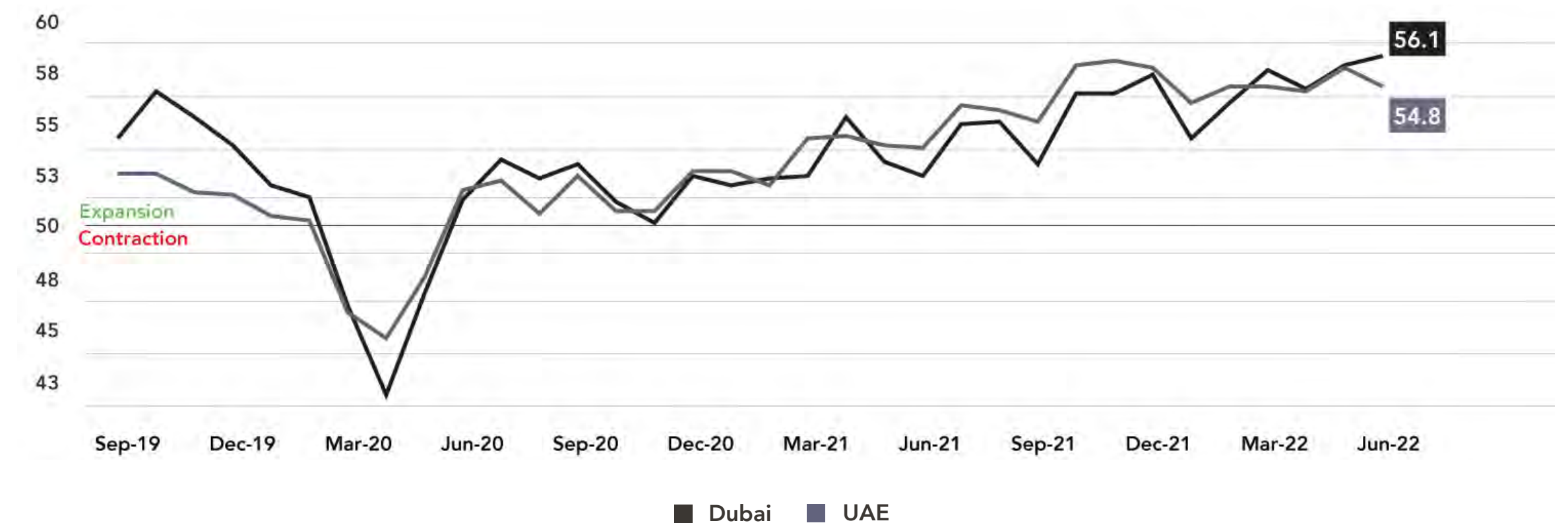
- The UAE's Purchasing Managers Index registered a slight drop to 54.8 in June from 55.6 a month earlier while Dubai Index reached 56.1 in June, the highest reading over the last three years.
- Nevertheless, the readings are all firmly above 50.0 and have consistently been on the rise since December 2020, which indicates positive operating conditions, strong order books and general optimism in the business sector.
- While hiring conditions, business activity and tourism flows have improved and are expected to continue to improve, the slight drop in the UAE's index may be attributed to higher purchase costs driven by inflationary pressures.
- Indeed, looking ahead, there are potential headwinds which could pose a challenge to the current rate of economic growth in the UAE, such as interest rate hikes and a higher rate of inflation.

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



Source: Bloomberg Composite Index, UAE Central Bank

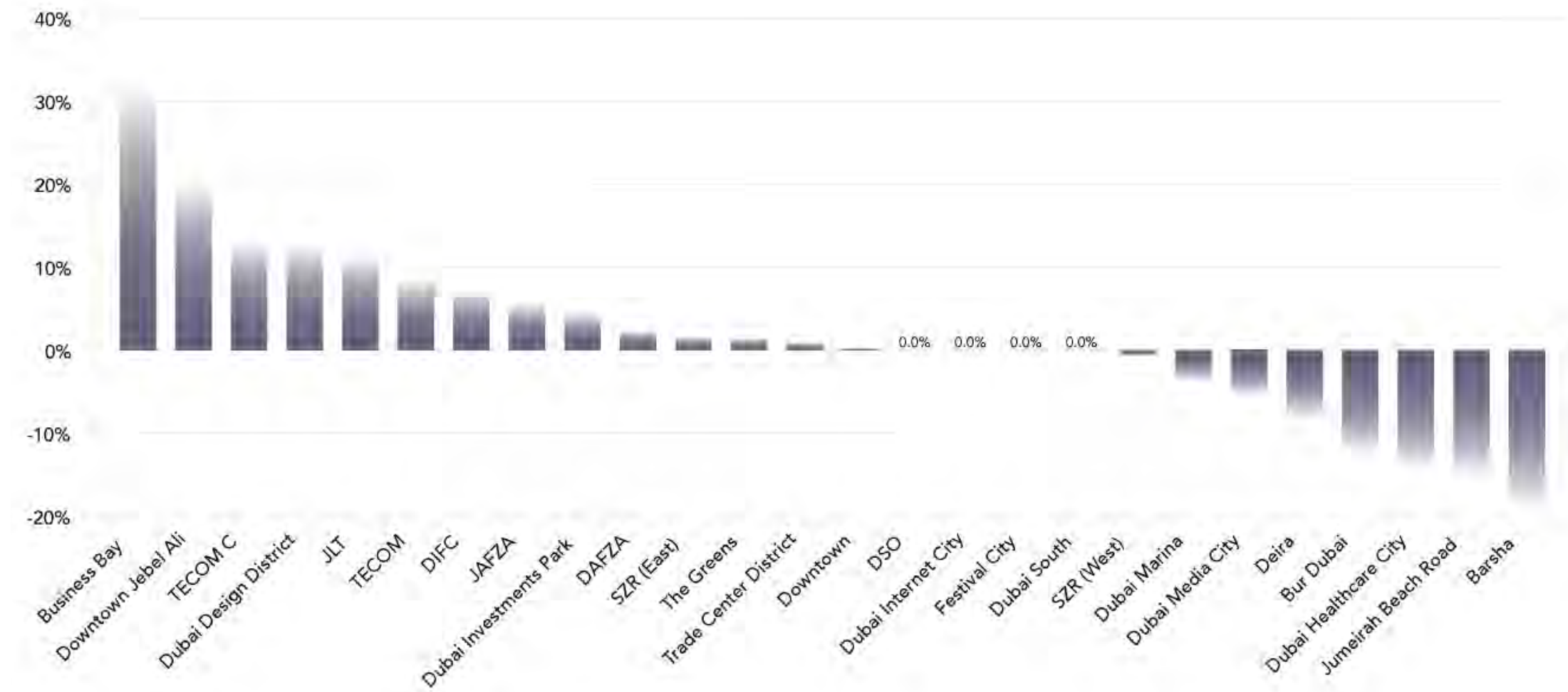
## UAE PURCHASING MANAGERS INDICES



Source: S&P Global Purchasing Managers Index

- There were no new office completions in Dubai in the second quarter of this year and the total stock remains stable at 9.1 million sq.m. JLL market research forecasts 53,000 sq.m. of GLA to be delivered in Dubai during 2H 2022.
- Strong demand for Grade A floorspace, coupled with tight availability in this segment led to double-digit growth in rents in Dubai. Average Grade A rental values in the CBD climbed 15% y-o-y to AED 1,945 per sq.m. per annum in 2Q 2022.
- We are witnessing a general trend where prices are rising in Dubai's newer and more prominent districts and falling in its older and more traditional districts.
- Additionally, agents have reported an increase in demand for larger spaces as well as increase in demand for serviced offices.

## CHANGE IN OFFICE RENTS SINCE THE START OF THE PANDEMIC (1Q 2020 V 1Q 2022)



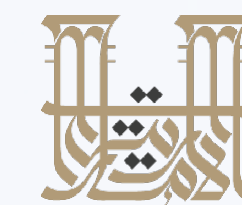
Source: JLL UAE Real Estate Market Report Q2 2022, Knight Frank Dubai Office Market Review Spring 2022

- 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 increased q-o-q by 0.5 p.p. during 2Q 2022 to 81.9% (2.4 p.p. on a like-for-like basis).
- Rental rates across the office portfolio increased by 1.9% to AED 1,618 per sq.m.
- Rental rates across the education portfolio<sup>(1)</sup> stable at AED 904 per sq.m.
- On a like for like basis, WALE increased by 5.4% to 7.8 years.
- Leasing activity during 2Q 2022:
  - 32 renewals (6,015 sq.m.)
  - 26 new leases (5,822 sq.m.)
  - 11 exits (1,118 sq.m.)

- Index Tower experienced a strong occupancy increase of 8.2 p.p. during 2Q 2022 to 79.7% with a blended rental rate increase of 2.2%.
- Occupancy at properties in Media City / Internet City increased by 3.7 p.p. during 2Q 2022 at 64.5% with stable rates.
- Occupancy at Office Park increased by 6.9 p.p. during 2Q 2022 at 79.8% with a rental rate increase of 0.5%
- Works on phase three of Lycée Francais Jean Mermoz continued
- Works for the handover of the premises to Durham School Dubai nearly completed

<sup>(1)</sup>: Excludes Jebel Ali School



# OFFICE PORTFOLIO

## INDEX TOWER

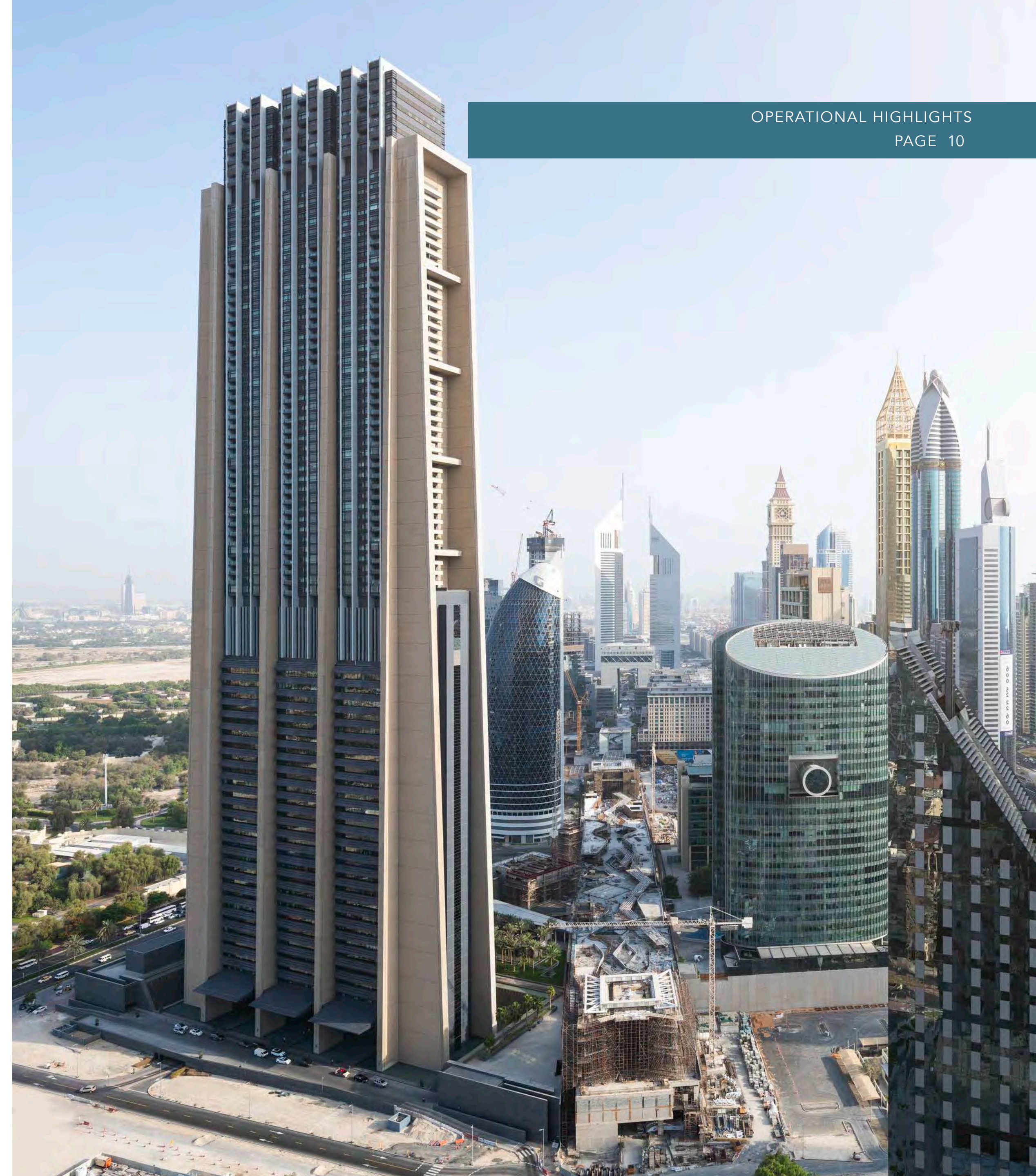
- Occupancy: 86%, a strong growth in occupancy of 6.5 p.p. during 2Q 2022.
- Demand driven by larger premium fully fitted and furnished offices.

## OFFICE PARK

- Occupancy: 79.8%, increased by 6.9 p.p. during 2Q 2022.
- Good conversion of inquiries for 4 larger offices received from new clients during 1Q 2022.
- Successful renewal of largest tenant (2,880 sq.m.)
- Recently refurbished (2021) and well positioned to compete.

## LOFT OFFICES

- Occupancy: 38.3%, decreased by 1.1 p.p. during 2Q 2022.
- Cluster with small SMEs has been impacted by Covid-19 disruption and shorter term leases.
- Activity is currently concentrated in Loft Offices 1 & 2. Loft Offices 3 remains vacant for re-purposing project to meet the demand for larger offices.





# OFFICE PORTFOLIO

## EUROPEAN BUSINESS CENTRE

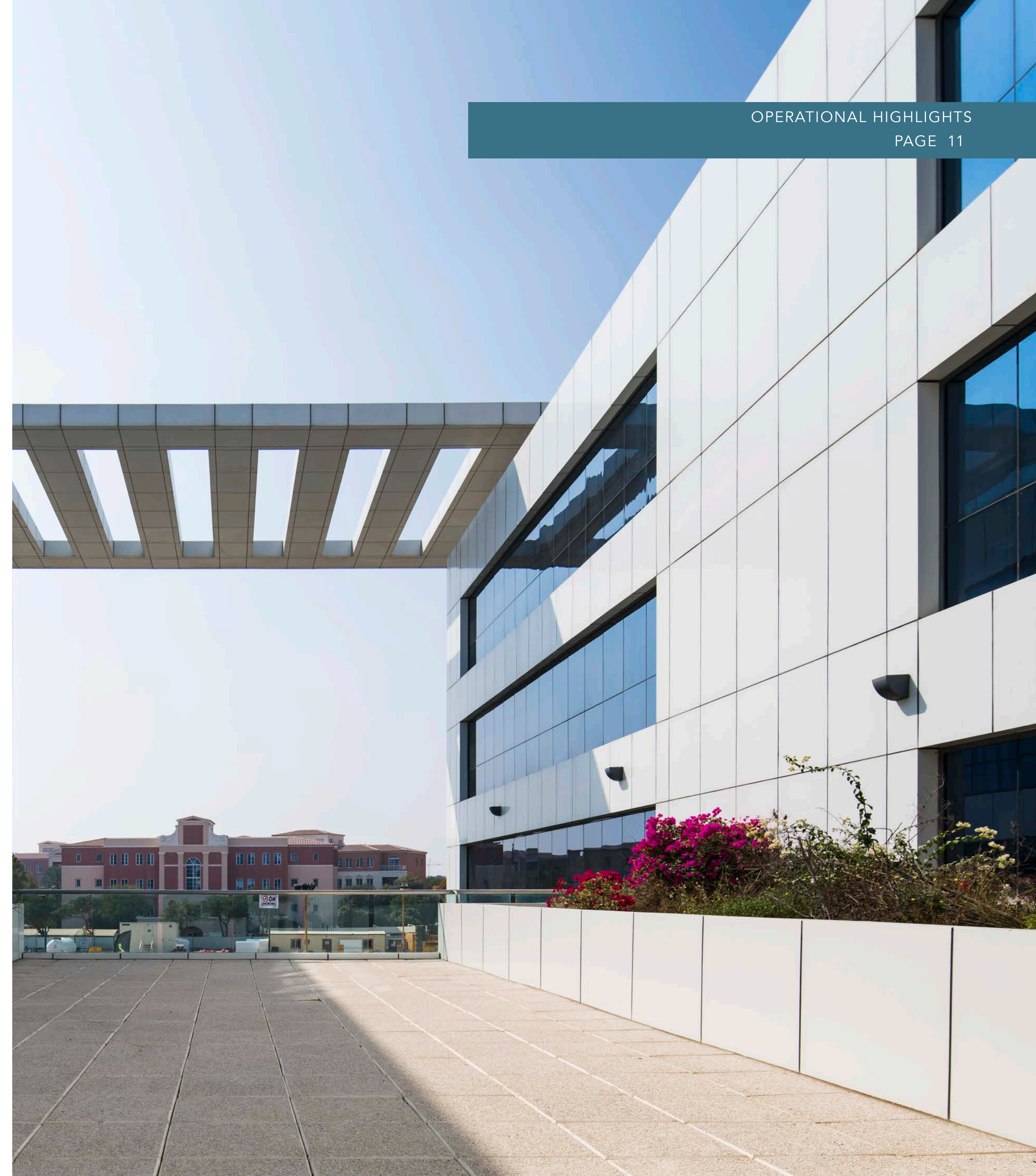
- Occupancy: 68.7%, decreased by 0.5 p.p. during 2Q 2022.
- Premium building with high visibility and direct access to the metro station.
- Access, landscape and waterproofing works have commenced.
- Soft refurbishment of common areas is planned for 2H 2022.

## BUILDING 24

- Occupancy: 42.0%, decreased by 3.7 p.p. during 2Q 2022.
- Occupancy impacted by new competition and refurbished properties within the Freezone.
- Finalised agreement with TECOM in relation to the REIT Manager taking an active role in leasing, managing the property and improving recovery of service charge.
- Assessing requirement for refurbishment and / or leasing the property to a single tenant.

## INDIGO 7

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





# RETAIL PORTFOLIO

## INDEX MALL

- Occupancy: 46%, a strong increase of 20.4 p.p. during 2Q 2022 with the successful lease of a large medical fitness facility and the extension of the gym.
- Retail remains challenging but showing signs of recovery.
- Increased footfall at Index Mall GF level (now 71% occupied) driving increased traffic and interest.

## TRIDENT MALL

- Occupancy levels stable at 71.5% as at June 30, 2022.
- Optimisation of operational costs and improvement of service charge recovery.





## GEMS WORLD ACADEMY

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

## LYCEE FRANCAIS JEAN MERMOZ

- Ongoing construction works for phase three during 2Q 2022.
- Strong enrollment of new students for September 2022.

## DURHAM SCHOOL DUBAI

- School in DIP leased to Durham School Dubai in March 2022.
- Ongoing completion and servicing of phase two and construction of the service road.
- School due to open in September 2022.

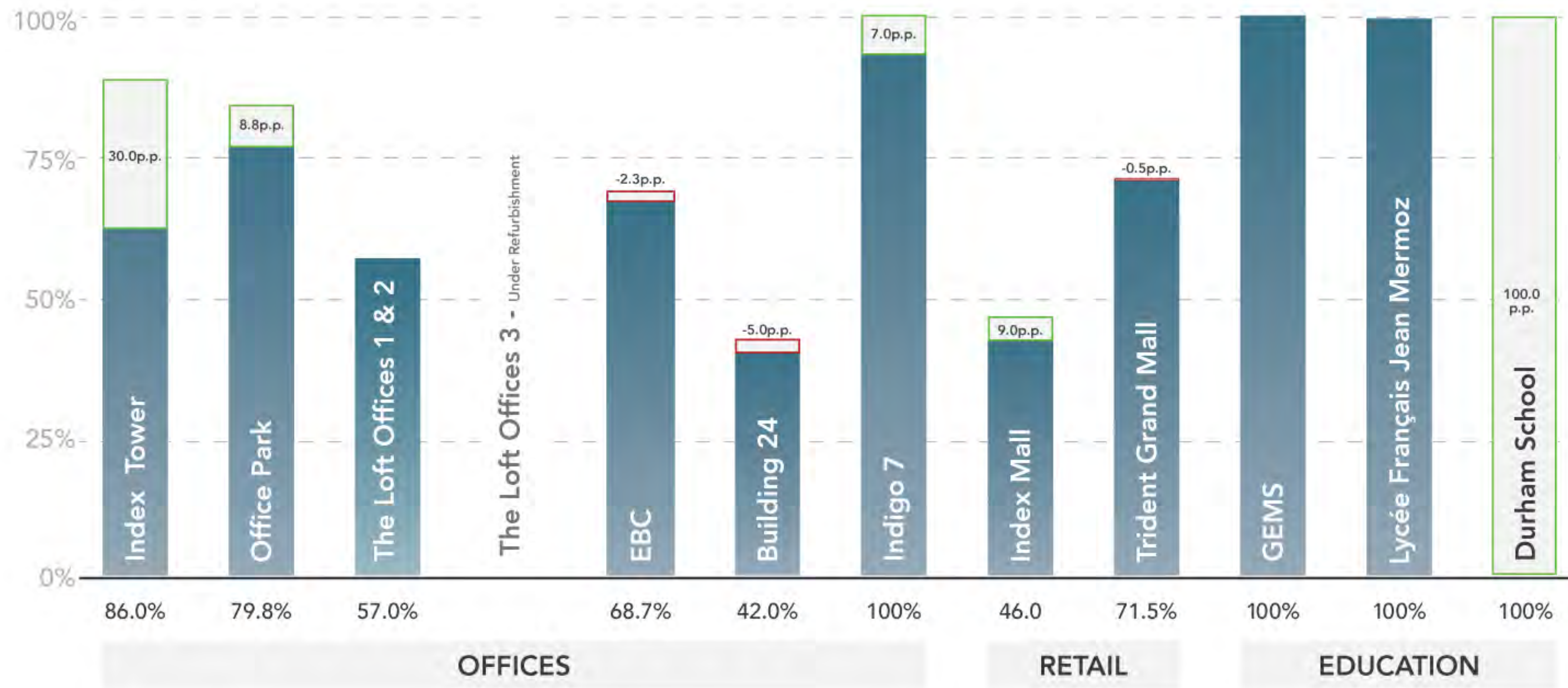
## JEBEL ALI SCHOOL

- Completed the sale of Jebel Ali School to Taaleem in May 2022.
- The transaction consideration comprised the purchase of the property and the settlement of outstanding receivable from Jebel Ali School.



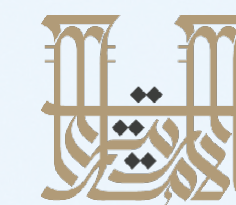


# Y-O-Y OCCUPANCY CHANGE



<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 HALF YEAR ENDED		CHANGE Y-O-Y
	JUN 30, 2022	JUN 30, 2021	
<b>RENTAL, FEE &amp; OTHER INCOME</b>	34,420	30,264	+13.7%
<b>(LOSS)/GAIN ON DISPOSAL OF INVESTMENT PROPERTY</b>	(1,455)	6,500	-1.2x
<b>TOTAL PROPERTY INCOME</b>	32,965	36,764	-10.3%
<b>PROPERTY OPERATING EXPENSES</b>	(6,002)	(6,500)	-7.7%
<b>NET PROPERTY INCOME</b>	26,963	30,264	-10.9%
<b>FUND EXPENSES</b>	(8,020)	(7,547)	+6.3%
<b>ALLOWANCE FOR EXPECTED CREDIT LOSS</b>	(749)	7,005	-1.1x
<b>OPERATING PROFIT</b>	18,194	29,722	-38.8%
<b>FINANCE COST</b>	(13,753)	(14,076)	-2.3%
<b>PROFIT BEFORE FAIR VALUATION/FUNDS FROM OPERATIONS</b>	4,441	15,646	-71.6%
<b>UNREALIZED GAIN ON REVALUATION</b>	57,047	35,207	+62.0%
<b>NET PROFIT FOR THE PERIOD</b>	61,488	50,853	+20.9%
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	62,794	51,473	+22.0%
<b>FFO PER SHARE</b>	0.014	0.051	-72.9%
<b>EPS PER SHARE</b>	0.206	0.170	+21.2%

- 1H 2022 Rental, Fee & Other Income amounted to USD 34.4m compared to USD 30.3m in 1H 2021 (up 13.7% y-o-y). Incorporating the effect of asset disposals, the Total Property Income in 1H 2022 amounted to USD 32.9m compared to USD 36.8m in 1H 2021 (-10.3% y-o-y).
- 1H 2022 Property Operating Expenses amounted to USD 6.0m compared to USD 6.5m in 1H 2021, a y-o-y decline of 7.7% which is a result of continued cost rationalization.
- Net Property Income for 1HY 2022 amounted to USD 26.9m compared to USD 30.3m in 1H 2021(-10.9% y-o-y). Disregarding the effect of asset disposals, the Net Property Income in 1H 2022 grew by 19.6% y-o-y.
- 1H 2022 Fund Expenses are higher 6.3% or USD 0.47m y-o-y, mainly owing to the USD 0.64m voluntary management fee discount granted by REIT Manager in 1H 2021.
- Net provision on ECL was mainly driven by a USD 0.9m charge on the Jebel Ali School in 1H 2022, as compared to a net reversal of USD 7.3m booked in 1H 2021.
- Unrealized gain on portfolio revaluation for 1H 2022 amounted to USD 57.0m which, added to the reported USD 4.4m FFO, resulted in a Net Profit of USD 61.5m (1H 2021: USD 50.9m).



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

IN USD '000	FOR THE HALF YEAR ENDED		CHANGE Y-O-Y
	JUN 30, 2022	JUN 30, 2021	
<b>INVESTMENT PROPERTY</b>	758,589	724,587	+4.7%
<b>CASH AND CASH EQUIVALENT</b>	55,869	25,684	+1.2x
<b>TOTAL ASSETS</b>	911,145	854,947	+6.6%
<b>TOTAL LIABILITIES</b>	558,564	578,010	-3.4%
<b>ISLAMIC FINANCING</b>	472,059	491,885	-4.0%
<b>NET ASSET VALUE</b>	352,581	276,937	+27.3%
<b>NO OF SHARES</b>	319,156,400	304,451,393	+4.8%
<b>NAV PER SHARE (USD)</b>	1.10	0.91	+21.4%
<b>LTV (%)</b>	51.8%	57.5%	-5.7 p.p

- Driven by continued improved valuations, the Investment Property recorded a USD 34.0m increase (+4.7%) y-o-y.
- On a like-for-like<sup>(1)</sup> basis, Investment Property increased by USD 75.7m y-o-y (+11.1%).
- Islamic Financing reduced due to scheduled amortization by 4.0% y-o-y.
- NAV per share crossed the par value mark to close at USD 1.10 per share as at June 30, 2022, a 21.4% y-o-y increase compared to USD 0.91 per share as at June 30, 2021.
- Supported by improved profitability, positive impact of portfolio revaluation and facility amortization, the LTV ratio further improved to 51.8% as at June 30, 2022, from 57.5% as of June 30, 2021.

<sup>(1)</sup>Excluding valuation of Jebel Ali School divested in 1H 2022 from June 30, 2021 comparative



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE QUARTER ENDED

IN USD '000

JUN 30, 2022

MAR 31, 2022

CHANGE Q-O-Q

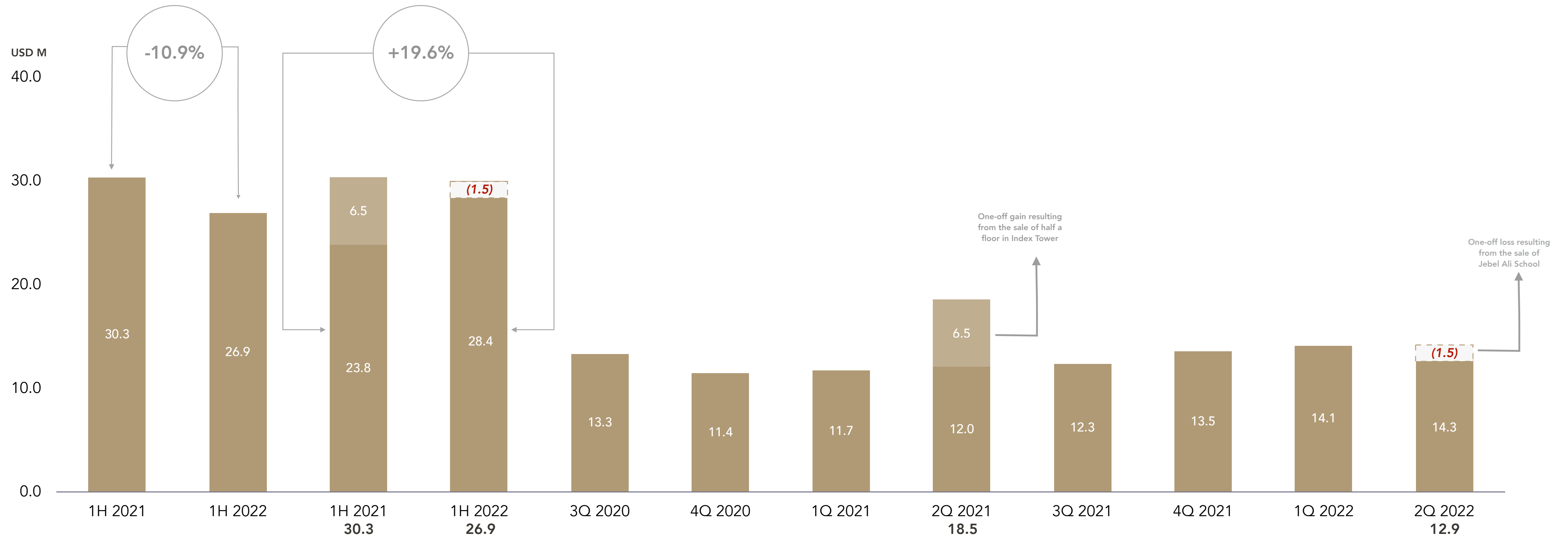
IN USD '000	JUN 30, 2022	MAR 31, 2022	CHANGE Q-O-Q
<b>RENTAL, FEE &amp; OTHER INCOME</b>	17,243	17,177	+0.4%
<b>(LOSS)/GAIN ON DISPOSAL OF INVESTMENT PROPERTY</b>	(1,455)	-	-
<b>TOTAL PROPERTY INCOME</b>	15,788	17,177	-8.1%
<b>PROPERTY OPERATING EXPENSES</b>	(2,925)	(3,077)	-4.9%
<b>NET PROPERTY INCOME</b>	12,863	14,100	-8.8%
<b>FUND EXPENSES</b>	(4,083)	(3,937)	+3.7%
<b>ALLOWANCE FOR EXPECTED CREDIT LOSS</b>	(403)	(346)	+16.5%
<b>TOTAL FUND EXPENSES</b>	(4,486)	(4,283)	+4.7%
<b>OPERATING PROFIT</b>	8,377	9,817	-14.7%
<b>FINANCE COST</b>	(6,844)	(6,909)	-0.9%
<b>PROFIT BEFORE FAIR VALUATION/FUNDS FROM OPERATIONS (FFO)</b>	1,533	2,908	-47.3%
<b>UNREALIZED GAIN ON REVALUATION</b>	37,197	19,850	+87.4%
<b>NET PROFIT / (LOSS) FOR THE PERIOD</b>	38,730	22,758	+70.2%
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	39,114	23,680	+65.2%
<b>FFO PER SHARE</b>	0.005	0.010	-46.9%
<b>EPS PER SHARE</b>	0.121	0.075	+62.3%

- Rental, fee and other income for 2Q 2022 grew by 0.4% and amounted to USD 17.2m as compared 1Q 2022.
- 2Q 2022 Total Property Income amounted to USD 15.8m, which includes the effect of Sale of Jebel Ali School. Disregarding the effect of this sale on a like-for-like basis<sup>(1)</sup>, Total Property Income grew by 6.4% q-o-q.
- Property Operating Expenses decreased by 4.9% q-o-q, mainly due to continued focus on rationalizing operating expenses and increasing the operating margin.
- Net Property Income decreased by 8.8% taking into account the effect of disposal of Jebel Ali School
- Operating profit for 2Q 2022 amounted to USD 8.4m, a 14.7% decrease over 1Q 2022, mainly owing to the loss of Jebel Ali School revenue and the disposal costs.
- Unrealized gain on portfolio revaluation for 2Q 2022 amounted to USD 37.2m which, added to the reported USD 1.5m FFO, resulted in the Net Profit for 2Q 2022 amounting to USD 38.7m, a 70.2% q-o-q increase (1Q 2022: USD 22.8m).

(1)Excluding income and expenses effect of Jebel Ali School from both periods



# NET PROPERTY INCOME

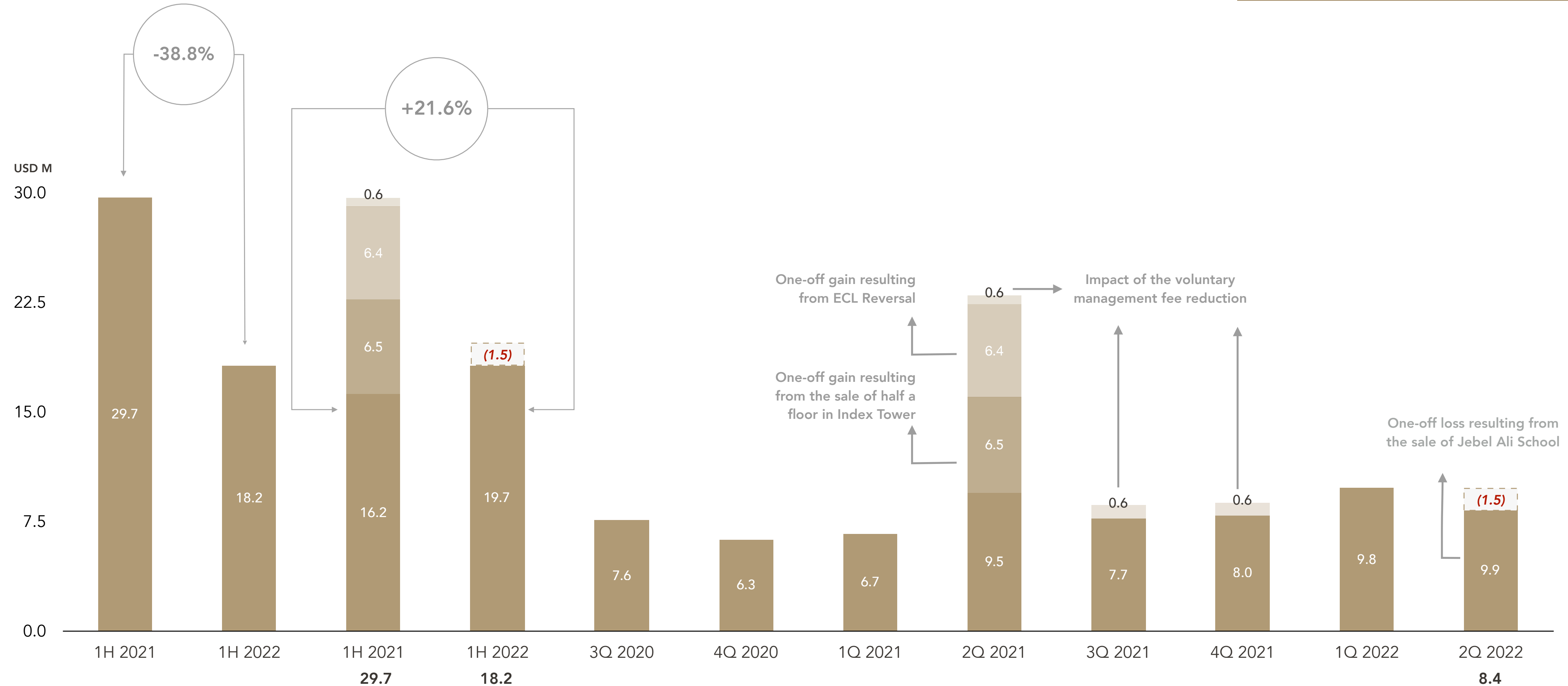


**Y-O-Y NET PROPERTY INCOME DOWN BY -10.9%**  
**DISREGARDING ONE-OFFS <sup>(1)</sup> THE OPERATING PROFIT WILL BE UP +19.6% Y-O-Y**

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



# OPERATING PROFIT



**Y-O-Y OPERATING PROFIT DOWN BY -38.8%**  
**DISREGARDING ONE-OFFS (1) THE OPERATING PROFIT WILL BE UP +21.6% Y-O-Y**

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





THANK YOU

