

EMIRATES REIT SEES STRONG RENTAL GROWTH IN FY 2016

Dubai - 27 February 2017: Emirates REIT (CEIC) Limited (“Emirates REIT” or the “REIT”), the UAE’s first regulated Shari’a compliant Real Estate Investment Trust listed on Nasdaq Dubai, managed by Equitativa (Dubai) Limited (“Equitativa Dubai”), today reported its audited financial results for the year ending 31 December 2016.

HIGHLIGHTS

- ◆ 10.2% total return
- ◆ 22.8% increase in rental income
- ◆ 5% average increase of existing lease rates
- ◆ 38% growth in Fund From Operations
- ◆ Further revaluation gains, but rate of growth slowing as portfolio matures
- ◆ Increase in portfolio value and net asset value
- ◆ Strong operational achievements
- ◆ Continue to evaluate acquisition opportunities

STRONG RENTAL GROWTH AND CASH FLOW CONVERSION

Emirates REIT saw rental income in Q42016 increase 25% to USD 13.0 million (Q42015: USD 10.4 million). Overall, for the year ended 31 December 2016 rental income increased 22.8% to USD 45.3 million (FY2015: USD 36.9 million). Total property income for the year increased 22.2% to USD 50.7 million (FY2015: USD 41.5 million).

The increase in rental income was principally attributable to increased leasing at Index Tower, and the rent of the new British Columbia Canadian School. At the year-end, total occupancy across the portfolio reached 81% and the weighted average lease expiry of the total portfolio was stable at 8.5 years.

The strong underlying performance over 2016 saw FFO (funds from operations), or cash profit, increase to USD 11.3 million (a year-on-year increase of 37.6%).

FURTHER REVALUATION GAINS AT A SLOWER GROWTH RATE

Revaluation gains over 2016 were USD 36.5 million (FY2015: USD 53.3 million) and reflect an increase in contracted cash flow. They include post completion gains on Jebel Ali School and gains following the leasing of commercial floors at Index Tower.

The slowdown in revaluation gains reflects the maturing of the portfolio over time and the slowdown in the broader commercial real estate sector.

INCREASE IN PORTFOLIO VALUATION AND NET ASSET VALUE

As at 31 December 2016, the total portfolio value was USD 752.7 million, a year-over-year increase of 12% (31.12.15: USD 673.2 million). The net asset value was USD 1.65 per share, or USD 493 million, a 5% increase after the dividend distributions of USD 4 cents in both January and June 2016.

Total return for the full year 2016 was 10.18%.

STRONG OPERATIONAL ACHIEVEMENT DURING 2016

In 2016, Emirates REIT completed the construction of the new Jebel Ali School campus, both on time and within the budget. The property, located in the Akoya development in Dubailand, saw an 18.3% post completion valuation gain of USD 12.8 million.

Following a similar model, the REIT launched another school development with the British Columbia Canadian School. The REIT acquired a leasehold plot in Dubai Investments Park and immediately leased it back to the school. Development started in September and the overall investment is estimated to be AED 88 million (USD 24 million). The estimated IRR on this project is expected to exceed 12%.

During the latter part of 2016, the REIT Manager made progress in negotiating pre-leases on over 50% of the retail podium gross floor area at Index Tower. This includes competitive negotiations with anchor tenants. The remodeling and fit-out of the retail space is expected to start in Q2.

The Asset Management team made good progress driving down building expenditure across the portfolio, through re-negotiations with existing suppliers and energy efficiency programs. This led to an 8% relative cost reduction across the portfolio.

CONTINUE TO EVALUATE ACQUISITION OPPORTUNITIES

The REIT's management team continued to evaluate a large number of properties for acquisition and is getting closer on a number of opportunities. Schools continue to be an area of focus as they continue to offer strong returns in the current market cycle. As at 31 December 2016, the education sector represented 29% of the REIT's portfolio income, providing a strong and stable income stream.

In October, the REIT manager's parent, Equitativa Real Estate Limited, was granted an exclusive Emiri Decree, allowing REITs managed by the Equitativa Group to acquire property in Ras Al Khaimah. This Decree directly benefits Emirates REIT, by enlarging its acquisition pool to Ras Al Khaimah onshore properties.

LEVERAGE

Total debt at the end of 2016 was USD 315 million. The LTV ratio of the REIT stood at 38%, well below the REIT's regulatory maximum LTV of 50%.

Sylvain Vieujot, CEO of Equitativa Dubai, the REIT Manager, commented:

"Emirates REIT continues to offer strong total returns despite the slower market for commercial property. Our FFO has grown by 38% demonstrating a conversion from valuation gains into actual cash flow. The efforts of the team allowed us to take advantage of the challenging environment to reduce operating costs.

Our experience in developing schools has been very successful and we expect the REIT to continue investing in the education sector.”

- Ends -

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ABOUT EMIRATES REIT

Emirates REIT, (NASDAQ Dubai: REIT; ISIN: AEDFXA1XE5D7), the first Shari’a compliant Real Estate Investment Trust listed on NASDAQ Dubai, 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 nine freehold or leasehold properties comprising commercial, retail and education assets. Emirates REIT benefits from an exclusive Ruler's Decree's permitting it to purchase properties in onshore Dubai and Ras Al Khaimah.

THE REIT PORTFOLIO

Emirates REIT invested in education, commercial mix and retail sectors. The portfolio consists of 9 properties:

EDUCATION

GEMS World Academy Dubai is an education facility located in Al Barsha South

Jebel Ali School is an education facility located in Akoya by Damac, Sport City

British Columbia Canadian School is an education facility located in Dubai Investments Park

COMMERCIAL MIX (including offices+retail+terraces+storage)

Building 24 is a low-rise building featuring commercial office and retail space located in Dubai Internet City – a well-established commercial district in Dubai

Loft Offices (Loft 1, Loft 2 and Loft 3) are a cluster of three low-rise commercial buildings located in Dubai Media City.

Office Park is a commercial building located in Knowledge Village within Dubai Internet City.

Indigo 7 is a low-rise building located on Sheikh Zayed Road.

Index Tower is a mixed-use property located in the DIFC. The REIT's assets in Index Tower consists of the entire retail area located over ground, podium and sky lobby levels, 17 floors of office space and 1426 car parks.

RETAIL

Le Grande Mall in Dubai Marina, consisting of 22 individual retail and F&B outlets