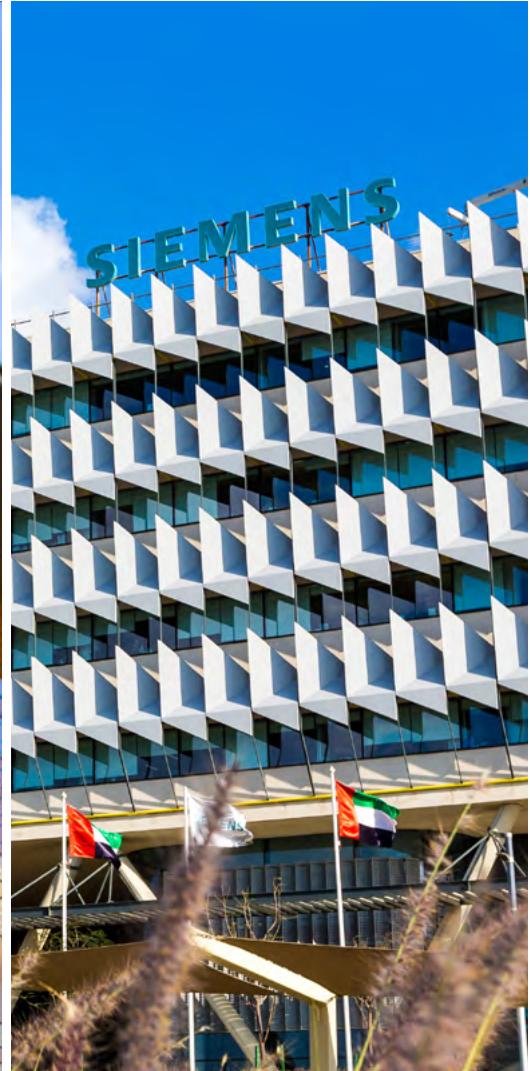
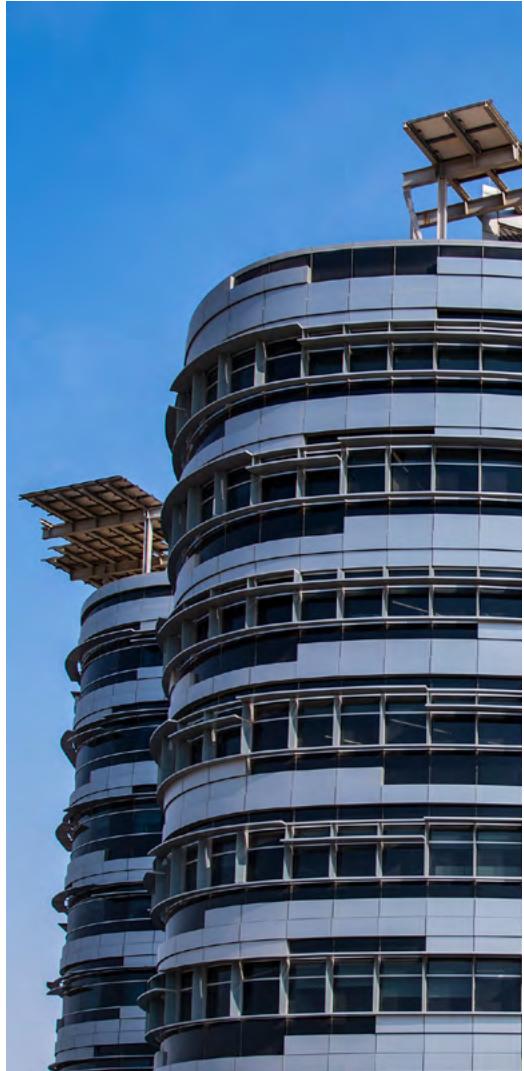




# MASDAR GREEN REIT ANNUAL FUND MANAGER REPORT



# THE FIRST GREEN REIT IN THE UAE

Masdar Capital Management (MCML) the “Fund Manager” provides its 2022 Fund Manager Report to Masdar City Services (MCS) in relation to its investment as shareholder in the Masdar Green REIT (CEIC) Limited the “Fund”.



# MCML & MASDAR GREEN REIT (CEIC) LIMITED BOARD OF DIRECTORS



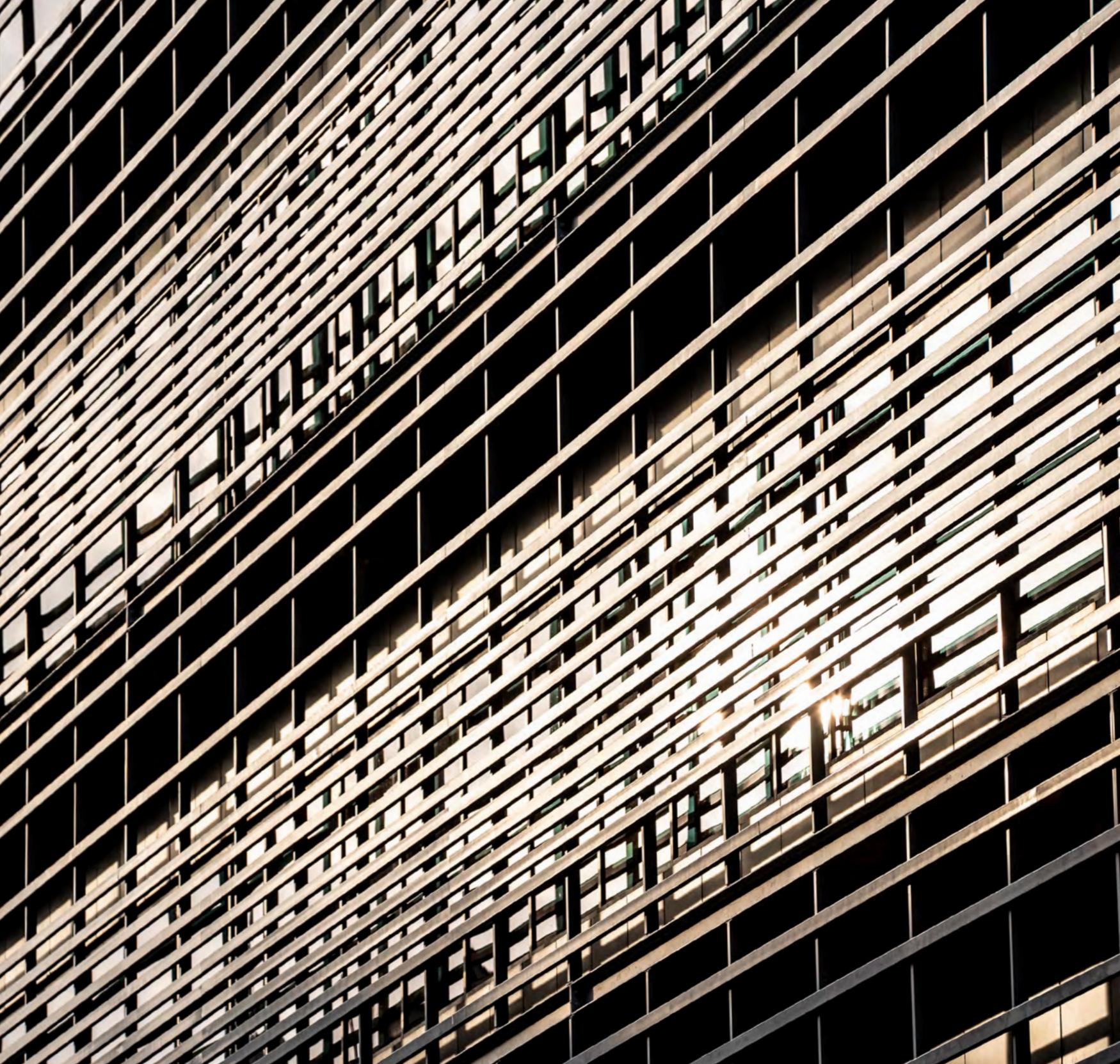
**Abdulla Balala**  
Chairman,  
Masdar Green REIT (CEIC) Limited  
Masdar City



**Niall Hannigan**  
Director,  
Chief Financial Officer, Masdar



**Francisco Galan**  
Director,  
Director, Sustainable Development,  
Masdar City





# 2022 HIGHLIGHTS

# MASDAR GREEN REIT (CEIC) LIMITED EXECUTES GREEN LOAN WITH FIRST ABU DHABI BANK FOR EXPANSION



Masdar Green REIT (CEIC) Limited (real estate investment trust), executed a USD\$200,000,000 green loan financing agreement with First Abu Dhabi Bank (FAB). This financing of the Masdar Green REIT (CEIC) Limited's portfolio was done to facilitate further acquisitions and portfolio growth. FAB will act as sole mandated lead arranger and bookrunner, green loan coordinator, agent, security agent and account bank for this transaction.

The announcement of this financing commitment was made in January 2022 during an official signing ceremony held at the 4th Abu Dhabi Sustainable Finance Forum during Abu Dhabi Sustainability Week - the global platform for accelerating sustainable development hosted by Masdar.

Abdulla Balalaa, Chairman of Masdar City and Masdar Green REIT (CEIC) Limited commented that "Investors are increasingly looking for 'responsible' investment opportunities and evaluate companies based on specific environmental, social and governance ('ESG') practices criteria. The Masdar Green REIT (CEIC) Limited's portfolio currently includes properties within Masdar City, which is the pioneering sustainable urban development project, and technology innovation hub, in Abu Dhabi. The financing from First Abu Dhabi Bank, will help the REIT in building its sustainable real estate portfolio through additional acquisitions of properties in Masdar City. The proceeds of these acquisitions will in turn assist Masdar City to bring more sustainable real estate assets to market through new sustainable developments and continuing the future expansion of Masdar City."

"The Masdar Green REIT (CEIC) Limited will give investors the responsible and forward-

thinking investment options they are looking for, via these sustainable income-generating real estate assets, with a primary focus in Masdar City. The properties within the Masdar Green REIT (CEIC) Limited's current portfolio consume approximately 40 percent less electricity and water than comparable buildings in Abu Dhabi, targeting sustainability ratings of three Pearls or above on Abu Dhabi's Estidama Pearl Building Rating System, and all certified LEED Gold or Platinum. This REIT also intends to provide a vehicle through which third-party, sustainable developers can monetize their assets, attracting both real estate developers to Masdar City, and aspiring local and international sustainable investors," Balalaa continued.

As the UAE's largest bank and one of the world's largest and safest financial institutions, FAB is a regional leader for sustainable finance in the Middle East. FAB issued the region's first green bond in 2017 and has financed over USD 30 billion in sustainable projects to date. In 2021, the bank executed the first green repurchasing ('repo') transaction in the Middle East, structured in partnership with Deutsche Bank. FAB was also the first bank in the region to commit to net-zero greenhouse gas emissions by 2050 and to join the Net-Zero Banking Alliance and was part of the official UAE delegation to the COP26 climate conference.

Mustafa Al Khalfawi, Head of Global Banking UAE and Global Head of Government, Sovereigns & Public Sector, Investment Banking Group, said, "First Abu Dhabi Bank has made a commitment to fund projects that deliver tangible environmental and social benefits, and we are leading the way forward in financing the transition to a more sustainable future. As one of our strategic clients, we are delighted to support Masdar City in this

landmark transaction, with an innovative and flexible financing structure to enable the Masdar Green REIT (CEIC) Limited to fulfil its strategic objectives. The transaction serves to underline FAB's ongoing commitment to Masdar City and sustainable financing, and we look forward to further deepening our relationship as Masdar Green REIT (CEIC) Limited implements its exciting plans to grow its high-quality portfolio."

Masdar City announced it was launching the green REIT, the first in the UAE to invest solely in sustainable real estate projects, during Abu Dhabi Sustainability Week (ADSW) in January in 2020. The Masdar Green REIT (CEIC) Limited was established at Abu Dhabi Global Market (ADGM) as a Qualified Investor Fund (QIF) and is managed by Masdar Capital Management Limited which is regulated by the Financial Services Regulatory Authority. Masdar Green REIT (CEIC) Limited intends to offer an attractive opportunity for professional investors through private placement to invest in a unique portfolio of stable, income-producing, sustainable real estate assets.

The Masdar Green REIT (CEIC) Limited marks great progress in bringing the Abu Dhabi Sustainable Finance Declaration to life, which was signed in 2019 by 25 public and private

# MASDAR GREEN REIT (CEIC) LIMITED RISES IN VALUE AS AED1 BILLION IN ASSETS IDENTIFIED FOR ACQUISITION



Masdar City's Green Real Estate Investment Trust (Green Reit) has completed the acquisition of property worth Dh934 million (\$254 million) as the fund seeks sustainable and commercially viable investments in real estate.

The deal takes the fund's portfolio value to Dh1.91 billion (\$520 million), with further assets identified for potential future investments, it said on Monday.

Investing in sustainable urban development is a compelling commercial proposition that is also environmentally responsible, said Anthony Taylor, senior executive officer of Masdar Capital Management Limited.

"Climate-resilient development is essential if we are to reach net zero," he said.

"The fact that the Reit has more than doubled in assets in the two years since incorporation underlines the potential for sustainable real estate development in the region."

Abu Dhabi-based Masdar City fund is the UAE's first sustainable Reit. The UAE is at the forefront of major sustainability initiatives.

Last year, the country committed to achieve net zero emissions by 2050, becoming the first state in the Mena region to do so.

The Emirates plans to invest Dh600 billion in clean and renewable energy sources to realise this goal.



# FINANCIAL AND PERFORMANCE HIGHLIGHTS

## INVESTMENT OBJECTIVES OF MASDAR GREEN REIT (CEIC) LIMITED

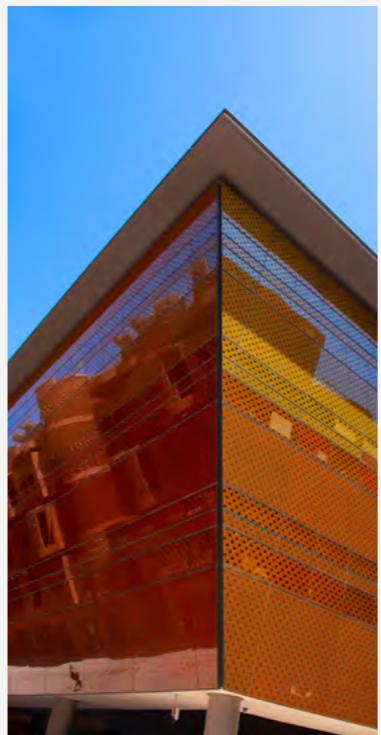
Masdar Green REIT (CEIC) Limited has been established for the purpose of generating income returns complimented with capital appreciation from sustainable real estate assets. The Fund aims to regularly distribute a dividend from the net rental proceeds generated from its real estate investments.

In addition, the Fund Manager will manage the assets with the focus on enhancing and maintaining value. The Fund Manager intends to increase the size of the portfolio so that the Fund can benefit from economies of scale. The Fund's investment strategy is designed to take advantage of current and projected market conditions within Masdar City and the wider UAE. The Fund Manager believes that steady economic growth in the UAE will set the stage for continued improvement in the UAE's real estate market.

It is envisioned that acquisitions, and other investment opportunities will be particularly compelling due to: (i) the UAE's economic growth; (ii) the current availability of debt and equity financing; and (iii) the Fund Manager's belief that the level of supply of new investment-grade real estate assets in the UAE is limited. The Fund plans to achieve its objectives through the following strategies: (i) prudent acquisitions with a focus on sustainable real estate within Masdar City (ii) active asset management and enhancement; and (iii) capital and risk management.

Only assets that have been recognized as sustainable by local or international authorities are considered for acquisition by Masdar Green REIT (CEIC) Limited, for example LEED or Estidama certification. Assets currently not holding sustainable certification may still be considered for acquisition provided that they have potential to achieve sustainable certification within a reasonable period of time post acquisition.

In addition to a strategy focused on green investments, Masdar Green REIT (CEIC) Limited targets real estate investments that are capable of generating a regular dividend income stream for investors, typically derived from net rental income from investment properties, with the additional opportunity for capital appreciation and increases in the value of the equity.



## POLICY FOR ACHIEVING INVESTMENT OBJECTIVES

**Broad investment parameters for new target acquisitions are indicated below:**

- Sustainable, income generating real estate assets.
- Target returns of +7% unleveraged returns on buildings and +5% unleveraged returns on musataha assets.
- Target weighted average unexpired lease term (WAULT) of +5 years.
- Target portfolio allocation of mixed assets, including offices, residential, musatahas (ground leases) and other alternative asset classes with a preference for assets located within Masdar City
- Loan to value (LTV) to be capped at 45%.
- Development funding on secured leases on conservative exposure, as per the Fund Rules.
- Conventional real estate assets (i.e., non-Sharia) acquisitions possible.
- All acquisitions are to be supported by a 3rd party valuation.

## INVESTMENT ACTIVITIES FOR THE YEAR 2022

A summary of the Fund's investment performance for the FY 2022 is provided below:  
Consolidated statement of financial position. As at 31 December 2022

	2022	2021
	USD	USD
<b>Assets</b>		
Total Portfolio value	506,260,401	266,402,355
Cash and cash equivalents	217,250,023	10,257,779
Other assets	19,153,264	15,391,241
<b>Total assets</b>	<b>742,663,688</b>	<b>292,051,375</b>
<b>Equity</b>		
Share capital	3,214,757	2,582,957
Distributable reserve	318,260,878	255,712,716
Sinking reserves	843,365	273,661
Retained earnings	9,607,237	19,680,173
<b>Total equity</b>	<b>331,926,237</b>	<b>278,249,507</b>
<b>Liabilities</b>		
Borrowings	197,530,893	-
Trade and other payables	16,684,038	9,892,827
Due to related parties	196,522,520	3,909,041
<b>Total liabilities</b>	<b>410,737,451</b>	<b>13,801,868</b>
<b>Total equity and liabilities</b>	<b>742,663,688</b>	<b>292,051,375</b>
Total value per share	1.0325	1.0777
Total number of shares	321,475,634	258,295,673

## COMMENTARY ON FINANCIAL PERFORMANCE FOR FY 2022:

2022 was a year of growth for

- Portfolio value increased by 91.8% to USD 511.9m in 2022 from USD 266.9m in 2021 due the acquisition of new assets in the financial year.
- Financing increased to USD 197.5m following the execution and drawdown on the green loan facility with First Abu Dhabi Bank (FAB).
- Payables to the shareholder, Masdar City Services LLC (MCS") increased to USD 196.5m as the payment for Phase II assets was made post-transfer in January 2023.
- 63.2m new shares were issued to MCS in December 2022 for a proportion of the Phase II assets acquired for "in-kind" transfer of shares.
- NAV increased by 19.3% to USD 331.9m (USD 1.03 per share).



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022.

	For the year ended 31 December 2022	For the period from 19 December 2020 to 31 December 2021
	USD	USD
Rental income	29,562,004	27,404,123
Property operating expenses	(5,697,040)	(5,473,214)
Net property operating income	23,864,964	21,930,909
Total fund expenses	(3,822,657)	(3,820,870)
Net finance costs	(849,032)	-
Net Rental Income / FFO	19,193,275	18,110,039
Unrealised valuation (losses)/gains	(11,140,093)	7,908,327
Net Income	8,053,182	26,018,366
<b>Total number of shares</b>	<b>321,475,634</b>	<b>258,295,673</b>
Net Rental Income per share*	0.0719	0.0701
Earnings per share*	0.0302	0.1007

\*Adjusted due to timing of share issuance

- Gross rental income increased by 7.9% with the addition of new assets in November 2022.
- Operating expenses increased by 4.1% due to these new asset acquisitions.
- Fund expenses remained consistent year-on-year.
- Interest expense on the green loan facility with FAB was incurred from December 2022.
- Net rental income improved by 6.0% to USD 19.2m for the year (USD 0.072 per share adjusted for timing of new share issuances during the year).
- Valuation loss of USD 11.1m was incurred on valuations as at 31<sup>st</sup> December 2022 due to increased discount rates (25bps for single tenanted assets and 50 bps for multi tenanted building in light of the rising interest rate environment. These higher discount rates had a negative 3.5% impact on valuations across the portfolio.
- Due to these valuation losses, net income fell to USD 8.0m in 2022 from USD 26.0m in 2021 despite positive gains in net rental income year-on-year.
- During the year, a final dividend for the year ending 31<sup>st</sup> December 2021 of USD 9.3m (USD 0.036 per share) was paid to shareholders on 18<sup>th</sup> October 2022.
- An interim dividend for the period ending 30th June 2022 of USD 8.2m (USD 0.032 per share) was also paid to shareholders on 18<sup>th</sup> October 2022.
- A proposed final dividend for the year ending 31<sup>st</sup> December 2022 of USD 10.0m (USD 0.031 per share) has been subsequently approved by the directors and shareholders in 2023.



## SUMMARY OF INVESTMENT ACTIVITIES IN 2022:

- Acquired three investment properties and three musataha (ground) leases in November 2022.
- In April 2022 a USD 200mn facility with FAB was signed for a 6-year period and the full facility was drawn down on 19th December 2022.
- Continued collection of rentals, service charge and parking income for seven investment properties and three musataha (ground) leases.
- Payment of expenses related to investment properties, musataha (ground) leases and fund costs were made.
- Capital movement due to unrealised fair value gains / losses of investment properties was reflected in year-end financial statements

### **1. Particulars of any fundamental change requiring prior approval by Unitholder meeting made since the date of the last report**

There was no fundamental change requiring prior approval by Unitholder meeting made since the date of the last report.

### **2. Particulars of any significant change requiring pre-event notification since the date of the last report**

Draft private placement memorandum was prepared and approved by the Board and notified to the regulator.

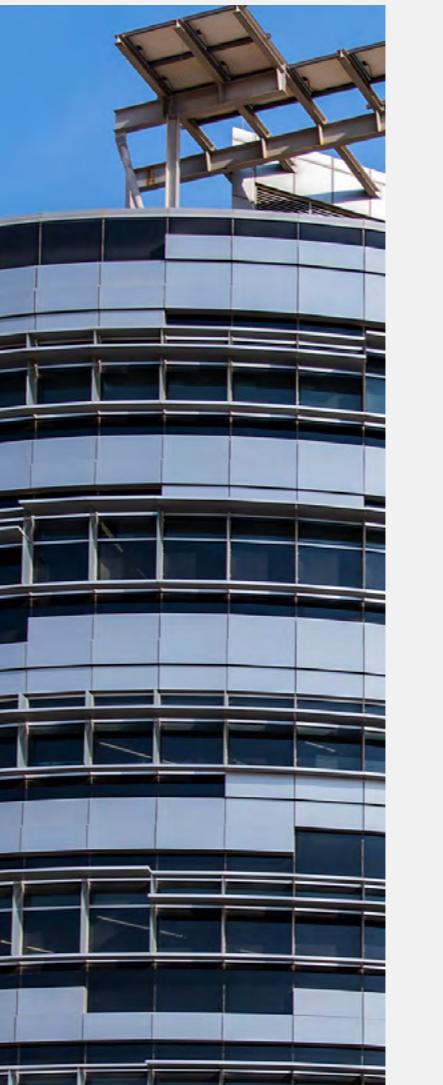
Yousef Baselaib resigned as a director of the Fund (MGR) and the Fund Manager (MCML) on 19th September 2022, following his resignation of employment from the shareholder.

Save for these abovementioned changes in Section 5, there was no fundamental change requiring prior approval by Unitholder meeting made since the date of the last report.

### **3. Any other information which would enable Unitholders to make an informed judgement on the development of the activities of the Fund during this period and the results of those activities as at the end of that period**

### **4. For a Fund which invests a substantial proportion of its assets in other Funds, a statement as to the maximum proportion of management fees charged to the Fund itself and to other Funds in which that Fund**

Not Applicable





## MCML SENIOR MANAGEMENT TEAM



**Anthony Taylor**  
Senior Executive Officer, Masdar  
Capital Management



**Jonathan McGloin**  
Fund Manager, Masdar Capital  
Management



**Muhammad Siddique**  
Finance Officer, Masdar Capital  
Management



**Masdar Green REIT**  
Managed by Masdar Capital Management

Unit 503, 5<sup>th</sup> Floor, Al Khatem Tower, Abu Dhabi Global Market, Al Maryah Island  
PO Box 2282, Abu Dhabi United Arab Emirates

Masdar Green REIT (CEIC) Limited is a fund incorporated and licensed in the Abu Dhabi Global Market ("ADGM") under license number 000004947. The fund is managed by Masdar Capital Management Limited.

Masdar Capital Management Limited is incorporated in the ADGM and is authorised and regulated by the ADGM Financial Services Regulatory Authority ("FSRA") under Finances Services Permission Number 2000466.