

EMIRATES REIT CONTINUES TO DRIVE THE REGIONAL INDUSTRY STANDARD IN FY 2017

CLOSED A 5 YEAR USD 400 MILLION SUKUK AND ACHIEVED A 31% INCREASE IN PROPERTY OPERATING INCOME, LEADING TO A 64% INCREASE IN FUNDS FROM OPERATIONS

KEY HIGHLIGHTS

FINANCIAL ACHIEVEMENTS

- 10.6% total return (5.7% increase in NAV to USD 1.74 per share and total dividends of USD 0.08 per share)
- 31.2% increase in property operating income to USD 46.7million
- 63.7% growth in Funds From Operations⁽¹⁾ to USD 18.6 million
- 72.8% flow-through from total property income to Funds From Operations
- Replaced amortising loans with fixed-rate bullet Sukuk
- Removed variable profit-rate risk
- Extended the debt maturity profile

OPERATIONAL ACHIEVEMENTS

- Portfolio value surpassed the AED 3 billion mark (USD 860 million)
- Acquisition of European Business Center in Dubai Investments Park
- Completion and delivery of phase one of British Columbia Canadian School
- Completion and delivery of fitted out floors in Index Tower

Dubai – 19 February 2018: 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”), today reported its audited financial results for the year ending 31 December 2017.

INCREASE IN PORTFOLIO VALUE

Emirates REIT’s portfolio value reached USD 860 million, a year-on-year increase of 14.2% (FY 2016: USD 753 million). The net asset value was USD 1.74 per share, or USD 522 million, yielding a total return of 10.6%, including the two dividend distributions totalling 8 cents per share (USD 24.0 million), paid out in January and June 2017.

The outstanding bank debt was fully repaid in December and the gearing ratio stood at 41.9% (FY 2016: 37.8%), well below the regulatory cap of 50%.

During the period FY 2017, rental income grew by 19.0% increase to USD 53.9 million (FY 2016: USD 45.3 million), leading to a 19.6% increase in total property income to USD 60.6 million (FY 2016: USD 50.7 million). The acquisition of the European Business Center in Dubai Investments Park, the completion of British Columbia Canadian School as well as the incremental leasing of office units at Index Tower have significantly driven this rise.

⁽¹⁾ Funds From Operations comprises of net profit excluding revaluation gains, amortisation and Sukuk costs.

STRONG RENTAL INCOME CONVERSION TO FUNDS FROM OPERATIONS

Together with the ongoing proactive optimisation of the REIT's portfolio and operating expenses, rental income continued to boost FFO. During 2017, Funds From Operations, adjusted for non-recurring Sukuk transaction costs, increased by 63.7% to USD 18.6 million from USD 11.3 million in 2016. Net income was USD 52.2 million, a year-on-year increase of 9.1%.

Sustained demand together with active portfolio management helped deliver strong leasing results. Total occupancy reached 84.5% as at 31 December 2017 and the weighted average unexpired lease term was 8.0 years.

The diversity of the Emirates REIT real estate portfolio, combined with a strong capital position have driven the company's substantial growth and profitability.

SUCCESSFUL SUKUK ISSUANCE

In December 2017, Emirates REIT successfully closed a USD 400 million 5-year Sukuk with a profit rate of 5.125% per annum, which was used to refinance the REIT's existing debt and replace amortizing loans with fixed-rate bullet funding. The Sukuk removes variable interest rate risk and materially increases the REIT's free cash flow.

This landmark transaction represents the tightest credit spread of any debut issue by a Dubai real estate entity (291 bps over the mid-swap rate). Emirates REIT became the first REIT from the MENA region to access the international Sukuk market and obtain a credit rating. The orderbook peaked at USD 1.1 billion and was 2.5 times oversubscribed by 90 global investors. The transaction is a testament to the strong interest and trust in the REIT's robust profile, prime assets, stable cash flows and management's ability to implement its business strategy.

STRONG OPERATIONAL PROGRESS

- The British Columbia Canadian School opened its doors in September 2017. Phase 1 was delivered on time and budget. It is the third operational school in the REIT's portfolio, strengthening the track record of investments in the UAE education sector.
- The acquisition of the European Business Center in Dubai Investments Park for USD 35.4 million (AED 130 million) has enhanced the REIT's cash flow. The transaction is expected to generate an estimated un-levered IRR in excess of 10% and will over the long term, benefit from strong capital appreciation furthered by the completion of the adjacent metro station which is part of the EXPO 2020 Dubai Metro expansion plan.
- Progress continues with the leasing of commercial space at Index Tower reflecting the growing interest and popularity of the prime asset and location with its upcoming integration into DIFC's Gate Avenue. Fit out work at the Index Mall has moved forward as per schedule and is expected to complete in H1 2018.

Sylvain Vieujot, CEO of Equitativa Dubai, the REIT Manager, commented: "2017 was a significant year for Emirates REIT. We delivered a strong set of results and ended the year on a high note with the successful issuance of a USD 400 million Sukuk. The strong fundamentals of our portfolio have continued to drive rental income growth and Funds From Operations. With a robust financial position, we are well positioned to embark on the next phase of the REIT's development. We actively explore further acquisition opportunities in both commercial and education sectors and remain confident about the upside potential of Index Tower and Mall."

- Ends -

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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, education and retail assets. Emirates REIT benefits from an exclusive Ruler's Decree's permitting it to purchase properties in onshore Dubai and Ras Al Khaimah.