

ENBD REIT Announces Full Year Results for 31st March 2020

- Net Asset Value as at 31st March is USD 230 million or USD 0.92 per share
- Total property portfolio value stands at USD 410 million
- Portfolio occupancy of 82% is robust, despite difficult market conditions
- Management have rolled out a fee reduction of 20 bps until 31st December 2020, equivalent to a 13% total reduction in fees
- Board and committees have agreed to a 13% discount on remuneration for the same period
- Proposed final dividend of USD 5,100,000 or USD 0.0204 per share, generated from the portfolio's net rental income

Dubai, United Arab Emirates, 9th June 2020: [ENBD REIT](#) (CEIC) PLC ("ENBD REIT" or the "Fund"), the Shari'a compliant real estate investment trust managed by Emirates NBD Asset Management Limited, has announced its financial results for the year ended 31st March 2020, prepared in accordance with International Financial Reporting Standards ("IFRS") and audited by Deloitte. As at 31st March 2020, ENBD REIT's Net Asset Value ("NAV") was USD 230 million or USD 0.92 per share (decreasing by 10.7% on the previous year), and the total value of its property portfolio was USD 410 million (decreasing by 8.9% on the previous year). ENBD REIT's Loan-to-Value ("LTV") ratio stood at 44.2%.

Downward pressure on valuations was driven by prevailing soft real estate market conditions, that were compounded by the impact of the Covid-19 pandemic, which had a negative valuation effect of approximately USD 19.1 million in the last quarter of the financial year ending 31st March 2020. Income and occupancy in the portfolio remain relatively healthy, with management providing a range of solutions to support tenants in genuine financial distress. Meanwhile, in an effort to add value to shareholders, the fund manager has proposed a fee reduction of 20 bps, which equates to a 13% reduction in total management fees (capped at 25% on previous year's fee), for 6 months effective until 31st December 2020. ENBD REIT's Board and committees have also approved a 13% discount on remuneration for the same period.

The REIT's Board of Directors proposed a final dividend of USD 5,100,000 or USD 0.0204 per share – equivalent to 2.22% of NAV and 5.73% of the share price – subject to shareholder approval at the Annual General Meeting ("AGM"). The final dividend increased slightly on the interim dividend of USD 0.0196 per share for the 6-month period ending 30th September 2019, paid to shareholders in December 2019. The improvement is due to the benefits of the refinancing of ENBD REIT's debt facilities in 2018-2019, which came through during the reporting period, to the advantage of shareholders.

The total dividend payable to shareholders for the year ended 31st March 2020 is USD 10,000,000 – equivalent to 4.35% of the cum-dividend NAV and 11.2% of the share price. Following the AGM and subject to shareholders' approvals, the shares will trade ex-dividend on 8th July 2020, with the record date set as 9th July 2020 and the payment date on 28th July 2020. While the dividend for FY 2019-20 remains off target, and the improved dividend yield is a result of a discount to NAV on the share price, management remains committed to managing the portfolio efficiently and to delivering on a range of cost saving initiatives. ENBD REIT intends to continue paying dividends on a semi-annual basis.

Anthony Taylor, Head of Real Estate at Emirates NBD Asset Management, said:

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“This was a challenging year, made more challenging by the Covid-19 pandemic that struck the market in March. We have therefore seen material pressure on valuations but have acted quickly and decisively to manage costs while adding value to both our tenants and our shareholders, wherever possible. We have, consequently, taken advantage of a lower interest rate environment to bring down our current and future cost of debt, and have rolled out initiatives across our portfolio that will safeguard occupancy and rental income while pressure remains on valuations and yields.”

In April 2020, ENBD REIT announced its short- and medium-term strategic priorities, which are to maintain an agile portfolio strategy to navigate choppy market conditions, take advantage of a lower interest rate environment to bring down the cost of funding, pivot the portfolio towards longer-term leases in the ‘alternative’ asset class, and take an opportunistic approach to potential disposals and any future acquisitions.

Steve Corrin, Senior Executive Officer at Emirates NBD Asset Management added:

“In spite of difficult circumstances, ENBD REIT has maintained its commitment to shareholders by paying an annualised dividend that we consider to be reasonable in light of market conditions, despite remaining off our target levels. We believe that further value has been created by the decision to reduce the REIT’s management fees, as well as fees paid to the Board of Directors, Shari’a Advisory Board members, and Investment and Oversight Committee members until the end of the calendar year. We would like to thank all Board and committee members for their unanimous support and willingness to participate in this cost saving exercise.

In the course of the year, the REIT has responded directly to shareholder concerns and recommendations, and we are proud of the level of transparency demonstrated to the market. ENBD REIT’s financial information pack has been in circulation for a full financial year, providing shareholders and the market with detailed information across the portfolio, as well as at fund level. The recent adoption of the Yardi property management system, across the portfolio, further enhances the team’s commitment to transparency and best practice reporting standards.”

In response to the economic repercussions of the Covid-19 pandemic, ENBD REIT is in the process of rolling out a series of flexible solutions for occupants throughout its portfolio. By giving tenants the opportunity to renegotiate or postpone payments to a later date, management expects to sustain and encourage longer lease agreements in the medium- to long-term. Where occupancy at certain assets has declined – for example, Al Thuraya Tower in Dubai Media City – the portfolio management team is seeking to make material upgrades that will increase the attractiveness of the property while causing minimal disruption to existing tenants.

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ABOUT ENBD REIT

ENBD REIT (CEIC) PLC (“ENBD REIT”) is a Shari’a compliant real estate investment trust managed by Emirates NBD Asset Management Limited (the “Fund Manager”), listed on Nasdaq Dubai under ticker ENBDREIT. ENBD REIT is a closed-ended investment company that was incorporated by the Fund Manager to invest in a diversified Portfolio of Shari’a-compliant real estate assets in the UAE. ENBD REIT has an unlimited duration and was established in the DIFC by the Fund Manager on 18 July 2016 under the Companies Law with the name “Emirates Real Estate Fund Limited” and with registration number 2209. The Fund subsequently changed its name to “ENBD REIT (CEIC) Limited” and later ENBD REIT (CEIC) PLC in line with the new DIFC Companies Law. ENBD REIT is categorised under DFSA law and regulations as a Public Fund, a Domestic Fund, an Islamic Fund, a Property Fund and a Real Estate Investment Trust (REIT). ENBD REIT has been established with the main investment objective of generating income returns and capital appreciation from real estate assets. ENBD REIT plans to achieve its objectives through the following strategies: (i) prudent acquisitions with a focus on achieving diversification; and (ii) active asset management and enhancement. For more information, visit: www.enbdreit.com

PORTFOLIO

Office:

Al Thuraya 1 (Dubai Media City)

A G+29-story high rise commercial tower, located at a prime location in Dubai Media City with views over Barsha Heights and Palm Jumeriah.

Burj Daman (DIFC)

Two and a half floors (the fund fully owns the 10th and 14th floors and half of the 15th floor) in the commercial portion of the tower in the DIFC.

DHCC 49 (Dubai Healthcare City)

G+5-story commercial complex located in the Dubai Healthcare City free zone.

DHCC 25 (Dubai Healthcare City)

G+6-story commercial tower located in the Dubai Healthcare City free zone

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The Edge Building (Dubai Internet City)

A G+6-story fully leased, prime grade A office building recently constructed and located in the Dubai Internet City free zone. Oracle is the largest tenant occupying 85% of the office space.

Residential:

Arabian Oryx House (Barsha Heights)

A residential tower with 128 units in the free zone Barsha Heights, Dubai. Mainly comprises units of one, two and four-bed apartments.

Binghatti Terraces (Dubai Silicon Oasis)

A residential tower with 201 residential and 5 retail units in Dubai Silicon Oasis, constructed by developers with an established track record.

Remraam Residential (Dubailand)

Two residential towers offering 105 units in mainly 1 & 2-bedroom apartments

Alternative:

Uninest Dubailand (Dubailand)

A 424-bed student accommodation property located close to Dubai Academic City, serving students attending university across the city. 100% leased to global student accommodation provider, GSA.

South View School (Remraam)

A 132,000 sq. ft. British curriculum primary and secondary school operated by Interstar Education.

Souq Extra Retail Centre Phase 1 (Dubai Silicon Oasis)

Community centre in Dubai Silicon Oasis with over 36,000 ft² of gross leasable area, comprising 25 retail units fully let to blue-chip tenants.

HIGHLIGHTS**

Property portfolio value	USD 410 million
NAV	USD 230 million (USD 0.92 per share)
LTV (on GAV)	44%
Occupancy	82%
WAULT (years)	3.24
No. of properties	11
Sectors	Office 65%
	Residential 16%
	Alternative 19%

**All figures are as at 31st March 2020