Welcome (Anthony) – Slide 2
Good afternoon everyone, and thank you for joining our NAV call for the quarter ended 31st December 2021. We hope that you have all been keeping well.

Presenting team (Anthony) – Slide 3
I’m Anthony Taylor, Head of Real Estate, and with me is Asif Siddique, our CFO. I’d also like to welcome Melanie Fernandes to the presenting team. Melanie is the Senior Portfolio Manager, and she is responsible for the active day to day management of the portfolio.

Our thanks to Arqaam Capital for once again hosting our these calls. Please note a copy of the presentation we will be discussing today is available on our Investor Relations webpage; Results and Reports; Quarterly Investor Presentations. We also produce a more detailed summary of the portfolio and financial summary in our Quarterly Financial Information Pack available in the same location on our webpage.

Snapshot (Anthony) – Slide 4
On slide 4 of the Investor Presentation, we can see some of the key figures as at 31st December 2021. After a challenging couple of years in the real estate market, we are pleased to confirm that we have started to see some early signs of stabilisation on valuations, with our property portfolio value now at USD 357 million, a 3% increase compared to the previous quarter. The increase was mainly due to a revised valuation methodology across the portfolio in line with regulations, which if removed results in a nominal movement of -0.2% during the quarter. Further details of this change will be discussed on slide 10.

Our occupancy levels remain healthy at 77% compared to 76% for the previous quarter, which are still below historical pre-covid levels. The stabilisation in occupancy is predominantly due to an increased number of rentals in the residential sector, which is starting to benefit from an uptick in demand from tenants. Occupancy rates across our office portfolio remain lower than normal due to the ongoing refurbishments at Al Thuraya 1 (the current occupancy for this asset is at 36%), however the upgrades are expected to be completed in the next couple of weeks and should positively impact overall portfolio occupancy rates going forward.

Moving on to the alternative sector, our education and retail assets are at 100% occupancy. At the end of last year we successfully finalised the revised lease terms with Uninest, and rental payments from the new lease commencement date in September 2021 have been settled, providing us with positive cash flow going forward, albeit at lower rental rates than the previous lease. Overall, the Weighted Average Unexpired Lease Term (“WAULT”) has risen to 4.3 years from an already favourable 4.17 at the end of the last quarter, further pointing to increased revenue security across the portfolio.
Loan To Value (LTV) remains at 54%. Last December we announced the refinancing of our entire debt with a syndicated facility worth $200 million through Emirates NBD and Commercial Bank of Dubai on favourable commercial terms. This new facility is expected to positively impact our business by significantly reducing financing costs in the future.

Our diverse portfolio remains unchanged with 11 properties across the office, residential, and alternative sectors, and like the previous quarter, our holdings comprise 69% office, 14% residential, and 17% alternative. We continue to monitor the market and remain focused on effective cost management as we continue to streamline our operations.

Our NAV for this quarter stands at USD 168 million, compared to USD 164 million in September 2021 and USD 184 million in December 2020, indicating early signs of value stabilisation while maintaining positive cashflows during the period.

Payments to shareholders (Anthony) – Slide 5

On this slide you’ll see an overview of dividend payments made to our shareholders since listing in 2017. Despite market headwinds, ENBD REIT has generated positive cash flow and made consistent dividend payments to shareholders. Our interim dividend for the period ending 30 September 2021, which was announced in our previous call, was USD 4.5 million or 1.80c per share, and was paid on 28 December 2021. This interim dividend equates to an annualized 5.5% return on NAV and 8.2% on the prevailing share price.

Our management team and Board of Directors remain committed to maintaining distributions to shareholders from the net rental income/FFO, while ensuring to maintain a sound and sustainable liquidity position. Due to several significant events in the quarter, our FFO for the period is in fact negative, and we will elaborate on the reasons for this later in the presentation. We remain focused on continuing consistent dividends from the cash generated in the business, despite these one-off events which are expected to benefit the REIT going forward.

I’ll now hand over to Asif to go through our capital structure in more detail.

Capital structure (Asif) – Slide 6

Thank you, Anthony. As mentioned, we have significantly improved our cost of finance by refinancing a USD 200 million sharia-compliant facility with Emirates NBD and Commercial Bank of Dubai. The new 5-year facility replaces our drawn debt of USD 45 million with Standard Chartered Bank and USD 150 million with Mashreq Bank. The profit only terms in this new facility are more favourable, and include a cross currency swap to improve overall pricing. Despite having incurred a one-off expense this quarter to unwind our Mashreq Bank facility, including settlement of our hedge and expensing the balance of the arrangement fee, the improved profit margin is likely to result in over USD 7 million of savings on our financing costs over the 5-year term of the facility. We will elaborate on this further in the upcoming slides.

Back to Anthony who’ll provide more details about our property portfolio.

Portfolio characteristics (Anthony) – Slide 8

Thanks Asif. Moving onto slide 8, we continue to maintain a robust and diverse portfolio of assets, and allocation remains stable. Our occupancy rate stands at 77% as at 31 December 2021, up from 76% in
the previous quarter. In the office sector, our primary challenge in terms of occupancy remains Al Thuraya Tower 1 in Dubai Media City, but as mentioned before, this is undergoing extensive upgrades that are expected to be completed in the current quarter. The refurbishments aim to significantly improve the assets marketability, as well as drive rental inquiries and future leasing opportunities from tenants.

Due to improving market conditions, our assets in the residential sector are witnessing an uptick in rentals and overall leasing performance, with Arabian Oryx House and Binghatti Terraces nearing full occupancy.

**ENBD REIT’s valuations stabilizing post pandemic (Anthony) – Slide 9**

The chart on slide 9 shows how valuations within our portfolio have begun to show signs of early stabilisation, in line with improved local market conditions in the post-pandemic landscape. In the following slides we will cover asset-level valuation trends, but before proceeding to that we would like to discuss the adjustments that took place in the valuation approach of our portfolio on slide 10.

**Adjustment in valuation approach (Anthony) – Slide 10**

The new valuation methodology for our portfolio concerns the exclusion of charges and transactions costs from valuations in line with current regulations and guidance from accounting and valuation standards extracts of which have been highlighted on the right-hand side of this slide.

The movement from net valuation in September 2021 to gross valuation in December 2021 resulted in the portfolio being up 3% at USD 356.6 million. Without the movement from net to gross, the like for like change in valuation for the quarter was down 0.2% or approximately USD 500,000, signalling that we are reaching stabilisation after a prolonged period of much larger negative valuation movements.

**ENBD REIT’s office and alternative portfolios impacted (Anthony) – Slide 11**

On slide 11, we present a more granular analysis of our portfolio valuations since listing in 2017. In the office segment, valuations have been slightly down as we continue to juggle improving occupancy, often having to accommodate lower rental rates in order to do so which negatively impacts valuations. We are cautiously optimistic that this negative trend will continue to slow, especially after the significant upgrades we have done to the office portfolio over the last 18 months.

Similarly, all three of our residential properties have shown noticeable value stabilisation in the quarter and appear to have successfully halted their previous downward trend as occupancies improve without having to compromise rental rates.

In the alternative sector, we believe the challenges we have experienced with Uninest involving non-payment of rent are behind us, as the valuation for this improved slightly with the execution of the new lease agreement in the quarter. Our extensive renegotiations of the lease terms provides a combination of lower fixed rent with variable, turnover-based rent over the life of the new 10-year lease, which commenced 1st September 2021.

I would now like to hand over to Melanie to take you through the asset management activities across the portfolio during the quarter.

**Asset snapshot (Melanie) – Slide 12, 13 & 14**
Thanks, Anthony. In the next three slides we’ll take a closer look at our assets across the office, residential, and alternative sectors.

Occupancy at The Edge remained strong due to the renewal of a 5-year lease with Oracle last year, as well as some leasing success of vacant space on both the ground floor retail and first floor offices. At Burj Daman occupancy remains at 69%, however we are actively working on increasing the marketing for these units, combined with an improved leasing commission structure designed to attract new high value tenants to the recently completed subdivided units.

At the DHCC 49 and 25 properties, occupancy levels are at 80% and 71% respectively. The recent completion of refurbishments to the ground floor lobbies, which was finalized last summer, has significantly improved the appearance of both buildings and made them more attractive to prospective tenants. We are now in the final stages of the completion of the upliftment to the basement parking at DHCC 25, including resurfacing, painting, and lighting to bring it in line with the new ground floor lobby.

As discussed on previous calls, ENBD REIT’s largest refurbishment project in 2021 was at Al Thuraya Tower 1, and we are pleased to confirm that this project is completed and undergoing final snags. To recap, we have repurposed the first floor and outdoor podium level to include common facilities, such as prayer rooms, meeting rooms, a fitness and yoga studio, shower and locker facilities, and an outdoor seating area, accessible for all tenants in the building. We have also upgraded the ground floor lift lobby as well as all lift lobbies, corridors, and toilet facilities (including for people of determination) throughout the 24 storey building. The addition of new lifts with upgraded systems and destination control improves waiting times significantly, which was a previous deterrent from the building when operating at higher occupancies. Now that the refurbishment has been completed, our focus shifts to marketing the property to new prospective tenants to improve the low occupancy to acceptable levels. Amid the signs of improvement in the residential real estate market, occupancy rates across all our assets in this segment increased this quarter. Occupancy at Binghatti Terraces stands at 95% this quarter, compared to 79% in the previous quarter, whilst Remraam occupancy is at 89%, compared to 57%, and Arabian Oryx also moved up to 97% from 96% during the same period. These movements in occupancy are largely due to improved market demand during the period but also reflect our efforts over the last two years to maintain these assets at a high standard despite falling rental rates.

In terms of the alternative portfolio, we are pleased to report that we have 100% occupancy across all of our three properties, after Souq Extra moved to full occupancy from 96% at the end of the last quarter. The successful resolution of the non-payment of rent in our student accommodation building, Uninest, has been a positive development in the period, however it has resulted in us having to forgo previous years’ rental payments as well as accept lower rental rates going forward. In reaching a resolution on this asset, it has been managements’ view that positive cash flows going forward are more beneficial to the portfolio than higher contractual lease obligations that were not being met.

I’ll now hand over to Asif who will take you through the financials.

Financial summary: 31 December 2021 (Asif) – Slide 16
Thank you, Melanie. To start with, our gross income is down 21% from last year on the back of several lease renewals taking place at lower rates following not only the impact of the pandemic but also softer market conditions that are continuing to linger in the office sector, which currently represents 62% of gross income generation in the portfolio.
Separately, it’s also important to note that income totalling USD 4 million for Yardi, Uninest, and IFRS 16 adjustment in South View School, which was booked in the last financial year 2020-21, has subsequently been reversed in this financial year adding to this negative movement in gross income.

**Financial performance: April-December 2021 (Asif) – Slide 17**

On to the next slide, net rental income / FFO for the year dropped to USD 5.5 million from USD 5.8 million in the last quarter due to two significant events (the refinancing of our entire debt and conclusion of lease negotiations with Uninest) which led to a negative FFO in this period.

The refinancing resulted in expenses of USD 1.4 million in aggregate, including the unwinding of the hedge and expensing of arrangement fee. These one-off expenses were carefully considered prior to proceeding with the refinancing, and we are of the view that the USD 7 million saving over the next 5-years justifies these initial expenses.

As discussed earlier, we have renewed the Uninest lease, and whilst doing that the straight line income from the original lease was partially reversed, with the balance of the previous outstanding rent already being provisioned in previous quarters in line with ENBD REIT’s bad debt policy. With a percentage turnover provision built into the new 10-year lease, as the local student accommodation market recovers, it will have a further positive impact on the FFO from current levels.

Although we have reported USD 8 million valuation gains in this quarter, however our year to date valuation losses now stand at negative USD 8 million. Its important to note that the valuation gains reported in this period are due to the change in methodology (the movement from net to gross valuations) when reporting Fair Value and calculating the NAV, as we explained earlier on in the call.

**Breakdown of total expenses: 31 December 2021 (Asif) – Slide 18**

On slide 18, we provide a detailed breakdown of our total expenses. We are pleased to report that our operating expenses are down 6% from last year due to the active and efficient management of assets, and fund expenses are also down 20% from last year on the back of lower provision booked in this year after the successful conclusion of the Uninest lease agreement, as well as lower management fees being charged off a lower NAV.

As reported earlier, finance costs went up by 4% due to the one-off expenses we touched on earlier. However, if we remove these one-off expenses, our finance costs are down by 19% from last year, at USD 4.9 million from USD 6 million.

I’ll hand back to Anthony for the closing remarks.

**Closing remarks (Anthony)**

Thanks, Asif. To conclude, this has been an active period for ENBD REIT and we continue to take positive measures as we start to see positive signs returning to the overall real estate market: Such initiatives include:

- Refinancing our entire debt on more favourable commercial terms to reduce the cost of financing moving forward
- Concluding the refurbishments at Al Thuraya Tower 1, which are expected enhance marketablitly and occupancy of this asset.
Analyst Call Script

- Concluding the renegotiations of the Uninest lease to remove the uncertainty of rental payments going forward and promote a positive impact on cashflows.

As we continue to efficiently manage our costs and enhance our asset leasibility, we are well positioned to accommodate increases in occupancy levels with rents charged at favourable rates, as the market continues improve.

Thank you for your time today and we will now hand back to our host, Argaam Capital, who will open the floor for questions.