

ENBD REIT: Life After Listing, Six Months On

Julia Ward-Osseiran, Investor Relations Officer at ENBD REIT talks about life after listing, six months after the Shari'a-compliant Real Estate Investment Trust offered its ordinary shares on Nasdaq Dubai.

In September 2016, Emirates NBD Asset Management's 'Emirates Real Estate Fund' team began the process of restructuring the fund from an open- to closed-ended vehicle, and re-domiciling from Jersey to Dubai International Financial Centre. This marked the first step in a preparation process that would culminate in the listing of the UAE's second ever Real Estate Investment Trust, ENBD REIT.

The road to listing on a stock exchange is a long and complex journey – but the work does not stop on listing day. On 23rd March 2017, ENBD REIT's ordinary shares were made available for trading on Nasdaq Dubai. The REIT's management team have since embarked on their own post-listing journey, for which the development of an IR function has been a key component.

Deploying the proceeds

ENBD REIT's listing was an opportunity to restructure the previous fund into a more efficient structure and, at the same time, raise additional capital for further investment. The offer attracted strong interest from GCC-based investors and ENBD REIT successfully raised USD 105 million. Investment in the listing enabled

ENBD REIT to achieve the portfolio growth it sought, and our team have since worked hard to deploy the funds in a series of strategic acquisitions.

A key challenge for ENBD REIT was to ensure that capital was deployed in line with our already successful asset management and acquisition strategy, while at the same time making new shareholders aware of our investment philosophy.

Through a newly established IR function, we made key stakeholders aware of our approach to portfolio diversification and growth, as well the management's strategies for our existing assets. To achieve that aim, we communicated with investors on regular calls, and ultimately at our inaugural AGM. In so doing, it was necessary to strike a balance between reassuring investors of a healthy pipeline of activity without disclosing confidential negotiations before it was time to announce them to the market.

In early October 2017, ENBD REIT announced that it had fully invested the USD 105 million raised at listing. This was a major milestone in our immediate post-listing journey. To date, post-listing acquisitions have included the

Uninest student accommodation facility in Dubailand (our first 'alternative' asset), the under-construction South View School in Dubai's Remraam Community (our first development asset), and The Edge office building in Dubai Internet City.

Our Net Asset Value (NAV) on 30th September 2017 totalled USD 295 million, with property portfolio value now standing at USD 434 million.

Building relationships with the investment community

As our relationships with the investment community began to develop, there were a series of key considerations that had not been applicable in our previous life as an open-ended fund. Investors needed to be confident that they understood ENBD REIT, its structure and, especially, its equity story. One advantage we had was our known association with the Emirates NBD Group, which was important for bolstering both brand awareness and trust in our governance framework.

An important relationship-building activity was the initiation of investor and analyst calls. Since the transaction, and with the support of Arqaam, we have hosted two such calls at the end of a quarter, to coincide with announcement of our quarterly NAV. These were a high priority for ENBD REIT, providing a platform to educate analysts and investors on the progress of the deployment of our capital and the performance of our portfolio. To make these calls a success, we worked extensively on supporting materials including our investor presentation and a set of Q&As, allowing us to clearly articulate core investment messages to these vital audiences.

Another critical investor communication channel is our website. On listing, we established a comprehensive Investor Relations area, which includes a range of downloads and live share-tracking tools. The development of the site was a challenge, as it had to be built from scratch in

a very short timeframe and in compliance with strict regulatory and legal controls. We now have a fully-fledged IR page, and on our main corporate site investors have full access to information about our business and assets, which is regularly updated in line with our reporting calendar. We plan to introduce new features to our investor relations tools soon, which will further improve user experience.

Our first Annual General Meeting (AGM) was another major milestone, and an event that happened much sooner after listing than for most new issuers. A successful AGM was hosted by ENBD REIT in September 2017, at which all resolutions proposed by the Board were approved by shareholders. The AGM planning programme was an important process for the ENBD REIT team, with key learnings on issues surrounding preparation, logistics, and planning responses to potentially contentious resolutions.

The AGM coincided with the release of ENBD REIT's first Annual Report, for the full year ended 31st March 2017, just a week after we came to market. The rapid turnaround of this document so soon after listing was another superb learning opportunity, providing valuable insights on the importance of seamless project management, attention to detail, and the coordination of multiple parties, from graphic designers, to photographers and, of course, the auditor.

Looking ahead, we plan to host a one-on-one analyst briefing at our offices in DIFC, from where we will take analysts on site tours of our flagship properties, providing them with a real-life flavour of our operations and highlighting key asset management activities. This will enable analysts to gain a first-hand and tangible experience of our business, beyond what they glean from our financials and investor presentations.

Clear and concise communications with investors have proved invaluable. Language is a subtle device, and one that must be used with

great care when describing key initiatives or managing the expectations of shareholders. Most importantly, we have remained realistic in the expectations that we have set and the achievements we intend to deliver – to over-promise with excessively ambitious targets at this early stage in our listed life could end up causing long-term reputational damage.

Since transitioning from a fund, we've essentially reframed our thinking to provide a greater level of depth to our metrics and reporting methods, because this is what is required by analysts and sophisticated investors to make informed decisions on a stock. We are now dedicated to reporting consistent performance metrics on a quarterly basis, enabling investor audiences to clearly identify progress and for the market to trust in our transparency.

Maintaining momentum

The principal motivation for raising capital by listing was to fund the acquisition of high quality, income-generating real estate assets. It is therefore of critical importance that ENBD REIT maintains momentum by growing and diversifying its portfolio, thereby delivering the returns that shareholders expect.

A central pillar of the approach taken to achieve this objective was venturing into Dubai's student accommodation market as a high growth potential investment opportunity, in the pursuit of diversified and attractive yields in the 'alternative' real estate space. The acquisition of South View School followed the same rationale. Our diversification strategy will be bolstered by expansion of our holdings across the wider UAE with a focus on Abu Dhabi and the Northern Emirates. By diversifying our holdings, we mitigate risk and exposure to potential volatile markets, safeguarding the interests of our investors.

The day a business comes to market is not the end of its public offering journey, but rather the start of its life as a public company. The IR

function is at the very heart of this process, and there are many valuable lessons to be learned along the way. There will be many more to learn along the way, but we are so far proud of our progress and look forward to delivering on the expectations of our shareholders in pursuit of best practice.

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Julia is Investor Relations Officer for ENBD REIT, having been Senior Manager, Institutional Sales & Sales Support at Emirates NBD Asset Management since 2011. In this role she had responsibility for raising assets under management from Emirates NBD's Corporate and Private Banking divisions, as well as from institutional clients in UAE, Oman, Kuwait, Bahrain and Qatar. Before joining the Emirates NBD Asset Management team, Julia was Vice President, Sales & Distribution at Algebra Capital for four years until their 100% acquisition by Franklin Templeton in 2011. Prior to that she spent four years at Dubai-based SHUAA Capital, where she was Vice President, Sales before becoming Senior Vice President, Head of Institutional Sales, Asset Management. Julia holds a Management Accountancy certificate from the Chartered Institute of Management Accountants (CIMA) and a BA (Hons) in French from the University of Nottingham (UK).

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