



ABU DHABI GLOBAL MARKET
سوق أبوظبي العالمي

ADGM - THE DYNAMIC REIT HUB FOR THE MENA REGION

THE CASE FOR REAL ESTATE INVESTMENT TRUSTS (REITS)

Introducing an Attractive Asset Class for Investors

REITs offer investors exposure to income-generating real estate with the advantage of investment in manageable amounts and the benefit of better liquidity compared with direct investment in property.

Pension funds, insurance companies and institutional investors have long valued REITs for their steady income and potential for capital gains. REITs have investment characteristics that are distinct from traditional asset classes (i.e. equities and bonds) and offer diversification benefits in a mixed portfolio.

Unlocking Value and Creating New Business Lines for Property Owners and Developers

REITs allow property owners and developers to sell stable assets to unlock capital that can be deployed in new development projects. Real estate assets can either be transferred to the REIT as an in-kind seed

investment in exchange for fund units, or sold outright to a REIT.

It also allows property owners and developers the opportunity to create new business lines of REIT management and asset management.

In many cases, a sale-and-leaseback structure can be utilised by owners to raise capital from the sale of property to a REIT, whilst continuing to occupy the building under a lease agreement with the REIT.

Supporting Development of the Real Estate Sector and Economic Growth

REITs support the healthy development of the property industry. They attract capital, including foreign capital, into the MENA property sector through a new and attractive vehicle allowing institutional and individual investors to invest in real estate. REITs enjoy a relatively low cost of capital because of several factors, including scale, liquidity, mandated dividends and limits on borrowing and development risk.

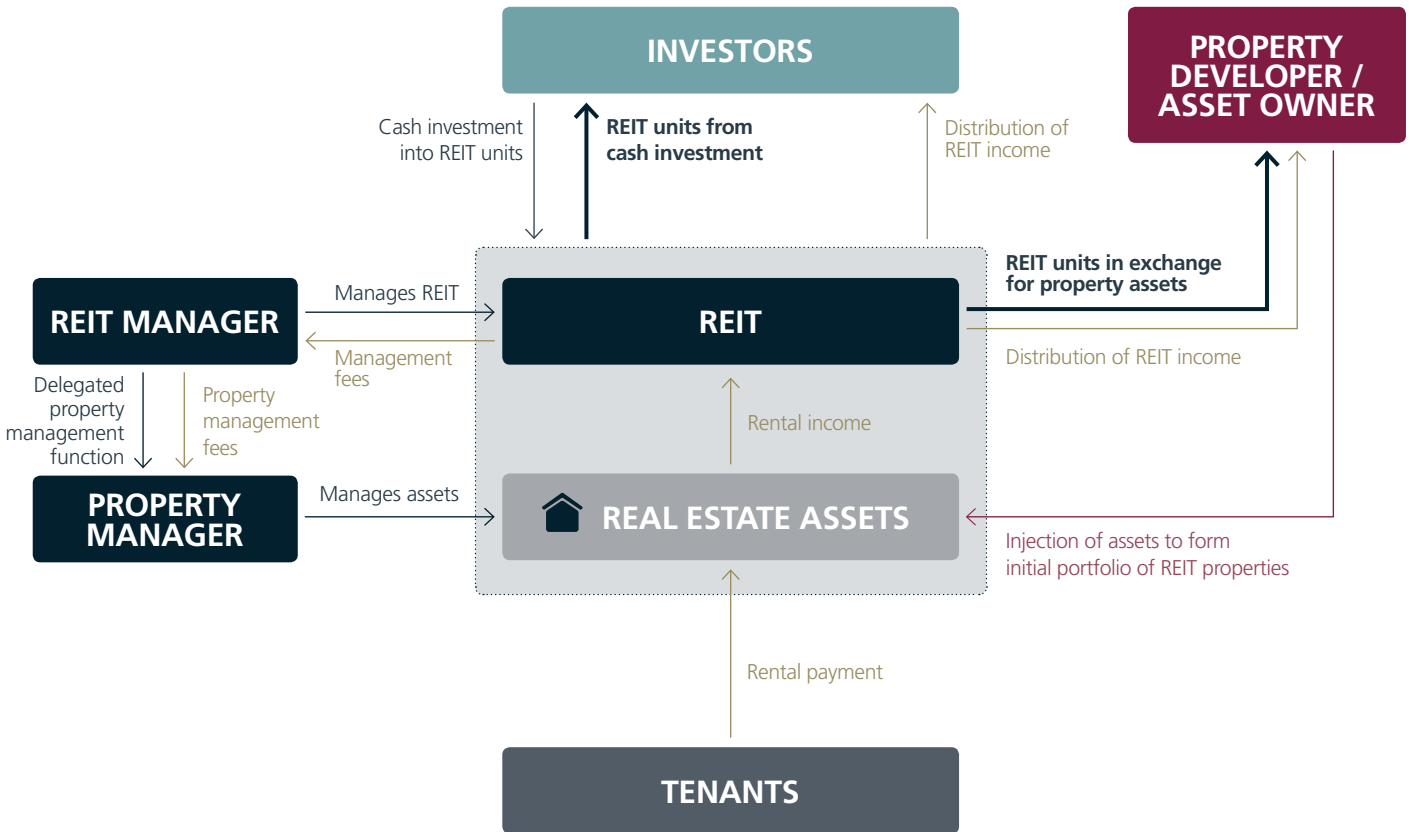
1st PRIVATE REIT REGIME in the MENA region

"ADGM is the first international financial centre in the MENA region to offer a private REIT regime. Recognising that fund managers may wish to structure a REIT that is only offered by way of private placement to professional investors, ADGM's rules allow for such structures to be employed."

Richard Teng, CEO, ADGM FSRA

Structure of a REIT

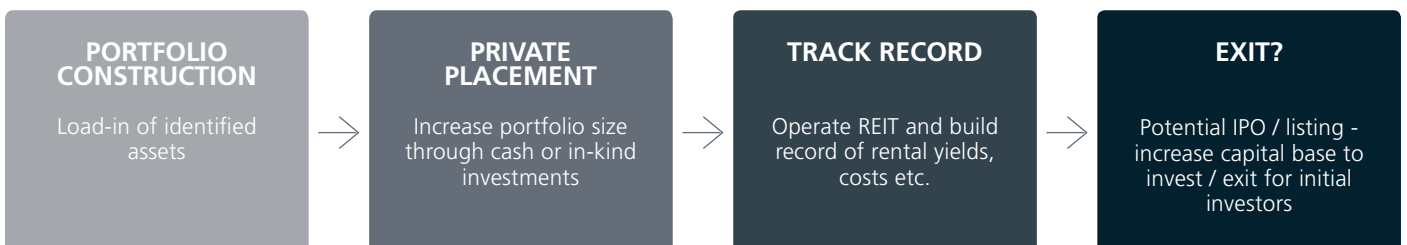
An illustrative example of how a property developer / asset owner can unlock capital by establishing a REIT and create new business lines of REIT management and property management. Compared to conventional real estate investment, liquid forms of real estate investment enjoy higher valuations due to reduced risks generally associated with liquid investments.



ADGM - The Preferred Destination for REITs in the MENA region

1	2	3	4	5
First to introduce world class public and private REIT framework in the region	Fastest pace of REIT adoption in the MENA region	Comprehensive funds framework offering fund managers excellent fund vehicles and structuring options	Direct application of Common Law for the first time in the region	0% rate of income and capital gains taxes

ILLUSTRATION OF PRIVATE REIT DEVELOPMENT CYCLE



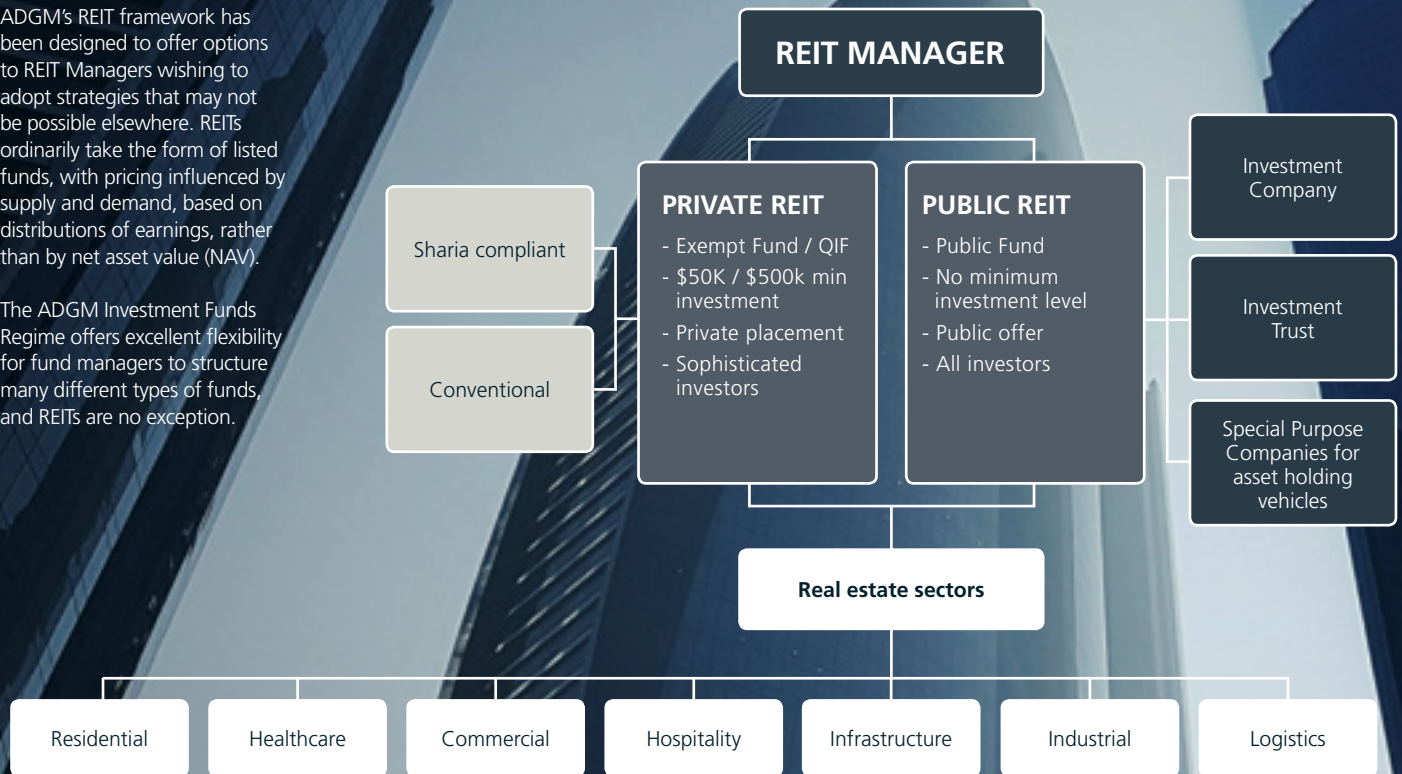
Flexibility is the key – ADGM regime offers maximum flexibility

ADGM's REIT framework has been designed to offer options to REIT Managers wishing to adopt strategies that may not be possible elsewhere. REITs ordinarily take the form of listed funds, with pricing influenced by supply and demand, based on distributions of earnings, rather than by net asset value (NAV).

The ADGM Investment Funds Regime offers excellent flexibility for fund managers to structure many different types of funds, and REITs are no exception.

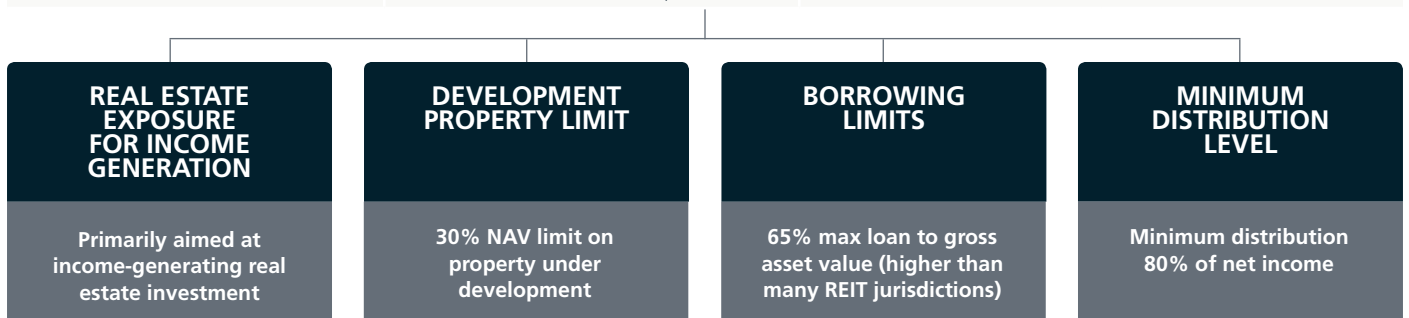
CONVENTIONAL AND SHARIA COMPLIANT STRUCTURING

The underlying asset class means that it is possible for a REIT to be structured either as a conventional or Sharia compliant investment product, depending upon the financing methods utilised and the business activities of the properties' lessees.



Internationally recognised REIT regulatory framework

	Public REIT	Private REIT (Exempt Fund)	Private REIT (QIF)
Form	Listed Fund	Closed or Open Ended	Closed or Open Ended
Registration / Notification	Registration with FSRA	Notification to FSRA	
Eligible investor types	All	Professional Only	
Minimum investment	No minimum	US\$ 50,000	US\$ 500,000
Minimum valuation requirements	<ul style="list-style-type: none"> Appoint a suitably experienced valuer Market value basis RICS red book or equivalent Full annual valuation including physical inspection Semi-annual review of last full valuation NAV publication 	<ul style="list-style-type: none"> Compulsory for purposes of non-cash consideration and transactions with related parties Regular Net Asset Valuation in line with the nature of the fund, market practice and the fund constitution and/or prospectus 	
Oversight function required	Yes	No (optional)	
Prospectus content	Prescribed by Funds Rules (and Markets Rules for ADGM Listed Funds)	As per Funds Rules – must include all relevant and material information	



Why ADGM?

WORLD-CLASS INSTITUTIONS AND ADVISORS

- Access to a growing ecosystem of finance, services and talent
- Home to the world's leading professional advisory firms

LEGAL AND REGULATORY

- An independent jurisdiction with its own civil and commercial laws
- Common law directly applicable providing high levels of legal certainty
- Flexibility for additional amendments to regulations as required
- Independent ADGM Courts
- Use of standard form transactional documentation for increased efficiency

TAX ENVIRONMENT

- 0% tax
- No withholding of taxes
- No restrictions on repatriation of profits
- Growing number of Double Tax Treaties (69 in force, further 27 in progress)

EFFICIENT PROCESS AND PROCEDURES

- Fully digital application
- Support with visas and government services

INFRASTRUCTURE

- Grade 'A' offices and modern infrastructure
- Global connectivity through world-class airlines
- Leading hotels, healthcare and lifestyle amenities

ADGM – The International Financial Centre Made for Business

Abu Dhabi Global Market, an international financial centre in the capital of the United Arab Emirates, fully opened for business on 21st October 2015. A financial free zone, ADGM is an independent jurisdiction encompassing the entire 114 hectares (1.14 sq km) of Al Maryah Island with rules and regulations aligned with international best practice. ADGM's three independent authorities (Registration Authority, Financial Services Regulatory Authority and the ADGM Courts) provide a holistic environment enabling registered companies to conduct business and operate with confidence.

ABU DHABI QUICK FACTS



Accounts for 2/3 of the approx **\$400 BN** economy of UAE



Per capita GDP of **\$97,000**



Average GDP growth of **11% p.a.** since 2005



Owns 9% of the **world's proven oil reserves**



Owns 5% of the **world's gas reserves**



Stable inflation rate of **3.2%**



49% of GDP from **non-oil & gas sectors**

Skyline of Al Maryah Island, Abu Dhabi's International Financial Centre

Require more information?

The FSRA team is available to provide more information on our Investment Funds and REIT frameworks. We welcome enquiries to share more about how ADGM is the dynamic REIT hub for the MENA region.

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