

EMIRATES REIT ANNOUNCES ITS OPERATING AND FINANCIAL RESULTS FOR 2019

Dubai - 9 April 2020 - Equitativa (Dubai) Limited (“Equitativa”), the largest REIT manager in the GCC and manager of Emirates REIT (CEIC) PLC (“Emirates REIT” or the “REIT”), announced today its end of year operating and financial results for Emirates REIT, for the year ended 31 December 2019 and its response to COVID-19.

Emirates REIT’s 2019 full-year results recorded an increase of 5.1% in rental income, 4.2% in total property income, and 10.2% in net property income, while the year saw a decrease of 14.9% in the portfolio’s total property expenses.

EBITDA for the year marked a 2.5% year-on-year increase, to USD 33.4 million.

The performance however has been seriously impacted by prudent provisions on certain receivables and asset valuation losses driven by market conditions which led to a total net loss of USD 26.3 million.

FULL YEAR OPERATING AND FINANCIAL HIGHLIGHTS

- Net Property Income increased by 10.2% year-on-year to USD 58.7m (AED 215.4m)
- EBITDA grew by 2.5% to USD 33.4m (AED 122.5m)
- Net Comprehensive Loss amounted to USD 26.3m (AED 96.7m) after incorporating USD 30.0m (AED 110.2m) fair valuation loss as at 31 Dec 2019
- Net Asset Value stands at USD 469.7m (AED 1.7bn) or USD 1.57 per share as at 31 Dec 2019
- Liquidity increase by 27% to USD 48.4m (AED 177.9m)

OPERATIONAL EFFICIENCIES, ASSET ENHANCEMENT, AND TENANT RETENTION

The total property income for Emirates REIT grew by 4.2% in 2019 to a total of USD 72.9 million (AED 267.6m), with total property expenses reduced by 14.9% year-on-year, to USD 14.2 million (AED 52.2m). Rental income stood at USD 64.5 million (AED 236.7m), marking a 5.1% increase year-on-year.

Emirates REIT recognised a net comprehensive loss of USD 26.3 million (AED 96.7 million) in 2019, as a result of the challenging market conditions, when it incorporated a USD 30.0 million (AED 110.2 million) fair valuation loss as at 31 Dec 2019. The Net Asset Value at the end of year stood at USD 469.7 million (AED 1.7 billion), or USD 1.57 per share as at 31 Dec 2019.

The REIT manager has been proactively responding to market conditions, focusing on operational efficiencies, asset enhancement and tenant retention. The revaluation loss effect on profit was partially offset by a number of factors, which included an increase in rental and total property income, reduction in total property expenses, signing new leases, executing renewals of leases, and improvement in operating margins.

As a result, during the year ended 31 December 2019, the REIT manager signed 71 new leases totalling approximately 120,000 square feet, executed 93 lease renewals totalling over 155,000 square feet, and improved the REIT's operating margins from 76.1% in FY 2018 to 80.5% FY 2019.

A stable occupancy rate of 73% was registered as on 31 December 2019.

With a diversified portfolio and tenant mix and a limited exposure to retail (10% of the NLA), Emirates REIT has taken prudent steps to increase liquidity and preserve financial flexibility, which led to an increase in its liquidity in 2019 from USD 38.2m to USD 48.4m.

The gearing ratio of the REIT stood at 47.9%.

"The health and safety of our tenants, our employees and the staff who work for our operating partners remain our main priority in this truly unprecedented period brought by the COVID-19 pandemic", said Sylvain Vieujot, Executive Deputy Chairman and CEO of Equitativa. "We have implemented several initiatives to protect our business and our tenants and ensure the health and safety standards of our people and assets. These include deploying technology for remote working, flexible work and reallocation of resources."

Mr. Vieujot continued: "In these challenging times, we are further strengthening our operations to support our tenants and business partners. As a result, our relationships with our tenants is becoming stronger, and we continue to work very closely with them to implement the best measures that support them appropriately."

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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 investing principally in income-producing real estate in line with Shari'a principles. It currently owns a well-balanced portfolio of 11 assets in the commercial, education and retail sector. Emirates REIT benefits from exclusive Ruler's Decrees permitting it to purchase properties in onshore Dubai and Ras Al Khaimah.

ABOUT EQUITATIVA GROUP

PRESS RELEASE



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, 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. In the UAE, Equitativa manages two leading REITs: Emirates REIT and The Residential REIT, the latter incorporated in Abu Dhabi Global Market.