**Welcome (Anthony Taylor) – Slide 2**
Good afternoon everyone, and welcome to our analyst call for the interim period ended 30th September 2020.

**Presenting team (Anthony Taylor) – Slide 3**
My name is Anthony Taylor, and I am the Head of Real Estate, and I am joined by Asif Siddique, ENBD REIT’s CFO.

**Snapshot (Anthony Taylor) – Slide 4**
We are starting on slide 4 where we highlight some of ENBD REIT’s key metrics as at 30th September 2020. As you can see, the property portfolio has a diverse holding of 11 properties across office, residential and alternative sectors with 66% office, 16% residential, and 16% alternative. The portfolio value stands at USD 377 million, decreasing from USD 410 million at the end of March 2020, due mainly to adjustments in valuation assumptions by the valuers brought about by the negative impact to businesses following the Covid-19 pandemic, in what was already a soft real estate market environment.
Occupancy in the portfolio remains steady at 76%, with some leasing success in our DHCC assets and some challenges in our residential buildings, Binghetti Terraces and Arabian Oryx House in particular.
The loan to value ratio now stands at 50% as valuations fall, due mainly to the fall in valuations as well as a draw down on an available facility earmarked for capital improvements across the portfolio which was expiring in June 2020. WAULT has improved and now stands at 4.05 years, following the 5-year renewal with Oracle at The Edge building as well as and other office tenants securing longer leases at favourable terms in the current market environment. ENBD REIT’s NAV now stands at USD 198 million or USD 0.79 per share, decreasing from USD 230 million during the 6-month period ended 31st March
2020. The NAV is also down from the previous quarter when it was USD 215 million, which we again consider reflective of challenging market conditions.

**Payments to shareholders (Anthony Taylor) – Slide 5**

Slide 5 provides a brief reminder of dividend payments made to shareholders. For this 6-month period, the Board of Directors have approved an interim dividend of 1.94 cents per share, which has been generated from the net rental income, and is only 3% down from the average dividend paid last year. This approved interim dividend of USD 4.85 million represents 80% of recurring FFO. This is 20% less than in most previous periods, to accommodate a small cash reserve for navigating adverse market conditions as well as capital projects planned across the portfolio with the aim of improving occupancy and rental income in the future. This interim dividend equates to an annualized distribution of 4.9% on NAV and 12.5% on the prevailing share price at 30th September.

Please note, this interim dividend is subject to completion of the share capital reduction which has been successfully executed in the DIFC Courts and currently being effected by the DIFC Registrar of Companies. Management will make further announcements in relation to the record date, ex-div date, and payment date once this process is finalised.

**Covid-19 impact (Anthony Taylor) – Slide 6**

On slide 6 we have provided information on the impact of Covid-19 pandemic, and our response to it. We have made a concerted effort to keep the market updated on the impact of the pandemic in relation to our portfolio, and our efforts to work with tenants and service providers during the crisis. To date, 81 tenants out of a total of 459 in the portfolio have contacted us for assistance, and where possible we have been able to offer USD 2.57m in rent relief and deferred rental payments. The impact of the pandemic on cashflows today is in the region of 7-10%, and while we see market conditions related to Covid-19 improving, we are mindful that we might still incur further requests before this pandemic is behind us. The reason for the range rather than an exact number is that negotiations with a few large tenants remain ongoing.

Our position remains that while we genuinely sympathize with all our tenants and want to support those who find themselves in difficult and uncertain times, assisting them is a commercial decision, as we recognize that supporting them through this period is the fastest way to generate revenue from
units, as opposed to letting tenants fail and vacate. To date our largest single tenant exposure is the non-payment of rent at our Uninest student accommodation in Dubailand, which remains under negotiation. I’ll now hand over to Asif to discuss our capital structure.

**Capital structure (Asif Siddique) – Slide 7**
Thanks Anthony, we are now on slide 7. The REIT’s Loan to Value ratio has increased to 50%, as a result of valuation write-downs in the property portfolio and the drawdown of USD 13.6 million from available facilities during the 6-month period in anticipation of capital upgrades to assets and the potential need for further rent relief to tenants.

The REIT remains fully in compliance with all its debt covenants, however, having received the final valuation from the independent third party valuers as at 30th September 2020, management determined in October that there could be a potential non-compliance with the FTV covenant of Standard Chartered, and cured this potential non-compliance with a prepayment of USD 600,000 to Standard Chartered to maintain its compliance with the covenants. This payment was made from the REIT’s cash balance of USD 22 million, with sufficient cover available to cure further such events should they occur. I’ll now hand back to Anthony, to discuss the portfolio.

**Portfolio occupancy (Anthony Taylor) – Slide 9**
Thanks Asif. Moving onto slide 9, you can see that occupancy remains stable but still under pressure. While the blended occupancy rate for the portfolio has remained stable at 76%, there has been movement within the portfolio in particular lower occupancy in our residential assets—Binghatti Terraces and Arabian Oryx House—, which has been offset by positive leasing in the office portfolio including Dubai Healthcare City 25 and Dubai Healthcare City 49. Our biggest challenge today is remains the fall in occupancy Al Thuraya Tower in Dubai Media City, which now stands at 43%, and management has put in place a turn around plan for the building which we will discuss in more detail in the following slides. Tenants in the alternative space have also seen their businesses impacted by the Covid-19 pandemic, and these tenants have come forward with rent relief requests or are currently in discussions with management regarding nonpayment of rents.

**Portfolio valuations (Anthony Taylor) – Slide 10-11**
As shown on slides 10-11, where we have provided information on valuations since inception of ENBD REIT in March 2017. Total portfolio valuation is down 3.9% in the quarter. This is due to a number of
factors including; 1) a write down in the Uninest student accommodation building in light of their nonpayment of rental 2) further adjustments in assumptions of the office portfolio and 3) the residential portfolio being impacted by lower rental rates and increasing vacancies.

Asset snapshot: office (Anthony Taylor) – Slide 12
As we move onto slide 12 it is important to note that not everything is negative, and I would like to focus on some of the positives in the next few slides, as we look at our assets in more detail. Starting with offices, we have actually had some positive developments in leasing at The Edge and Burj Daman, with the extension of our lease agreement with Oracle and the subdivision and fitout work at Burj Daman nearing completion in response to demand for smaller office spaces. As you can see, despite its low occupancy, Al Thuraya remains our biggest asset by value, and we are pleased to announce that the Board has approved a major refurbishment of the building, with the intention of transforming this asset into a destination of choice for new potential tenants.

Asset snapshot: Al Thuraya 1 refurbishment (Anthony Taylor) – Slide 13
On slide 13, I would like to discuss the proposed refurbishment to Al Thuraya in more detail. Earlier in the year we announced we had engaged consultants Savills as project manager and cost consultants, Bluehaus as interior designers and RBA as vertical lift consultants to refurbish Al Thuraya 1. We are pleased to announce that the project design has now been completed and the ENBD REIT Board has approved a capital expenditure budget of up to AED 20 million to facilitate these works.

The images you see on this slide capture the intent of the refurbishment which aims to bring this asset up to standard that competes for tenants with newer buildings in the wider Media City/Internet City Freezone. As this building is 15 years old, it is need of such upgrades and while limitations exist in terms of the structure of the building to provide prime office space, a number of smart, cost efficient initiatives have been identified to attract new tenants.

It is common knowledge that this building has historically had a lift issue with long wait times and queues forming during the morning rush in the ground floor lobby. There are limitations in terms of adding additional lift shafts, so to address this, the design team has come up with a solution that increases the efficiency of the lift equipment, adopts a destination control, incorporates the service lift into this system during peak hours and upgrades to the fire escapes which are used by most tenants to move from parking their cars to the ground floor lobby. All these solutions combined will result in the lift experience and wait-times at Al Thuraya to improve to acceptable levels. The 4 chillers will be
replaced to improve the cooling to the building and cost efficiencies would result in significant savings in operating costs in the future.

The ground floor lobby and external area are to be redesigned (image on the top right of slide 13 illustrates this new design), and all common area lift lobbies and toilets (24 levels in total) will be upgraded (as shown in the bottom two images on the left). Disabled toilets, previously lacking in the building will be incorporated on every 5th floor to meet most large corporate tenants’ minimum requirements.

These works mentioned above will improve the appearance and functionality of the building, however, to offer something unique to the building we have also identified the repurposing of the 1st office floor on the podium level above the carparking (highlighted in light blue on the middle image on slide 13). Here we intend to full landscape the external area with trees and outdoor seating areas (two images on the bottom right) as well as covered external meeting pods (as shown in the image on the far bottom right). The 8,000 sq ft of offices on this level will be converted into common service facilities for the benefit of all office tenants in the building as well as the general public. These will include shared board room and meeting room facilities, a fitness concept with showers and locker rooms, and other services which have been requested by the current tenants as part of survey conducted by the building management this year. The intention of this 1st floor/podium level is not to monetize rental income initially but rather attract new tenants to the building in the short-term by offering these unique facilities and once occupancies in building have stabilized, to generate additional revenue.

Finally the building will also be WELL Health certified which aims to offer tenants more comfort in terms of operations and sanitization in light of the ongoing Covid-19 pandemic.

The total budget for this these upgrades is AED 20m (which is 7% of the current market value of the asset). Management’s view is that post completion of these works, and after successful leasing of the building back to a 70-80% occupancy, the valuation should improve by more than this capital amount spent. Further, the additional rental income generated over the next few years should pay back the project cost in full.

On this income point we would also like to extend our thanks to TECOM, Dubai Media City and Dubai Development Authority for their support and assistance with a new leasing framework which should result in attracting new tenants to the building post-completion of these refurbishment works. The project is expected to complete in Q3 2021. As a final point, please note all these proposed works
remain subject to Dubai Municipality and Civil Defense approvals and may change following feedback from these authorities.

**Asset snapshot: residential (Anthony Taylor) – Slide 14**

Moving on to the residential portfolio on slide 14, we continue to work with tenants who have unfortunately lost their employment and are unable to pay rent. If a tenant can prove their unemployment status and is willing to look for work (and demonstrate they are doing so), we will accommodate them for a short time under our rent relief programme. We have also reassessed rental rates to attract new tenants and address the falling occupancy rates in Binghatti Terraces and Arabian Oryx House.

**Asset snapshot: alternative (Anthony Taylor) – Slide 15**

For the alternative portfolio, we already touched on a few points so I won’t go into great detail. Schools, universities and retail centres have all been affected by the pandemic, and this has put these businesses under pressure when it comes to operations and cash flows. The Uninest valuation has fallen significantly in the last quarter due to non-payment of rent, while the Souq Extra community retail in Dubai Silicon Oasis has been holding well in current conditions.

We are happy to address any questions in relation to the market and portfolio during the Q&A session at the end of this call. And with that I’ll hand over to Asif to take you through a summary of the financials.

**Financial summary (Asif Siddique) – Slide 17**

Thanks Anthony. On slide 17, we look at the key themes in our financial performance that have emerged during the period. In summary, these include:

- Net rental income or FFO is up 41% from the same period last year, however half of this increase is due to a change in how our new property management system, Yardi, treats the receipting and netting of accruals during a lease period. As this is a one-off accounting adjustment, it should not be considered as recurring revenue for future periods.
- Gross income is down 4% from last year, a result of lower occupancy at Al Thuraya Tower and lower rental rates in residential buildings.
- USD 33m of unrealised valuation losses were also recorded during the 6-month period – which has put the financials under significant pressure and has eroded our distributable...
reserve which led to a further share capital reduction being initiated by management at the AGM in July 2020

• On the positive side, our finance costs have reduced substantially by 30% from the same period last year, thanks to the refinancing at a lower profit margins, as well as management’s decision to keep the rates floating during this interest rate cycle

Financial performance (Asif Siddique) – Slide 18
Moving on to financial performance on slide 18, you will see that gross income is lower by USD 795k, for the reasons mentioned previously, but we are pleased that rental income is still healthy and the majority of tenants are still paying their rents. Expenses have decreased by USD 2.8 million across all three categories, operating expenses, fund expenses and finance costs. The main driver as mentioned before is the reduced finance costs, but management has also been focused on cost saving initiatives throughout the portfolio and at a fund level.

Funds From Operations for the 6-month interim period stood at USD 7 million, increasing by USD 1.05 million (17.6%) as compared to the 6-month period ended 31st March 2020. The increase included an accounting adjustment of USD 968,248 for adjusted accruals in the REIT’s new property management system, Yardi which we’ve touched on earlier. As the accounting adjustment is a one-off, non-recurring event it has therefore not been considered as part of the recurring net rental income or FFO available for distribution in this period.

Breakdown of total expenses (Asif Siddique) – Slide 18
On the final slide before we move onto the Q&A, which is slide 18, we have provided a detailed breakdown of the REIT’s total expenses. Our operating expenses on the buildings have decreased by 11%, mainly due to renegotiation of our contracts with service providers. But please keep in mind some of these expenses are directly attributable to occupancy which has also been lower in this period.

Fund expenses are down by 19%, because of management’s decision to reduce their fund management fee and all Boards and Committees cooperation to do the same. We’ve already touched on the finance cost which has provided the REIT with a significant improvement to its net rental income.

Lastly, a comment on provisions. As the Covid-19 pandemic is not yet over, we are still assessing it’s total impact on the REIT, however, at this time, we can comfortably say that our default ratios are manageable and the portfolio appears to be in a good shape with a healthy cash position of USD 22
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million to withstand this period of uncertainty. With that, I will hand over to Anthony to wrap up the presentation.

Closing remarks (Anthony Taylor)

Thanks Asif. This concludes the presentation, and we will now open the floor to a Q&A, hosted by Arqaam Capital.