



**Cavendish
Maxwell**



Commercial Valuation

**Valuation Report Prepared for
MEFIC Capital – MEFIC REIT Fund**

**30 Apartments, The Pad
Business Bay
Dubai, United Arab Emirates**

Valuation Date as at 30 June 2019



Cavendish Maxwell
2205 Marina Plaza
Dubai Marina
P.O. Box 118624
Dubai
United Arab Emirates

Tel: +971 4 453 9525
Fax: +971 4 453 9526

www.cavendishmaxwell.com

11 July 2019

2019/06/CM/405

MEFIC Capital – MEFIC REIT Fund.
P.O. Box 12333
Riyadh
Kingdom of Saudi Arabia

Attn: Turki A. Al-fozan

Dear Sir,

REPORT & VALUATION FOR INTERNAL PURPOSES (the 'Purpose')
30 APARTMENTS (SEE SCHEDULE), THE PAD, BUSINESS BAY, DUBAI, UNITED ARAB
EMIRATES (the 'Property')
MEFIC CAPITAL – MEFIC REIT FUND (the 'Client')

Further to our Terms of Engagement dated 18 February 2019 and your subsequent signed instructions, we have inspected the Property in order to advise you as to our opinion of the current Market Value of the Freehold interest in the Property, as stated with the attached report.

We trust that the attached meets your requirements and should you have any queries, please do not hesitate to contact us.

Yours faithfully,



James Cresswell BA (Hons) MSc MRICS
Head of Commercial Valuation
RICS Registered Valuer
For and on behalf of
Cavendish Maxwell



CONTENTS

1.0	TERMS OF REFERENCE	8
1.1	Introduction	8
1.2	Client	8
1.3	Date of Inspection	8
1.4	Valuation Date	8
1.5	Purpose of Valuation.....	8
1.6	Basis of Valuation	8
1.7	Variation from Standard Assumptions	8
1.8	Special Assumptions	8
1.9	Capacity of Valuer	9
1.10	Status of Valuer	9
1.11	Disclosure	9
1.12	Independence	9
1.13	Conflicts of Interest.....	9
1.14	Compliance with Valuation Standards and Assumptions	9
1.15	Sources of Information	10
1.16	Verification.....	10
1.17	Limitation of Liability	10
1.18	Reliance.....	11
1.19	Confidentiality & Publication.....	11
2.0	THE PROPERTY	12
2.1	Location	12
2.2	Situation.....	12
2.3	Property Description	13
2.4	Accommodation and Use	15
2.5	SWOT Analysis.....	16
2.6	Condition and State of Repair	16
2.7	Services.....	17
2.8	Planning and Statutory Enquiries	17
2.9	Site and Ground Conditions.....	17
2.10	Environmental Issues	17
3.0	TENURE & TENANCIES	18
3.1	Title Details	18
3.2	Tenancies.....	18
4.0	MARKET COMMENTARY	20
4.1	UAE Economic Performance and Demographics.....	20
4.2	Dubai House Price Timeline	20
4.3	Apartment Price Performance.....	22
4.4	Villa/Townhouse Price Performance.....	24
4.5	Rent Performance.....	25
4.6	2019 Upcoming Supply.....	27
4.7	Transaction Overview	28

4.8	Market Outlook	30
5.0	VALUATION METHODOLOGY & RATIONALE.....	32
5.1	Basis of Valuation	32
5.2	Method of Valuation	32
5.3	Comparable Evidence	33
5.4	Assumptions and Special Assumptions	36
5.5	Valuation Assumptions.....	36
5.6	Assumptions and Special Assumptions	36
6.0	OPINION OF VALUE	38
6.1	Market Value	38

Appendix A - Standard Valuation Assumptions and Bases of Valuation

EXECUTIVE SUMMARY



Address:

The Pad, Business Bay, Dubai, United Arab Emirates

Location:

The Property comprise 30 x residential units within the Pad Tower in Business Bay of a total 2,705.24 sq m (29,119 sq ft). The Pad is a G+M+P+23 residential development by Omniyat comprising of 253 furnished apartments that benefit from a range of views including Downtown, Dubai Creek and Burj Khalifa.

The building is adjacent to the Dubai Canal and the main access to it is granted via Al Abraj Street.

Description:

The Property consists of 1 x studio unit, 1 x studio loft unit, 17 x 1-bedroom units, 6 x 2-bedroom units and 5 x 2-bedroom loft units in the Pad Tower in Business Bay. The building is in final stages of construction. As advised by the Client, completion date for the Property is 30 June 2019. The breakdown of the accommodation is as below:

Unit	Type	NSA (sq ft)
TPD_PD1_002_001	2 Bedroom	1,217
TPD_PD1_002_011	2 Bedroom	1,216
TPD_PD1_003_011	2 Bedroom	1,216
TPD_PD1_004_001	2 Bedroom	1,217
TPD_PD1_004_004	1 Bedroom	653
TPD_PD1_00M_005	1 Bedroom	653
TPD_PD1_00P_006	1 Bedroom	1,191
TPD_PD1_00P_008	1 Bedroom	833
TPD_PD1_00P_009	1 Bedroom	956
TPD_PD1_00P_010	1 Bedroom	945
TPD_PD1_011_008	Studio	519
TPD_PD1_012_005	1 Bedroom	653
TPD_PD1_012_010	1 Bedroom	663
TPD_PD1_021_004	2 Bedroom Loft	1,603
TPD_PD1_021_010	2 Bedroom Loft	1,609
TPD_PD1_022_004	2 Bedroom Loft	1,587
TPD_PD1_022_007	2 Bedroom Loft	1,523
TPD_PD1_022_008	Studio Loft	1,046
TPD_PD1_022_009	2 Bedroom Loft	1,474
TPD_PD1_001_010	1 Bedroom	663
TPD_PD1_006_002	1 Bedroom	667
TPD_PD1_006_009	1 Bedroom	654
TPD_PD1_007_004	1 Bedroom	653
TPD_PD1_015_011	2 Bedroom	1,216
TPD_PD1_016_003	1 Bedroom	653
TPD_PD1_019_009	1 Bedroom	654
TPD_PD1_001_011	2 Bedroom	1,216
TPD_PD1_017_006	1 Bedroom	648
TPD_PD1_012_002	1 Bedroom	667
Total Area		29,119

Tenure Private

Date of Inspection: 16 June 2019

Valuation Date: 30 June 2019

Purpose of Valuation: Internal

Basis of Valuation: Market Value

Method of Valuation:

Investment & Comparable Methods

Market Value:

AED 53,170,000

**(Fifty-Three Million, One Hundred Seventy
Thousand Dirhams)**

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

1.0 TERMS OF REFERENCE

1.1 Introduction

In accordance with our instructions our Terms of Engagement dated 18 February 2019, we have inspected the Property in order to advise you as to our opinion of the current Market Value of the Freehold interest.

This report is subject to and should be read in conjunction with our Standard Valuation Assumptions and Bases of Valuation attached within the Appendices contained herein.

1.2 Client

Cavendish Maxwell has received instructions from the Client to value the Property.

1.3 Date of Inspection

The Property was inspected on 16 June 2019 by George Karaiskos MBA, MSc, LLB.

1.4 Valuation Date

The Valuation Date is 30 June 2019.

1.5 Purpose of Valuation

Internal.

1.6 Basis of Valuation

Market Value

In accordance with the RICS Valuation Global Standards January 2017 incorporating the International Valuation Standards Council (IVSC), 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”.

1.7 Variation from Standard Assumptions

None.

1.8 Special Assumptions

None.

1.9 Capacity of Valuer

We have acted in an External capacity in preparing this valuation which is defined by the Red Book as *“A valuer who, together with any associates, has no material links with the client, an agent acting on behalf of the client or the subject of the assignment.”*

1.10 Status of Valuer

The Property has been valued by James Cresswell BA (Hons) MSc MRICS and Vidhi Shah MBA MSc MRICS, of Cavendish Maxwell, who are qualified for the purpose of the valuation and are experienced in valuing Property of this nature in the United Arab Emirates.

1.11 Disclosure

We are not aware of any existing conflicts or potential conflicts of interest, either on the part of Cavendish Maxwell or the individual members of the valuation team assigned to this project, which would prevent us from providing an independent, objective and unbiased opinion of value of the Property.

The principal signatory of this report has not continuously been the signatory of valuations for the same addressee and valuation purpose as this report.

1.12 Independence

The total fees, including the fee for this assignment, earned by Cavendish Maxwell from the instructing party (or other companies forming part of the same group of companies) are less than 5.0% of our total annual revenues.

1.13 Conflicts of Interest

We have previously undertaken valuation of the Property on behalf of the Client as at December 2018. Also, on behalf of Omniyat Middle East Real Estate Development LLC we have valued some of the units within the Property including other units as well as at December 2017. We do not believe this impact upon our ability to provide an independent and objective opinion of Market Value in this instance.

We confirm that we are not aware of any other conflicts of interest and have no current or recent fee earning involvement with the property or any other party connected with this transaction.

1.14 Compliance with Valuation Standards and Assumptions

Our valuation has been made in accordance with the Red Book; and our Standard Valuation Assumptions and Bases of Valuation as attached in Appendix A.

We have made various assumptions regarding tenure, letting, planning and the condition and repair of the buildings, including environmental and ground conditions. These are attached in Appendix A. Variations from our Standard Assumptions are referred to below.

If any of the information or assumptions on which this valuation is based is subsequently found to be incorrect, or any additional information is provided by the Client, then we reserve the right to amend our opinion of value.

1.15 Sources of Information

We have been provided with the following documentation by the Client in order to undertake our valuations:

- Area schedule
- Guaranteed rental income details through email dated 07 February 2019 and reconfirmed as at 27 June 2019

Accordingly, we have relied on the information provided by the client and assumed that any such information provided is true and accurate. We strongly recommend that this be provided.

We have relied on the information provided to us as being complete and accurate and have not made any independent inquiries to verify the information. We take no responsibility for any misrepresentation, omission or misstatement in the information provided to us and any consequential impact of the valuations reported herein. If the information provided is subsequently found to be incorrect, we reserve the right to review and amend the valuations reported herein

1.16 Verification

We recommend that before any financial transaction is entered into based upon this valuation you obtain verification of the information contained within our property report and the validity of the assumptions we have adopted.

We would advise you that whilst we have valued the Property reflecting current market conditions there are certain risks which may become uninsurable. Before undertaking any financial transaction based upon this valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.

1.17 Limitation of Liability

Our liability will be to our Client only and not to any third party. We further note that our liability is limited to a maximum aggregate of 1.5 times the fees received by Cavendish Maxwell for this instruction with no liability on the individual valuers.

1.18 Reliance

This report is for the sole use of the party to whom it is addressed and for the Purpose detailed herein. No responsibility is accepted to any third party for the whole or any part of the contents.

1.19 Confidentiality & Publication

The report may be published on MEFIC website (in English) but we accept no third-party liability. Our liability and reliance will only extend to the Client. In no event and under no circumstances shall we bear any responsibility or accept any liability from and against all third-party claims, actions, suits, demands, losses, settlements, judgments, costs and expenses which arise out of the report as a whole or any part of its contents.

2.0 THE PROPERTY

2.1 Location

The Property comprises 30 x residential units within the Pad Tower in Business Bay of a total 2,705.24 sq m (29,119 sq ft). The Pad is a G+M+P+23 residential development by Omniyat comprising of 253 furnished apartments that benefit from a range of views including Downtown, Dubai Creek and Burj Khalifa.

The building is adjacent to the Dubai Canal and the main access to it is granted via Al Abraj Street.



Source: Google Earth Mapping

2.2 Situation

The individual units are located within the Pad Tower which is located in Business Bay area and is adjacent to the Dubai Canal. The immediate surrounding area consists medium and high rise residential and office development, as well as various vacant undeveloped plots. The development is only 2.5 km away from the Dubai Mall and Burj Khalifa.



2.3 Property Description

The units comprise 1 x studio unit, 1 x studio loft unit, 17 x 1-bedroom units, 6 x 2-bedroom units and 5 x 2-bedroom loft units in the Pad Tower in Business Bay.

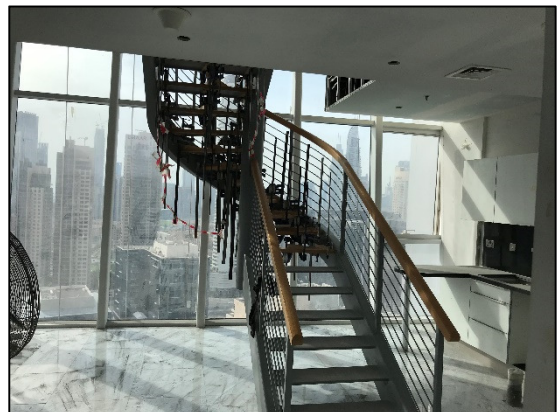
The Pad is a G+M+P+23 residential development by Omniyat comprising of 253 furnished apartments that benefit from a range of views including Downtown, Dubai Creek and Burj Khalifa.

The Pad features a 6.5-degree tilt and a façade lighting scheme that includes 2,000 programmable LED panels.

At the time of the inspection, the Building was at the final stage of construction. The Property consist of a range unit situated throughout the building and benefiting from a range of different sizes, bedroom numbers, floor heights and views. All units benefit from 1 x car parking space and are fully-furnished. Specification of the units include marble tiled flooring, fully equipped kitchens, built-in wardrobes, plastered and painted walls, suspended ceilings with spot lighting and floor to ceiling glass windows. The units will be handed over fully furnished. As advised by the site engineering during our inspection, the completion date for the Property is 30 August 2019. This is slightly later than the date advised to us by the Client.

In accordance to Client's instructions we have assumed that the remaining units are similar in specification and condition to the units inspected. If it transpires that this is not the case, we reserve the right to amend our valuation and figures stated herein.

Photographs of the Property are shown below:



Source: Cavendish Maxwell

2.4 Accommodation and Use

In accordance with the area schedule and details provided to us by the Client we understand that the Property comprises the following accommodation:

Unit No	Type	Floor Level	NSA (sq.ft.)
TPD_PD1_002_001	2 Bedroom	2	1,217
TPD_PD1_002_011	2 Bedroom	2	1,216
TPD_PD1_003_011	2 Bedroom	3	1,216
TPD_PD1_004_001	2 Bedroom	4	1,217
TPD_PD1_004_004	1 Bedroom	4	653
TPD_PD1_00M_005	1 Bedroom	M	653
TPD_PD1_00P_006	1 Bedroom	PODIUM	1,191
TPD_PD1_00P_008	1 Bedroom	PODIUM	833
TPD_PD1_00P_009	1 Bedroom	PODIUM	956
TPD_PD1_00P_010	1 Bedroom	PODIUM	945
TPD_PD1_011_008	Studio	11	519
TPD_PD1_012_005	1 Bedroom	12	653
TPD_PD1_012_010	1 Bedroom	12	663
TPD_PD1_021_004	2 Bedroom Loft	21	1,603
TPD_PD1_021_010	2 Bedroom Loft	21	1,609
TPD_PD1_022_004	2 Bedroom Loft	22	1,587
TPD_PD1_022_007	2 Bedroom Loft	22	1,523
TPD_PD1_022_008	Studio Loft	22	1,046
TPD_PD1_022_009	2 Bedroom Loft	22	1,474
TPD_PD1_001_010	1 Bedroom	1	663
TPD_PD1_006_002	1 Bedroom	6	667
TPD_PD1_006_009	1 Bedroom	6	654
TPD_PD1_007_004	1 Bedroom	7	653
TPD_PD1_015_011	2 Bedroom	15	1,216
TPD_PD1_016_003	1 Bedroom	16	653
TPD_PD1_019_009	1 Bedroom	19	654
TPD_PD1_001_011	2 Bedroom	1	1,216
TPD_PD1_017_006	1 Bedroom	17	648
TPD_PD1_012_002	1 Bedroom	12	667
TPD_PD1_012_003	1 Bedroom	12	653
Total Area		30	29,119

We have not measured the Property and have adopted the areas provided to us by the client, which we have assumed to be correct and accurate being calculated in accordance with the RICS Property Measurement 2nd Edition (May 2018), incorporating both the Code of Measuring Practice, 6th Edition and the International Property Measurement Standards (IPMS).

Should our areas adopted differ from those established by measured survey this may materially affect the valuation hereby reported. In such circumstances, we reserve the right to review our valuation accordingly.

2.5 SWOT Analysis

We have been requested by the client to provide a Swot Analysis for the subject property. Please find below:

Strengths	Weakness
Situated in within a growing residential and business location	Infrastructure still under development.
Exhibits unique design and architecture, LED lighting ensures that the property stands out.	Ongoing constructions can pose risks of increased traffic obstructions and noise pollution.
Located close to the Dubai mall with views of the Burj Khalifa, Dubai Creek and Downtown Dubai.	Absence of green area and retail/community destination in the immediate locality within Business Bay
In house home automation system to customize a personalized environment and processes.	
Variety of residential options (Lofts/garden apartments)	
Easy access to the Al Khail and Sheikh Zayed Roads.	
Close proximity to the metro, supermarkets, hospitals and pet friendly park the Burj Park.	
Guaranteed rental income for the first six months.	
Water frontage	
Opportunities	Threats
Furnished apartments can operate as short-term lease options.	Global economic and political tensions can impose threats on economic activity and real estate market performance
Prime location/views push demand for retail investments which will create a more established and friendly environment/community for the residents	The project was on a hold for a long period of time and as advised is due for completion in June 2019
	Increased supply in the market can cause a surge in competition.

2.6 Condition and State of Repair

At the time of inspection, the Property appeared to be in a very good condition commensurate with its age and use. A sample of units was inspected, and the apartments were furnished and benefited from high specifications as detailed in the above section. The majority of the common areas were at the final stage of construction. The completed sections of the common areas appeared to be in very good condition and well maintained with no obvious signs of damage. In accordance with our instructions, we have not been instructed to undertake any structural surveys, test the services or arrange for any investigations to be carried out to determine the presence of any deleterious materials at the site.

The services have not been tested by us and we are therefore unable to report on their present condition. However, for the purposes of this report, we have assumed they are in good and proper working order.

During our inspection, no major defects or serious items of disrepair were noted which would be likely to give rise to a substantial capital expenditure in the foreseeable future or which would fall outside of the scope of a normal annual maintenance programme.

2.7 Services

We have assumed that the Property has the benefit of all standard services and amenities including utility connections to the Municipality supplied services.

2.8 Planning and Statutory Enquiries

We have assumed for the purpose of this valuation that the relevant planning permissions and building consents from the relevant authorities have been obtained. If this is subsequently found not to be true, we reserve the right to alter our valuation.

2.9 Site and Ground Conditions

No obvious signs of any adverse ground conditions were noted during our inspection, but should it transpire following further ground surveys that more extensive works are required, we reserve the right to review our valuation. We have assumed that you will commission appropriate ground and environmental surveys and would recommend that specialist consultants are instructed to advise you on ground conditions, foundation design and contamination. We reserve the right to amend our valuation should any adverse factors from such reports arise.

2.10 Environmental Issues

We were not instructed to undertake or commission an environmental assessment to establish whether contamination exists or may exist, nor are we aware of any such assessment having been prepared by a specialist advisor in respect of the Property or its environs.

However, during the course of our inspection and our usual subsequent enquiries, the possibility that the property may be contaminated has been considered by complying with the various requirements of the Royal Institution of Chartered Surveyors. In particular we have had regard to the contents of the RICS Valuation Standards, a separate Guidance Note "Contamination and Its Implications for Chartered Surveyors", and the property observation checklist for identifying apparent potential for contamination included therein.

We did not observe any evidence of potential or actual contamination or deleterious materials in the property or immediate vicinity that we consider would be likely to affect our valuation.

We have assumed for the purposes of this valuation report that no contamination or deleterious materials exist to be sufficient to affect our opinion of value. However, should this assumption prove to be incorrect, the values reported herein may be reduced.

3.0 TENURE & TENANCIES

3.1 Title Details

Unless otherwise stated we have relied upon information provided by the instructing party. From this we understand that the Property is held under Private Title and have assumed there to be a good and marketable title to the Property.

We have taken account, in so far as we are aware, planning proposals, onerous restrictions or local authority intentions which affect the Property. We have also assumed that the Property is free from any charges or other encumbrances and that there are no easements affecting the Property other than those mentioned in this report. This valuation assumes that no further easements exist. Should any of these assumptions prove to be incorrect, the valuation figure may also be incorrect and should be reconsidered.

We have not undertaken any official searches and for the purposes of this valuation we have assumed that any such searches or enquiries would not reveal any detrimental factors. We have not been provided with the individual Title Deeds for the Subject Property.

Your lawyer should confirm that the above information is accurate and correct.

3.2 Tenancies

As at the Valuation Date, the Property were vacant. However, as advised by the Client, we note that the Property have been sold in 25 September 2018 for a total amount of AED 61,149,536. As part of the Sales and Purchase Agreement, the seller agreed to guarantee to the buyer a rental income for the Property as follows:

- Rent Term: 4 years commencing on the 25th September 2018
- Guaranteed rental income for the first six months, an amount equal to 12% of the above purchase price, equating to a total rent income for the period of AED 3,668,972
- Guaranteed rental income for the first remainder (42 months), an amount equal to 8% per annum of the above purchase price, equating to a total rent income for the period of AED 20,790,842

We note that as at the Valuation Date, the remaining expected guaranteed rental income for the Property amounts to AED 15,898,879. Finally, we note that we have not been provided with the actual and executed Sales and Purchase Agreement and we have been provided only with the expected guaranteed rental income details through an email by the Client dated 07 February

2019, which was re-confirmed at 27 June 2019. However, we have assumed that the information provided is true and accurate. If this transpires not to be the same, we reserve the right to amend our opinion of Market Value accordingly.

4.0 MARKET COMMENTARY

4.1 UAE Economic Performance and Demographics

The UAE's real estate market slowed down in 2018, with subdued demand and corrective market dynamics affecting prices across the emirates. Government reforms have been swift, and as we enter Q2 2019, many investor- and SME-focused measures introduced over Q4 2018 and Q1 2019 are being executed. While some investors remain cautious and wait for prices to bottom out, particularly for residential properties and certain commercial assets, other investors are cautiously optimistic about the opportunities offered by new long-term visas, among other economic incentives.

Our first quarterly report covering the UAE as a whole, with an overview of Abu Dhabi, Dubai and the northern emirates, looks at a sector-wise analysis of the UAE's property market and what the indicators signify for the coming year.

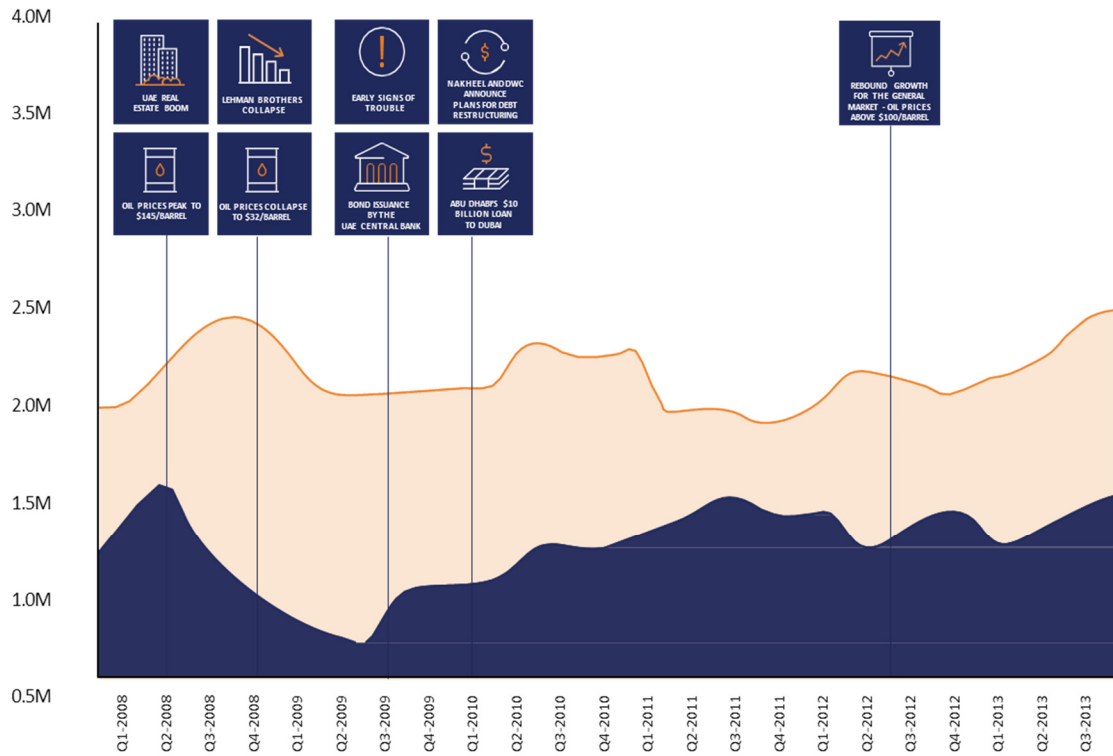
The overall performance of the residential sector over Q1 2019 was subdued. Limited demand combined with significant expected supply continued to drive average sales prices and rents down across the emirates. Enquiries for office space had marginal increases in Dubai, but flight-to-quality and a move to more affordable rents remain the overall trends. Grade A prime office assets continued to maintain high occupancy levels in Q1 2019, while the warehouse/logistics sector continues to provide good investment opportunities. The hospitality sector faced downward pressure on Average Daily Rates (ADRs) as many hotels tried to maintain occupancy levels. Revenues in the F&B sector were also impacted by limited spend from leisure segment group tourists.

4.2 Dubai House Price Timeline

Between Q4 2018 and Q1 2019, average apartment prices continued trading at around AED 1.2 million on average. The average villa/ townhouse price remained relatively stable at approximately AED 1.8 million.

PROPERTY MONITOR HOUSE PRICE TIMELINE

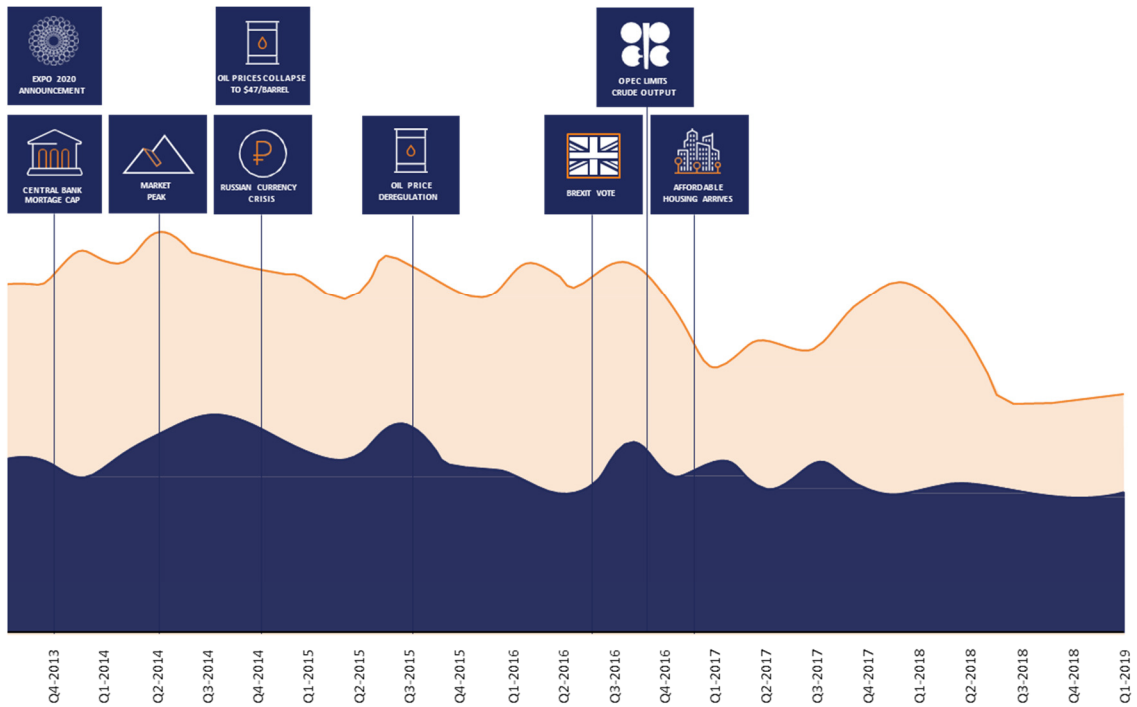
SALES PRICE (AED) JANUARY 2008-FEBRUARY 2019



Note: The Dubai House Price Timeline tracks residential property transactions from Dubai Land Department (off-plan and secondary market) to derive monthly and quarterly average transacted prices for apartments and villas/townhouses.

Average sales prices softened, and rents declined across most communities in Dubai in Q1 2019. Over the 12-month period from Q1 2018, the average rate of decline has increased, suggesting a continued corrective phase. The price gap between apartments and villas/townhouses narrowed markedly. Meanwhile, average sale prices declined more than rents in Q1 2019.

The average trading price for villas/townhouses in Dubai ranged from AED 2.5 million at the end of Q1 2018 to AED 1.8 million in Q1 2019. Prices for apartments also moved towards the lower end of the range, averaging at AED 1.4 million.

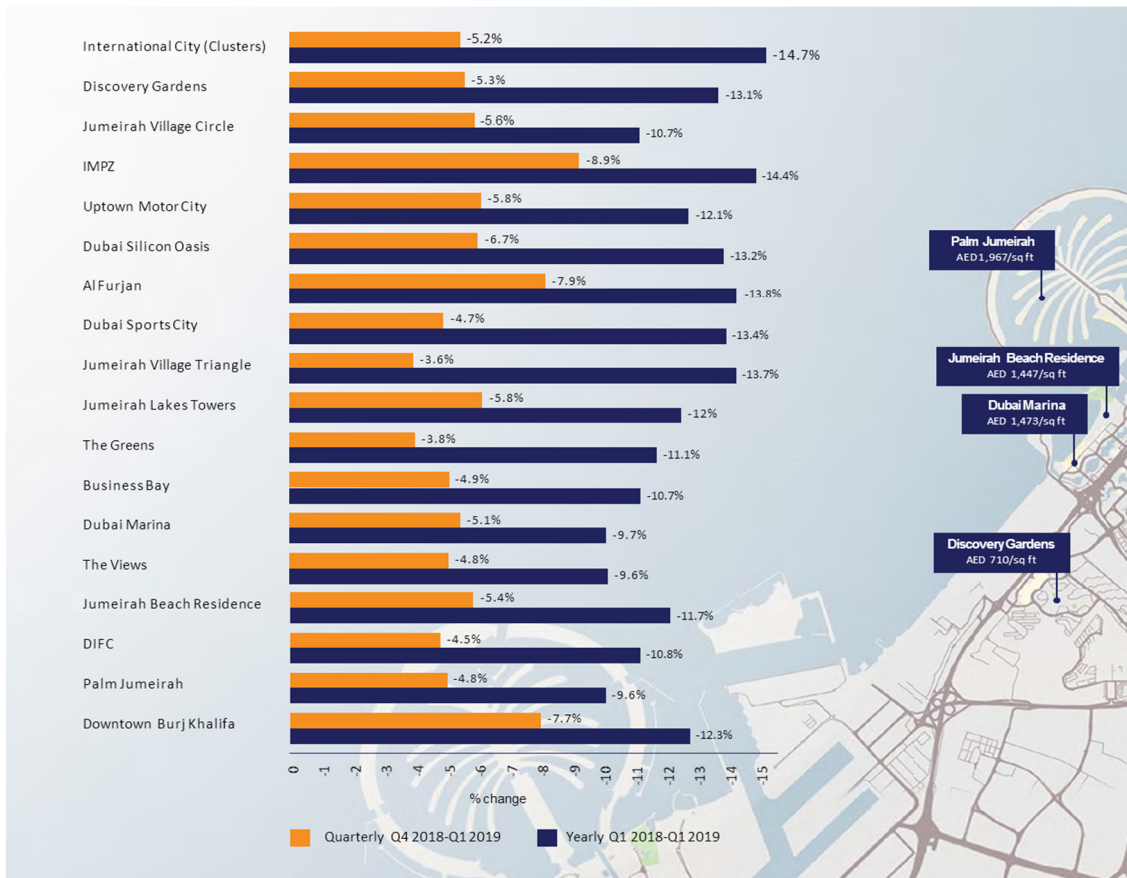


Source: Propertymonitor.ae

4.3 Apartment Price Performance

According to the Property Monitor Index (PMI), average apartment prices declined by 12% over the 12-month period from Q1 2018 to Q1 2019.

The average rate of decline has increased year-on-year, with certain communities like International City, Dubai Production City (IMPZ) and Al Furjan registering sharper declines of around 14%, based on PMI data. Supply remains the primary driver for price declines and developers continue to offer attractive payment options to turn more residents into owner-occupiers.



4.4 Villa/Townhouse Price Performance

According to the PMI, average villa/townhouse prices declined by 11.2% over the 12-month period from Q1 2018 to Q1 2019.

The average rate of decline in villa/townhouse properties across key communities has increased year-on-year, with certain communities such as Jumeirah Golf Estates and Jumeirah Village Triangle (JVT) performing better than others, based on PMI data.





4.5 Rent Performance

Rental declines for apartments in Dubai averaged 11.3%, while villas/ townhouses registered a 10.2% decline over the 12-month period from Q1 2018 to Q1 2019.

International City, The Greens, Jumeirah Lakes Towers (JLT), Motor City and Dubailand were some of the communities where downward pressure on apartment rents was more pronounced, averaging more than 13% year-on-year. Meanwhile, villa/townhouse communities including The Springs, Victory Heights and Al Furjan Villas registered an average decline of 14% in rents.

With new supply nearing completion, and an expected increase in handovers this year in both freehold and leasehold communities across Dubai, the upcoming quarters will continue to see downward pressure on rents.



ANNUAL RENT BY BEDROOM LEVEL

*Data as of March 2019

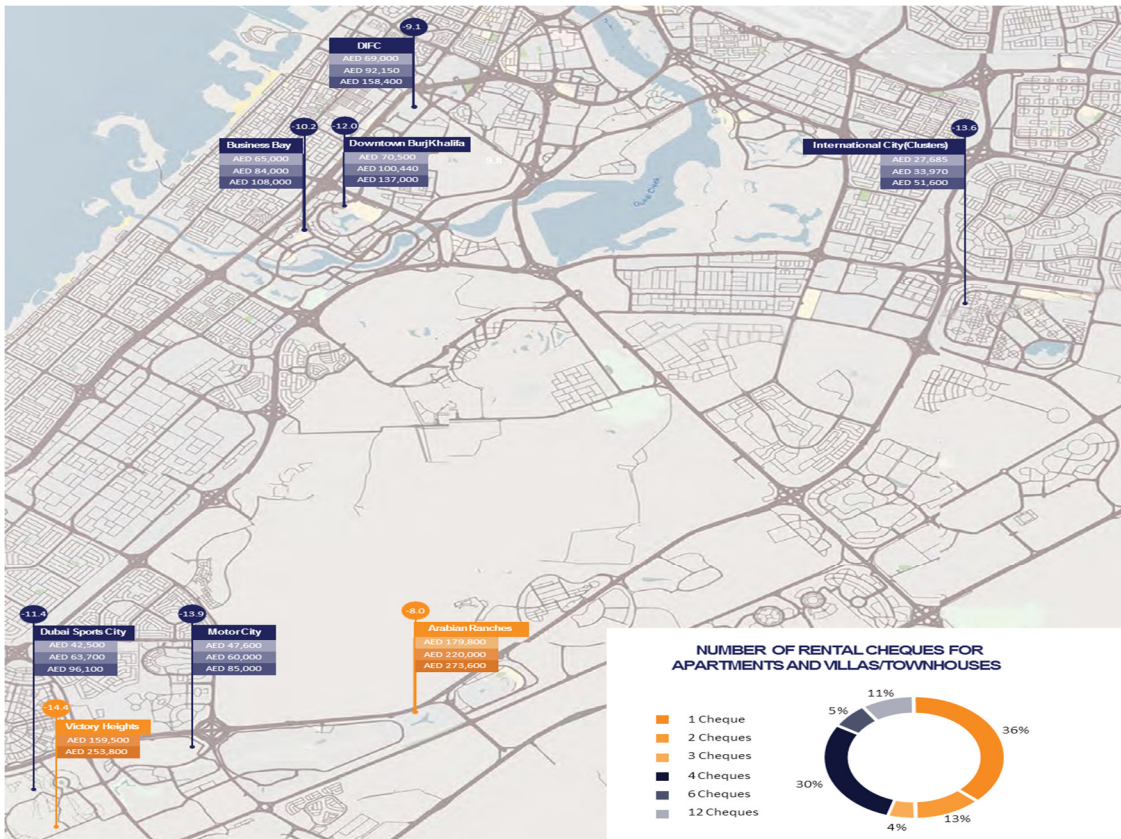
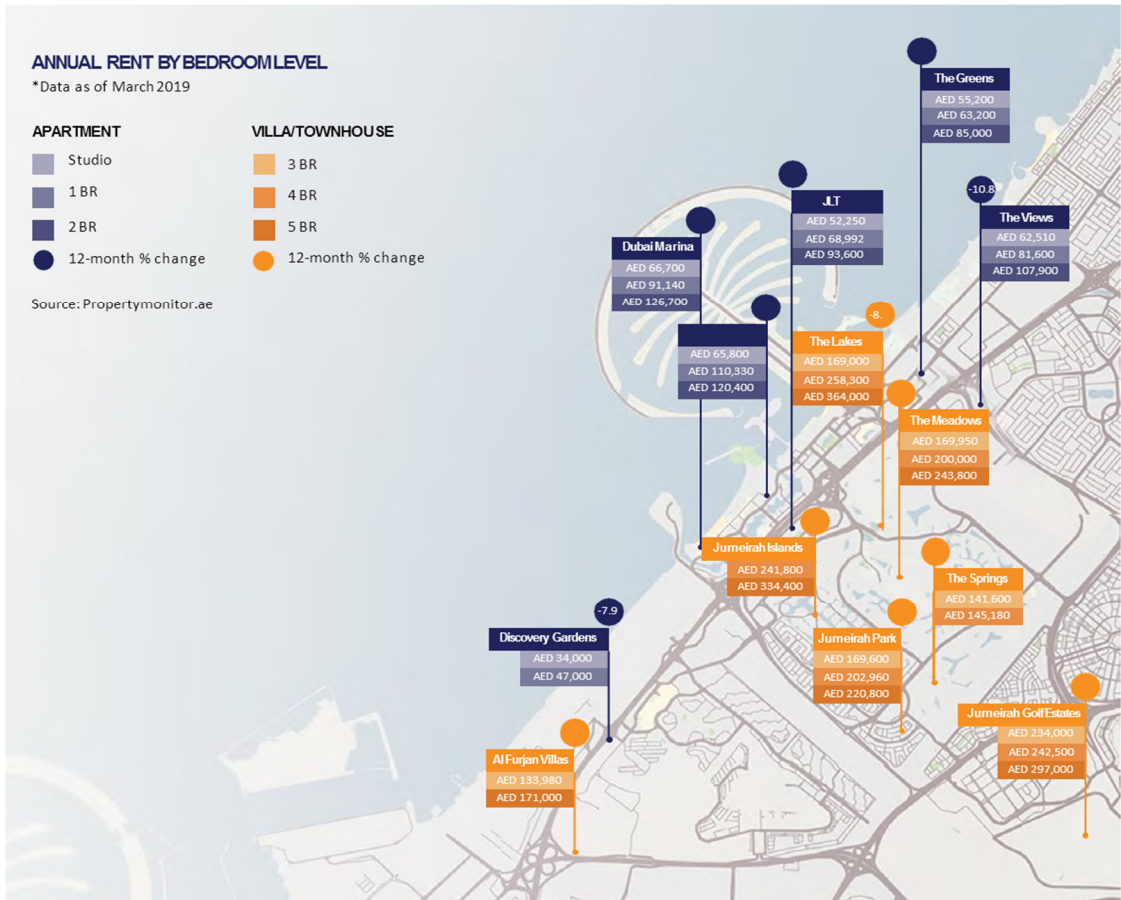
APARTMENT

- Studio
- 1 BR
- 2 BR
- 12-month % change

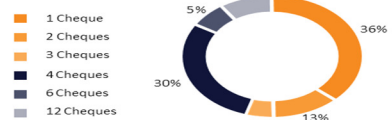
VILLA/TOWNHOUSE

- 3 BR
- 4 BR
- 5 BR
- 12-month % change

Source: Propertymonitor.ae



NUMBER OF RENTAL CHEQUES FOR APARTMENTS AND VILLAS/TOWNHOUSES

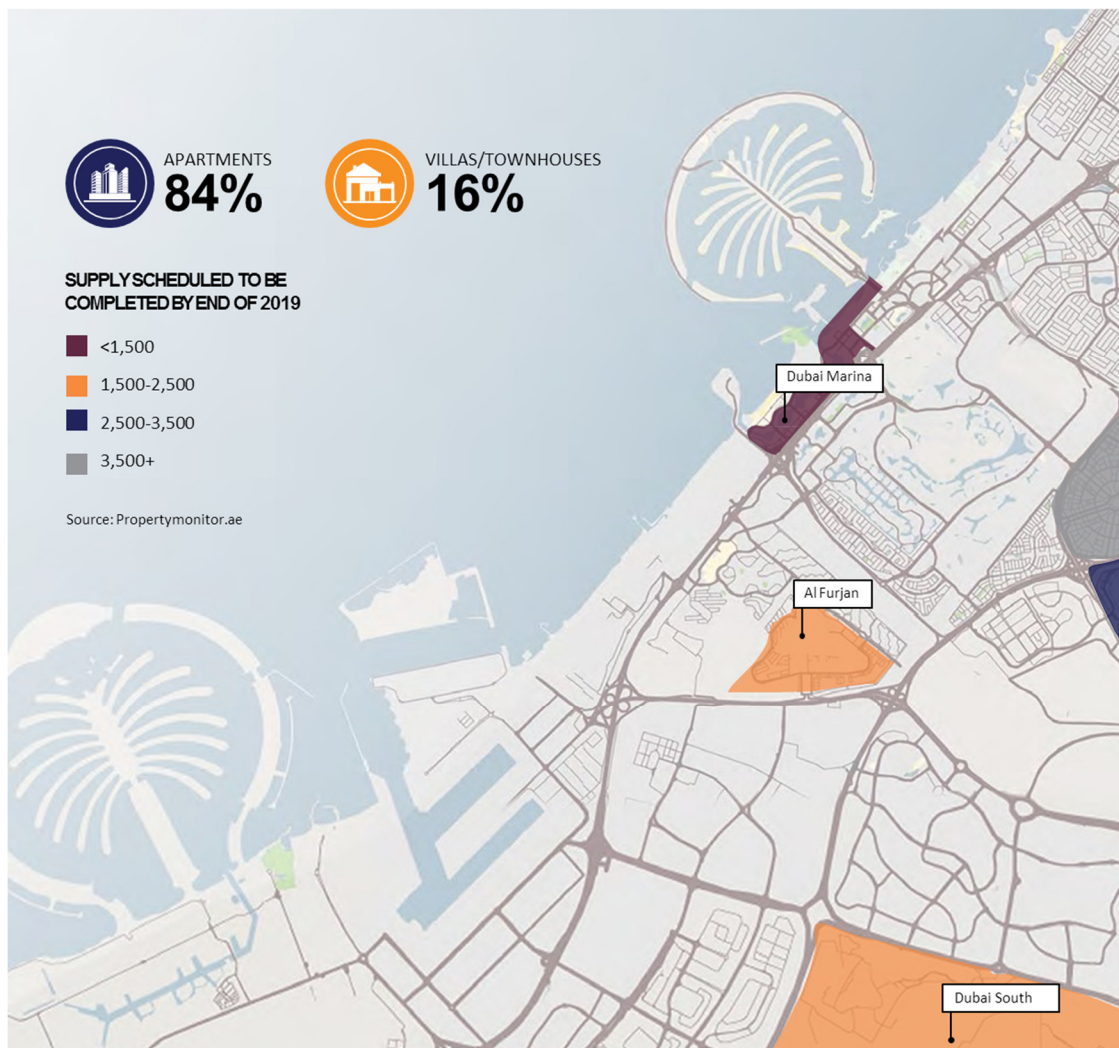


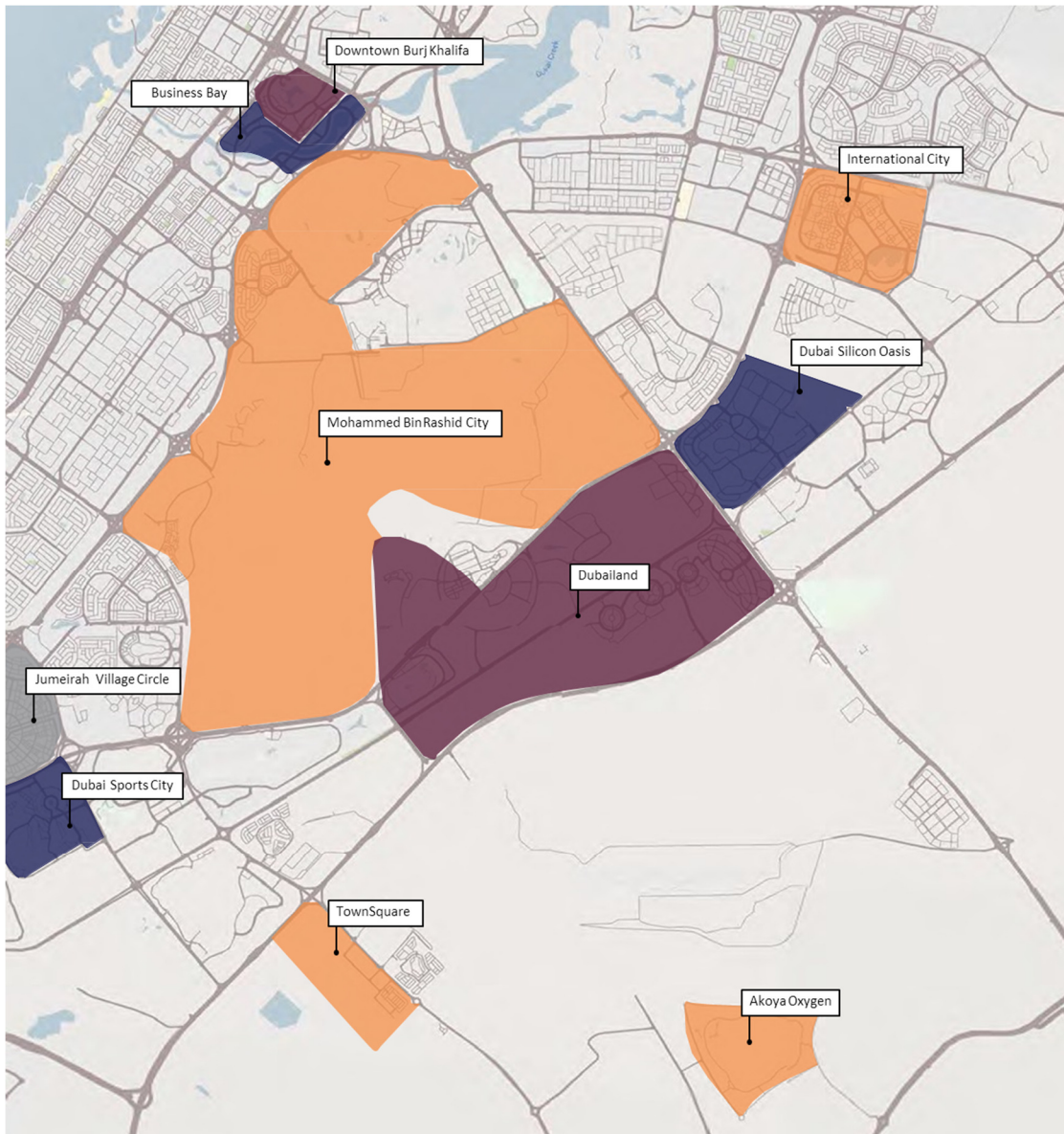
4.6 2019 Upcoming Supply

According to Property Monitor, over 6,141 apartments and 997 villas/townhouses were handed over in Dubai during Q1 2019.

The majority of upcoming supply in 2019 is concentrated in a few communities – Jumeirah Village Circle (JVC), Business Bay, Dubai Sports City, Dubai Silicon Oasis, Al Furjan and Mohammed bin Rashid (MBR) City. Apartments make up approximately 84% of the upcoming supply, with the remaining 16% comprising villas/townhouses.

Actual materialisation rates in 2019 are expected to match previous years, with handovers averaging between 16,000 and 20,000 units.





4.7 Transaction Overview

Off-plan transfers continued to dominate in Q1 2019, accounting for more than 58% of total transfers. The total number of transfers in this period was 7,931, for both villas/townhouses and apartments.

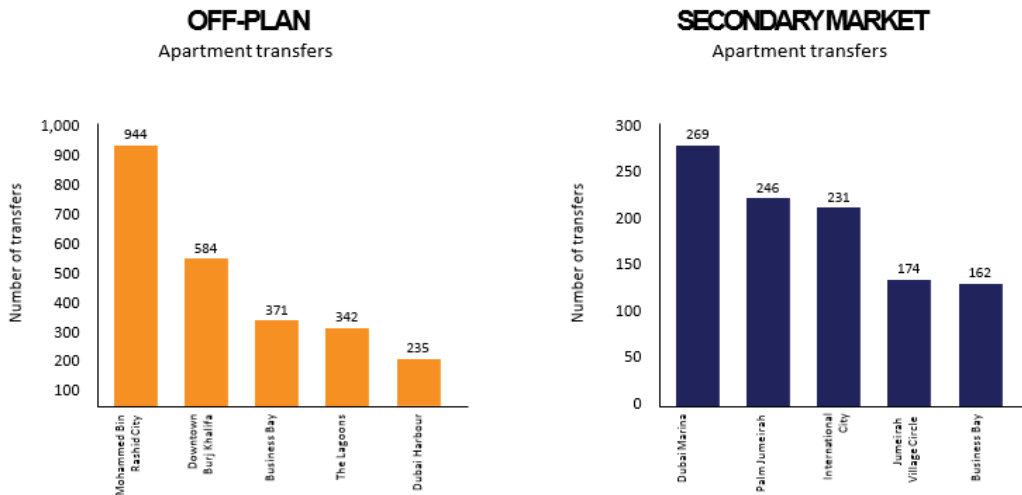
TRANSFER SALES - Q1 2019



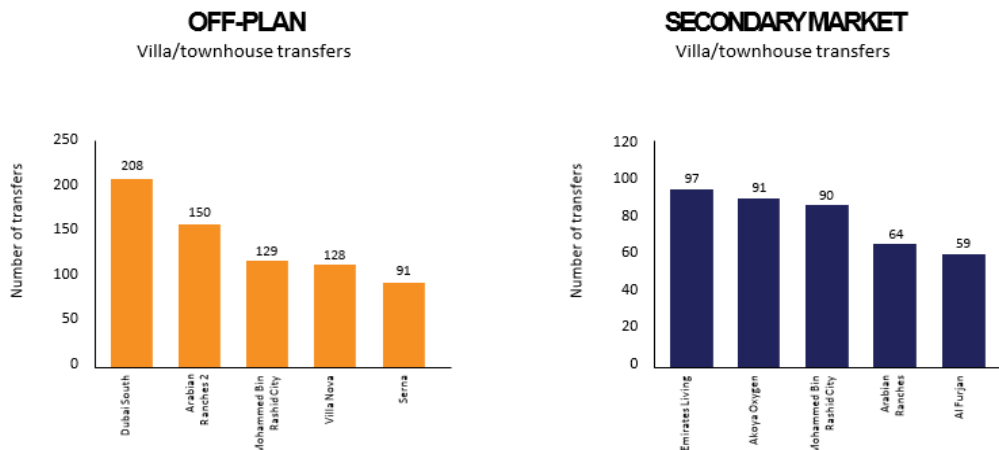
Downtown Burj Khalifa, Business Bay and MBR City ranked as the most sought-after locations for off-plan apartment transaction activity in Q1 2019, with the majority of off-plan apartment transactions occurring in MBR City. While off-plan transfers continue to dominate, the volume of transfers for under-construction apartments declined by 11% compared to Q1 2018.

For villas/townhouses, the total volume of off-plan transactions declined by 2% compared to Q1 2018 and secondary market transfers continued to outpace off-plan transactions in this segment.


TOP FIVE LOCATIONS FOR APARTMENT TRANSFERS IN Q1 2019



TOP FIVE LOCATIONS FOR VILLA/TOWNHOUSE TRANSFERS IN Q1 2019



SURVEY RESULTS



PROPERTY MONITOR RESIDENTIAL SURVEY – Q1 2019

PREDICTIONS

The majority of agents surveyed predicted apartment and villa/townhouse prices would decrease by up to 5%.

For apartment and villa/townhouse rents, the majority of agents surveyed predicted that rates would decrease by up to 5%.

New buyer enquiries, seller instructions and agreed sales were predicted to increase by the majority of agents surveyed.

REALITY

Apartment and villa/townhouse prices declined by 5% on average in Q1 2019, with a 12-month decline of 11.6% on average.

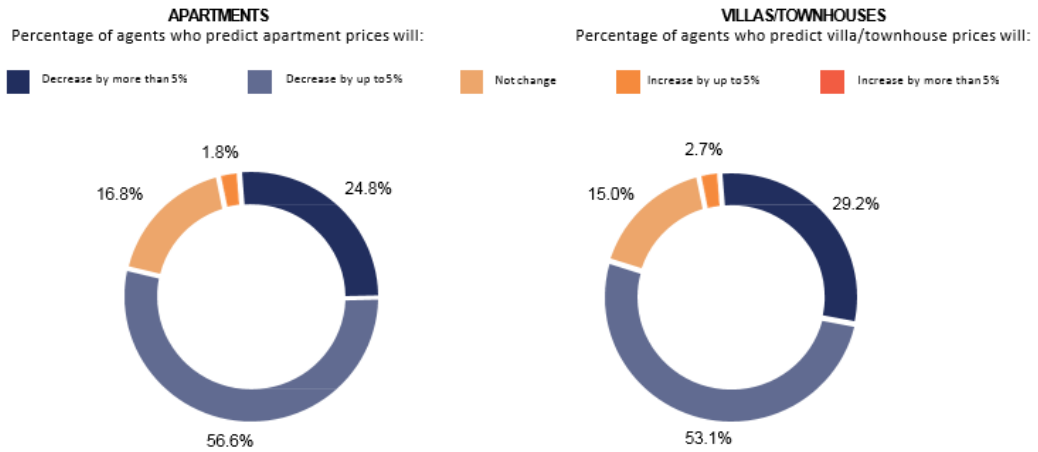
Apartment and villa/townhouse rents declined by 4.2% on average in Q1 2019, with a 12-month decline of 10.7% on average.

According to data from real estate agencies, transaction levels in Q1 2019 were lower than Q4 2018.

VS

4.8 Market Outlook

Q2 2019 PRICE OUTLOOK



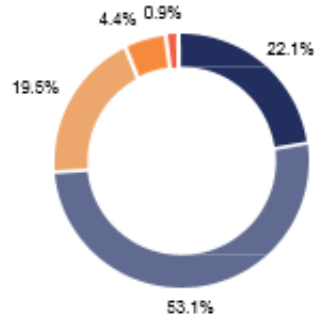


Q2 2019 RENT OUTLOOK

APARTMENTS

Percentage of agents who predict apartment rents will:

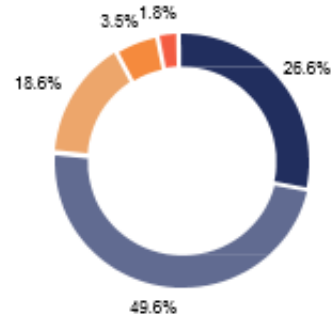
Decrease by more than 5% Decrease by up to 5% Not change Increase by up to 5% Increase by more than 5%



VILLA/TOWNHOUSES

Percentage of agents who predict villa/townhouse rents will:

Decrease by more than 5% Decrease by up to 5% Not change Increase by up to 5% Increase by more than 5%



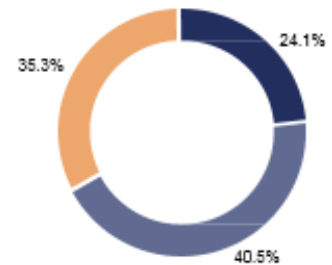
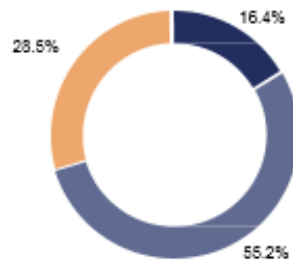
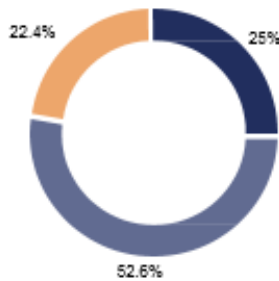
Q2 2019 TRANSACTION OUTLOOK

Percentage of agents who predict new buyer enquiries will:

Percentage of agents who predict new seller instructions will:

Percentage of agents who predict agreed sales will:

Decrease Increase Remain the same



5.0 VALUATION METHODOLOGY & RATIONALE

5.1 Basis of Valuation

In accordance with our instructions, we have set out in this report our opinion as to the **Market Value** defined by RICS Valuation Professional Standards and settled by the International Valuation Council (IVSC) as follows:

“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”.

5.2 Method of Valuation

We have valued the Property as it would be in the United Arab Emirates market, which is by having regard to market and transactional evidence, as well as our general market knowledge of such properties in the local market.

Income Approach – DCF Method

The investment method (otherwise known as the Income Approach) is adopted for income producing assets. The method provides an indication of value by converting future cash flow to a single current value. Under the investment method, the value of an asset is determined by reference to the value of income, cash flow and cost savings generated by the asset.

Under the Discounted Cash Flow Method (DCF), the forecasted cash flow is discounted back to the Valuation Date, resulting in a present value of the asset. The projected cash flow should capture the amount and timing of all future cash inflows and outflows associated the subject asset from the perspective appropriate basis of value.

Also, especially for long-lived assets, where the asset is expected to continue beyond the explicit forecast period, values must estimate the value of the asset at the end of the period. The terminal value is then discounted back to the Valuation Date, normally using the same discount rate as applied to the forecast cash flow. The rate at which the forecast cash flow is discounted should reflect not only the time value of money, but also the risks associated with the type of cash flow and future operations of the asset.

In order to provide our opinion of Market Value of the Property, we considered the expected guaranteed rental income of the Property, as per the Sales and Purchase Agreement, and then we applied the Comparable Method in order to establish the value of the Property assuming vacant possession upon expiry of the guaranteed rental income by considering transactional and quoting evidence available within the locality. Finally, we have applied a discount rate of

5.00% to reflect time value of money, but also the risks associated with the type of cash flow and future operations of the asset.

5.3 Comparable Evidence

We derived the Aggregate Market Value of the individual units within the building utilising the comparable approach whereby a sales rate was applied to the individual apartments.

Comparable Evidence

Dubai is not a very transparent market and hence full details of transactional evidence are difficult to obtain. We have however analysed transactional data from similar buildings in Business Bay available from Dubai Land Department for the last 12 months. Please note that the transactional data from DLD are available as at the date of registration which in some cases can be different to the actual transactional date or the date of agreed MOU. Further the DLD data doesn't provide details regarding floor, view, specification, condition etc which are important factors when arriving at the valuation. Hence the above transactions are subject to a degree of uncertainty. Given below are the details:

The Pad

Evidence Date	Beds	Total Sales Price (AED)	Price AED/sq ft	Unit Size (sq ft)
16/05/2019	1-bedroom	1,580,000	2,310	684
20/12/2018	1-bedroom	1,372,526	2,007	684
20/12/2018	1-bedroom	1,400,553	2,085	672
20/12/2018	2-bedroom	2,553,143	1,979	1,290
20/12/2018	1-bedroom	1,372,074	2,006	684
20/12/2018	1-bedroom	1,372,077	2,006	684
15/11/2018	1-bedroom	2,553,143	1,999	1,277
15/11/2018	2-bedroom	2,501,380	2,035	1,229
13/11/2018	1-bedroom	1,750,242	2,028	863
12/11/2018	1-bedroom	1,372,300	2,006	684
12/11/2018	1-bedroom	1,372,074	2,006	684
12/11/2018	1-bedroom	2,007,026	2,086	962
01/11/2018	1-bedroom	1,400,556	2,081	673
01/11/2018	1-bedroom	2,555,178	2,001	1,277
01/11/2018	1-bedroom	1,361,682	2,045	666
01/11/2018	1-bedroom	2,553,143	1,999	1,277
01/11/2018	1-bedroom	1,372,074	2,006	684
01/11/2018	1-bedroom	1,372,074	2,006	684
01/11/2018	1-bedroom	1,090,878	1,878	581
01/11/2018	1-bedroom	2,553,143	1,999	1,277
01/11/2018	1-bedroom	2,555,178	2,001	1,277
01/11/2018	1-bedroom	1,372,526	1,998	687
23/10/2018	3-bedroom	2,500,000	1,539	1,624
20/03/2018	Studio	1,453,153	2,500	581

07/03/2018	1BR loft	2,400,000	2,292	1,047
------------	----------	-----------	-------	-------

Source: Internal database – DLD Data

The Sterling

Evidence Date	Beds	Total Sales Price (AED)	Price AED/sq ft	Unit Size (sq ft)
07/05/2019	3-bedroom	3,225,763	1,870	1,741
11/02/2019	2-bedroom	1,908,361	1,538	1,241
22/01/2019	1-bedroom	2,138,226	2,133	1,002
22/01/2019	3-bedroom	3,845,266	2,133	1,803
22/01/2019	1-bedroom	2,138,226	2,133	1,002
22/01/2019	2-bedroom	3,713,958	2,133	1,741
22/01/2019	2-bedroom	2,646,328	2,133	1,241
20/11/18	Studio	888,930	1,800	494
24/11/18	Studio	925,000	1,850	500
20/12/18	2-bedroom	2,111,400	1,800	1,173
20/11/18	Studio	867,600	1,800	482
20/11/18	1-bedroom	1,804,410	1,800	1,002
20/11/18	1-bedroom	1,804,410	1,800	1,002
20/11/18	1-bedroom	1,804,410	1,800	1,002
20/11/18	1-bedroom	1,804,410	1,800	1,002
20/11/18	1-bedroom	1,804,410	1,800	1,002
20/11/18	1-bedroom	1,804,410	1,800	1,002
20/11/18	1-bedroom	1,804,410	1,800	1,002
29/11/18	1-bedroom	1,804,410	1,800	1,002
20/11/18	Studio	867,600	1,800	482
13/08/18	1-bedroom	1,506,702	1,300	1,159
15/10/18	2-bedroom	3,305,284	1,898	1,741
15/10/18	2-bedroom	3,332,516	1,914	1,741
15/10/18	2-bedroom	3,361,450	1,931	1,741
15/10/18	2-bedroom	3,407,404	1,957	1,741

Source: Internal database – DLD Data

Further, we have also analysed transactions in 2018 available from DLD and our internal database from other buildings within the locality. Given below is the list:

J One – 2018 - 2019 transactions (past 12 months):

Type	No. of Transactions	Average Size (sq ft)	Average Rate (AED) psf
Studio	18	509	2,159
1 BR	22	824	1,915

Avanti – 2018 - 2019 transactions (past 12 months):

Type	No. of Transactions	Average Size (sq ft)	Average Rate (AED) psf
Studio	5	492	1,714
1 BR	7	904	1,679
2 BR	3	1,246	1,547

Bay's Edge – 2018 - 2019 transactions (past 12 months):

Type	No. of Transactions	Average Size (sq ft)	Average Rate (AED) psf
Studio	4	452	1,471
1 BR	5	854	1,346
2 BR	2	1,254	1,456

Damac Maison Court Jardin – 2018 - 2019 transactions (past 12 months):

Type	No. of Transactions	Average Size (sq ft)	Average Rate (AED) psf
Studio	31	380	1,289
1 BR	7	783	1,259

Damac Towers by Paramount – 2018 - 2019 transactions (past 12 months):

Type	No. of Transactions	Average Size (sq ft)	Average Rate (AED) psf
Studio	12	476	2,761
1 BR	53	1,002	2,004
2 BR	27	1,411	1,972

In addition to the above, we have also analysed asking prices of similar properties available in the market. The list of asking prices are as given in the table below:

Asking Prices:

Building	Description	Area Sq ft	Total	Rate
The Pad	1 BR	684	824,990	1,206
The Pad	1 BR	673	999,000	1,484
The Pad	1 BR	666	1,149,990	1,727
The Pad	1 BR	683	1,263,500	1,850
The Sterling	Studio	494	650,000	1,316
The Sterling	Studio	493	913,623	1,853
The Sterling	1 BR	1,002	1,550,000	1,547
Avanti	1 BR	943	1,350,000	1,432
Avanti	1 BR	892	1,375,000	1,541
Avanti	2 BR	1,240	1,800,000	1,452
Avanti	Studio	543	1,980,000	1,243
Bay's Edge	Studio	426	750,000	1,761
Bay's Edge	Studio	426	815,000	1,913
Bay's Edge	1 BR	860	1,100,000	1,279
Bay's Edge	2 BR	1,386	1,600,000	1,154

Comments:

We note that the above comparables are quoting prices which are usually inflated to allow for negotiation. We would expect the units to attract a similar rate per sq ft comparing to these comparables.

Taking into consideration the above we have applied the following base rates to the different accommodation type of units in the Property, as follows: -

Description	Rate AED Psf
Studio apartment	1,545
One-bedroom apartment	1,545
Two-bedroom apartment	1,545

Having adopted the various rates at the Property, this provides for an Aggregate Market Value of AED 44,988,587 which equates to an average capital value per sq ft of AD 1,545. It should be noted that some of the transactions will have been sales directly from the developer. Not all sales in the secondary market will achieve the same levels as developers usually having access to more marketing platforms.

5.4 Assumptions and Special Assumptions

This valuation specifically assumes that the Property is held under Private Title without restrictions on sale or transfer into perpetuity. If this is subsequently found to be incorrect, then the valuation figure may also be incorrect and should be reconsidered.

We have relied upon information provided by the instructing party and have assumed that all the information received is true, accurate and correct. If this is found not to be the case we reserve the right to amend this report and valuation figure.

We have not made any allowance for vendor's sale costs, nor for any tax liabilities that may arise upon the disposal of the property or any parts thereof.

5.5 Valuation Assumptions

The following assumptions have been used in formulating our opinion of Market Value.

Expected Guaranteed Rental Income

Year 1 (up to 25/09/2019)	-	AED 1,222,991
Year 2	-	AED 4,891,963
Year 3	-	AED 4,891,963
Year 4	-	AED 4,891,963

<u>Discount Rate</u>	-	5.00%
----------------------	---	-------

5.6 Assumptions and Special Assumptions

This valuation specifically assumes that the Property is held under Freehold title without restrictions on sale or transfer into perpetuity. If this is subsequently found to be incorrect, then the valuation figure may also be incorrect and should be reconsidered.

As of 01 January 2018, Value Added Tax (VAT) is applicable in United Arab Emirates at a rate of 5.00%. The exact details and workings are still being considered although current information indicates that residential property sales and leases would be exempt from VAT, with the exception of the first sale/lease of new residential property whereas sales and leases of commercial Property are likely to be taxed at a standard VAT rate. All rents and capital values stated in this report are exclusive of VAT. We recommend the exact position be clarified by an appropriately qualified advisor.

6.0 OPINION OF VALUE

6.1 Market Value

Subject to the contents of this report, we are of the opinion that the Market Value of the Private interest in the Property, subject to all assumptions set out above in this report, as at the Valuation Date is:

AED 53,170,000

(Fifty-Three Million, One Hundred Seventy Thousand Dirhams)

Yours faithfully,



James Cresswell BA (Hons) MSc MRICS
Head of Commercial Valuation
RICS Registered Valuer
**For and on behalf of
Cavendish Maxwell**



Vidhi Shah MBA MSc MRICS
Associate
RICS Registered Valuer
**For and on behalf of
Cavendish Maxwell**



Appendix A

Standard Valuation Assumptions and Bases of Valuation

Compliance with Valuation Standards

All valuations have been carried out in accordance with the Practice Statements and Guidance Notes set out in the RICS Valuation – Global Standards July 2017 incorporating the International Valuation Standards 2017 or as amended.

We are a RICS regulated firm and follow best practice procedures as part of our commitment to the RICS Valuer Registration scheme.

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently. Where the knowledge and skill requirement of the Red Book have been met in aggregate by more than one valuer, we confirm that a list of those valuer's have been retained on file together with confirmation that each named valuer complies with the requirement of the Red Book.

Disclosure

The principal signatory of this report has not continually been the signatory of valuation s for the same addressee and valuation purpose of this report.

Unless agreed otherwise in writing, or stated otherwise in our Valuation Report, the following Standard Conditions of Engagement shall apply:

1. **Assumptions:** In preparing the Valuation Report, we have made the following general assumptions:
 - a) We rely upon information provided to us, by the identified sources, as to details of tenure and tenancies, planning consents and other relevant matters, as summarised in our report. We assume that this information is up-to-date, complete and correct and may be safely relied on.
 - b) That all information provided as to ownership (e.g. tenure, lease terms, tenant's improvements, development expenditure, etc.) is up to date, complete and correct. Also, that there are no encumbrances or unduly onerous or unusual easements, restrictions, outgoing or conditions, likely to have an adverse effect upon the value of the property, attaching to the relevant interest in the property of which we have not been made aware and that a good and marketable title to the relevant interest is held.
 - c) The properties have been valued as if wholly owned with no account being taken with any outstanding moneys due in respect of mortgage bonds, loans, or any other third party claims.
 - d) Where we have read leases, no reliance should be placed on our interpretation of these documents without reference to solicitors, particularly where purchase or lending against the security of a property is involved. We assume that all covenants in any head leases have been complied with and that there are no disputes with the lessors or notices received from the lessors or lessees which would adversely affect the valuation. Information regarding tenure and tenancies must be checked by your legal advisers.
 - e) That, unless we have been informed otherwise, each property complies with all relevant statutory requirements (including, but not limited to, fire regulations, bye-laws, disability access, asbestos and Health and Safety).
 - f) That each property has been constructed and is occupied in accordance with valid planning consents and building regulations. That they comply with any other relevant statutory and bye-law requirements and that there are no outstanding statutory notices or other notices in connection with the properties or their current use.
 - g) That, unless we have been notified otherwise, the presence of high alumina cement, calcium chloride additive, blue asbestos or any other deleterious, harmful or hazardous material has not been determined and our valuation assumes that these materials have not been used in the construction of any of the buildings or subsequently added.

- h) With regard to development properties, we have assumed, except where notified otherwise, that there are no leases, under-leases, tenancies, licences or other agreements under which any person has or will have any right to possession, occupation or use of the property or any part thereof and that the client is therefore able to offer or obtain vacant possession for development.
2. **Special Assumptions:** Where special assumptions are necessary in order to adequately provide the valuation(s) required, these will have been agreed and confirmed in writing before the Valuation Report is issued. Special Assumptions may only be made if they can be regarded as realistic, relevant and valid, in connection with the particular circumstances of the valuation.
 3. **Restricted Information:** Where we have undertaken a valuation on the basis of restricted information, the nature of the restriction and the impact upon the accuracy of the valuation has been referred to in our Valuation Report.
 4. **Restricted Access:** Where either no, limited or partial only internal access was possible we have made assumptions that the property is currently in a reasonable state of repair and in a condition commensurate to other properties of a similar type in the locality where we have not been provided with any detail on the quality, specification and condition of the property.
 5. **Revaluations:** Revaluations without re-inspections are made only on the assumption that the client has confirmed that no material changes to the physical attributes of the property and the area in which it is situated have occurred. Unless otherwise agreed, we will not undertake revaluations without re-inspections if the property was inspected more than 12 months previously because the condition of such property can materially change significantly during this period of time, especially when let.
 6. **Structural Condition:** No structural surveys have been carried out, nor have we tested any services or inspected roof voids, woodwork or any parts of the structures which are covered, unexposed or inaccessible, and, therefore, such parts are assumed to be in good repair and condition and the services are assumed to be in full working order. Any obvious defects or items of disrepair have been taken into account, but we are not able to give any assurance that any property is free from defect.
 7. **Plant and machinery:** Plant and machinery and trade fixtures and fittings have not been included in the valuation unless forming part of the structure or service installations and normally valued with the building.
 8. **Deleterious Materials:** We do not normally carry out investigations on site to ascertain whether any building was constructed or altered using deleterious materials or techniques (including, by way of example high alumina cement concrete, woodwool as permanent shuttering, calcium chloride or asbestos). Unless we are otherwise informed, our valuations are on the basis that no such materials or techniques have been used.
 9. **Site Conditions:** We do not normally carry out investigations on site in order to determine the suitability of ground conditions and services for the purposes for which they are, or are intended to be, put nor do we undertake archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is contemplated, no extraordinary expenses, delays or restrictions will be incurred during the construction period due to these matters.
 10. **Environmental Contamination:** Unless expressly instructed, we do not carry out site surveys of environmental assessments. or investigate historical records, to establish whether any land or premises are, or have been, contaminated. Therefore, unless advised to the contrary, our valuations are carried out on the basis that properties are not affected by environmental contamination. However, should our site inspection and further reasonable enquiries during the preparation of the valuation lead us to believe that the land is likely to be contaminated we Will discuss our concerns with you.
 11. **Insurance:** Unless expressly advised to the contrary we assume that appropriate cover is and will continue to be available on a commercially acceptable terms.
 12. **Measurements:** All measurements have been carried out in accordance with the latest Code of Measuring Practice issued by the Royal Institution of Chartered Surveyors, unless stated. Where we have not measured the property we have assumed and in accordance with the Clients instruction, have adopted areas provided, which we have assumed to be correct and accurate being calculated in accordance with the code of measuring practice 6th edition. Should areas adopted differ from those established by to other properties of a similar type in the locality where affect the valuation hereby reported. In such circumstances we would wish to review our valuation accordingly. Where we have not been provided with individual

residential or other units sizes, we have made the assumption that such units are of a size similar to other properties in the locality unless measured as part of this instruction.

13. **Planning:** We have assumed that the property is used in accordance with its lawful use. We recommend that formal written enquiries should be undertaken by your lawyers. Our valuations are prepared on the basis that the premises (and any works thereto) comply with the relevant statutory and other legislations including fire, regulations, access and use by disabled persons.
14. **Tenant Covenant(s):** We have not undertaken any research into the strength of covenant offered by any (commercial, residential or other) tenants in order to form a view of the likely perception of their financial status from the standpoint of potential purchasers. We have assumed that their financial standing is average and satisfactory within the prevailing market. Unless informed to the contrary, we have assumed in all cases that there are no significant arrears of payment and that all commercial tenants are capable of meeting their obligations under the terms of leases and agreements.
15. **Taxation/Costs of Realisation:** No account has been taken of any liability for taxation, which may arise upon the disposal of the property, nor have we deducted the likely costs of such disposal. However, normal purchaser's costs are reflected in our valuations where necessary.
16. **Development Properties:** For properties in course of development, we have reflected the stage reached in construction and the costs remaining to be spent at the date of valuation. We have had regard to the contractual liabilities of the parties involved in the development and any cost estimates that have been prepared by the professional advisors to the project. For recently completed developments, we have taken no account of any retention, nor have we made allowance for any outstanding development costs, fees, or other expenditure for which there may be a liability.
17. **Valuation Date:** The date specified in our Valuation Report.
18. **Comparables:** Information quoted in our reports is typically based upon our verbal enquiries and electronically available information and its accuracy cannot be assured. However, such information is only referred to where we have reason to believe its general accuracy, or where it is in accordance with our expectation. We have not inspected comparable properties. Should the accuracy of the information gathered subsequently differ from that disclosed or available this may detrimentally affect the valuation hereby reported and in such circumstances we would wish to review our valuation accordingly.
19. **Estimated Rental Value:** Our opinion of rental value is formed (where applicable) purely for the purposes of assisting in the formation of an opinion of capital value. It does not necessarily represent the amount that might be agreed by negotiation, or determined by an Expert, Arbitrator or Court, at rent review or lease renewal.
20. **Property Taxation:** It is assumed for the purpose of this report that the property is not subject to any taxation.
21. **Value Added Tax:** The United Arab Emirates is currently subject to 5% Value Added Tax (VAT).
22. **Publication:** Prior consent in writing is required for any reproduction or public reference to the Valuation Report.
23. **Reliance on the Report:** The Valuation Report has been provided only for the specific purpose agreed with the instructing Client and is for the sole use of that Client. As such, it is confidential to the Client and its professional advisors to whom we accept responsibility that the Valuation Report has been prepared with the skill, care and diligence that can reasonably be expected of a competent valuer. We accept no responsibility whatsoever to other parties that subsequently rely on this Valuation Report, for the whole or any part of its contents.
24. **Loan Security:** Where instructed to comment on the suitability of property as a loan security, we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.
25. **Financial Verification:** We recommend that before any financial transaction are entered into based upon these valuations, you obtain verification of the information contained within our report and the validity of the assumptions we have adopted. We would advise you that whilst we have valued the Properties reflecting current market conditions, there are certain risks which may be, or may become, uninsurable. Before undertaking any financial transaction based upon this valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.

26. **Complaints Procedure:** In accordance with the requirements of the RICS, a copy of Cavendish Maxwell complaints procedure is available on request. Compliance with RICS standards mean that valuations are subject to monitoring to RICS conduct and disciplinary regulations.
27. **Independent Redress Provider:** Any dispute arising out of or in connection with this contract, including any question regarding its existence, validity, professional fees or termination, shall be referred to and finally resolved by arbitration under the Arbitration Rules of the DIFC-LCIA Arbitration Centre, which Rules are deemed to be incorporated by reference into this clause. The number of arbitrators shall be 1. The seat, or legal place, of arbitration shall be Dubai. The language and governing law to be used in the arbitration shall be English and English common law.
28. **Definitions:** The definitions of the various valuation bases set out therein, which are reproduced below as follows:

Market Value (MV)

In accordance with the RICS Valuation - Global Standards July 2017 (effective 1st July 2017), and incorporating the International Valuation Standards Council (IVSC), 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 estimated amount...”

Refers to a price expressed in terms of money (normally in the local currency) 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 Special Value.

‘...an asset should exchange...’

Refers to the fact that the value of an asset 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 estimated *Market 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”.

The present asset owner is included among those who constitute ‘the market’. A Valuer must not make unrealistic assumptions about market conditions or assume a level of Market Value above that which is reasonably obtainable.

‘... 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, eg parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of *Special Value*. 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 effect its disposal at the best price reasonably obtainable in accordance with the *Market Value* definition. The method of sale is deemed to be the 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 and 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 favourable 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 presumes a price negotiated in an open and competitive market where the participants are acting freely. The market for an asset could be an international market or a local market. The market could consist of numerous buyers and sellers, or could be one characterised by a limited number of market participants. The market in which the asset is exposed for sale is the one in which the asset being exchanged is normally exchanged.

The *Market Value* of an asset will reflect its highest and best use. The highest and best use is the use of an asset that maximises its potential and that is possible, legally permissible and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid.

The highest and best use of an asset valued on a stand-alone basis may be different from its *Highest and Best Use* as part of a group, when its contribution to the overall value of the group must be considered.

The determination of the highest and best use involves consideration of the following:

- (a) To establish whether a use is possible, regard will be had to what would be considered reasonable by market participants.
- (b) To reflect the requirements to be legally permissible, any legal restrictions on the use of the asset, eg zoning designations, need to be taken into account.
- (c) The requirement that the use be financially feasible takes into account whether an alternative use that is physically possible and legally permissible will generate sufficient return to a typical market participant, after taking into account the costs of conversion to that use, over and above the return on the existing use.

Investment Value is the value of an asset to the owner or a prospective owner for individual investment or operational objectives.

This is an entity-specific basis of value. Although the value of an asset to the owner may be the same as the amount that could be realised from its sale to another party, this *basis of value* reflects the benefits received by an entity from holding the asset and, therefore, does not necessarily involve a hypothetical exchange. *Investment value* reflects the circumstances and financial objectives of the entity for which the valuation is being produced. It is often used for measuring investment performance. Differences between the *investment value* of an asset and its *market value* provide the motivation for buyers or sellers to enter the marketplace.

Fair value is the estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties.

The definition of fair value in IFRS is different from the above. The IVSB considers that the definitions of fair value in IFRS are generally consistent with *market value*. The definition and application of fair value under IFRS are discussed in IVS 300 *Valuations for Financial Reporting*.

For purposes other than use in financial statements, *fair value* can be distinguished from *market value*. *Fair value* requires the assessment of the price that is fair between two identified parties taking into account the respective advantages or disadvantages that each will gain from the transaction. It is commonly applied in judicial contexts. In contrast, *market value* requires any advantages that would not be available to market participants generally to be disregarded.

Fair value is a broader concept than *market value*. Although in many cases the price that is fair between two parties will equate to that obtainable in the market, there will be cases where the assessment of fair value will involve taking into account matters that have to be disregarded in the assessment of *market value*, such as any element of *special value* arising because of the combination of the interests.

Examples of the use of *fair value* include:

- (a) determination of a price that is fair for a shareholding in a non-quoted business, where the holdings of two specific parties may mean that the price that is fair between them is different from the price that might be obtainable in the market,
- (b) determination of a price that would be fair between a lessor and a lessee for either the permanent transfer of the leased asset or the cancellation of the lease liability.