



GFH SUCCESSFULLY EXITS FROM US INDUSTRIAL PORTFOLIO



- Consistently meets COC yield target to investors over the holding period
- Exit timed to maximise current high demand for prime US industrial and logistics assets

Dubai – 19 June 2021 – GFH Capital Limited (GCL), a fully owned subsidiary of GFH Financial Group (GFH or the Group), today announced that it has signed agreements to exit from its US Industrial Portfolio I and II (collectively, “US Industrial Portfolio”, the portfolio or investment) acquired by GCL in 2016.

The Portfolio consists of 26 assets with an area covering over 2.7 million square feet. These assets are located across the Midwest region of the US and are split equally between single and multi-tenant facilities serving as distribution, warehousing and other industrial real estate sites. GFH, has managed to optimize the Portfolio during the holding period by enhancing its occupancy, growing its rental income and undertaking the relevant and required capital improvements to ensure the Portfolio remains viable, commercially competitive and attractive to tenants.

The performance of the Portfolio has dovetailed with the boom of e-Commerce and increased pressure on supply chain, which has led to further demand for Industrial space. Shipping volumes have surged over the past year as retailers and manufacturers rush to replenish depleted inventories during the pandemic creating demand for additional industrial space. Average industrial rents have increased a record of 7.1% year-over-year in Q1 2021 and 6.8% annually over the past five years. As such, the US industrial market was the most in-demand segment of the commercial property sector in 2020. With the timing of this exit, GFH is therefore capitalizing on these positive market conditions to ensure that its investors fully benefit from such high demand. The exit is expected to deliver approximately 40% return to investors over the holding period.



Commenting on the transaction, Mr. Nael Mustafa, Co-Chief Investment Officer at GFH, said, “We’re delighted to announce this successful exit to take advantage of strong market demand in the US for prime industrial space and proud of the strong performance delivered by the investment. We believe this is the right time in the cycle to exit from the 2016 industrial vintage in keeping with GFH’s investment philosophies of capitalizing on appropriate market conditions for entry and exit from its investments. This transaction, therefore, serves to further underscore GFH’s capabilities and expand its proven track record of both making sound investments and realizing value at exit. Our aim is to continuously select well positioned assets with strong income generation capabilities and deliver a full cycle investment to our investors with effective exit strategies. We continue to grow our presence in the US and global real estate markets in areas where we see great opportunity for GFH and our investors, and the industrial and logistics space is core to our focus and activities. We are building a strategic, diversified portfolio of assets in this segment of the global property market. This is demonstrated by our recent investments in central distribution facilities in the United States leased out to leading high caliber tenants including Michelin and Fedex.”

He continued, “We are also currently in discussions to acquire further assets in the space similarly leased to strong creditworthy tenants, which will allow our investors to build a strategically diversified portfolio within the growing industrial subsector not only in the US but in Europe and Asia as well in the near term.”

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About GFH Capital Limited:

GFH Capital Ltd (“GCL”) is a subsidiary and investment banking arm of GFH Financial Group based in the Dubai International Financial Centre (DIFC) and regulated by the Dubai Financial Services Authority (the “DFSA”). Incorporated in 2005, GCL is one of the Middle East’s longest established and leading private equity investors, advisors and investment and asset managers, providing capital and strategic support for growth companies. To date, GCL, alongside GFH Financial Group, has undertaken and structured investments of more than USD 3 billion in over 40 companies and across 25 countries. This includes investments in key sectors such as education, income generating real estate covering residential, industrial and senior healthcare, as well as technology, media and telecommunications (TMT). The Group currently has more than US\$12 billion in assets across the Middle East and international markets.

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