



Emirates Reit

## Unaudited Net Asset Value as at 31<sup>st</sup> March 2014 and quarterly update

Emirates REIT (CEIC) Limited (“Emirates REIT” or the “REIT”)

28<sup>th</sup> April 2014

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Emirates REIT announces its unaudited Net Asset Value and quarterly update for the quarter ended 31<sup>st</sup> March 2014.

The highlights over the quarter include:

### Financial

- **Net assets increased** by **7.9%** to US\$221.20 million (31<sup>st</sup> December 2013: US\$205.06 million).
- **NAV per share increased** from US\$1.35 as at 31<sup>st</sup> December 2013 to **US\$1.46** as at 31<sup>st</sup> March 2014. On a fully diluted basis taking into account the new shares offered during the Initial Public Offering (“IPO”) and proceeds, the adjusted pro forma NAV per share as at 31<sup>st</sup> March 2014 is **US\$1.39**.
- **Annual Passing Income** as at 31<sup>st</sup> March 2014 **increased** by **4.8%** to US\$30.98 million (31<sup>st</sup> December 2013: US\$29.56 million).
- **Portfolio Value** as at 31<sup>st</sup> March 2014 **increased** by **4.1%** to US\$336.54 million (31<sup>st</sup> December 2013: US\$323.13 million).
- **Portfolio Occupancy increased** to **88.1%** from 86.3% as at 31<sup>st</sup> December 2013.
- **Net Profit** for the quarter amounted to **US\$16.15 million**.

On 8<sup>th</sup> April 2014, Emirates REIT completed its IPO which consisted of the offering of 128,676,471 new shares at a price per share of US\$1.36 (excluding the exercise of the over-allotment arrangements of up to 19,301,470 additional shares).

Given that the IPO occurred after 31<sup>st</sup> March 2014, the impact of the IPO proceeds on the net assets and NAV per share is NOT reflected in the financial results for the first quarter period ending 31<sup>st</sup> March 2014.

On a pro forma basis, the NAV per share, taking into account a total of 128,676,471 new shares issued as part of the IPO and net IPO proceeds received by Emirates REIT, would have been US\$1.39 (see appendix for further information).

Commenting, Sylvain Vieujot, Executive Deputy Chairman said:

“We have continued to improve the occupancy and passing income levels for the properties within the portfolio over the quarter. The improved cash flow had a positive effect on the portfolio's valuation which

increased by 4.1% to US\$336.54 million. Furthermore, as many of our property costs are fixed, the increase in our income contributes to additional margin improvements.”

## Net Asset Value

The unaudited Net Asset Value (“NAV”) of Emirates REIT as at 31<sup>st</sup> March 2014, calculated by the REIT's independent Fund Administrator, was US\$221.21 million equating to a NAV of **US\$1.46** per share, which is an increase of **7.9%** over the quarter.

On a pro forma basis, the NAV per share, taking into account the number of 128,676,471 new shares offered as part of the IPO and net IPO proceeds received by Emirates REIT, would have been **US\$1.39**.

The NAV attributable to the ordinary shares is calculated under International Financial Reporting Standards (IFRS) and incorporates the income for the quarter and the increase in fair value of the Property Portfolio as at 31<sup>st</sup> March 2014, as determined by the independent external portfolio valuers.

A detailed breakdown of the NAV is included within the attached Appendix.

## Borrowings

As at 31<sup>st</sup> March 2014, the ratio of Emirates REIT's borrowings dropped to **29.8 %** of the Gross Asset Value (31<sup>st</sup> December 2013: 31.7%) reflecting repayments of principle over the quarter and the increase in the NAV through the retained earnings for the quarter.

## Net Property Income

The **Net Property Income** comprises the Property Income less the Property Operating Expenses plus the Net Revaluation Gains.

For the 1<sup>st</sup> Quarter 2014, Net Property Income totaled **US\$20.27 million**.  
(Year ended 31<sup>st</sup> December 2013: US\$45.95 million).

The **Property Income** comprises the rental income, service fee income and other property related income. For the 1<sup>st</sup> Quarter 2014, the Total Property Income was **US\$8.56 million**.

The **Property Operating Expenses** generally consist of the utilities cost, property management fees, facility management fees and other property related expenses.

For the First Quarter, Property Operating Expenses were **US\$1.69 million**, representing **19.7%** of the

Property Income, in decline from 23.6% for the year ended 31<sup>st</sup> December 2013.

The **Net Unrealised Revaluation Gains** for the quarter totaled **US\$13.40 million**.

Property valuations at 31<sup>st</sup> March 2014 were undertaken by the independent external property valuers CBRE Dubai LLC and Asteco Property Management LLC. Valuations are mainly undertaken using discounted cash flow methods and changes in valuations during the period under review have largely been driven by changes in occupancy and rental income levels over the period.

The assumed capitalisation yields have remained consistent with those used for the valuation dated at 31<sup>st</sup> December 2013.

## Operating Profit

The **Operating Profit** is the Net Property Income minus all other REIT expenses.

These expenses include inter alia, the REIT Manager fees, general and administrative expenses and the IPO costs.

For the 1<sup>st</sup> Quarter 2014, the Operating Profit amounted to **US\$17.61 million** and included US\$13.40 million of net valuation gains on the Investment Properties Portfolio.

Excluding net gains on the revaluation of Investment Properties Portfolio, operating profit represented 49.2% of property income compared to 46.6% for the year ended 31<sup>st</sup> December 2013. IPO costs reported in the quarter were 4.9% of the Property Income compared to 2.9% for the year ended 31<sup>st</sup> December 2013, offsetting slightly the effect of the reduction in property operating costs as a percentage of property income for the quarter.

## Net Profit

The **Net profit** represents Operating Profit minus Net Finance Costs.

The Finance Income for the period was negligible and net financing costs totaled **US\$1.47 million**, which compares with an annual net finance cost of US\$3.83 million for the year ended 31<sup>st</sup> December 2013.

The higher financing costs in the quarter reflect the impact of the increase in Ijarah facilities in October 2013 related to the acquisition of the GEMS Word Academy.

## Portfolio snapshot (as at 31<sup>st</sup> March 2014)

Portfolio sector weightings by net leasable area (excluding car parking spaces):

Education:	39.5%
Commercial:	46.7%
Retail:	12.6%
Other:	1.2%

Total market value of the Investment Properties Portfolio amounted to AED 1.236 billion (US\$ 337 million).

Net leasable area increased to 1,163,685 sq ft as a result of reconfiguration works in some properties (31<sup>st</sup> December 2013: 1,154,698 sq ft).

Portfolio occupancy was equal to 88.1% (including Index Tower assets), and 95.9% (excluding Index Tower Assets).

## For further information

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### Notes

Emirates REIT is a publicly listed closed-ended investment company with a mandate to invest in a diversified portfolio of Shari'a compliant real estate properties. Emirates REIT Shares are traded on NASDAQ Dubai.

It operates under the Collective Investment Rules ("CIR") of the Dubai Financial Services Authority ("DFSA") and is the first Shari'a compliant real estate investment trust incorporated in the DIFC.

It was established in the DIFC on 28<sup>th</sup> November 2010 by the REIT Manager, Emirates REIT Management (Private) Limited.

In February 2013, an exclusive Ruler's Decree was granted to Emirates REIT permitting it to purchase properties in onshore Dubai through its onshore Dubai branch.

Emirates REIT has acquired various freehold, leasehold and contractual interests in ten properties all located in Dubai.

# Appendix

The summary financial information set out in the appendix is based on unaudited management accounts.

Certain financial and statistical amounts included in this statement are approximations or have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be exact arithmetic aggregations of the figures that precede them.

## Net Asset Summary

The unaudited Net Asset Value is as follows:

	31 <sup>st</sup> March 2014 US\$million	31 <sup>st</sup> December 2013 US\$million
Investment Properties Portfolio	336.54	323.13
Other assets	2.68	1.93
Cash	9.79	8.15
Total Assets	349.01	333.21
Other liabilities	(23.77)	(22.59)
Corporate Ijarah	(104.04)	(105.56)
Total Liabilities	(127.80)	(128.15)
<b>Net Assets</b>	<b>221.21</b>	<b>205.06</b>
<b>Net Asset Value per share</b>	<b>US\$1.46</b>	<b>US\$1.35 <sup>(1)</sup></b>
Pro forma NAV per share <sup>(2)</sup>	US\$1.39	

(1) The NAV per share figure for the 31 December 2013 has been adjusted to reflect the sub-division of the ordinary shares on 26<sup>th</sup> January 2014 which resulted in the issued number of ordinary shares changing from 1,516,426 shares and one Manager Share, with a nominal value of US\$100 per share to 151,642,600 shares and one Manager Share with a nominal value of US\$1 and US\$100 respectively. The impact of the share subdivision was to reduce the published NAV per share by a factor of 100.

(2) On 8<sup>th</sup> April 2014, Emirates REIT completed the offering of 128,676,471 new ordinary shares at US\$1.36 share (excluding any over-allotment arrangements) and the admission of its enlarged share capital to trading on NASDAQ Dubai. On an unaudited pro forma basis, after adjusting for the increase in the number of ordinary shares to 280,319,071 and the net proceeds of the offer received by Emirates REIT of US\$169.4 million, had the offering been completed on 31<sup>st</sup> March 2014, the pro forma NAV would have been US\$1.39 per share.

The movement in Net Asset Value can be summarised as follows:

	Total US\$million	Movement	Per share US\$
NAV as at 31 <sup>st</sup> December 2013	205.06		1.35
Movement in property values	13.40	6.53%	0.09
IPO costs in the quarter	(0.42)	(0.20%)	-
Net profit for the period(1)	3.16	1.54%	0.02
<b>NAV as at 31<sup>st</sup> March 2014</b>	<b>221.21</b>	<b>7.87%</b>	<b>1.46</b>

(1) Net profit excluding net revaluation gains and IPO costs

## Income statement summary

The unaudited summary income statement for the quarter ending 31<sup>st</sup> March 2014 is as follows:

	3 months period ended 31 <sup>st</sup> March 2014 US\$ million	12 months period ended 31 <sup>st</sup> December 2013 US\$ million
Property income	8.56	24.42
Property operating expense	(1.69)	(5.75)
	6.87	18.67
Net unrealised revaluation gain	13.40	27.29
<b>Net property income</b>	<b>20.27</b>	<b>45.95</b>
Operating Profit	17.61	38.67
Net finance cost	(1.47)	(3.83)
<b>Profit for the period/year</b>	<b>16.15</b>	<b>34.84</b>