



Invest. Protect. Grow.

Acquisition of Warehouses in Dubai Investments Park

An opportunity to invest in a portfolio of income-generating
warehouse units located in Dubai Investments Park

June 2016



Investment Details

- Acquisition of 72 warehouses constructed in 2014 subject to a ground lease granted in October 2014, with a remaining term of 84 years.
- The ground lease is granted by the Dubai Investments Park Development Company LLC (DIPDC) and includes 8 buildings comprising a complex of 72 warehouses with a total built-up area of 595,843 sq.ft. (“Property”).
- The Property is located in Dubai Investments Park (DIP), a self-contained mixed-use industrial, commercial and residential complex, to the east of Jebel Ali Free Zone (JAFZA), a major sea port and business hub.
- The Property will be let to Fujairah National Construction Company LLC (FNC) by way of a triple net lease (“Lease”) between JAFZA Co (lessor) and FNC (lessee). The Lease will run until 22 June 2023 (7 years) and FNC will be responsible for paying the ground lease rent, service charges, insurance and maintenance costs to DIPDC. Warehouses have been sub-let to a diverse group of over 30 tenants, including Bateel, Lifestyle, Al Ain Food and Beverages, K Flex Manufacturing and Stengulf.
- The passing rent on the Lease will be AED 22.24 million per annum (p.a.), increasing to AED 23.63 million p.a. from June 2020.
- The agreed purchase price is AED 278 million, of which 70% will be financed with Shari’a compliant debt for a term of 7 years.
- The expected cash dividend yield for investors is 10% p.a. over an expected investment term up to 7 years.
- The JAFZA Co will have an option to sell the Property to FNC in 2023 for AED 283.2 million.



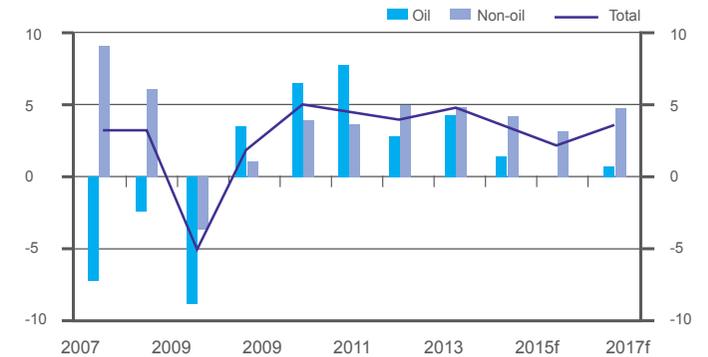
Investment Highlights

UAE Warehouse Market	<ul style="list-style-type: none">• Shortage of quality supply coupled with growing demand for warehouse space• Occupiers migrating from traditional industrial areas (Al Quoz and Ras Al Khor) to new locations such as DIP• Individual 8,000 to 10,000 sq.ft. warehouses in high demand
Location	<ul style="list-style-type: none">• Strategically located in close proximity to JAFZA and the site of Expo 2020• Easy access to two major highways, Sheikh Mohammed Bin Zayed Road and Emirates Road and within 10 minutes of the Maktoum International Airport
Secure Cash Flows	<ul style="list-style-type: none">• FNC is a well established UAE-based conglomerate operating since 1987• Income-producing asset with a direct rental payment obligation from FNC via the Lease, with downstream security over rental payments from ultimate warehouse tenants• The 7-year Lease to FNC grants secured cash flows, with target cash dividend yield of 10% p.a.• Step-in rights will allow the SPV to collect rent from the property manager or the tenants if FNC undergoes an event of default
Exit	<ul style="list-style-type: none">• SPV has a put option to sell the Property to FNC for AED 283.2 million after 7 years, although there are options to exit earlier if better pricing options become available

Market Overview

- According to Knight Frank, the UAE industrial property sector has seen robust growth over the past 12 months, with strong growth in rents largely driven by a limited supply of quality industrial stock.
- Data from the UAE National Bureau of Statistics show that the manufacturing sector accounted for around 9% of GDP in 2013, although the government expects to raise this figure to 20% by 2020.
- On average, the logistics and industrial sector experienced approximately 4% growth in rentals in Q2 and Q3 2015 across the various industrial districts in Dubai.
- The shortage of quality stock is the fundamental reason for the increase in rental values as demand continues to outstrip quality supply. Additionally, with higher cost of land and development costs, asset replacement values tend to be higher than the existing stock.
- Dubai Investments Park (DIP), which registered its highest increase in rental growth (5%) in H1 2015, and Dubai Industrial City (DIC) are witnessing substantial interest from occupiers by offering larger, more secure and higher quality facilities.
- There continues to be a shift from traditional industrial areas (Al Quoz and Ras Al Khor) with occupiers relocating to newer locations such as DIP or DIC which are seeing better infrastructure and connectivity, with better security of tenure (longer leasehold tenures) and services.
- As Al Quoz and more central locations undergo re-development and the cost of land continues to increase, it is anticipated that DIP and DIC will become the new industrial hubs of Dubai.

UAE Real GDP (%y/y)



Source: UAE National Bureau of Statistics, estimates



Active Asset Management

Rasmala will manage the property on an ongoing basis and will report back to investors at least annually with market information on the asset specifically and on market fundamentals in the broader region. In addition, where there are material changes, these will be reported back on an exceptional basis. The annual report will focus on providing information on tenant, lease, rental trends and income paid to investors on this particular asset.

Risk Considerations

Please note the following risks when investing in international real estate:

“**Market Risk**” – where the value of the underlying asset can drop as well as rise;

“**Covenant Risk**” – where the lessee rents the property and fails to meet their commitment to pay on a timely basis, or goes into liquidation thereby defaulting on the lease;

“**Profit Rate Risk**” – the risk that profit rates may rise, which could potentially lead to a drop in asset values.



About Rasmala

Rasmala plc (Rasmala) is a London listed independent investment management group serving Gulf and international investors. We manage over USD1.1 billion in discretionary assets and invest in the United Kingdom, Middle East, Africa and other global markets. Rasmala is one of the largest independent investment managers operating in the Middle East and North Africa (MENA) region.

Rasmala provides a wide range of investment management solutions to pension funds, family groups, corporates and financial institutions.

Rasmala plc is listed in the UK on the Alternative Investment Market of the London Stock Exchange (ticker: RMA) and is authorised and regulated by the Financial Conduct Authority (“FCA”).

Rasmala operates regulated subsidiaries in the UAE, Oman and Egypt.

Real Estate

The Rasmala Real Estate team has considerable regional and international expertise in sourcing, execution and distribution of real estate assets/products. Rasmala’s target focus is on real estate in the UK, UAE Germany and US.

The Real Estate team is part of Rasmala’s Investment Banking department whose senior team members bring international expertise gained with leading institutions including Merrill Lynch, Credit Suisse, Deutsche Bank and Barclays.

The Real Estate team is headed by Naseer Aka who joined Rasmala in March 2015. Naseer has over 20 years’ experience in the financial services industry on transactions worth over USD 2 billion, initially in Europe and for the last 8 years in the Middle East, based in Dubai. Naseer has worked with some of the leading financial institutions in the UK and in the UAE and he has worked on marquee real estate transactions for some of the leading GCC institutions and family offices.



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