

Valuation report

**32 Units, The Pad, Business Bay, Dubai,
UAE**

Prepared on behalf of **MEFIC (Middle East Financial
Investment Company)**

Date of issue: **28th November 2017**

Contact details

MEFIC (Middle East Financial Investment Company), Riyadh, Saudi Arabia
Turki A. Al-fozanl, +966 11 218 6646, TAlfozan@MEFIC.com.sa

Knight Frank Valuation Services LLC, Unit 508, 5th Floor, Building 2, Emaar Business Park, Dubai, UAE
Stephen Flanagan, +971 4 4512 000, stephen.flanagan@me.knightfrank.com
RERA Registration No.: 18366
KF ref: Kfv278-2018

Executive summary

The executive summary below is to be used in conjunction with the valuation report to which it forms part and is subject to the assumptions, caveats and bases of valuation stated herein and should not be read in isolation.

Address	32 Units, The Pad, Business Bay, Dubai, UAE
Location	<p>The Pad is located on the northern side of Business Bay and is accessed from Al Abraj Street. The building benefits from Business Bay Canal and Downtown / Burj Khalifa views.</p> <p>The Pad is approximately 14 kilometres south west from Dubai International Airport and approximately 21.6 kilometres north east from Dubai Marina</p>
Description	<p>The Pad is a 3B+G+P+M+22 floor residential building comprising studio to 3 bedroom apartments laid out as simplex and duplexes. The building also includes retail units, a swimming pool, gymnasium and landscaped garden areas.</p> <p>In total the property comprises 253 units, with 11 units per floor. We understand that the floor plate is the same on each level excluding the 21st and 22nd floors which comprise A and B floors to accommodate the duplex apartments.</p> <p>Units 1 and 11, two bedroom apartments, are located at the end of the floor plate and have dual views of both Downtown and Business Bay Canal. Units 2 to 6 comprise 5 x one bedroom apartments with Canal views and Units 7 to 10 comprise 4 x one bedroom apartments with Downtown Views. From our inspection we understand that unit 8 converts to a studio from the 9th floor upwards due to the sloping nature of the building.</p>
Areas	<p>We understand that the subject accommodation comprises 23 one bedroom apartments, 1 of which is a duplex units ranging in size from 672 to 1,229 sq ft, 7 two bedroom apartments, 3 of which are duplex units ranging in size from 1,276 to 1,584 sq ft.</p> <p>The total sellable area across the 32 units is 29,523 sq ft (28,199 sq ft internal and 1,324 sq ft external).</p>
Tenure	Freehold
Planning	We understand that the property as proposed will met all of the necessary planning requirements.
Valuation considerations	<ul style="list-style-type: none"> • We have valued the 32 units assuming they are completed as at the date of valuation, • We have considered each unit as furnished.
Valuation date	16 th November 2017

Executive summary cont.

Market Value on special assumption

We are of the opinion the total Market Value of the property, on the special assumption that it is completed, as at the valuation date is:

Unit No	Floor	Bedrooms	Internal Area (sq ft)	External Area (sq ft)	Total Area (sq ft)	Internal AED per sq ft	MV on special assumption (AED)
TPD_PD1_00P_006	P	1BR	687	542	1,229	2,200	2,110,000
TPD_PD1_00P_008	P	1BR	660	203	863	2,000	1,520,000
TPD_PD1_00P_009	P	1BR	665	297	962	2,000	1,630,000
TPD_PD1_00P_010	P	1BR	663	282	945	2,000	1,610,000
TPD_PD1_00M_005	M	1BR	684	0	684	2,100	1,440,000
TPD_PD1_00M_003	M	1BR	684	0	684	2,100	1,440,000
TPD_PD1_001_011	1	2 BR	1277	0	1277	2,450	3,130,000
TPD_PD1_001_010	1	1BR	672	0	672	2,050	1,380,000
TPD_PD1_002_001	2	2 BR	1,277	0	1,277	2,450	3,130,000
TPD_PD1_002_011	2	2 BR	1,277	0	1,277	2,450	3,130,000
TPD_PD1_002_002	2	1BR	673	0	673	2,200	1,480,000
TPD_PD1_002_006	2	1BR	672	0	672	2,200	1,480,000
TPD_PD1_002_004	2	1BR	684	0	684	2,200	1,500,000
TPD_PD1_002_008	2	1BR	683	0	683	2,100	1,430,000
TPD_PD1_003_011	3	2 BR	1,277	0	1,277	2,500	3,190,000
TPD_PD1_004_001	4	2 BR	1,277	0	1,277	2,500	3,190,000
TPD_PD1_004_003	4	1BR	684	0	684	2,200	1,500,000
TPD_PD1_006_002	6	1BR	673	0	673	2,250	1,510,000
TPD_PD1_006_004	6	1BR	684	0	684	2,250	1,540,000
TPD_PD1_006_009	6	1BR	684	0	684	2,225	1,520,000
TPD_PD1_007_004	7	1BR	684	0	684	2,275	1,560,000
TPD_PD1_012_005	12	1BR	684	0	684	2,350	1,610,000
TPD_PD1_014_005	14	1BR	684	0	684	2,350	1,610,000
TPD_PD1_015_011	15	2 BR	1,290	0	1,290	2,850	3,680,000
TPD_PD1_016_003	16	1BR	684	0	684	2,450	1,680,000

Executive summary cont.

TPD_PD1_017_006	17	1BR	685	0	685	2,450	1,680,000
TPD_PD1_017_005	17	1BR	684	0	684	2,450	1,680,000
TPD_PD1_019_009	19	1BR	687	0	687	2,500	1,720,000
TPD_PD1_021_010	21	2BR Duplex	1,584	0	1,584	2,750	4,360,000
TPD_PD1_021_004	21	2BR Duplex	1,548	0	1,548	2,550	3,950,000
TPD_PD1_021_008	21	1BR Duplex	1,015	0	1,015	2,750	2,790,000
TPD_PD1_022_009	22	2BR Duplex	1,437	0	1,437	2,800	4,020,000

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1 Instructions

Engagement of Knight Frank Valuation Services L.L.C.

Instructions	1.1	We refer to our Terms of Engagement letter and General Terms of Business for Valuations of 15 th November 2017, to provide a valuation report on 32 Residential Units at “The Pad”, Dubai, UAE (“the property”). Copies of these documents are attached at Appendix 1
	1.2	This valuation has been carried out in accordance with our General Terms of Business for Valuations (“General Terms of Business”).
Client	1.3	Our client for this instruction is MEFIC (Middle East Financial Investment Company) (“the Client”).
Valuation standards	1.4	This valuation has been undertaken in accordance with RICS Valuation – Global Standards 2017, incorporating the International Valuations Standards, and RICS Professional Standards UK January 2017 (revised April 2015). References to “the Red Book” refer to either or both of these documents, as applicable.
Purpose of valuation	1.5	You have confirmed that this valuation report is required for the proposed public listing of a Real Estate Investment Traded Fund (REIT) on the Saudi Stock Exchange (Tadawul).
Conflict of interest	1.6	We confirm that we do not have any material connection or involvement giving rise to a conflict of interest and are providing an objective and unbiased valuation. We previously valued the property in May 2017 on the basis of Market Rent, but consider that there is no conflict of interest as a result of this historic instruction.
	1.7	We are acting as External Valuers, as defined in the Red Book.
Responsibility to third parties	1.8	Our valuation report is only for the use of our Client and no liability is accepted to any third party for the whole or any part of its contents.
Disclosure & publication	1.9	Neither the whole nor any part of this valuation nor any reference thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.
Limitations on liability	1.10	No claim arising out of or in connection with this valuation report may be brought against any member, employee, partner or consultant of Knight Frank Valuation Services L.L.C. Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Knight Frank Valuation Services L.L.C.
	1.11	Knight Frank Valuation Services L.L.C.’s total liability for any direct loss or damage caused by negligence or breach of contract in relation to this instruction and valuation report is limited to the amount specified in the Terms of Engagement letter, a copy of which is attached. We do not accept liability for any indirect or consequential loss (such as loss of profits).

- 1.12 The above provisions shall not exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.
- Expertise** 1.13 In accordance with VPS3 of the Red Book, the valuer, on behalf of Knight Frank Valuation Services LLC, with the responsibility for this report is Jonathan Jeffrey MRICS, RICS Registered Valuer. We confirm that the valuer meets the requirements of the Red Book, having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently
- Vetting** 1.14 This report has been vetted as part of Knight Frank Valuation Services L.L.C.'s quality assurance procedures.

Scope of enquiries & investigations

- Inspection** 1.15 We were instructed to carry out an inspection of the property. Our inspection of the property was undertaken on date by 16th November 2017 by Cathal Kenny MRICS MEconSc.
- Investigations** 1.16 The extent of enquiries/investigations made is set out in our General Terms of Business. In carrying out this instruction we have undertaken verbal / web based enquiries referred to in the relevant sections of this report. We have relied upon this information as being accurate and complete.
- Information provided** 1.17 In this report we have been provided with information by Omniyat Middle East Real Estate Developments LLC. We have relied upon this information as being materially correct in all aspects. If the below information is not correct we reserve the right to amend our figures if new information becomes available.
- 1.18 In particular, we detail the following:
- Information relating to the extent of the 32 Residential Units,
 - Information relating to the proposed specification,
 - Information in relation to past sales evidence which we have relied upon
- 1.19 In the absence of any documents or information provided, we have had to rely solely upon our own enquiries as outlined in this report. Any assumptions resulting from the lack of information are also set out in the relevant section of this report.

Valuation bases

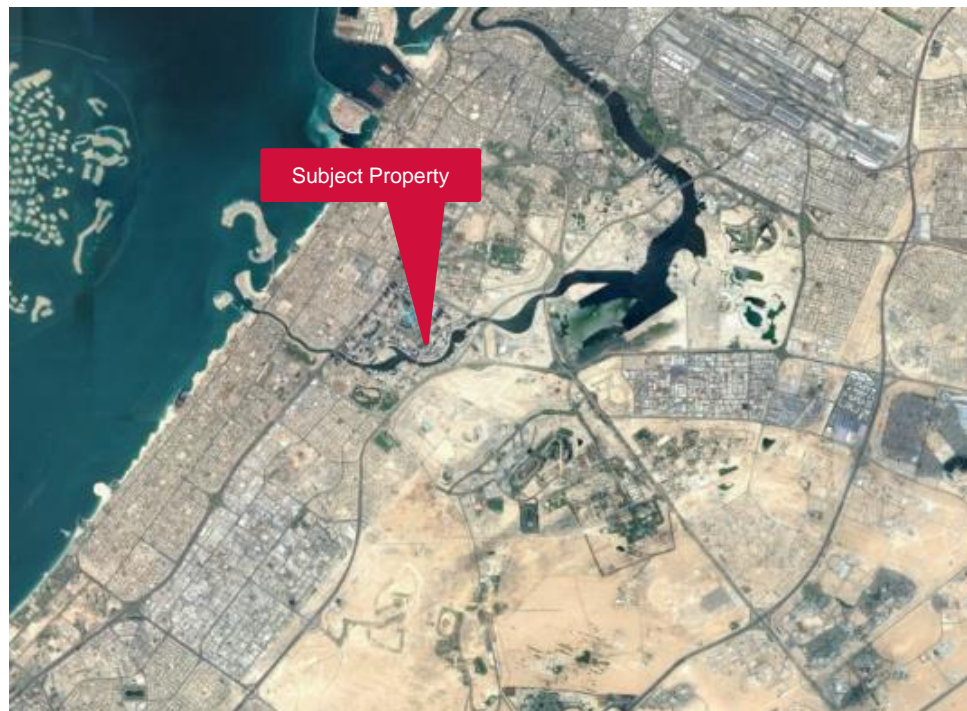
- 1.20 In accordance with your instructions, we have provided our opinions of value on the following base:-
- Market Value on Special Assumptions** 1.21 The Market Value of the freehold interest in the property in its current physical condition, with vacant possession and on the special assumptions that:
- We have valued the 32 units assuming they are completed as at the date of valuation,
 - We have considered each unit as furnished
- Valuation date** 1.22 The valuation date is 16th November 2017.

2 The Property

Location

- 2.1 The subject property is located within the Business Bay District of Dubai which is a master planned development being developed over a site area of 590 hectares along an extension to Dubai Creek. The area will eventually comprise a total of 240 buildings encompassing a variety of residential, offices and hotel towers.

Business Bay is a large master planned development which is bounded by Sheikh Zayed Road (E11) to the north west, Financial Centre Road (D71) to the north east, Al Khail Road (E44) to the south east and Al Meydan Street (D69) to the south west. The master plan also borders Downtown Dubai which is home to the Burj Khalifa (the world's tallest tower).



Source: Google Earth

- 2.2 The Pad is located on the northern side of Business Bay and is access from Al Abraj Street. The building benefits from Business Bay Canal and Downtown / Burj Khalifa views.

The Pad is within close proximity to Dubai Mall, Burj Khalifa and Sheikh Mohammed bin Rashid Boulevard. The closest metro stations are Dubai Mall or Business Bay. Access to the property is directly from Al Abraj Street, other access routes include Al

Asayel Street, Al Khail Road and Financial central Road.

The subject property is approximately 19.5 kilometres South West of Dubai International Airport and approximately 25 kilometres North East of Dubai Marina.

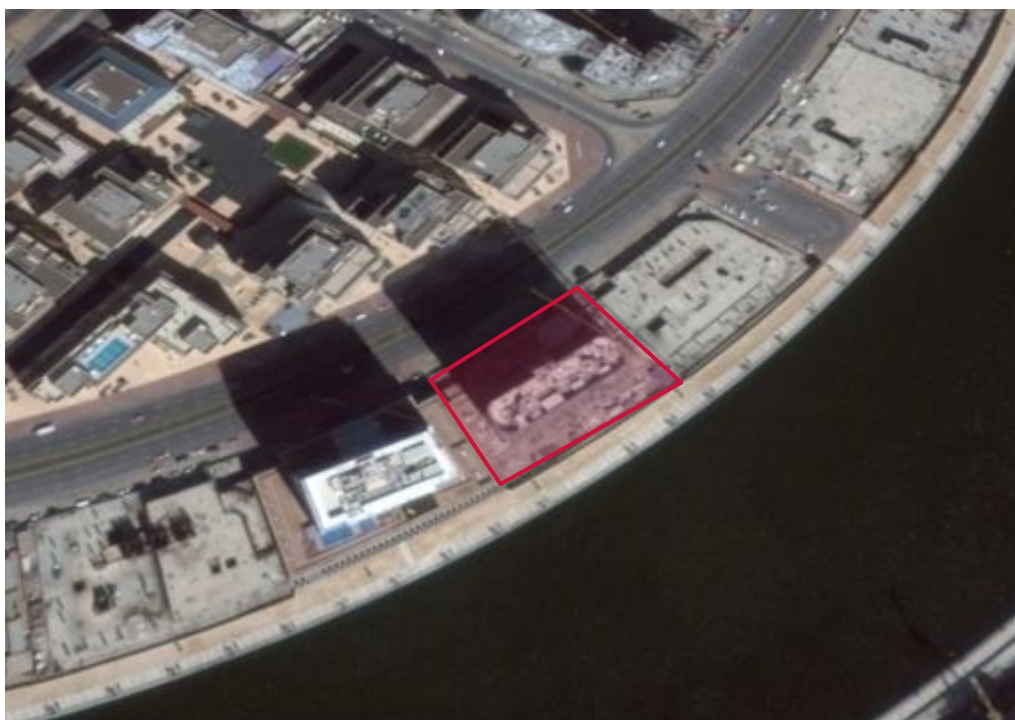


Source: Google Earth

Site

- | | | |
|------------------|-----|--|
| Site area | 2.3 | We have not been provided with a copy of the site plan by the client; however we understand The Pad is located at Plot No. BB.B01.B061.

From our research we understand the plot extends to an area of 50,184 sq ft (4,662 sq m). |
| Site plan | 2.4 | We have not been provided with a copy of the site plan, however we identify the subject property in the Google Earth image below. We have outlined our understanding of the approximate plot boundary in Red: |



Source: Google Earth

Description

- 2.5 The Pad is a 3B+G+P+M+22 floor residential building comprising studio to 3 bedroom apartments laid out as simplex and duplexes. The building also includes retail units, a swimming pool, gymnasium and landscaped garden areas.

Structurally the building is unique due its 6.5 degree tilt and will, once complete, have an exterior feature LED lighting system. The property is serviced by a 4 elevator lift core on the northern side along with two emergency staircases located at both ends of the floor plate.

In total the property comprises 253 units, with 11 units per floor. We understand that the floor plate is the same on each level excluding the 21st and 22nd floors which comprise A and B floors to accommodate the duplex apartments.

Units 1 and 11, two bedroom apartments, are located at the end of the floor plate and have dual aspect views of both Downtown and Business Bay Canal. Units 2 to 6 comprise 5 x one bedroom apartments with Canal views and Units 7 to 10 comprise 4 x one bedroom apartments with Downtown Views. From our inspection we understand that unit 8 converts to a studio from the 9th floor upwards due to the sloping nature of the building.

Internally the communal areas inspected are finished with plaster and painted walls, carpeted floor and plaster and painted ceiling with inset lighting and air conditioning. Each unit is accessed by a heavy, light coloured wooden door. During our inspection we were able to inspect a number of units including the mock up unit on the 2nd floor.

Unit 201 is a one bedroom apartment with Downtown Views, it is furnished (excluding TV) and finished to a good specification. The flooring throughout is Italian marble, the kitchen is open and fitted as is the bathroom. Walls are plaster and painted along with the ceiling. From our inspection we understand each unit also has a home data centre for mood lighting and temperature control.

From our inspection we are aware that the furniture package includes the majority of the furniture in the mock up unit, excluding cutlery, bed linen and rugs.

Also on the 2nd floor we were able to inspect 211, a two bedroom apartment with Canal and Downtown views. This unit was in the final stages of being fitted out, although no furniture was in place.

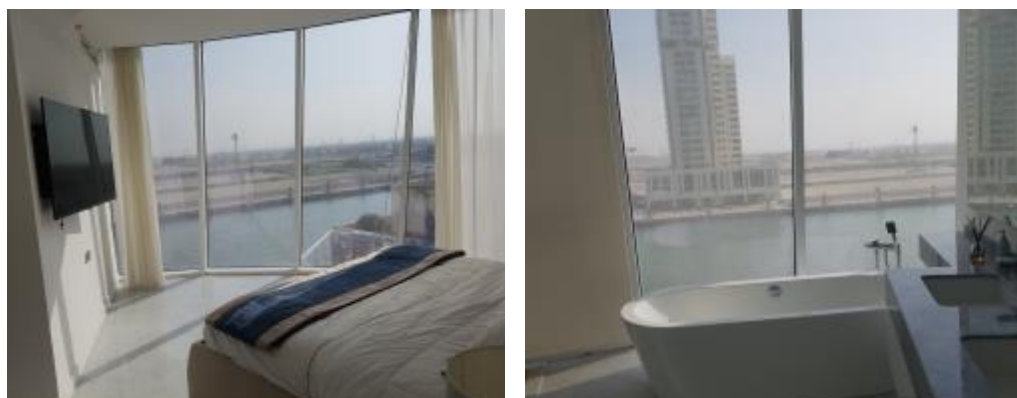
We also inspected apartment 1001 a 2 bedroom apartment which allowed us to establish the change in view from the high floors. The upper floors offer superior views of downtown Dubai with the Dubai Opera House, Burj Khalifa in sight.

From our inspection we understand the estimated date for completion is February 2018.

A copy of the floor plans provided can be found in Appendix 2.

2.6 Photographs taken during our inspection can be found below.





2.7 Further photographs of the property are attached at Appendix 3.

Accommodation

Measurement 2.8 As agreed with the client, we have relied upon floor areas provided to us. No further verification has been undertaken.

A breakdown of the 32 individual units can be seen below:

Floor areas

DLD Unit Number	Floor	Bedrooms	Internal Area (sq ft)	External Area (sq ft)	Total Area (sq ft)
TPD_PD1_00P_006	P	1BR	687	542	1,229
TPD_PD1_00P_008	P	1BR	660	203	863
TPD_PD1_00P_009	P	1BR	665	297	962
TPD_PD1_00P_010	P	1BR	663	282	945
TPD_PD1_00M_005	M	1BR	684	0	684
TPD_PD1_00M_003	M	1BR	684	0	684
TPD_PD1_001_011	1	2 BR	1,277	0	1,277
TPD_PD1_001_010	1	1BR	672	0	672
TPD_PD1_002_001	2	2 BR	1,277	0	1,277
TPD_PD1_002_011	2	2 BR	1,277	0	1,277
TPD_PD1_002_002	2	1BR	673	0	673
TPD_PD1_002_006	2	1BR	672	0	672
TPD_PD1_002_004	2	1BR	684	0	684
TPD_PD1_002_008	2	1BR	683	0	683
TPD_PD1_003_011	3	2 BR	1,277	0	1,277
TPD_PD1_004_001	4	2 BR	1,277	0	1,277

TPD_PD1_004_003	4	1BR	684	0	684
TPD_PD1_006_002	6	1BR	673	0	673
TPD_PD1_006_004	6	1BR	684	0	684
TPD_PD1_006_009	6	1BR	684	0	684
TPD_PD1_007_004	7	1BR	684	0	684
TPD_PD1_012_005	12	1BR	684	0	684
TPD_PD1_014_005	14	1BR	684		684
TPD_PD1_015_011	15	2 BR	1290	0	1,290
TPD_PD1_016_003	16	1BR	684	0	684
TPD_PD1_017_006	17	1BR	685	0	685
TPD_PD1_017_005	17	1BR	684	0	684
TPD_PD1_019_009	19	1BR	687	0	687
TPD_PD1_021_010	21	2BR Duplex	1,584	0	1,584
TPD_PD1_021_004	21	2BR Duplex	1,548	0	1,548
TPD_PD1_021_008	21	1BR Duplex	1,015	0	1,015
TPD_PD1_022_009	22	2BR Duplex	1,437	0	1,437

2.9 A breakdown of the floor areas can be found in Appendix 2.

Services

2.10 In accordance with the General Terms of Business, no tests have been undertaken on any of the services.

2.11 We have assumed for the purposes of this valuation that mains gas, water, electricity, drainage and telecommunications are all available to the subject property.

Legal title

Tenure

2.12 We have been informed that title to the property is freehold.

2.13 This assumption should be verified by your legal advisors. If it proves to be incorrect, any variation may have a material impact on value and should be referred back to us for further comment.

Covenants

2.14 We have assumed that the property is not subject to any unusual or onerous covenants, restrictions, encumbrances or outgoing.

Tenancies

Vacant

possession

2.15 As the property is vacant, we have valued the property with full vacant possession.

Service charge provisions 2.16 We have been provided with a service estimate of AED 17 per sq ft from the client previously. We have assumed this is still the case. From our understanding of service charges paid within neighbouring or similar buildings in the Business Bay area we are of the opinion that this is an appropriate rate but could rise/fall depending on external factors.

Condition

Scope of inspection 2.17 As stated in the General Terms of Business attached, we have not undertaken a building or site survey of the property.

Comments 2.18 Apart from any matters specifically referred to below, we have assumed that it is in sound order and free from structural faults, rot, infestation or other defects, and that the services are in a satisfactory condition.

2.19 It should be noted that the property was still under construction during our inspection and hence there were still works remaining before completion.

Ground conditions 2.20 We have not been provided with a copy of a ground condition report for the site. We have assumed that there is no adverse ground or soil conditions and that the load bearing qualities of the site are sufficient to support the building currently being constructed thereon.

Environmental considerations

Contamination 2.21 As stated in the General Terms of Business, investigations into environmental matters would usually be commissioned from suitably qualified environmental specialists. Knight Frank Valuation Services L.L.C. is not qualified to undertake scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.

Sustainability

Sustainability 2.22 The issue of sustainability is becoming increasingly important to participants in the property market. There is a general expectation that buildings that minimise environmental impact through all parts of the building life cycle and focus on improved health for their occupiers may retain value over a longer term than those that do not. Sustainable buildings should optimise utility for their owners and occupiers and the wider public, whilst minimising the use of natural resources and presenting low environmental impact, including their impact on biodiversity. Definitions of sustainability address both social equity, for example, indigenous and affordable aspects, and environmental impacts, including energy use, both within and 'upstream' from the building itself, in terms of the resources consumed in creating and operating it.

2.23 Some of the key issues relating to a building's sustainability are:

- land use

- design and configuration
- construction materials and services
- location and accessibility considerations
- fiscal and legislative considerations
- management and leasing issues

2.24 From a value perspective, sustainability is likely to be a long term issue and its relative importance will change over time.

Planning

2.25 We understand that the property as built has full planning consent. We have assumed this is the case for the purposes of this valuation.

Highways and access

Highways 2.26 We have assumed that there are no current highway proposals in the immediate vicinity likely to have a detrimental effect upon the property within the foreseeable future.

Access 2.27 In reporting our opinion of value, we have assumed that there are no third party interests between the boundary of the subject property and the adopted highways and that accordingly the property has unfettered vehicular and pedestrian access.

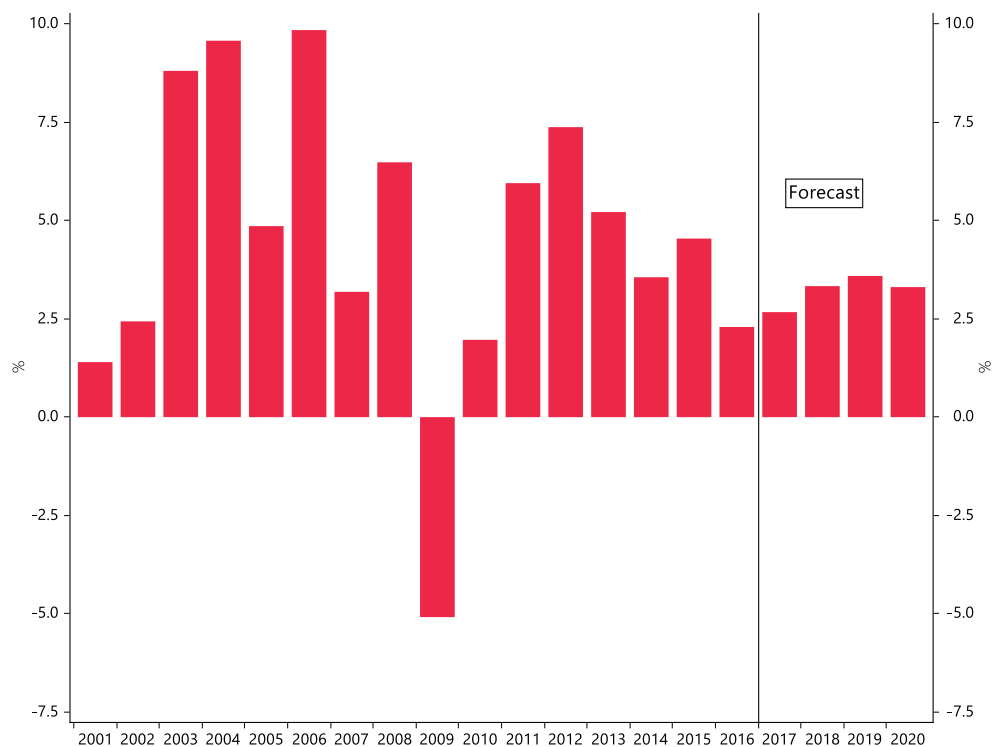
2.28 We have assumed that there are no issues relating to visibility splays which may impact upon the use or proposed use of the property.

3 Market analysis

UAE Economic Overview

3.1 Gross Domestic Product (GDP)

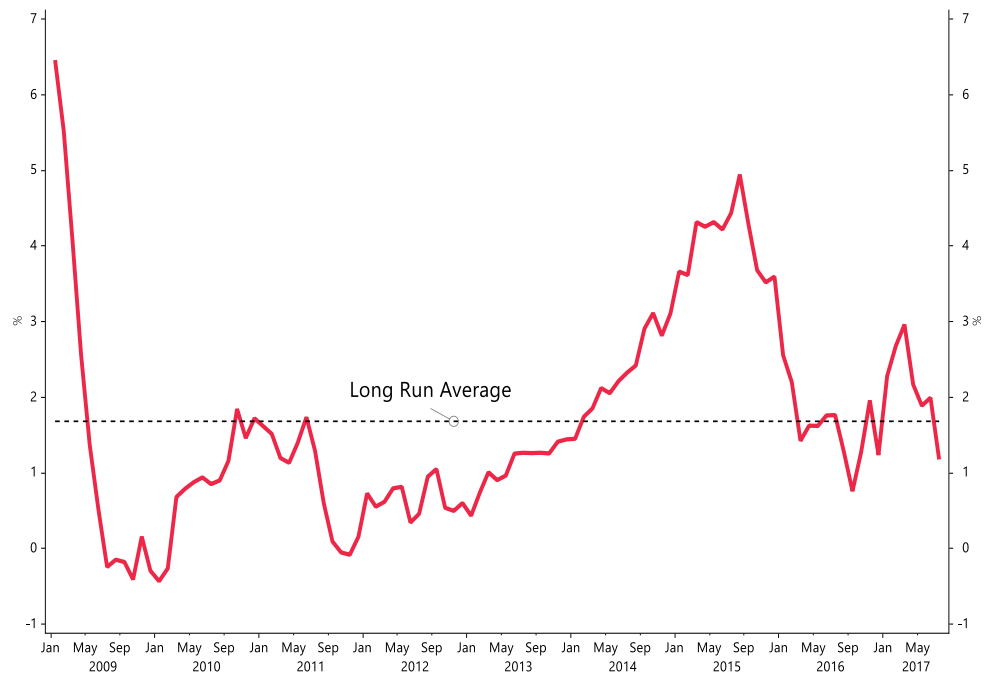
The UAE's GDP increased by 2.3% in 2016, down from 4.5% in 2015. Lower oil prices, higher interest rates and a strong dollar have underpinned the slowdown in GDP growth. As the economy adjusts to the new norm in oil prices and diversifies to cut its resilience on crude oil revenues, GDP growth is expected to gain momentum in 2017 (+2.7%) and 2018 (+3.3%).



Source: Knight Frank Research: Macrobond and Oxford Economics

3.2 Consumer Price Inflation, Year on Year % Change

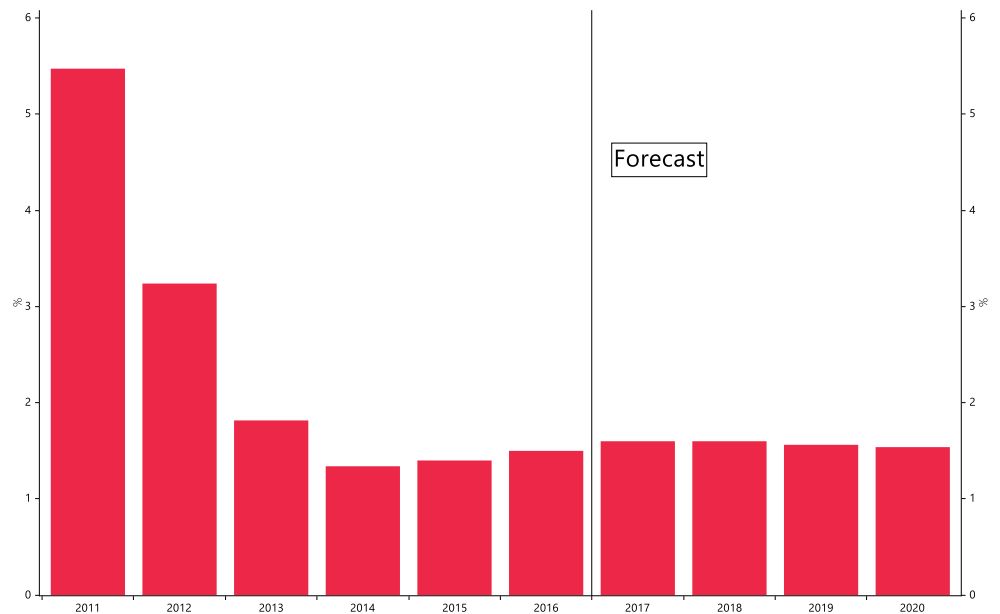
Consumer price inflation has marginally risen by roughly 0.25% in the year to Q2 2017. The depreciation of the AED has likely contributed to this increase. However the rate remains close to its long term average.



Source: Knight Frank Research: Macrobond and Oxford Economics

3.3 Employment

Employment is forecast to grow 1.6% in 2017 and 2018 as corporations look to resume hiring plans amid a more favourable global economic outlook.

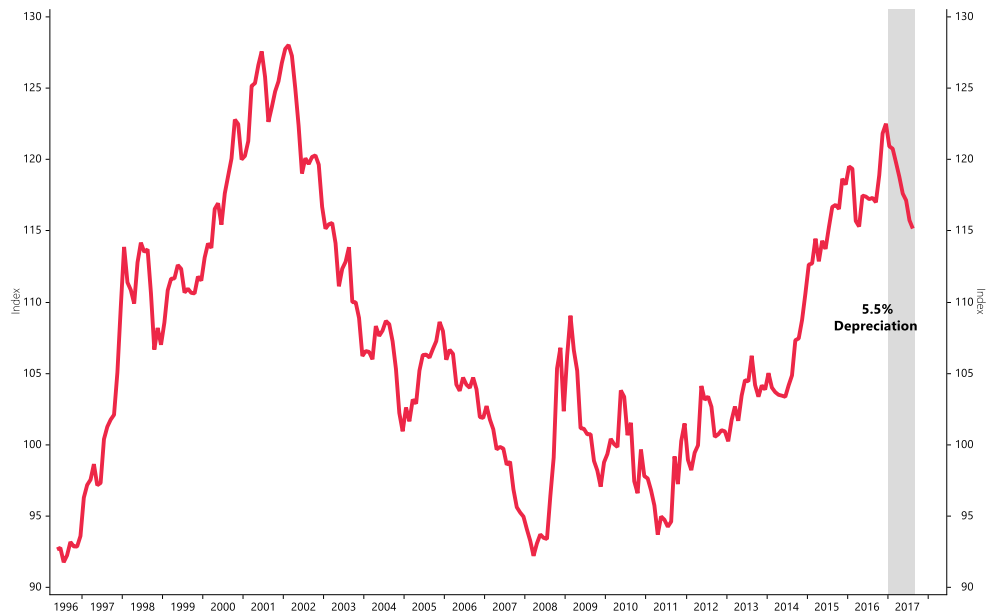


Source: Knight Frank Research: Macrobond and Oxford Economics

3.4 Currency Markets

The strong US Dollar since May 2014 has proved to be a strong headwind for the UAE’s economy. However, despite interest rate hikes by the Federal Reserve, the US Dollar has depreciated rapidly in the first seven months of 2017, registering the longest period of depreciation since 2010. Given the UAE’s reliance on foreign consumer spending, this is likely to provide a boost to economic growth.

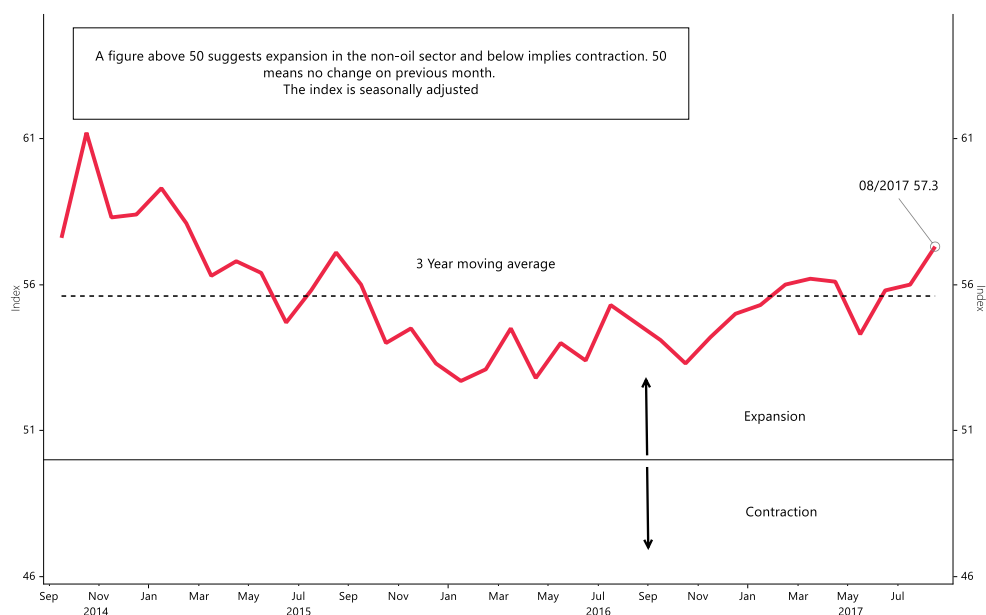
Chart title: United Arab Emirates, FX Indices, BIS, Nominal Effective Exchange Rate Index, Broad



Source: Knight Frank Research: Macrobond and Oxford Economics

3.5 Emirates NBD Purchasing Managers (PMI) Index

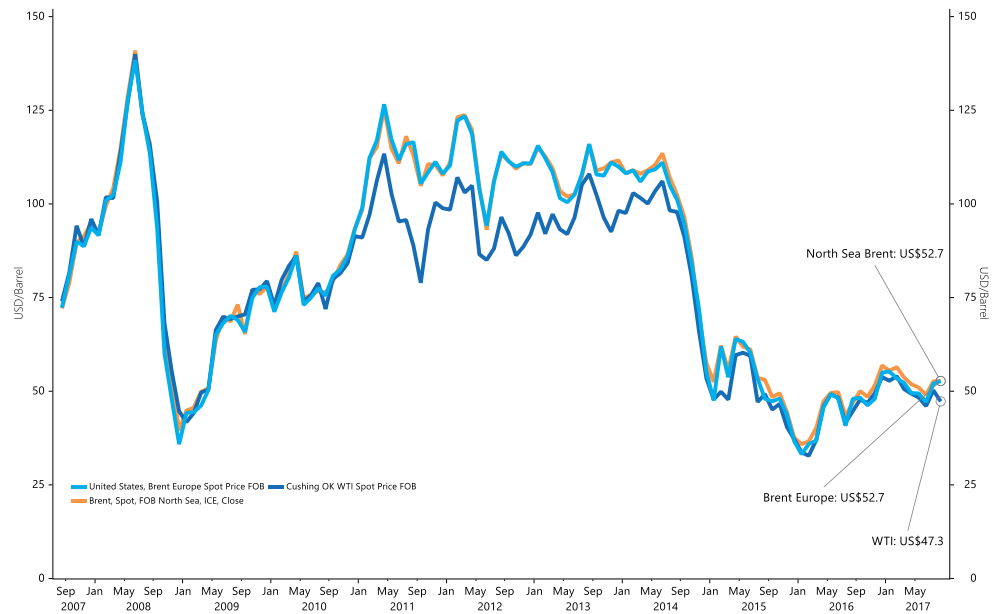
The seasonally adjusted Emirates NBD UAE Purchasing Managers' Index (PMI) has registered four continuous months of growth; in index which measures business sentiment has registered its highest value (57.3) since February 2015, indicating stronger growth in the federation's non-oil private sector.



Source: Knight Frank Research: Macrobond and Oxford Economics

3.6 Oil Prices

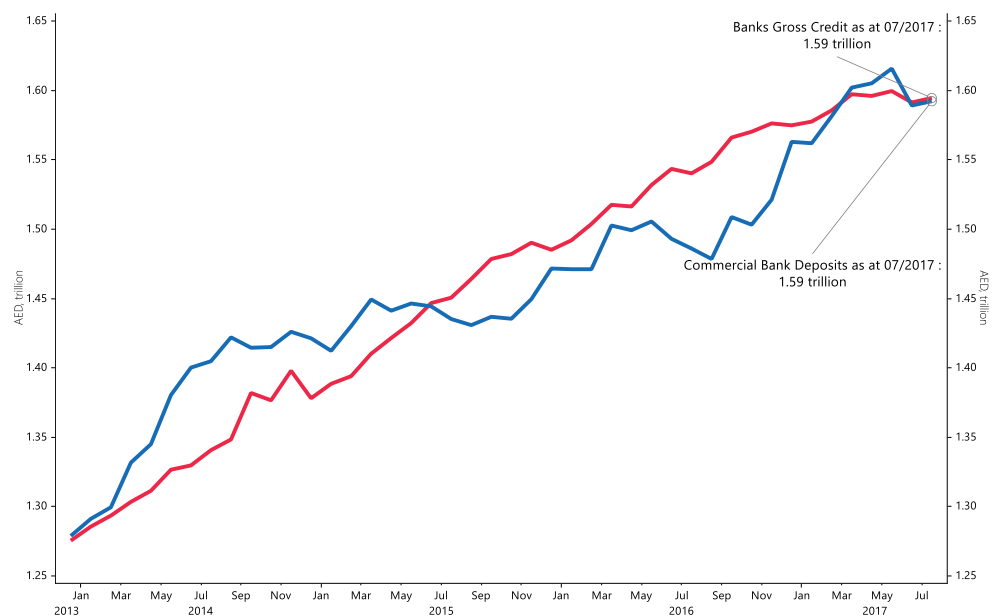
The price of Organization of Petroleum Exporting Countries' (OPEC) basket of crudes stood at US\$52.7 per barrel (pb) in August 2017, a 26% increase in year on year prices. Europe Brent Spot and Cushing, OK WTI Spot Price also increased by similar levels from their July 2016 price levels.



Source: Knight Frank Research: Macrobond and Oxford Economics

3.7 Bank Deposits and Credit

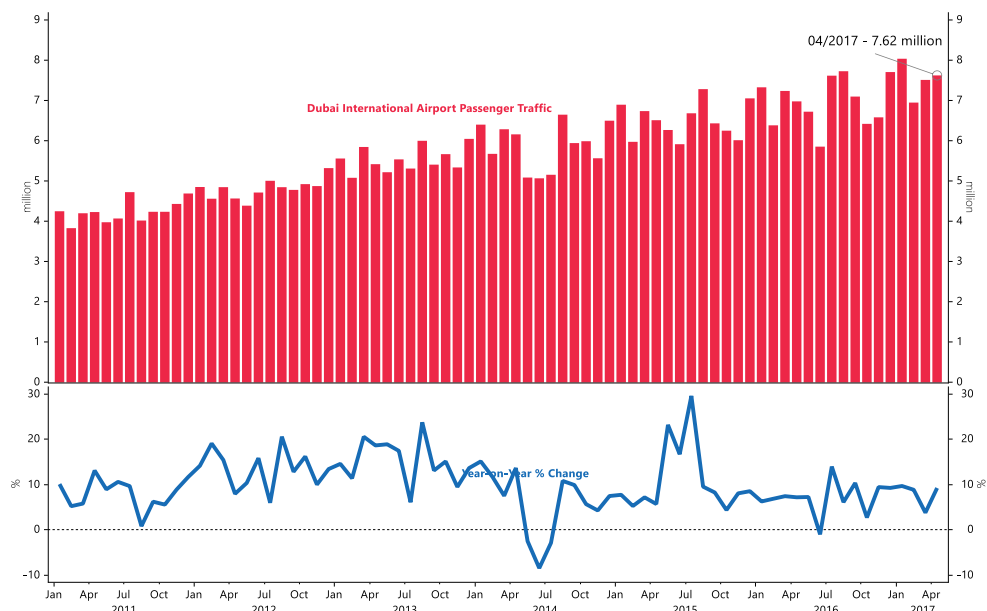
According to data from the UAE Central Bank, as at July 2017 bank deposits totalled an estimated AED 1.59 trillion and gross credit stock totalled an estimated AED 1.59 trillion at the same point in time. This represents a 7.1% and 3.5% increase in the year to July 2017, respectively. These are strong underlying fundamentals which point to good health in the economy in terms of current confidence and room for future growth.



Source: Knight Frank Research: Macrobond and Oxford Economics

3.8 Dubai Airport Passenger Traffic

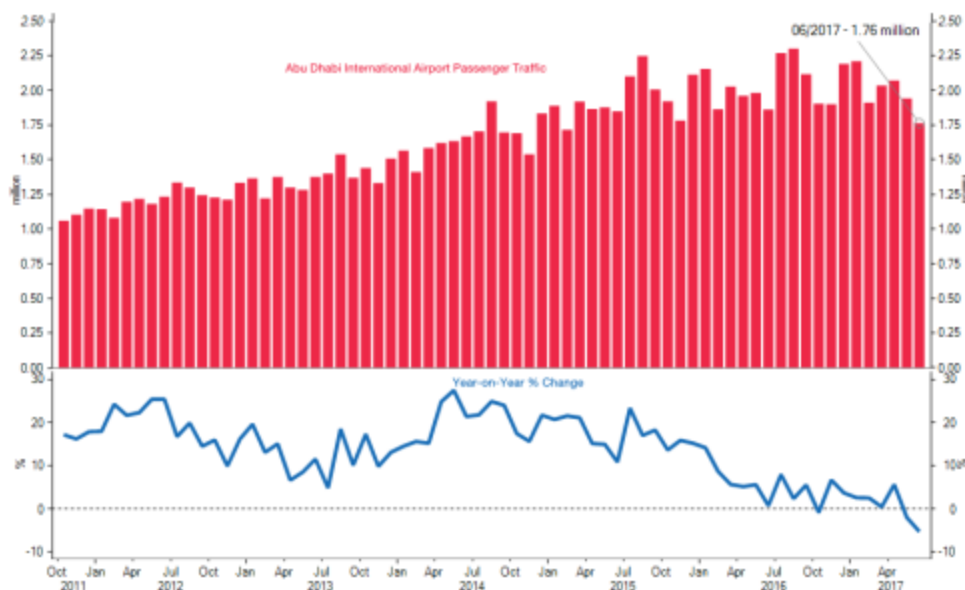
Passenger traffic at Dubai International Airport stood at 7.62 million passengers in April 2017, 9.2% higher than April 2016. 2016 saw a total of approximately 83.65 million passengers, a 7.2% increase on 2015. In 2016, Dubai International retained its title as the busiest international airport in the world.



Source: Knight Frank Research: Macrobond and Oxford Economics

Abu Dhabi Passenger Traffic

Abu Dhabi Airport recorded 1.76 million visitors in June 2017, a 5.27% fall over the same time period compared to 12 months ago. Abu Dhabi Airport has witnessed approximately 24.48 million passengers during 2016, a 5.1% increase from 2015 according to Abu Dhabi Airports.



Source: Knight Frank Research: Macrobond and Oxford Economics

3.9 Dubai Gross Domestic Product

Dubai's GDP increased by 2.9% in 2016, down from 4.1% in 2015. Lower oil prices, higher interest rates and a strong US Dollar have underpinned the slowdown in GDP growth. As the economy adjusts to the new norm in oil prices and diversifies in line with Dubai Plan 2021, the slowdown in GDP growth is expected to bottom out in 2017 (2.2%) and begin to strengthen in 2018 (2.5%).

However, despite interest rate hikes by the Federal Reserve, the US Dollar has depreciated rapidly in the first seven months of 2017 (6%), registering the longest period of depreciation since 2010. Given the Dubai's reliance on foreign consumer spending, this is likely to provide a boost to economic growth and may encourage firms to resume capital expenditure.

Lastly, whilst Dubai's economy is not as dramatically impacted by swings in oil prices, it is positive news for the region that prices have recently settled at around \$50 per barrel, up from lows of \$27 per barrel in January 2016.

Source of information

3.10 Our market analysis has been undertaken using market knowledge within Knight Frank, enquiries of other agents, searches of property databases, as appropriate and any information provided to us.

Dubai Residential Market Overview

Source of information 3.11 Our market analysis has been undertaken using market knowledge within Knight Frank Valuation Services LLC, enquiries of other agents, searches of property databases, as appropriate and any information provided to us.

Residential Overview 3.12 As at Q1 2017, there are varied levels of demand across Dubai's residential property segment, both in the sales and rental markets

Data from REIDIN.com suggests that as at February 2017, sales prices had increased by 1% and 0.6% y-o-y for apartments and villas respectively. Rental prices had dropped by 7.9% and 2.9% y-o-y respectively. This indicates that there has been a compression in yields, as the market slowly matures

Specific areas, primarily with a limited future supply appear to be outperforming the market. Nonetheless sales prices and rents have fallen citywide.

Given the peg of the UAE Dirham to the US Dollar, with the US Federal Reserve likely to increase interest rates throughout 2017, EIBOR is likely to rise, which will increase the cost of mortgages in the UAE. This will have an impact on the retail mortgage market, which will have the most profound impact in the low to mid end of the market.

The UAE Ministry of Finance confirmed in April 2017, that the first sale of residential property in the UAE will be subject to a Valued Added Tax (VAT) of 5%. This will be effective from 1st January 2018 and is likely to have an impact on pricing throughout 2017.

Supply 3.13 2017, much like 2016, commenced with the largely acceptable notion that the residential property market in Dubai would soften on the back of rising inventory levels.

The Government is still investing heavily in infrastructure projects, which developers are leveraging off of, to include the Metro extension towards the Expo 2020 site and the completion of the Dubai Water Canal. 2016 also witnessed several developers introducing more flexible payment plans and realistic pricing to align with the market and entice buyers.

Data from REIDIN indicates that there are a total of circa 95,000 due for completion by the end of 2020, of which around 80% are in the apartment segment. Data also indicates that the top 5 areas for upcoming supply are:

Location	Upcoming Supply
Dubailand	23,026
Downtown Dubai	7,519

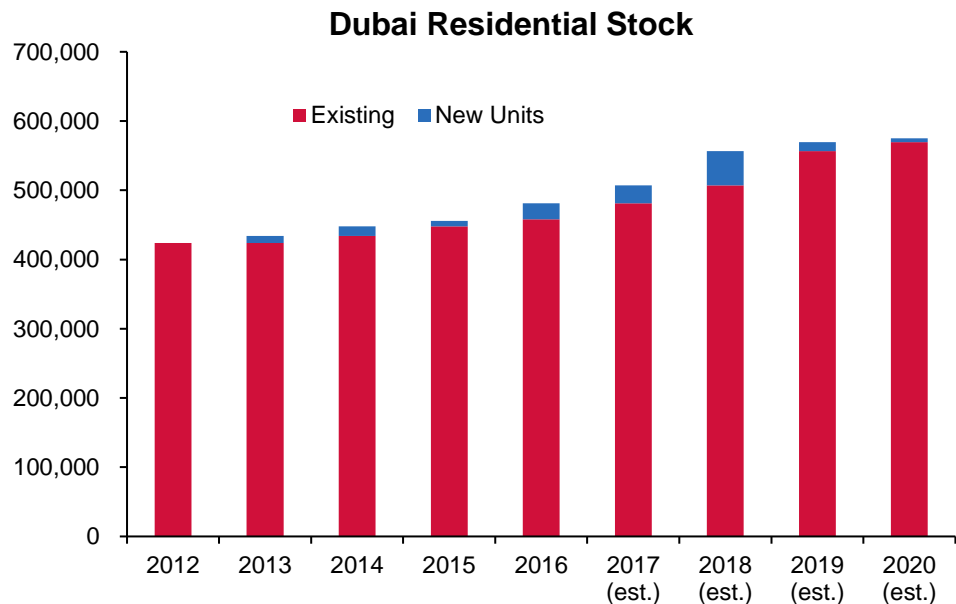
Jumeirah Village Circle	7,126
Sheikh Mohammed Bin Rashid City	5,790
Dubai Sports City	5,352

3.14 These locations are highlighted below:



Source: Google Earth / Knight Frank

3.15 The chart below shows the increase in residential units across Dubai from 2012 to 2020.



Source: Knight Frank

Rental Trends 3.16 There has been a gradual shift towards owning instead of renting, as such the sales market has tended to outperform the rental market. In terms of rental levels, villas have tended to outperform apartments in the past 12 months

Established locations continue to attract new residents, both new, as well as existing residents, who are upgrading for better location/connectivity

With the majority of the new supply expected to enter the apartment segment, we anticipate the rental market for this segment to soften further.

Sale Trends 3.17 Capital values have been declining steadily over the past 24 months. However REIDIN data suggested that as at October 2016 capital values for apartments and villas marginally increased by circa 1% year on year and 0.6% year on year respectively.

The Dubai Land Department have reported that the overall transaction values fell nearly 3% in 2016 compared to 2015. The average apartment price dropped 3.4% and villas 3.6% year on year.

We expect to see pressure on sales prices in Dubailand due to the quantum of development which is taking place in this area of the city to include developments such as Town Square, Reem, Mudon, Arabian Ranches Phase 2, Serena and Villanova. A new master plan is soon to be established to the rear of Dubai Sports

City with a total plot size of circa 30,000,000 sq ft.

Conclusion

3.18 There has been an increase in transaction volumes by 45% when comparing Q1 2016 against Q1 2017. However, given the pipeline of stock which is due to enter the market, growth expectations are limited for the foreseeable future.

Naturally there is still a lot of optimism that surrounds Expo 2020, where the impacts are likely to be more profound in the hospitality sector. Whilst Dubai is further establishing itself as the regional financial hub and safe haven, doubts remain about demand increasing in line with supply.

With the US Dollar peg remaining and consequently the strength of the UAE Dirham, several expatriates are considering it more attractive to export capital than invest locally. Any shift in the US Dollar (downwards), would slow down these outflows, which should have a positive impact on the residential sector.

The likely increases in EIBOR this year will have a detrimental impact on retail mortgages, which will put further pressure on capital values.

Established communities will continue to outperform the overall market, demonstrating consistent end-user demand for quality products at good locations with reasonable prices. Although these areas have still come under pressure in the past 18 – 24 months.

We expect the residential property market in Dubai to remain broadly flat in 2017, with a slight drop in sales prices and rental rates, if anything.

Comparable Evidence

Comparables 3.19 We have benchmarked the subject properties against other prime developments in Business Bay & Downtown, attempting to focus specifically on serviced apartments:

- DAMAC Maison Canal View ●
- The Mayfair Residency ●
- The Mayfair Tower ●
- Bay Square ●
- DAMAC Maison The Vogue ●
- The Cosmopolitan Tower ●



Source: Google Earth / Knight Frank

Damac Maison Canal Views 3.20 The Damac Maison Canal Views is a 201 room serviced apartment development built recently. The property comes with an outdoor swimming pool, internal restaurant and kids club. The Damac Maison Canal Views is located along the Dubai Canal offering good views of Downtown Dubai and the Canal Banks.

Current sales prices within the development are AED 1,600 – 2,500 per sq ft with a premium for units facing towards the Burj Khalifa.

- Mayfair Residency** 3.21 Mayfair Residency comprising (19) storeys consisting of one to two-bedroom apartments, including leisure and entertainment facilities. There are 239 units situated within the development.
- Current sales prices within the development are AED 1,000 – 1,500 per sq ft with a premium for units facing towards the Burj Khalifa.
- Mayfair Tower** 3.22 Mayfair Tower is a freehold residential building located in Business Bay, designed to have 3B+G+3P+18 floors. There are 248 units situated within the development and was completed in 2012.
- Current sales prices within the development are AED 1,000 – 1,500 per sq ft with a premium for units facing towards the Burj Khalifa.
- Bay Square** 3.23 Bay Square is a mixed use commercial area comprising of a number of residential buildings with retail on the ground floor. The buildings range between 10 and 15 stories high with many comprising of between 100 and 200 units.
- Current sales prices within the development are AED 1,800 – 2,100 per sq ft with a premium for units facing towards the Burj Khalifa.
- Damac Maison The Vogue** 3.24 The Vogue Tower is a 26 storey mixed-use serviced apartment tower comprising of 428 apartments with communal facilities including gym, spa and swimming pool. The building is of a concrete frame construction and finished internally to good specification with central AC, CCTV and on site security.
- Current sales prices within the development are AED 1,800 – 2,100 per sq ft with a premium for units facing towards the Burj Khalifa.
- The Cosmopolitan Tower** 3.25 Cosmopolitan Tower is a 19 storey mixed-use tower with communal facilities including gym, spa and swimming pool. The building is concrete framed with glazed façade and internally finished to good specification with Central AC, CCTV and on site security.
- Current sales prices within the development are AED 1,600 – 2,000 per sq ft with a premium for units facing towards the Burj Khalifa.

4 Valuation

Methodology

4.1 Our valuation has been undertaken using appropriate valuation methodology and our professional judgement.

Comparative method

4.2 In undertaking our valuation of the property, we have made our assessment on the basis of a collation and analysis of appropriate comparable transactions, together with evidence of demand within the vicinity of the subject property. With the benefit of such transactions we have then applied these to the property, taking into account size, location, aspect and other material factors.

The Pad is a landmark building on the banks of the Dubai Canal due to its unique slant. The area has seen a lot of development since the initial opening of the canal a number of years ago with a number of schemes currently under development or having been delivered. The Pad has been under development for over 10 years with a series of delays hindering the project. We have been told that a number of units which were purchased previously have been returned due to the long waiting period. However the project is due for completion in February- March next year.

We have looked at various factors such as aspect, view, size, specification, amenities and apartment layout when forming our opinion of value. The majority of apartments offer views of either the Burj Khalifa / Bay Square development or the canal. Only a number of corner units offer views of both. We believe that units facing the canal will command a price premium on the lower floors as views of the Burj Khalifa are somewhat obstructed. Units facing the Burj Khalifa will command a premium on the upper floors however.

A number of pre sales have taken place and we have analysed a number of these transactions. We have factored in a premium of 5% upon completion from these prices to account for the mitigated risk as well as the larger pool of potential buyers upon completion.

15 Apartments have sold since January 2016 and we have been told that approx. 90% of the development has been sold to date. The 15 units have an average sale price of AED 2,400 per sq ft. This gives us an indication of pricing within the development as the figure is made up of a good variety of units with differing characteristics

We have also looked at a number of other developments in the area and have benchmarked them in comparison to the subject property. We have ignored any sales data prior to 2016 as the market has changed considerably in the intervening years between sales. Units at podium level have a large terrace area and offer good views along the canal. These may be seen as beneficial to the 1st and 2nd floor despite their lower floor.

The area is seeing considerable development with a number of developers such as Damac bringing schemes to the market. This adds to the competition and provides

potential buyers alternative options that may not have been there 1 or 2 years ago. Having inspected the show apartments the specification is higher end which may help differentiate the units along with its unique design. The retail units located on the ground floor will also add to the convenience which is another positive selling point.

Valuation considerations

- 4.3
- Units values are reported individually
 - Property will be finished to a very high specification

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Easily accessible location, • Good views on the upper levels of both Downtown and the Canal, • Good specification & furnished. 	<ul style="list-style-type: none"> • Larger, end units are a more irregular shape and could be less attractive to a potential tenant, • Possible loss of view on the lower levels as neighbouring pots get built out.
Opportunities	Threats
<ul style="list-style-type: none"> • Completion of the Canal walkway and increased footfall. 	<ul style="list-style-type: none"> • Further development of the master plan could increase traffic congestion and noise pollution.

Valuation bases

- Market Value** 4.4 Market Value is defined within RICS Valuation – Professional Standards as:
- “The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Valuation date

- Valuation date** 4.5 The valuation date is 16th November 2017.

Market Value

- Assumptions** 4.6 Our valuation is necessarily based on a number of assumptions which have been drawn to your attention in our General Terms of Business, Terms of Engagement Letter and within this report.
- Special assumptions** 4.7 As instructed by you, our valuation is also undertaken on the following special assumption:-

- The special assumption that the properties have been completed, as at the date of the valuation.

Market Values on special assumption 4.8 We are of the opinion that the Market Values of the freehold interest in the properties, on the special assumption that the properties have been completed, as at the valuation date are:

Unit No	Floor	Bedrooms	Internal Area (sq ft)	External Area (sq ft)	Total Area (sq ft)	Internal AED per sq ft	MV on special assumption (AED)
TPD_PD1_00P_006	P	1BR	687	542	1,229	2,200	2,110,000
TPD_PD1_00P_008	P	1BR	660	203	863	2,000	1,520,000
TPD_PD1_00P_009	P	1BR	665	297	962	2,000	1,630,000
TPD_PD1_00P_010	P	1BR	663	282	945	2,000	1,610,000
TPD_PD1_00M_005	M	1BR	684	0	684	2,100	1,440,000
TPD_PD1_00M_003	M	1BR	684	0	684	2,100	1,440,000
TPD_PD1_001_011	1	2 BR	1277	0	1277	2,450	3,130,000
TPD_PD1_001_010	1	1BR	672	0	672	2,050	1,380,000
TPD_PD1_002_001	2	2 BR	1,277	0	1,277	2,450	3,130,000
TPD_PD1_002_011	2	2 BR	1,277	0	1,277	2,450	3,130,000
TPD_PD1_002_002	2	1BR	673	0	673	2,200	1,480,000
TPD_PD1_002_006	2	1BR	672	0	672	2,200	1,480,000
TPD_PD1_002_004	2	1BR	684	0	684	2,200	1,500,000
TPD_PD1_002_008	2	1BR	683	0	683	2,100	1,430,000
TPD_PD1_003_011	3	2 BR	1,277	0	1,277	2,500	3,190,000
TPD_PD1_004_001	4	2 BR	1,277	0	1,277	2,500	3,190,000
TPD_PD1_004_003	4	1BR	684	0	684	2,200	1,500,000
TPD_PD1_006_002	6	1BR	673	0	673	2,250	1,510,000
TPD_PD1_006_004	6	1BR	684	0	684	2,250	1,540,000
TPD_PD1_006_009	6	1BR	684	0	684	2,225	1,520,000
TPD_PD1_007_004	7	1BR	684	0	684	2,275	1,560,000
TPD_PD1_012_005	12	1BR	684	0	684	2,350	1,610,000
TPD_PD1_014_005	14	1BR	684	0	684	2,350	1,610,000
TPD_PD1_015_011	15	2 BR	1,290	0	1,290	2,850	3,680,000
TPD_PD1_016_003	16	1BR	684	0	684	2,450	1,680,000
TPD_PD1_017_006	17	1BR	685	0	685	2,450	1,680,000
TPD_PD1_017_005	17	1BR	684	0	684	2,450	1,680,000
TPD_PD1_019_009	19	1BR	687	0	687	2,500	1,720,000

TPD_PD1_021_010	21	2BR Duplex	1,584	0	1,584	2,750	4,360,000
TPD_PD1_021_004	21	2BR Duplex	1,548	0	1,548	2,550	3,950,000
TPD_PD1_021_008	21	1BR Duplex	1,015	0	1,015	2,750	2,790,000
TPD_PD1_022_009	22	2BR Duplex	1,437	0	1,437	2,800	4,020,000

- 4.9 Note that the aggregate sum stated above, AED 69,200,000, is the sum of all individual Market Values and does not necessarily reflect a bulk sale.
- 4.10 This valuation is on the basis that the special assumption above does not represent the Market Value of the properties and the purpose for which this figure is used, should be carefully considered.

5 Signature

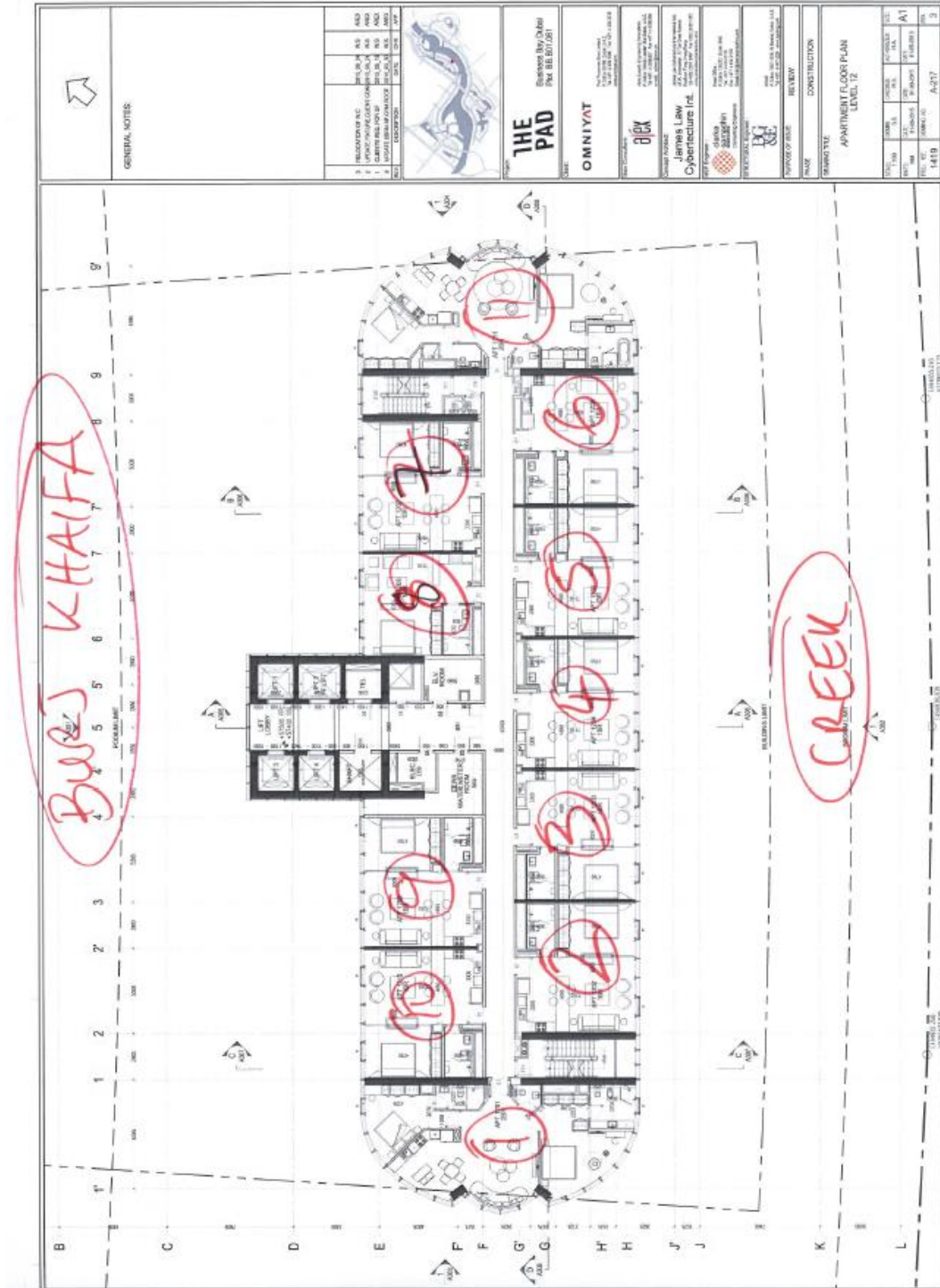
Reviewed (but not undertaken by):

Jonathan Jeffrey, MRICS
RICS Registered Valuer
Associate Partner
For and on behalf of Knight Frank
Valuation Services L.L.C.

Felicity Davey-Faun, MRICS
RICS Registered Valuer
Manager
For and on behalf of Knight Frank
Valuation Services L.L.C.

Appendix 1 - Instruction documentation

Appendix 2 - Floor Areas



Appendix 3 - Photographs



External View



External View



1 Bedroom



2 Bedroom Apartment Living Area



Bathroom Specification



View towards Bay Square