


REITs

REAL ESTATE INVESTMENT TRUSTS



Nasdaq Dubai is home to the world's largest publicly listed Sharia'a-Compliant **REIT** both by total assets and by market capitalisation.

Introduction

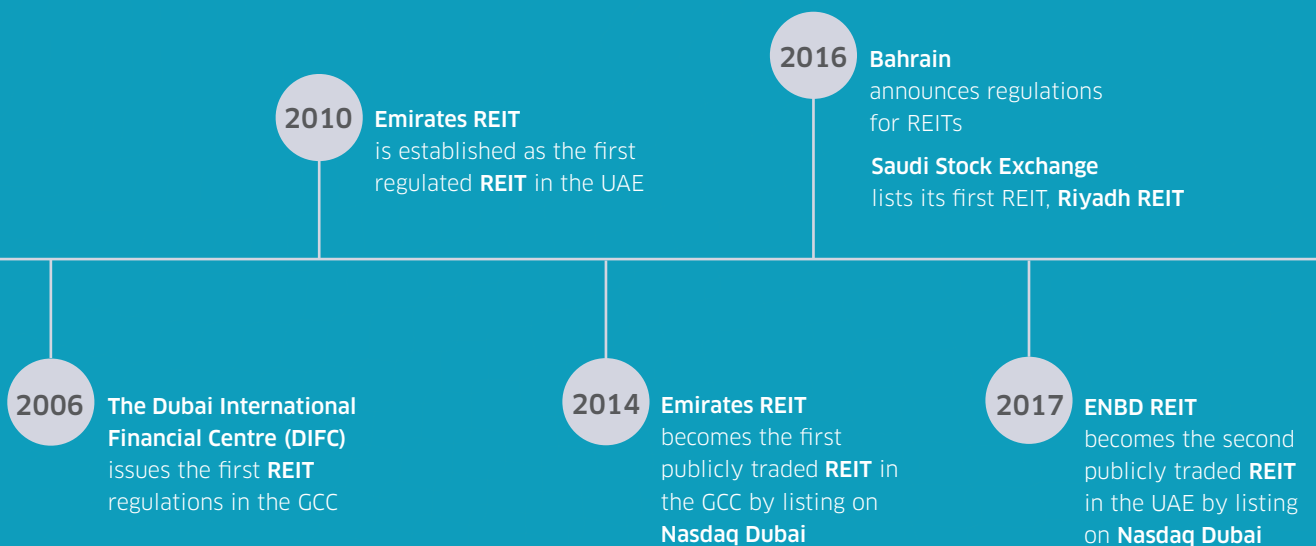
Real estate investment trusts or **REITs** are a rapidly growing asset class in the UAE and GCC, enabling issuers and investors to benefit from the region's vibrant property sector.

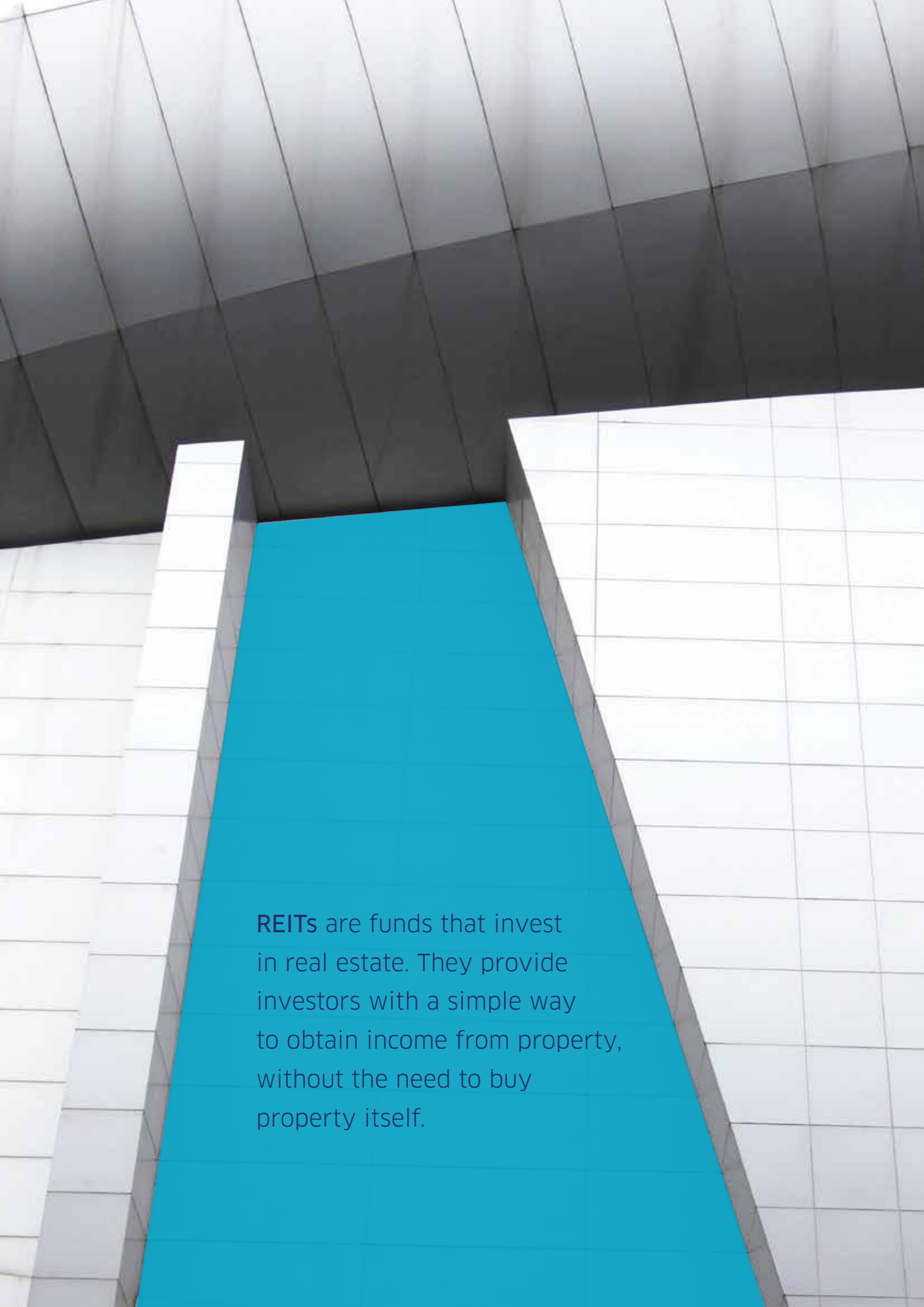
Nasdaq Dubai is the first exchange in the UAE & GCC to have REIT listings. These are **Emirates REIT** and **ENBD REIT**.

REITs are funds that invest in real estate. They provide investors with a simple way to obtain income from property without the need to buy property itself.

Investors can buy and sell shares in **REITs** just like shares in other companies. **REITs** are corporate entities that own, or finance real estate. Many are Sharia'a-Compliant and they typically offer high dividend yields and the opportunity for long-term asset growth that reflects the real estate market.

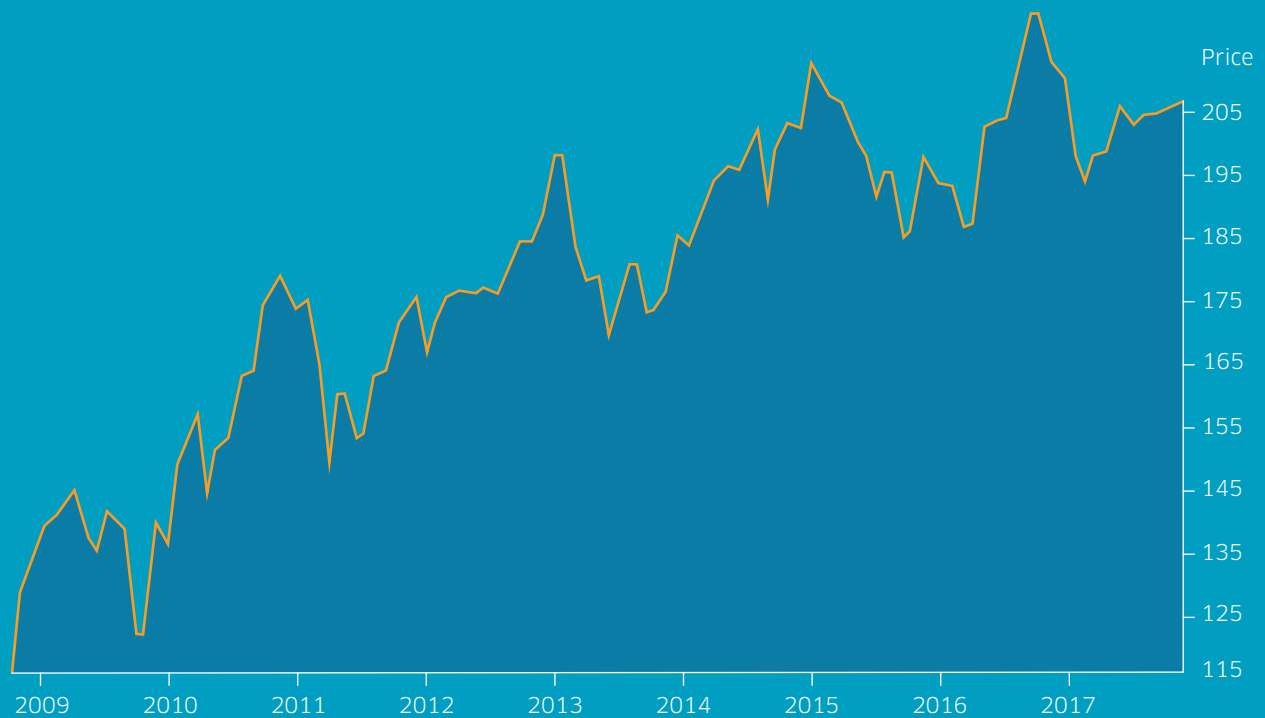
GCC REITs History





REITs are funds that invest in real estate. They provide investors with a simple way to obtain income from property, without the need to buy property itself.

Thomson Reuters Global Residential & Commercial REITs Index Chart



The Thomson Reuters Global Residential & Commercial REITs Index measures and tracks the price and total return performance of global listed residential and commercial REITs. As of October 2017, there are 464 constituents with a total market cap of USD 1.64 trillion.

Key Characteristics of REITs

REITs are a sub-set of **Property Funds**, which are designed for income generation. In the DIFC, a **REIT** in addition to being closed-ended, must meet the following requirements:

Be a **Public Fund** that is listed and traded on a recognised exchange

Invest no more than **30%** of total assets in property under development

Distribute at least **80%** of annual net income

Borrowing must not exceed **70%** of the net asset value of the Fund

Benefits of REITs

For Companies

Raise Capital

REITs allow companies to raise capital without selling a stake in the holding company itself.

Leverage

Companies can leverage on their real estate assets by creating a REIT and raising capital through the partial sale of the REIT.

Ownership

REITs will allow the company to keep up to 75% of equity, so you don't need to sell a whole property just to raise capital.

Expansion

Establishing a REIT will allow companies to raise further capital to purchase more real estate assets.

Reduce Cost of Capital

REITs can increase a company's ability to acquire an investment grade rating for unsecured debt, thereby reducing the cost of capital

Transparency

Strong corporate governance and disclosure standards provide the ability to expand the investor base due to the added comfort.

For Investors

Income & Long-Term Growth

REITs provide competitive long-term rates of return that complement the returns from other stocks and from bonds.

High Dividend Yield

Significantly higher on average than other equities, REITs have produced a steady stream of income through a variety of market conditions.

Liquidity

Shares of publicly traded REITs are readily converted into cash because they are traded on the major stock exchanges.

Enhanced Diversification

Real estate has historically had a low correlation to other asset classes, giving investors the opportunity to diversify their investments.

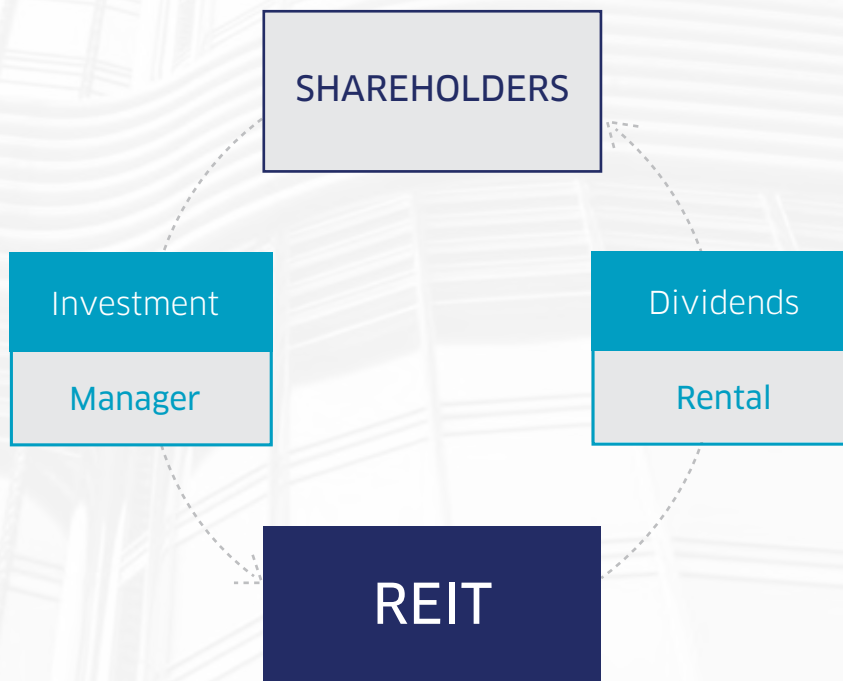
Inflation Hedge

Real estate rents and values tend to increase when prices do. This supports REIT dividend growth and provides a reliable stream of income even during inflationary periods.

Communication

With ongoing disclosures, investors are kept up to date with the REITs activities.

Basic REIT Structure



- Shareholders can buy and sell shares in the REIT through the stock exchange on which it is listed
- The REIT manager is responsible for optimising the REIT's capital structure and identifying assets that can be acquired or sold
- The REIT manager uses shareholder money as well as debt to finance the acquisition of new properties into the portfolio
- The net returns which the properties generate from rental income are distributed back to the shareholders in the form of dividends

The structuring of **Sharia'a-Compliant REITs** is similar to conventional REITs except for the Sharia'a guidelines and principles.



Sharia'a-Compliant REITs

A **Sharia'a-Compliant REIT** is required to adhere to Sharia'a guidelines which limit the nature of investments and identity of lessees. These guidelines include businesses linked to alcoholic beverages, tobacco or pork, non-Sharia'a-Compliant financial institutions and some hotels.

In addition, Sharia'a law limits the way in which the **REIT** can transact and the type of financing arrangements into which it can enter. The structuring of Sharia'a-Compliant **REITs** is similar to conventional **REITs** except for the Sharia'a guidelines and principles that may be followed in:

Contracts and principles used

Financing of the acquisition: funding of the development of the real estate should be Sharia'a-Compliant

Utilization of the real estate must be Sharia'a-Compliant, including tenancies & sub-tenancies

Investment of cash: access cash must be invested into Sharia'a-Compliant instruments

Insurance schemes for protecting the real estate should also be Sharia'a-Compliant

Additionally, a **Sharia'a-Compliant REIT** is generally required to appoint a Sharia'a Supervisory Board to provide continuous supervision of and adjudication in all Sharia'a related matters.



NASDAQ DUBAI

The Exchange of Choice
for REITs

Listed the first public REIT
in the region

Comprehensive REIT
regulatory framework
in place since 2006

Home to the largest publicly listed Sharia'a-Compliant REIT
in the world both by total assets and by market capitalisation

Connected to investors in over 100 countries

The only exchange in the UAE
that has REIT listings

Platform that provides
global recognition
and visibility

REIT Listing Criteria

In order to be eligible to list on Nasdaq Dubai, a REIT must be one of the following:

Domestic Fund

A Fund which is established or domiciled in the DIFC.

Domestic Funds are required to comply with the DFSA's Collective Investment Rules as well the Markets Rules which govern listings.

Foreign Fund

A Fund which is established or domiciled outside of the DIFC.

Foreign Funds are required to be based in a **"Recognised Jurisdictions"**. If your jurisdiction does not appear on the list of recognised jurisdictions you will be required to demonstrate to the DFSA that the jurisdiction in which you are based is an acceptable jurisdiction i.e. has equivalent regulatory standards.

DIFC Fund Framework

DIFC Funds can be managed by either a DFSA-licensed or an External Fund Manager

Type of Fund	Public Funds	Exempt Funds	Qualified Investor Funds
Level of Regulation	Detailed Regulation in line with IOSCO standards	Somewhat less stringent than for Public funds	Significantly less stringent than for Exempt funds
Type of Investors	Unitholders include Retail Investors or Has, or intends to have, more than 100 unitholders or Some or all of its units are offered to investors by way of public offer	Only Professional Investors Has 100 or fewer unitholders; and units are offered to persons only by way of a Private Placement	Only Professional Investors Has 50 or fewer unitholders; and units are offered to persons only by way of a Private Placement
Minimum subscription	NA	USD 50,000	USD 500,000

FAQ

Q. What do REITs invest in?

Various kinds of property; commercial, residential and retail, as decided by the REIT managers.

Q. How do REITs benefit investors?

By paying them regular dividends, which are based on the rents from the properties owned by the REITs.

Q. Who can invest in REITs?

Everyone eligible to invest; funds and other institutional investors, as well as individual investors.

Q. How can investors buy and sell REITs?

By trading shares in REITs on a stock exchange through a broker, just like shares in other public companies.

Q. How can investors trade REITs on Nasdaq Dubai?

By obtaining a NIN, which is a unique number that enables an investor to trade securities that are listed on Nasdaq Dubai and Dubai Financial Market.

Q. How do I obtain a NIN?

Complete the Investor Data Entry Application form at www.nasdaqdubai.com/assets/docs/NIN-Form.pdf, gather all supporting documents and submit them to DFM or to your broker.

Q. Which brokers can trade on Nasdaq Dubai?

Most large brokers that trade on DFM can also trade on Nasdaq Dubai.
Please see <http://www.nasdaqdubai.com/members/list-of-members> for a list of Nasdaq Dubai's Members.

Q. What are the trading fees?

Please check with your broker about their trading commissions.

Q. How can I monitor the trading data for Nasdaq Dubai REITs?

You can monitor prices on our market data pages at <http://www.nasdaqdubai.com/marketdata/#/equities>

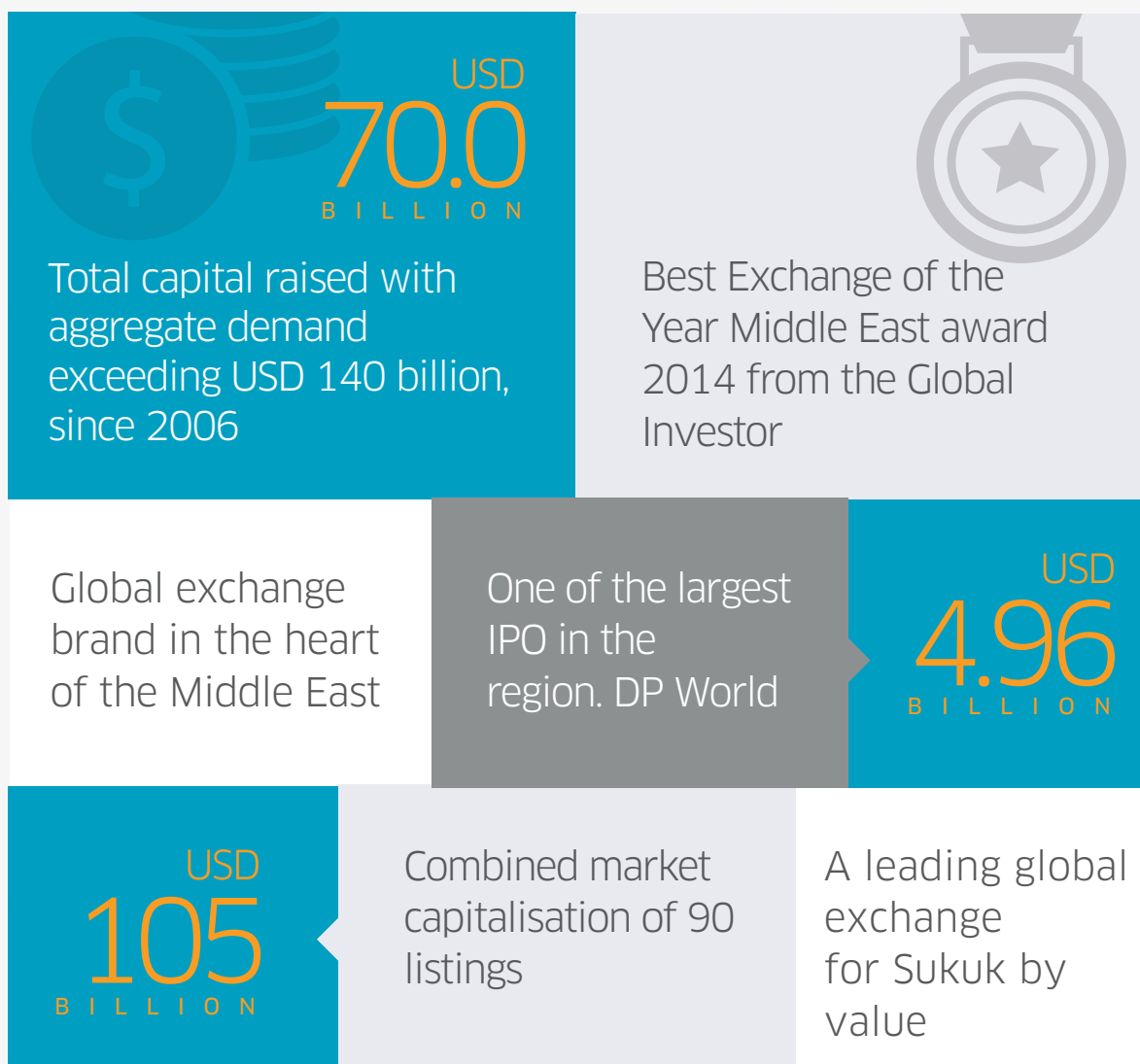
Q. What are the trading hours of Nasdaq Dubai?

10am to 2pm (6am to 10am GMT) Sunday – Thursday.

About Nasdaq Dubai

Nasdaq Dubai is the international financial exchange in the Middle East. It combines international best practice with easy access by investors in the region and around the world.

The exchange's tradable products include equities, Equity Futures, Sukuk and conventional bonds, funds and REITs.



Disclaimer

Nasdaq Dubai Limited (Nasdaq Dubai) is regulated by the DFSA. The information provided in this document ("Information") is provided by way of general information and comment only. While reasonable care has been taken in producing this Information, changes in circumstances may occur at any time and may impact on the accuracy of the Information. The Information does not constitute professional advice or provision of any kind of services and should not be relied upon as such. Nasdaq Dubai Limited and/or its affiliates, officers or employees (together "Nasdaq Dubai") do not give any warranty or representation as to the accuracy, reliability, timeliness or completeness of the Information now or in the future. Nasdaq Dubai shall not be liable for any loss suffered, directly or indirectly by any person acting in reliance upon the Information contained herein.

No part of the Information provided is to be construed as a solicitation to make any financial investment. Information, including forecast financial information and examples should not be considered as a recommendation in relation to holding, purchasing or selling securities or other instruments. The information does not take into account any investor's individual investment objectives, financial position and particular investment needs. As such, before making any decision, investors should conduct their own due diligence and consult their financial advisors. The performance of trading securities or instruments is not guaranteed and past performance is not an indication of future performance. Unless otherwise stated, Nasdaq Dubai Limited owns copyright in the Information contained herein. The Information may not otherwise be reproduced and must not be distributed or transmitted to any other person or used in any way without the express approval of Nasdaq Dubai.



Nasdaq Dubai Limited,
Dubai International Financial Centre
The Exchange Building 5, Level 7
PO Box 53536, Dubai,
United Arab Emirates

Nasdaq Dubai General Enquiries
business@nasdaqdubai.com
+ 971 4 305 5455

 nasdaqdubai.com

 [/nasdaqdubai](https://twitter.com/nasdaqdubai)

 [/company/nasdaq-dubai](https://www.linkedin.com/company/nasdaq-dubai)