

EQUITATIVA ANNOUNCES EMIRATES REIT'S Q1 2021 RESULTS REFLECTING APPRECIATION IN PORTFOLIO VALUE AND IMPROVING OPERATING MOMENTUM

21 June 2021

NET PROFIT OF USD 35.8 MILLION (AED 131.5 MILLION) IN Q1 2021, VERSUS A NET LOSS OF USD 46.3 MILLION (AED 170.1 MILLION) IN Q1 2020, DRIVEN BY LOWER OPERATING EXPENSES AND REVALUATION GAIN ON INVESTMENT PROPERTIES IN AN IMPROVING REAL ESTATE MARKET

Dubai, UAE – 21 June 2021: Equitativa (Dubai) Limited (“Equitativa”), manager of Emirates REIT (CEIC) PLC (“Emirates REIT” or the “REIT”), today reported Q1 2021 financial results for Emirates REIT.

Compared to FY 2020, the latest quarterly numbers show the impact of the COVID-19 pandemic, and the improvements in Emirates REIT’s portfolio in 2021. The REIT recorded a net profit of USD 35.8 million (AED 131.5 million) in Q1 2021, compared to a net loss of USD 46.3 million (AED 170.1 million) in Q1 2020, primarily due to a positive revaluation of investment properties and lower operating expenses. Net property income in Q1 decreased 11.9% year-on-year to USD 11.7 million (AED 43.0 million) but increased 2.6% compared to Q4 2020. EBITDA decreased 9.1% year-on-year in Q1, but was 6.4% higher compared to Q4 2020.

With signs of a recovery in Dubai property prices starting to take hold, as well as improving financial and operating momentum across the business in 2021, Emirates REIT maintained its strong focus on increasing leasing and reducing costs during the first quarter of the year with property operating costs and fund expenses declining by 9.8% and 10.9% respectively, compared to Q1 2020.

Following the independent third-party valuation, the fair value of investment properties, as at 31 March 2021, amounted to USD 728.1 million (AED 2,674 million), up 5.5% from USD 690.3 million (AED 2,535 million) at FY2020, resulting in a unrealized gain of USD 36.1 million (AED 132.6 million). NAV per share jumped by 16% over FY2020 levels, to USD 0.86 per share, from USD 0.74 per share. The weighted average lease term on a quarter-on-quarter basis remained stable at 9.2 years, up from 8.4 years for the same period in 2020.

Commenting on Emirates REIT’s Q1 2021 performance, Sylvain Vieujot, Executive Deputy Chairman of Equitativa said:

“While 2020 proved to be one of the most demanding periods for commercial real estate globally due to the COVID-19 pandemic, Emirates REIT has continued to navigate these challenging market conditions and started 2021 with improving operating and financial momentum. From the end of 2020 we have seen renewed growth in net property income and EBITDA whilst also maintaining a 69% occupancy rate across the REIT’s portfolio. The fair value of our investment properties also increased 5.5% from December 2020 levels, reflecting the improving commercial real estate market in the UAE. This rebound in market sentiment was reflected in the recent sale of half of a shell and core office floor in Index Tower at a rate of AED 3,350 per sq ft that will be accounted for in Q2.

As the UAE’s property market recovery continues in 2021, our focus remains on driving operating efficiency and evaluating restructuring measures across the business to ensure Emirates REIT is well positioned to deliver long-term capital appreciation and value for all its investors and stakeholders.”

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ABOUT EMIRATES REIT: Emirates REIT, (Nasdaq Dubai: REIT; ISIN: AEDFXA1XE5D7), 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.

ABOUT EQUITATIVA GROUP: 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 one of the largest REIT manager in the Gulf Cooperation Council (GCC) countries and one of the biggest REIT Managers 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.

