

Proposal Ref No: **PRE – 19/5514**

Date: 3 February 2020

Mr Abdulelah Alsaab

Senior Manager - Real Estate

MEFIC Capital

King Fahd Road, First Floor - Riyadh

Kingdom of Saudi Arabia

DESKTOP - VALUATION REPORT OF THIRTY (30) SERVICED APARTMENTS UNITS

Plot No. 72, 30 (Serviced Residential Apartments) Units in The Pad Tower, Business Bay, Dubai, United Arab Emirates.

Dear Sir,

Pursuant to your instructions received (bearing our reference Nos. PRE – 19/5514) via email for a desktop re-valuation of the subject properties as per details below, we hereby submit our report of findings as under:

INTRODUCTION

In accordance with your instructions we have undertaken the desktop re-valuation of the subject properties as on 31st December 2019 (the 'date of valuation') and described hereunder is our report and findings.

VALUATION INSTRUCTION / PROPERTIES INTEREST TO BE VALUED

In accordance with instructions received we have been requested to provide our opinion of the Market Value of the *freehold* interest with vacant condition/possession in the subject properties under the following assumption: -

- i. Market Value of the subject properties under **Special Assumption** that the residential properties are complete – on an '**As If Complete**' basis – As such we have considered the subject properties to be a completed development as on date of valuation.
- ii. Market Value of the subject properties under Special Assumption that MEFIC REIT leased all units through a 4-year binding triple net lease contract as per the following conditions;
 - (a) For the first six months, the amount equal to 12% of the Purchase Price for each Unit
 - (b) For the remaining term (42 months), the amount equal to 8% of the Purchase Price for each unit
 - (c) Rent term: Four (4 years) commencing on the Effective date (Acquisition date 25 September 2018)
 - (d) That the annual guarantee returns of 8% is net of all fees

CLIENT AND OTHER INTENDED USERS

The subject valuation assignment is being produced strictly for (the Client) **M/s. MEFIC Capital**.

VALUATION PURPOSE

The valuation is prepared for transaction purpose.

VALUATION REPORTING COMPLIANCE

The valuation has been conducted in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards 2017 and the International Valuation Standards Council (IVSC) International Valuations Standards (Edition 2017). It should be further noted that this valuation is undertaken in compliance with generally accepted valuation concepts, principles and definitions as promulgated in the IVSC International Valuation Standards (IVS) as set out in the IVS General Standards and IVS Asset Standards.

DESK TOP VALUATION/ REPORTING LIMITATIONS

This valuation is a desktop re-valuation which has been based on information provided by the client and from our previous valuation report undertaken on the same properties on 4th February 2019 and 30th June 2019. The subject properties have not been re-inspected due to the limitations / restrictions arising from the instructions received from the client, and hence this report is based on information provided and on which we have relied. We have further assumed that, for the purpose of this valuation, the various information / data provided and relied upon by us in this instance is fairly accurate, and any deviation from this will mean that our reported valuation will be materially affected, and we reserve the right to re-assess.

SURVEYOR

The subject properties were previously inspected by Mr. Shahid Nazir on dated 4th February 2019.

VALUER

The Valuer on behalf of ValuStrat Management Consultancies, with responsibility of this report is **Ms. Cheryl McAdam, MRICS (RICS Registered Valuer), SACPVP**. We confirm that the Valuer meets the requirements of RICS Valuation – Global Standard, having sufficient and current knowledge of the UAE market and the skills and understanding to undertake an objective and unbiased valuation competently.

We further confirm that we have previously conducted a market study on the operation of the subject properties as on 20th March 2018, 4th February 2019 and valuation of 30th June 2019 for same Client. We further confirm that to the best of our knowledge we have no conflict of interest in us undertaking this assignment.

We also confirm that the proportion of total fees payable by the client during the preceding year relative to the total fee income of ValuStrat Management Consultancies during that year was minimal (less than 5%).

DATE OF VALUATION

Tuesday, 31st December 2019

STATUS OF VALUER

External Valuer

EXTENT OF INVESTIGATION

In accordance with instructions received we have carried out a desk-top re-valuation report of the subject properties. The subject properties have not been re-inspected, and this report is based on information provided by the customer and upon which we have relied. We have assumed that there has been no change to the physical attributes and condition of the subject properties and any deviation from this will mean that our reported valuation will be materially affected, and we reserve the right to re-assess.

SOURCES OF INFORMATION / DOCUMENTS PROVIDED

For reporting purpose, we assume that information provided to us by the Client is up to date, complete and correct in relation to title, and other relevant matters as set out in the report. In addition, floor area quoted within this valuation report has been provided by the client and we assume these are in accordance to RICS Property measurement (Edition 2018) and IPMS: Residential Buildings (Edition 2016). We assume that information provided to us is accurate, and we reserve the right to amend our report should any information be contrary to that provided.

The following documents have been provided by the client and which we have relied on: -

Document	Verification
Initial Contract of Sale for all units as issued by Land Department, Government of Dubai.	Reliable
Individual Unit Details.	Reliable

Copies of the above documents are attached in the appendix below.

CLIENT

M/s. MEFIC Capital

TITLE

Freehold Interest – superior, perpetual, legally un-encumbered and transferable ownership title.

ADDRESS/ LOCATION

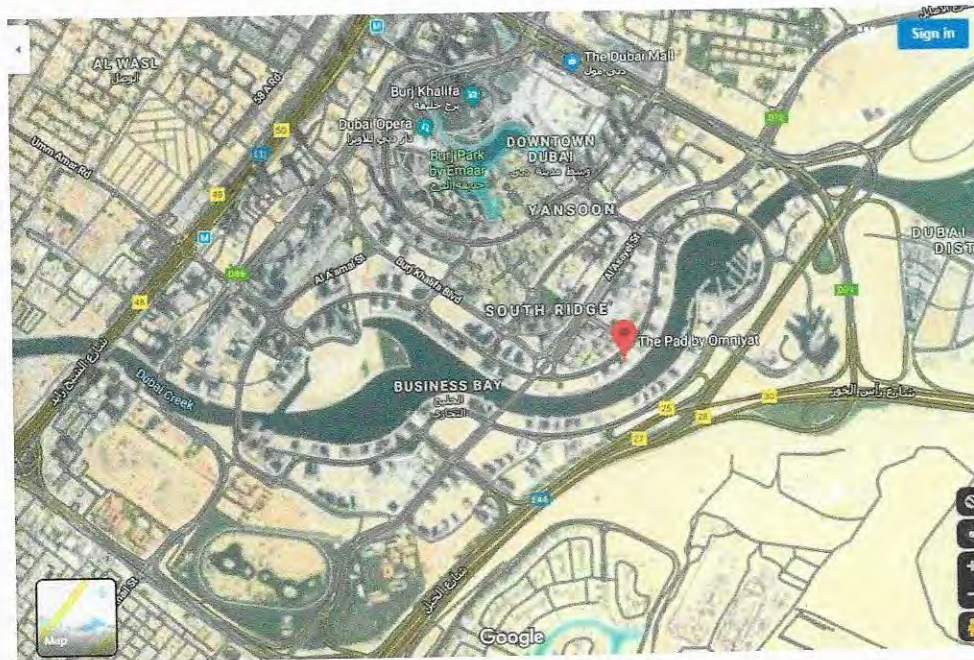
Property Numbers:

M05	P06	P08	P09	P10	110	111	201	211	311
401	404	602	609	704	1108	1202	1203	1205	1210
1511	1603	1706	1909	2104	2110	2204	2207	2208	2209

Plot Number: 72 – As per Initial Contract of Sale
 Community: Business Bay
 Building Name: The Pad Tower
 Property Type: Serviced Residential Apartments
 Floor Number: M, P, 1,2,3,4, 6, 7, 11, 12, 15, 16, 17, 19, 21 and 22 (for all 30 units)
 Locality: Business Bay
 Dubai
 United Arab Emirates

The subject apartments are situated within The Pad tower located in ‘Business Bay’ community of Dubai. The Pad by Omnyat Tower is located on Al Abraj Street in Business Bay, and which community is approachable from Sheikh Zayed Road (E11), Financial Centre Road (Al Dawha Road) and Al Khail Road (E44). Business Bay community is situated within the Downtown Dubai District which extends from Al Khail Road to the south to Sheikh Zayed Road to the north.

The aerial satellite map below shows the general location of the area and The Pad Tower.



Source: Google earth maps

TYPE OF PROPERTIES

The subject properties consist of one (1 No.) by studio apartment, one (1 No.) by loft duplex studio apartment, seventeen (17 Nos.) by one-bedroom simplex units, six (6 No.) by two-bedroom simplex apartment and five (5 Nos.) by two-bedroom loft duplex apartment units which are situated in a multi-storied high-rise building.

ACCOMMODATION

The accommodation detail of each apartment is as mentioned below:

Apartments simplex Studio Unit

A studio comprising an entrance and kitchen combined, fitted cupboards and integrated living/bedroom with en-suite dressing room/bathroom.

Apartments Loft Studio Units

Lower Level

Entry foyer, open kitchen and living area.

Upper Level

Living/bedroom with bathroom.

Apartments One Bedroom Units

Entry foyer, open kitchen, integrated living/dining area and one bedroom with built-in cupboards and common bathroom.

Apartments Two Bedroom Simplex Units

Entry foyer, open kitchen, integrated living/dining area, two bedrooms each with built-in cupboards and attached bathroom and a powder room.

Apartments Two Bedroom Duplex Units

Lower Level

Entry foyer, open kitchen, integrated living/dining area, laundry room and a powder room.

Upper Level

Two bedrooms each with built-in cupboards and attached bathroom

BRIEF DETAIL OF APARTMENT UNITS AND SIZES

The following are summary details of the unit type, view, and floor according to Initial Contract of Sale and information provided by the client:

Sr. No.	Apt No.	Type	View	Floor No
1	201	2 Bedroom	Canal	2
2	211	2 Bedroom	Canal	2
3	311	2 Bedroom	Canal	3
4	401	2 Bedroom	Canal	4
5	404	1 Bedroom	Canal	4
6	M05	1 Bedroom	Canal	M
7	P06	1 Bedroom	Canal	PODIUM
8	P08	1 Bedroom	Partial Burj Khalifa	PODIUM
9	P09	1 Bedroom	Partial Burj Khalifa	PODIUM
10	P10	1 Bedroom	Partial Burj Khalifa	PODIUM
11	1108	Studio	Burj Khalifa	11
12	1205	1 Bedroom	Canal	12
13	1210	1 Bedroom	Burj Khalifa	12
14	2104	2 Bedroom Loft	Canal	21
15	2110	2 Bedroom Loft	Burj Khalifa	21
16	2204	2 Bedroom Loft	Canal	22
17	2207	2 Bedroom Loft	Burj Khalifa	22
18	2208	Studio Loft	Burj Khalifa	22
19	2209	2 Bedroom Loft	Burj Khalifa	22
20	1010	1 Bedroom	Burj Khalifa	1
21	602	1 Bedroom	Canal	6
22	609	1 Bedroom	Partial Burj Khalifa	6
23	704	1 Bedroom	Canal	7
24	1511	2 Bedroom	Burj Khalifa /Canal	15
25	1603	1 Bedroom	Canal	16
26	1909	1 Bedroom	Burj Khalifa	19
27	111	2 Bedroom	Canal	1
28	1706	1 Bedroom	Canal	17
29	1202	1 Bedroom	Canal	12
30	1203	1 Bedroom	Canal	12

FLOOR AREAS AS PER RICS – PROPERTY MEASUREMENT (2ND EDITION 2018)

IPMS 1 – (Former GEA)

‘The sum of the areas of each floor level of a building measured to the outer perimeter of external construction features, which may be reported on a component basis for each floor of a building’

Source IPMS 3.1.2 -Copyright 2016 International Property Measurement Standards Coalition. All rights reserved.

IPMS 2 – Residential (Former GIA) (gross internal area and net sales area (NSA))

‘the sum of the areas of each floor level of a residential building measured to the internal dominant face, which may be reported on a component-by-component basis for each floor of a building’

Source IPMS 3.2.2 – Copyright International Property Measurement Standards Coalition. All rights reserved

IPMS 3 (a) Residential Former GEA (gross external area)

IPMS 3 (b) Residential Former GIA (gross internal area)

IPMS 3 (c) Residential Former EFA (effective floor area)

‘The floor area available on an exclusive basis to an occupier’

Source IPMS 3.3.2 - Copyright International Property Measurement Standards Coalition. All rights reserved

For the purpose of this report we have elected to adopt IPMS Residential 3 (b)

FLOOR AREA MEASUREMENT AS STATED ON THE UNIT INITIAL CONTRACT OF SALE

The floor area for the subject properties (as indicated on the provided **Initial Contract of Sale**) are as follows:

Sr. No.	Apt No.	Total units' area		Common area (unit measurement is not stated)
		(SQM)	(SQF)	
1	201	118.63	1,276.92	26.3659
2	211	118.63	1,276.92	26.3659
3	311	118.63	1,276.92	26.3659
4	401	118.63	1,276.92	26.3659
5	404	63.54	683.94	14.1219
6	M05	63.54	683.94	14.1219
7	P06	114.18	1,229.02	-
8	P08	80.18	863.05	-
9	P09	89.37	961.97	-
10	P10	87.89	946.04	-
11	1108	54.00	581.25	12.0018
12	1205	63.54	683.94	14.1219
13	1210	61.88	666.07	13.7531
14	2104	114.43	1,231.71	25.4324
15	2110	108.51	1,167.99	24.1167
16	2204	114.43	1,231.71	25.4324
17	2207	110.02	1,184.24	24.4524

Sr. No.	Apt No.	Total units' area		Common area (unit measurement is not stated)
		(SQM)	(SQF)	
18	2208	94.25	1,014.50	20.9475
19	2209	112.28	1,208.57	24.9546
20	110	61.59	662.95	
21	602	62.48	672.53	13.8863
22	609	63.54	683.94	14.1219
23	704	63.54	683.94	14.1219
24	1511	119.83	1,289.83	26.6326
25	1603	63.54	683.94	14.1219
26	1909	63.84	687.17	14.1886
27	111	118.63	1,276.92	26.3659
28	1706	61.88	666.07	13.7531
29	1202	62.40	671.66	13.8686
30	1203	63.54	683.94	14.1219
Total			28,108.51	

For the purpose of this report and as per the Sale Contracts for 30 units issued by the Land Department, Government of Dubai we have adopted the collective saleable area measuring 28,108.51 which excludes the common area.

We have been provided with a letter prepared by Pad Properties Nine Limited addressed to Amar Real Estate Development and Investment dated 21 October 2018, which shows a saleable area of 29,118.83 which cannot be adopted in our report in place of the registered Sales Contracts.

FLOOR AREA MEASUREMENT AS PER RICS – PROPERTY MEASUREMENT (2nd Edition 2018)

The occupation area of the subject residential property which is available on an exclusive basis as based on the IPMS 3 (b) – Residential definition in the *RICS Professional statement: Residential measurement / IPMS: Residential* standards and which floor area is based on our site measurements taken of the units are as follows: -

Note: As the subject property was under construction the measurements could not be taken.

Note - Our measurement has been supported by using a laser measurer.*

Note - Conversion rate adopted between metric to imperial is: 1 sq. metre = 10.7639 sq. feet.*

Note - The scale indicated on the floor plans N/A. No floor plans provided.*

For the purpose of this valuation we have elected to adopt the measurement as stated on the Initial Contract of Sale.

CONDITION

As this is a desktop valuation and we have not re-inspected the units we assume they are in a new condition and pending final snagging prior to handover.

We have made no investigation, and are unable to give any assurances, on the combustibility risk of any cladding material that may have been used in construction of the subject building. We would recommend that the client makes their own enquiries in this regard.

REMARKS AND OBSERVATION

The subject building, The Pad (Serviced Residential Apartments) is located in Business Bay, in a multi-storied residential/commercial mixed-use building extending over 29 levels; (3 basements, Ground plus Mezzanine plus podium floors plus 22 upper floors plus roof top) which is currently under- final snagging and deep cleaning stage and approx. 100% complete – (As per RERA lase visit project report dated 08-12-2019).

The expected time of hand over of the subject properties to the owner is in Q1 2020 as per project update profile – source REIDIN. These apartments will have access to the communal leisure facilities comprising of swimming pool; Jacuzzi, gymnasium and changing room which are currently also not yet ready. A CCTV security monitoring system will be installed to the building with 24-hour manned security service. These units benefit from Canal, community and partial / full Burj Khalifa views.

The subject building is finished as per design specification of the developer- M/s. Pad Properties Nine limited.

ENVIRONMENT MATTERS

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the properties and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative use has ever been carried out on the properties. We have not carried out any investigation into past or present use, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the subject properties from its use or site and have therefore assumed that none exist.

However, should it be established subsequently that contamination exists at the properties or on any neighboring land, or that the properties have been or is being put to any contaminative use, then this might reduce the value now reported.

LEGAL NOTICE

We are not aware of nor have we been informed of any legal notices served for these properties, outstanding or pending in the court of law.

BASIS OF VALUATION

Market Value

The valuation of the subject properties, and for the above stated purpose, have been undertaken on the **Market Value** basis of valuation in compliance with the above-mentioned *Valuation Standards* as promulgated by the IVSC and adopted by the RICS. **Market Value** is defined 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.

The definition of **Market Value** is applied in accordance with the following conceptual framework:

"The estimated amount" refers to a price expressed in terms of money payable for the asset in an arm's-length market transaction. Market Value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the Market Value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser;

"an asset or liability should exchange" refers to the fact that the value of an asset or liability is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the Market Value definition at the valuation date;

"on the valuation date" requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the *valuation date*, not those at any other date;

"between a willing buyer" refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market";

"and a willing seller" is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances

of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

“in an arm’s-length transaction” is one between parties who do not have a particular or special relationship e.g. Parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated. The Market Value transaction is presumed to be between unrelated parties each acting independently;

“after proper marketing” means that the asset would be exposed to the market in the most appropriate manner to affect its disposal at the best price reasonably obtainable in accordance with the Market Value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date;

‘where the parties had each acted knowledgeably, prudently’ presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the *valuation date*. Each is further presumed to use that knowledge prudently to seek the price that is most favorable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the *valuation date*, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

‘and without compulsion’ establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

Market value is the basis of value that is most commonly required, being an internationally recognized definition. It describes an exchange between parties that are unconnected (acting at arm’s length) and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, on the valuation date, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximizes its productivity and that is possible, legally permissible and financially feasible.

Market value is the estimated exchange price of an asset without regard to the seller’s costs of sale or the buyer’s costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

VALUATION ASSUMPTIONS / SPECIAL ASSUMPTIONS

This valuation assignment is undertaken on the following assumptions:

1. The subject properties are valued under the assumption of being held under a *Freehold* interest issued title with vacant condition/possession;
2. The subject properties are being valued under the following assumption: -
 - i. Market Value of the subject properties under **Special Assumption** that the residential serviced apartments are completed – on an '**As If Complete**' basis – As such we have considered the subject properties to be a completed development as on date of valuation.
 - iii. Market Value of the subject properties under **Special Assumption that MEFIC REIT leased all 30 units through a 4-year binding triple net lease contract** as per the following conditions;
 - (e) For the first six months, the amount equal to 12% of the Purchase Price for each Unit
 - (f) For the remaining term (42 months), the amount equal to 8% of the Purchase Price for each unit
 - (g) Rent term: Four (4 years) commencing on the Effective date (Acquisition date 25 September 2018)
 - (h) That the annual guarantee returns of 8% is net of all fees
 - (i) The acquisition cost being **AED61,149,536** (As per e mail of 7 February 2019) the
 - (j) **As per Master Lease Agreement provided via e-mail on 28 January 2020, stating "Initial Period" means the period commencing on the Effective Date and ending on the later of:**
 - (a) the BCC Date: and
 - (b) The date falling six (6) months after the Effective date.
3. The written and verbal information provided to us by the Client is up to date, complete and correct in relation to issues such as title, and other relevant matters that are set out in the report.
4. That no contaminative or potentially contaminative use has ever been carried out on the site;
5. We assume no responsibility for matters legal in character, nor do we render any opinion as to the title of the properties, which we assume to be good and free of any undisclosed onerous burdens, outgoings, restrictions or other encumbrances;
6. The market value conclusion arrived at for the properties reflect the full contract value and no account is taken of any liability to taxation on sale or of the costs involved in effecting the sale.

VALUATION APPROACH AND REASONING

We have used the Direct Comparison Valuation Approach to ascertain the market value estimate of the subject properties to which has been added a premium to reflect the guaranteed income offered under the 4-year triple net lease Agreement. We have not been provided with a copy of this Agreement and have relied upon the information provided by the client. Should this prove to be otherwise incorrect, we reserve the right to re-assess.

The Direct Comparison Approach

The Direct Comparison Approach involves making adjustments to the sale price of comparable properties to account for differences in location, plot area and shape, potential built-up area allowance, height allowance, date of sale, potential views and other individual characteristics. Comparison of transactional evidence of similar properties which have traded in the open market in arm's length transactions, provide the most accurate means of assessing worth.

In the use of this valuation approach we have had regard to both transactional data (from RERA's Dubai Lands Department data base) as well as property listings (from property firms, agents and brokers) of similar units in the area. It should be further noted that properties in this community generally trade at varying prices ranges reflecting on the property's location, site and situation, type, view, desirability and finishing specifications.

From Dubai Land Department's sales registry database, we have noted that there have been no sales transactions of similar type units in The Pad Tower (as building is not yet handover). For the purpose of this valuation we have sourced comparative evidence from neighboring similar types apartments buildings for example, The Atria Hotel Apartment, The Cosmopolitan, Damac Maison Canal Views (Waters Edge - Burj Damac 5), Marquise Square and Noura Tower – Al Habtoor City. During the period from August 2019 to November 2019 similar type units have sold in the range of AED 15,565 to 18,934 per sq m (AED 1,446 to 1,759 per sq. foot) of floor area depending upon influencing factors such as unit type (**Studio, 1BR & 2BR**), location / position, unit size (Net/Gross), condition, age of the building, and views offered.

Recorded transactions of similar type serviced apartment units that have sold in neighboring buildings were the following: -

Studio Apartments

Sale Registration Date	Building Name	Total Unit Area Inc. Balcony		Sale Price (AED)	Price per Unit Area (AED)	
		(SQ.M.)	(SQ.FT.)		(SQ.M.)	(SQ.FT.)
26/11/2019	The Cosmopolitan	34	361	525,000	15,651	1,454
01/10/2019	Marquise Square	45	486	856,673	18,988	1,764
26/09/2019	Damac Maison Canal Views (Waters Edge - Burj Damac 5)	41	436	630,000	15,565	1,446
17/09/2019	Marquise Square	45	486	845,000	18,729	1,740

Source: REIDIN

One Bedroom Apartments

Sale Registration Date	Building Name	Total Unit Area Inc. Balcony		Sale Price (AED)	Price per Unit Area (AED)	
		(SQ.M.)	(SQ.FT.)		(SQ.M.)	(SQ.FT.)
28/11/2019	The Atria Residential	81	868	1,300,000	16,114	1,497
28/11/2019	The Atria Residential	83	894	1,354,379	16,318	1,516
29/10/2019	Noura Tower - Al Habtoor City	91	975	1,650,000	18,213	1,692
28/10/2019	Noura Tower - Al Habtoor City	75	803	1,290,000	17,287	1,606
21/10/2019	Marquise Square	89	958	1,565,483	17,577	1,633
07/08/2019	Noura Tower - Al Habtoor City	81	870	1,513,351	18,729	1,740

Source: REIDIN

Two Bedroom Apartments

Sale Registration Date	Building Name	Total Unit Area Inc. Balcony		Sale Price (AED)	Price per Unit Area (AED)	
		(SQ.M.)	(SQ.FT.)		(SQ.M.)	(SQ.FT.)
17/11/2019	The Atria Residential	139	1,496	2,500,000	17,986	1,671
02/10/2019	Noura Tower - Al Habtoor City	126	1,358	2,100,000	16,641	1,546
09/09/2019	The Atria Residential	145	1,558	2,740,523	18,934	1,759
26/08/2019	The Atria Residential	139	1,492	2,425,039	17,502	1,626

Source: REIDIN

From current property listings, we have observed that similar Units (Serviced Apartments) in The Pad Tower and neighbouring buildings in close proximity to The Pad in Business Bay are ranging as follows: -

Studio Apartments

Asking Price	Building Name	Total Unit Area Inc. Balcony		Price per Unit Area (AED)		Type & View	Listed Date
		(SQ.M.)	(SQ.FT.)	(SQ.M.)	(SQ.FT.)		
620,000	Damac Maison The Vouge	46	490	13,616	1,265	Studio, fully furnished	Dec'19
575,000	Damac Maison The Vouge	43	458	13,509	1,255	Studio, fully furnished, canal view	Dec'19
600,000	Damac Maison The Vouge	46	490	13,175	1,224	Studio, fully furnished, canal view	Nov'19
989,000	The Atria	55	590	18,040	1,676	Studio, fully furnished, canal view	more than 6 months ago

Source: Dubizzle, Property Finder and Bayut

One Bedroom Apartments

Asking Price	Building Name	Total Unit Area Inc. Balcony		Price per Unit Area (AED)		Type & View	Listed Date
		(SQ.M.)	(SQ.FT.)	(SQ.M.)	(SQ.FT.)		
1,000,000	The Pad	64	684	15,737	1,462	1BR, fully furnished, mid floor, Canal & Burj Khalifa views	Jan 2020
1,100,000	The Pad	62	668	17,728	1,647	1BR, fully furnished, high floor, Canal views	Jan 2020
1,100,000	The Pad	62	667	17,750	1,649	1BR	Jan 2020
1,200,000	The Pad	62	667	19,364	1,799	1BR	Jan 2020
990,000	The Pad	62	666	15,995	1,486	1BR, fully furnished	Dec'19
1,263,550	The Pad	63	683	19,913	1,850	1BR, fully furnished, Canal views	Aug'19

Source: Dubizzle, Property Finder and Bayut

Two Bedroom Apartments

Asking Price	Building Name	Total Unit Area Inc. Balcony		Price per Unit Area (AED)		Type & View	Listed Date
		(SQ.M.)	(SQ.FT.)	(SQ.M.)	(SQ.FT.)		
1,749,999	The Pad	120	1,289	14,617	1,358	2BR, fully furnished	Dec'19
1,500,000	The Pad	120	1,289	12,529	1,164	2BR, fully furnished	Dec'19
1,650,000	The Pad	119	1,277	13,907	1,292	2BR, fully furnished, Canal view	Dec'19
1,800,000	The Pad	120	1,289	15,026	1,396	2BR, fully furnished	Dec'19
2,400,000	The Atria	118	1,265	20,419	1,897	2BR, Serviced apartment, fully furnished, pool view	Nov'19
2,192,855	Marquise Tower	115	1,243	18,988	1,764	2BR, Canal views, high floor	Dec'19
1,800,000	Avanti	115	1,240	15,629	1,452	2BR, fully furnished	6 months ago,

Source: Dubizzle, Property Finder and Bayut

We are of the opinion that the value estimates for the subject units (taking into consideration Omniyat brand, finishing specification, age-brand new and location) are within the following value ranges: -

Type of Unit	Type	Market Value range per square foot (AED)
Studio (smaller unit)	Simplex unit	1,670 to 1,715 on unit floor area
Studio (larger unit)	Loft duplex unit	1,480 to 1,525 on unit floor area
One-bedroom apartment	Simplex	1,550 to 1,700 on unit floor area
Two-bedroom apartment	Simplex	1,600 to 1,720 on unit floor area
Two-bedroom apartment	Loft duplex unit on high floor	1,650 to 1,710 on unit floor area

Calculation inputs applied:

Given the above in our valuation, we have applied the following price rates to each unit: -

Sr. No.	Unit No.	Unit area (SQ.FT.)	Rate PSF on unit area (AED)	Market Value (AED)	MV (Rounded) AED
1	201	1,276.92	1,635	2,087,764	2,088,000
2	211	1,276.92	1,635	2,087,764	2,088,000

Sr. No.	Unit No.	Unit area (SQ.FT.)	Rate PSF on unit area (AED)	Market Value (AED)	MV (Rounded) AED
3	311	1,276.92	1,635	2,087,764	2,088,000
4	401	1,276.92	1,635	2,087,764	2,088,000
5	404	683.94	1,660	1,135,340	1,135,000
6	M05	683.94	1,660	1,135,340	1,135,000
7	P06	1,229.02	1,580	1,941,851	1,942,000
8	P08	863.05	1,585	1,367,934	1,368,000
9	P09	961.97	1,585	1,524,722	1,525,000
10	P10	946.04	1,585	1,499,473	1,500,000
11	1108	581.25	1,709	993,356	993,000
12	1205	683.94	1,660	1,135,340	1,135,000
13	1210	666.07	1,690	1,125,658	1,126,000
14	2104	1,231.71	1,665	2,050,797	2,051,000
15	2110	1,167.99	1,700	1,985,583	1,985,000
16	2204	1,231.71	1,650	2,032,321	2,032,000
17	2207	1,184.24	1,700	2,013,208	2,013,000
18	2208	1,014.50	1,520	1,542,040	1,542,000
19	2209	1,208.57	1,700	2,054,569	2,055,000
20	110	662.95	1,585	1,050,775	1,051,000
21	602	672.53	1,660	1,116,399	1,116,000
22	609	683.94	1,650	1,128,501	1,129,000
23	704	683.94	1,660	1,135,340	1,135,000
24	1511	1,289.83	1,715	2,212,058	2,212,000
25	1603	683.94	1,690	1,155,858	1,156,000
26	1909	687.17	1,690	1,161,317	1,161,000
27	111	1,276.92	1,635	2,087,764	2,088,000
28	1706	666.07	1,690	1,125,658	1,126,000
29	1202	671.66	1,690	1,135,105	1,135,000
30	1203	683.94	1,690	1,155,858	1,156,000
Aggregate Market Value of the 30 units				46,353,221	46,354,000

We further state that our opinioned market value rates adopted in our valuation have been applied to the floor area measurement as shown on the Contract of Sale for the subject properties since comparable price rates observed and analysed are based on floor area measurements that would typically be stated on Title Deeds of comparable properties examined.

Calculation of Premium and Market Value

To the value achieved of **AED46,354,000** achieved by using the Direct Comparison Method we have added a premium to reflect the added value achieved by the income generated under the guaranteed 4-year binding triple net lease Agreement. As at the date of valuation 31 December 2019 some 15 months of the Agreement had lapsed with a remaining period of 33 months. The income as reflected for the remaining 33-month period has been considered and apportioned as follows;

The rental rate of 12% of Gross Anticipated Rental Income of AED61,149,536 has been applied for a period of **6 months, (this period has been based on the assumption the BCC Certificate will be issued within this time frame)** capitalized at 7.50% to achieve a value of **AED2,511,433. We reserve the right to adjust this value should the Certificate be issued at an earlier date.**

For the remaining **27 months** of the lease the Gross Anticipated Rental has been calculated at 8% of the acquisition cost of AED61,149,536 at a rate of 7.50% to achieve a value of AED5,399,348. The present value of this future income stream has been calculated at 8.50% to achieve a value of **AED5,183,375.**

The value of the 6 months income of **AED2,511,433** has been added to the remaining 27 months value of **AED5,183,375** to arrive at the remaining value as per the Lease Contract of **AED7,694,809.**

The collective value using the Direct Comparison Method of **AED46,354,000** plus the remaining value derived from the Lease Contract of **AED7,694,809** (note the Special Assumption in place) achieves a value of AED54,048,809 rounded to **AED54,000,000** which over the saleable area of 28,108sq ft gives a break back of **AED1,922/sq ft.**

VALUATION

MARKET VALUE

It is our considered opinion that the Market Value of the 'Freehold' interest with vacant possession in subject properties under Special Assumption that proposed development is complete in accordance with the architectural drawings – on an '**As If Complete**' basis as on the date of valuation (31st December 2019).

The Market Value of the subject properties is further based on the Special Assumption (as per information provided by the client – extract only of Master Lease Agreement) **that MEFIC REIT leased all units through a 4-year binding triple net lease contract as per the following conditions;**

- (k) For the first six months, the amount equal to 12% of the Purchase Price for each Unit
- (l) For the remaining term (42 months), the amount equal to 8% of the Purchase Price for each unit
- (m) Rent term: Four (4 years) commencing on the Effective date (Acquisition date 25 September 2018)
- (n) That the annual guarantee returns of 8% is net of all fees
- (o) The acquisition cost being **AED61,149,536** (As per e mail of 7 February 2019) the
- (p) **As per Master Lease Agreement provided via e-mail on 28 January 2020, stating "Initial Period" means the period commencing on the Effective Date and ending on the later of:**
 - (a) the BCC Date: and
 - (c) The date falling six (6) months after the Effective date.

Should the terms and conditions of the Agreement as stipulated above show any variance we reserve the right to re-assess

S/N.	Unit No:	Market Value	
		In figures (AED)	In Words (UAE Dirhams)
1	201	2,088,000	Two Million Eighty-Eight Thousand
2	211	2,088,000	Two Million Eighty-Eight Thousand
3	311	2,088,000	Two Million Eighty-Eight Thousand
4	401	2,088,000	Two Million Eighty-Eight Thousand
5	404	1,135,000	One Million One Hundred Thirty-Five Thousand
6	M05	1,135,000	One Million One Hundred Thirty-Five Thousand
7	P06	1,942,000	One Million Nine Hundred Forty-Two Thousand
8	P08	1,368,000	One Million Three Hundred Sixty-Eight Thousand
9	P09	1,525,000	One Million Five Hundred Twenty-Five Thousand
10	P10	1,500,000	One Million Five Hundred Thousand
11	1108	993,000	Nine Hundred Ninety-Three Thousand
12	1205	1,135,000	One Million One Hundred Thirty-Five Thousand
13	1210	1,126,000	One Million One Hundred Twenty-Six Thousand
14	2104	2,051,000	Two Million Fifty-One Thousand
15	2110	1,985,000	One Million Nine Hundred Eighty-Five Thousand
16	2204	2,032,000	Two Million Thirty-Two Thousand
17	2207	2,013,000	Two Million Thirteen Thousand
18	2208	1,542,000	One Million Five Hundred Forty-Two Thousand
19	2209	2,055,000	Two Million Fifty-Five Thousand
20	1010	1,051,000	One Million Fifty-One Thousand
21	602	1,116,000	One Million One Hundred Sixteen Thousand
22	609	1,129,000	One Million One Hundred Twenty-Nine Thousand
23	704	1,135,000	One Million One Hundred Thirty-Five Thousand
24	1511	2,212,000	Two Million Two Hundred Twelve Thousand
25	1603	1,156,000	One Million One Hundred Fifty-Six Thousand
26	1909	1,161,000	One Million One Hundred Sixty-One Thousand
27	111	2,088,000	Two Million Eighty-Eight Thousand
28	1706	1,126,000	One Million One Hundred Twenty-Six Thousand

S/N.	Unit No:	Market Value	
		In figures (AED)	In Words (UAE Dirhams)
29	1202	1,135,000	One Million One Hundred Thirty-Five Thousand
30	1203	1,156,000	One Million One Hundred Fifty-Six Thousand
Aggregate Market Value of the 30 units - AED		46,354,000	Forty-Six Million Three Hundred Fifty-Four Thousand
Premium as per Lease Agreement - AED		7,694,809	Seven Million Six Hundred Ninety-Four Thousand Eight Hundred Nine
Total Value – AED Rounded		54,048,809 54,000,000	Fifty-Four Million Dirhams (Rounded)

The above aggregate Market Value estimate for the subject properties represents the total of the market values for each individual apartment unit, and this figure should not be taken as being a representation of a portfolio valuation as one grouping value for the properties. The individual units are held on individual titles which can be sold separately, and the above valuation figure takes into account this assumption as the possibility of selling of the entire group of properties at once on the market may result in a flooding effect which may likely affect the value / sale price of the properties.

PRINCIPAL GAINS AND RISK ASSESSMENT (Swot Analysis)

ABOUT BUSINESS BAY

Business Bay (Al Khaleej Al Tejari) is dubbed as the region's business capital and offers a large supply of prime commercial office space.

Business Bay is an area that features upscale commercial, residential and hospitality properties spread across a total gross leasable area of 78.5 million sq ft. Strategically located next to Burj Khalifa area and accessible through main arterial highways, Sheikh Zayed Road (E11) and Al Khail Road (E44). The opening of the Dubai Water Canal last October 2016 along the banks of Business Bay has fueled the desirability for residential, commercial and infrastructural investments from major developers and investors.

- Strengths
 - Driving proximity to Downtown Dubai, DIFC, Al Khail Rd, Sheikh Zayed Road
 - Views of canal
 - Access to Marasi Business Bay
 - Iconic design
 - Freehold Ownership
 - Dubai Mall and Burj Khalifa in close proximity
- Weakness
 - Underdeveloped area, a number of vacant plots evident - construction in surrounding area ongoing for medium term

- Delayed project, project began in 2006 with Zaha Hadid Architects as the initial designer, now no longer involved, the project was put on hold from December 2009 to October 2013
- Not considered luxury or high-end
- No Schools
- Opportunities
 - Potential vibrant waterfront community
 - Possible uses, residential, serviced apartments, short-term rentals
- Threats
 - High volume of upcoming supply; Business Bay is expected to receive a total of 9,714 units by 2021

Year	Apartments
2019	4,983
2020	2,693
2021	2,038

- Several iconic projects in the pipeline that potentially target high-end market
- 77% of new supply coming onto the market in Business Bay consists of off plan offering
- In addition, neighbouring Downtown has 81% of off plan offerings coming onto the market

MARKET COMMENTARY

Dubai

Dubai is a member of the seven emirates federation forming the United Arab Emirates. The emirate is located on the south-east coast of the Arabian Gulf. It is the most populous city and have reached more than 3.31 million residents as of Q3 2019, growing more than 7% on average during the last five years. It also occupies the second-largest land territory (4,114 sq km) after the capital, Abu Dhabi. The city of Dubai shares borders with Sharjah in the northeast, Abu Dhabi to the south, and Sultanate of Oman in the southeast.

Residential

As of third quarter 2019, 12,948 residential units, 37% of the total estimated supply for 2019, have been completed YTD. More than half of these completions were concentrated in four areas: Dubailand, Jumeirah Village Circle, Dubai Marina and Dubai Silicon Oasis. For the remainder of the year, projected supply mix is composed of 72% apartments (16,000 units) and 28% villas (6,200 units), all expected to finish construction before year-end. Approximately 11,000 apartments currently under construction are located in Business Bay, Downtown Dubai, Dubai Sports City, Dubai Silicon Oasis, Jumeirah Village Circle, Dubailand

and Al Furjan. For villas, more than 5,400 of the new build units will be in Mohammed Bin Rashid City and Dubailand. Key off plan projects announced during Q3 were La Voile at Port De La Mer, Ruba at Arabian Ranches 3, Wavez Residence Liwan and Seashore at Mina Rashid.

An emerging trend of annual growth in sales transaction volume was observed as off-plan sales grew 40% and ready homes increased by 35.4%. Compared to last quarter, off-plan sales declined 14.4%, however ready home transactions jumped 9.1%, which is surprising given the quiet summer months that included Eid holidays. Q3 saw a record share (64%) of ready villa purchases priced between AED 1M - AED 2M, as well as 54% of all ready apartment sales were priced less than AED 1 million. Ready homes ticket sizes fell 17.2% QoQ. However, off-plan homes increased 2% QoQ. The median transacted price for ready apartments stood at AED 9,919 per sq m (AED 922 per sq ft), down 1% YoY and up 7.2% QoQ. For ready villas, the median transacted price was AED 7,998 per sq m (743 per sq ft), down 22.6% YoY and 10.8% QoQ.

Overall residential asking rents fell 7.9% YoY. On a quarterly basis asking rents dipped 1.7%. Compared to the same period last year, listed rents were down 7.7% for apartments and 8.3% for villas. Average annual rents for 2-bed villas stood at AED 105,000, 3-beds at AED 160,000, and 4-bedroom villas remained at AED 209,000. Average rents per annum for studio apartments were AED 48,000, 1-bed at AED 67,000, 2-bed was AED 97,000, and 3-bedroom apartments were AED 130,000. In a broad view, a deceleration in rental declines experienced by both asset types was recorded during the quarter. Residential occupancy in Dubai is estimated at 86%.

Tracking change in capital values for a representative fixed basket of properties, the ValuStrat Price Index (VPI), displayed an overall 11.2% annual fall in capital values, with quarterly declines decelerating to 2.6%. So far, citywide capital values have declined an average 31.1% since the peaks of mid-2014. All established freehold locations monitored by the VPI witnessed price drops since the last quarter, ranging from 1.8% to 4.5%. On an annual basis, 3 out of 26 locations were more resilient to downward pressure and saw single-digit declines, villas in Palm Jumeirah and Emirates Hills, as well as apartments in Dubai Sports City. Capital values dropped more than 15% annually for apartments in Discovery Gardens, and Dubai Production City. The Dubai VPI analyses residential rentals. The rental VPI is a 100 index with a base set for Q1 2014, it monitors 16 apartment and 10 villa locations within Dubai's freehold market and compares similar units within those locations on a quarterly basis. The Q3 2019 residential rental VPI in Dubai stood at 72.6 points, declining 27.4% since 2014, softening 1.7% quarterly and 7.9% annually. Dubai's net yields averaged 5.9%, with apartments at 6% and villas at 4.8%.

MARKET PRICE TREND:

The graph below shows the average market price trend from January 2003 to December 2019 of **The Pad Tower within Business Tower**.

Business Bay Area REIDIN 2nd Hand Sales Prices Trend (January, 2003 - December, 2019)



Source-REIDIN

VALUATION UNCERTAINTY

In line with the RICS Valuation - Global Standards 2017 Valuation Practice Guidance Application 10 (VPGA 10): we believe that a reasonable period in which to negotiate a sale at our opinion of Market Value is 3 - 5 months. It should be noted, however, that if credit conditions substantially worsen or any other change were to occur to the investment market then the liquidity of the investment and the value, may change. We do not consider there to be a special prospective purchaser in the market for the subject Property who would pay more than our opinion of Market Value.

The RICS valuation standards consider it essential to draw attention to foreseen valuation uncertainties that could have a material effect on valuations, and further advises to indicate the cause of the uncertainty and the degree to which this is reflected in reported valuations.

RESTRICTIONS ON USE, DISTRIBUTION OR PUBLICATION

This valuation is for the sole use of the named Client. This report is confidential to the Client, and that of their advisors, and we accept no responsibility whatsoever to any third party. No responsibility is accepted to any third party who may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to the Client to whom it is authorised.

DISCLAIMER

In undertaking and executing this assignment, extreme care, precaution and due diligence has been exercised based on the information supplied by the Client, however, values may fluctuate or differ due to varying scenarios in the property market (demand and supply), maintenance, wear and tear, quality of tenants, micro and macro-economic factors, etc. It is beyond the scope of our services to ensure the consistency in value due to changing scenarios / property influencing factors.


CONCLUSION

This report is compiled based on the information received to the best of our belief, knowledge and understanding. The information revealed in this report is strictly confidential and issued for the consideration of the Client.


No part of this report may be reproduced either electronically or otherwise for further distribution without our prior and written consent. We trust that this report and valuation fulfills the requirement of your instruction.

This report is issued without any prejudice and personal liability.


For and on behalf of **ValuStrat Management Consultancies**



Shahid Nazir
Head of Freehold Residential Valuation



Cheryl McAdam MRICS
RICS Registered Valuer – Reg. No.1285594
Director- Residential Valuations



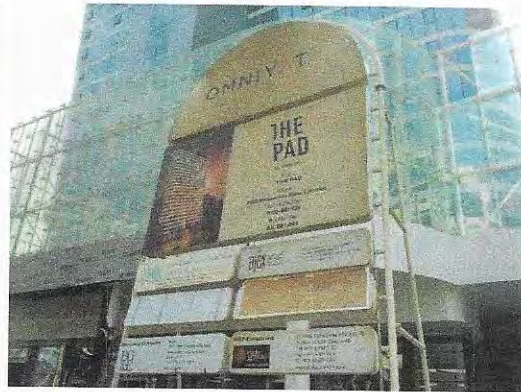
Vismar Mulenga, BSc (Hon), MRICS, IRRV
RICS Registered Valuer
Director – Commercial Valuations



PHOTOGRAPHS (Taken as on 4th February 2019)



Subject Tower (The Pad)



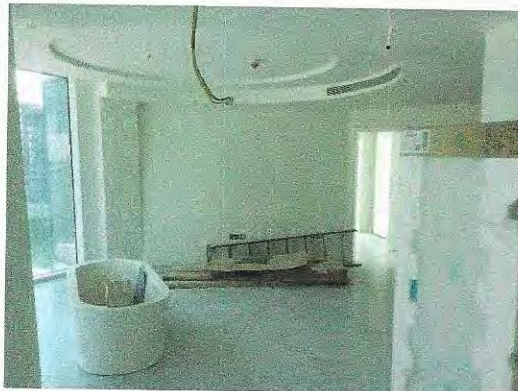
Project Identification



The Pad Tower – Main lobby



Common Corridor – 2nd Level



Integrated living/dining area



Kitchen



Integrated living/dining / staircase – loft unit



Loft – upper level



Loft bathroom



Integrated living/dining / staircase – loft unit



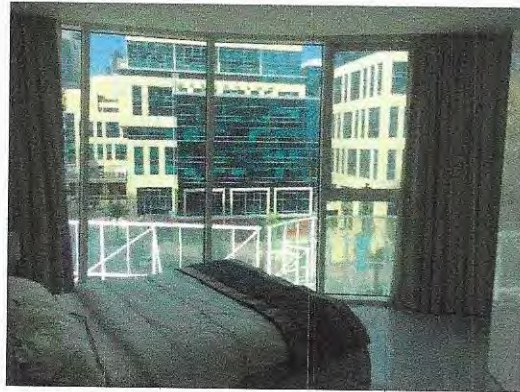
Unit No. 201 (Show Apartment)



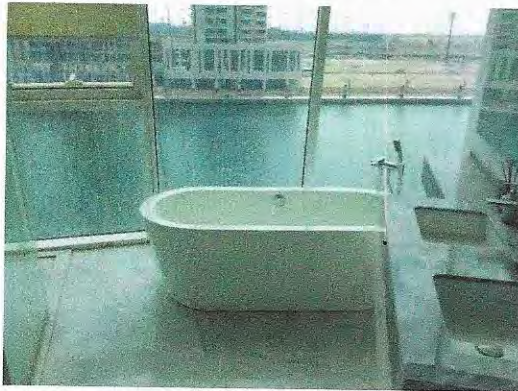
**Integrated living/dining area – Unit No. 201
(Show apartment)**



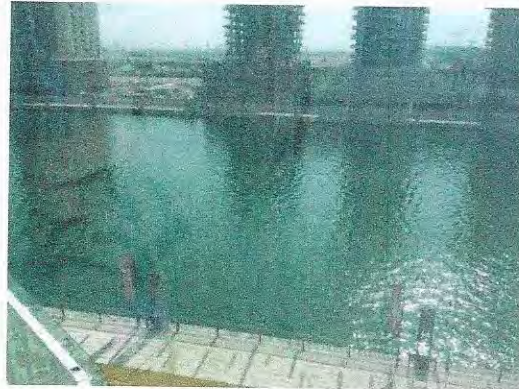
Kitchen – Unit No. 201 (Show apartment)



Bedroom - Unit No. 201 (Show apartment)



Bathroom - Unit No. 201 (Show apartment)



View – Canal

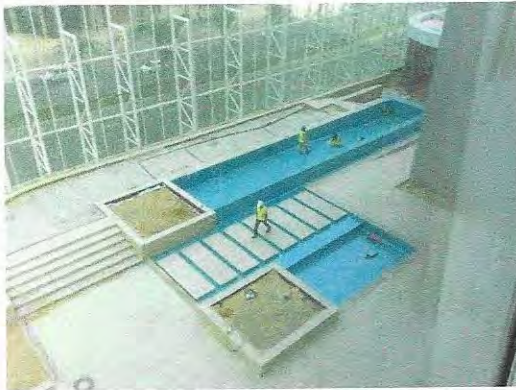


View - V. partial Burj Khalifa / Community



View – from high floor – Burj Khalifa

Plot No. 72, 30 (Serviced Residential Apartments) in The Pad Tower,
Business Bay, Dubai, United Arab Emirates.



View – Pool



View – Community



The Pad – front entrance area



Neighbouring Properties