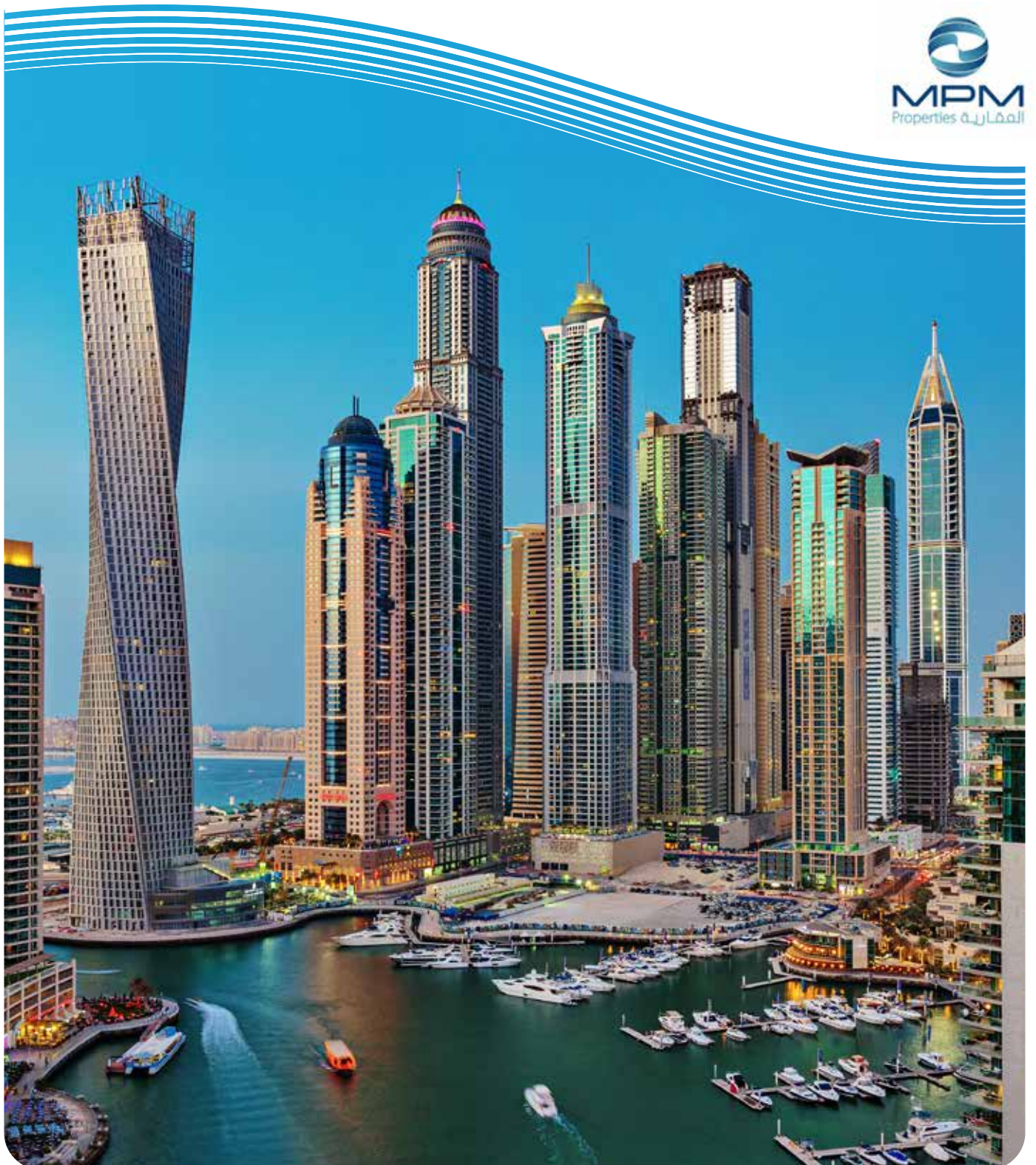


DUBAI REAL ESTATE MARKET OVERVIEW

Q1 2016



FOREWORD

ADIB Real Estate Services comprises a comprehensive real estate banking and advisory platform providing the full range of professional services from a single provider. Our services include:-

- Real estate financing
- Strategic development advisory
- Investment advisory
- Asset management
- Project management
- Valuation
- Agency
- Market research
- Property management
- Facilities management

REPORT HIGHLIGHTS

Residential

- Average apartment rents declined by 2% quarter-on-quarter and 5% year-on-year while villa rents dropped by 3% Q-on-Q and 7% Y-on-Y.
- Sales prices witnessed a marginal decline of 1% for both apartments and villas during this quarter. While Y-on-Y apartments witnessed a 9% decline and villas 8% decline, leading to improvement in net yields during Q1 2016.
- The off-plan residential market remained active with the launch of several new projects offering over 4,000 residential units (villas and apartments).
- Increasing incentives from developers in the form of extended payment plans and waiving of property registration fees are enticing investors and occupiers alike.
- Approximately 2,900 new residential units (apartments and villas) were added to the residential market during the quarter, taking total residential stock to c.484,000 units.
- Demand for affordable and mid-tier properties remained strong during the quarter, as investors seek net returns of 8-9% and above, which were possible to achieve in secondary and tertiary locations. Whilst gross yields in prime areas remained stable at circa 6-7% during the last quarter.
- Prime office rents have remained stable, whilst the secondary office market became increasingly fragmented, with rents varying from as low as AED55 per sq.ft. per annum up to AED200 per sq.ft. per annum.
- Office sales rates declined by 3% quarter on quarter and 13% year on year. New supply, existing vacant space and weak demand all contributed to average sale rates dropping by 17% in Jumeirah Lakes Towers and 20% year on year in the Business Bay area.

Retail Sector

- The total retail supply of Dubai reached 35.6 million sq.ft. of GLA with the addition of c.GLA 800,000 sq.ft. spread across three retail centres viz. The Mall, City Centre Sindagah and City Walk Phase 2 which opened during the quarter.
- Overall rental rates remained stable across the Emirate, with leading operators such as Emaar strengthening their operations to deliver increased profits by 22%.

Hospitality Sector

- Dubai's hospitality stock rose by 1% from the previous quarter, with an addition of 1,437 new hotel rooms and apartments during Q1 2016, taking the total hotel room count to circa 98,150 rooms and apartments.
- Hotel performance indicators showed a drop in average ADR by 8%, since the beginning of the year, while occupancy rates remained at 80+% which is still high in comparison to other international markets.

Office

- During the first three months of 2016, 1.34 million sq.ft. of new space completed, taking the total office supply to 92 million sq.ft. Of the total new office space that entered during the quarter, 56% remained strata title owned and the remaining single owned.

MPM PROPERTIES FACTS AND FIGURES



CONTENTS

Demand Drivers	4
Macro Trends	6
Residential Sector	8
Project Focus	15
Office Sector	18
Retail Sector	21
Hospitality Sector	23
Definitions & Methodology	25
Contact Information	26
Supply - Photo Gallery	27
Development Location Map	29

DEMAND DRIVERS

GOVERNMENT INITIATIVES

ATTRACTING ENTREPRENEURS; IMPROVING EASE OF DOING BUSINESS

- Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai launched Dubai Wholesale City. The project will be located close to Al Maktoum International Airport, covering a land area of over 550 million sq.ft. The project comprises of integrated trading parks, exhibition facilities, country pavilions as well as commercial centers and malls offering products from various countries. The development is expected to be phased over 10 years and upon completion, the city will be home to more than 15,000 wholesale traders.
- The Dubai Electricity and Water Authority (DEWA) announced a AED 6.7 billion project to meet the emirate's growing power demands. As part of the development plan, 64 new power stations will be built and connected to Dubai's electrical grid. Each of the 132/11 kV substations will have a capacity of 150 megavolt amperes (MVA).

REAL ESTATE AND CONSTRUCTION

HEALTHY INVESTOR INTEREST FOR LARGE AND SMALL ASSETS

- Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, has approved the designs and the master plan for the One Central mixed use project. The development cost of the project is estimated at AED 8 billion. The development will be spread over 500,000 square metres and will comprise of four hotels with approximately 2,000 rooms and suites, residential towers with 1,300 units and a modern theatre with a capacity to hold 2,500 people.
- Dubai's Aviation Authority signed a construction agreement for phase 1 expansion of the Al Maktoum International Airport. This is scheduled to be completed by June 2017. This expansion will see the airport increase passenger capacity to numbers to 26.5 million. The first stage of the agreement will increase the passenger terminal building from the existing 66,107 sq m to 145,926 sq m. The improvements include 12 new boarding lounges, a new immigration hall with 55 control counters within the arrivals building, as well as a new baggage handling system.

Q1 2016 KEY EVENTS

- Arab Health Exhibition and Congress - 25th to 28th January 2016
- Dubai Desert Classic – 1st to 7th February 2016
- Gulf Food – 21st to 25th February 2016
- Middle East Rail – 08th to 09th March 2016
- Dubai International Boat Show – 01st to 05th March 2016
- Dubai World Cup – 26th March 2016

FREEZONES

SIGNING UP NEW TENANTS; CREATING EMPLOYMENT OPPORTUNITIES

- Ahli United Bank Limited (AUBL) started operations at Dubai International Financial (DFSA) Centre. It received a Category 1 license from the DFSA. Through its office in DIFC, the Bank will provide corporate banking, private banking, wealth management, trade finance, treasury and cross-border financial products and services to its client based in the UAE and wider Middle East Region.
- Jebel Ali Free Zone (JAFZA) reported a 7% YoY growth in companies within the pharmaceutical and healthcare sector with the number of companies rising from 238 in 2014 to 255 companies in 2015. Leading pharmaceutical companies have set up bases in JAFZA to serve and access emerging market such as Africa, Asia, Russia and the CIS and benefit from the infrastructure and trade benefits offered by the JAFZA freezone.
- Energetics, a leading American energy and management consultancy that worked for over 35 years with the US Department of Energy, has joined Dubai Science Park. From its new base in Dubai, the company will help Dubai achieve its Clean Energy Strategy 2050, as well as provide high-quality advisory support to clients within the MENA region.

TRANSPORTATION

IMPROVING ACCESSIBILITY AND REACH IN DUBAI; CREATING JOBS

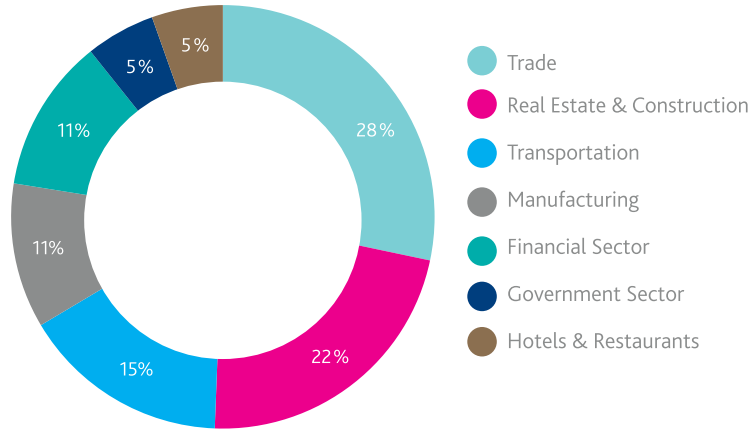
- Dubai International Airport handled 7.2 million passengers in March 2016, up by 7.4% compared to 6.7 million passengers in March 2015. During Q1 2016, passenger traffic increased by 6.8% to 20.95 million passengers, up from 19.61 million passengers during the same period last year.
- The Roads and Transport Authority (RTA) widened a seven kilometre stretch of Sheikh Mohammed bin Zayed Road, which opened during Q1 2016, with the number of lanes having increased to six in each direction between Al Maktoum International Airport roundabout to Jebel Ali-Lehbab roundabout.
- Figures from the Road and Transport Authority (RTA) indicate public transport's share of all means of transport reached 15% as compared to 6% in 2006. The RTA aims to increase this figure to 20% by 2020 and 30% by 2030. Passenger journeys on the metro red and green lines recorded a 8.7% growth year-on-year with 164.3 million journeys in 2014 versus 178.6 million journeys in 2015.

TOURISM INITIATIVES

- Figures from the Department of Tourism and Commerce Marketing (Dubai Tourism) indicate a 5.1% rise in overnight visitors to Dubai in Q1 2016 versus the same quarter the year before. In Q1 2016, Dubai welcomed 4.1 million overnight visitors with 25% of the visitors originating from GCC countries and 23% from Western European countries. In terms of top source market, Saudi Arabia leads with 476,000 visitors followed by India with 467,000 visitors and United Kingdom remained third with 334,000 visitors.
- The Green Planet 'bio dome' is set to open in the City Walk retail area in Jumeirah. The project includes a bio-dome to recreate a tropical forest in an enclosed ecosystem and will house over 3,000 plants and animals. It will also house exhibitions and displays under the roof of the bio-dome.
- IMG Worlds of Adventure, a mega-themed leisure and entertainment destination spread across 1.5 million square feet in the Dubailand area, is set to open on the 15th August 2016. The US\$ one billion fully indoor project comprises of four zones of Cartoon Network, Marvel, the Lost Valley-Dinosaur Adventure and IMG Boulevard.

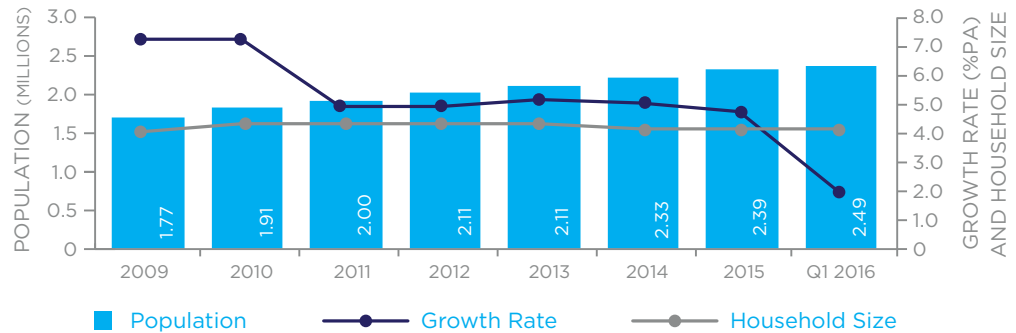
MACRO TRENDS

DUBAI GDP SHARE BREAKDOWN BY ECONOMIC SECTORS - 2016 YTD



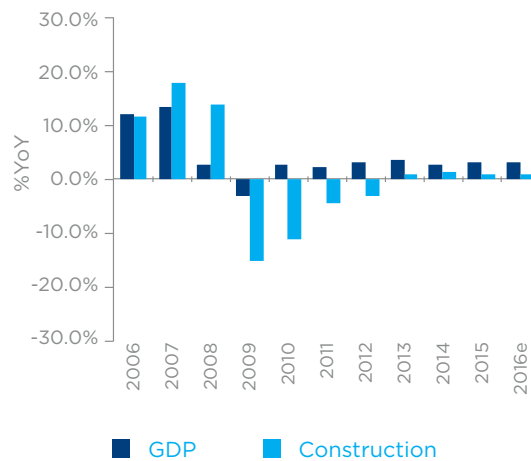
Source: Dubai Statistics Center, IMF and MPM Properties Research

DUBAI POPULATION (GROWTH & HOUSEHOLD SIZE)



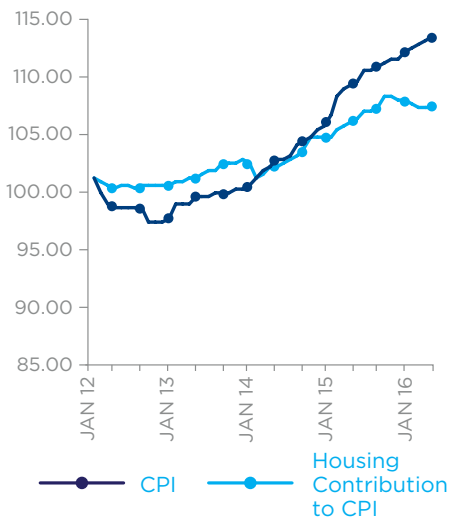
Source: Dubai Statistics Center

DUBAI CONSTRUCTION ACTIVITY %YoY



Source: Dubai Statistics Center, IMF

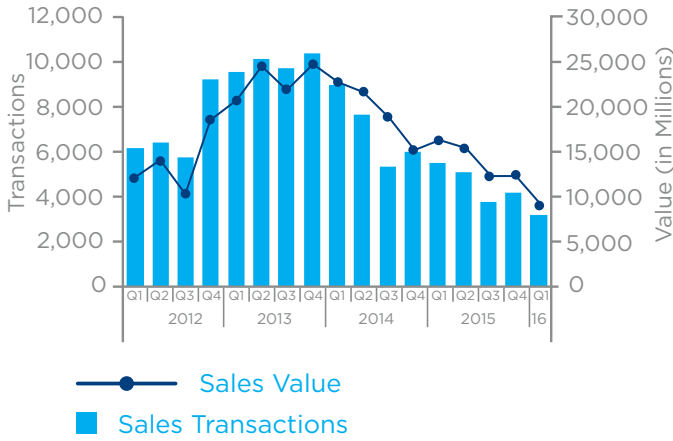
DUBAI CPI VS RENTAL CONTRIBUTION TO CPI Q1 2016



Source: Dubai Statistics Center

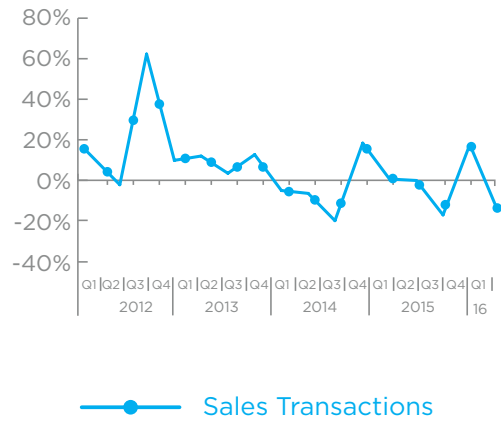
INVESTOR ANALYSIS

DUBAI LAND TRANSACTIONS VOLUME vs VALUE



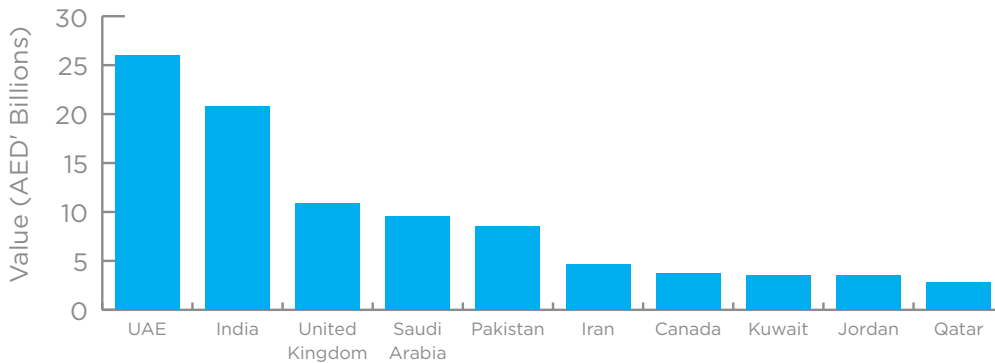
Source: DLD and MPM Properties Research

DUBAI LAND TRANSACTIONS QoQ% CHANGE



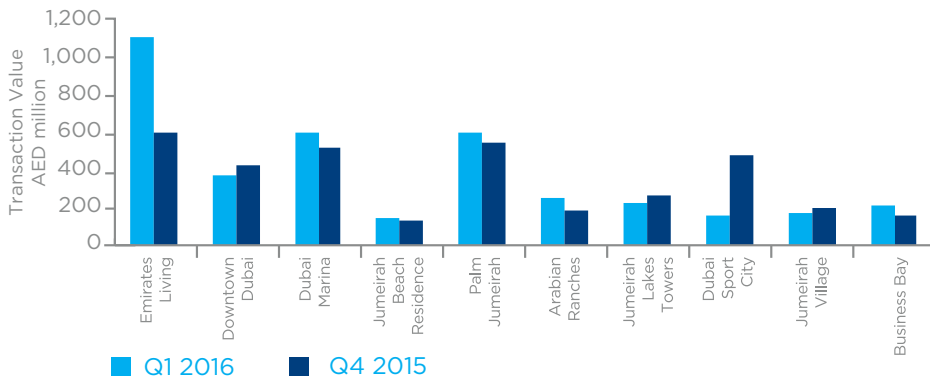
Source: DLD and MPM Properties Research

TOP NATIONALITIES INVESTING IN DUBAI PROPERTY IN 2015



Source: DLD

TOP LOCATIONS - RESIDENTIAL TRANSACTION VALUE



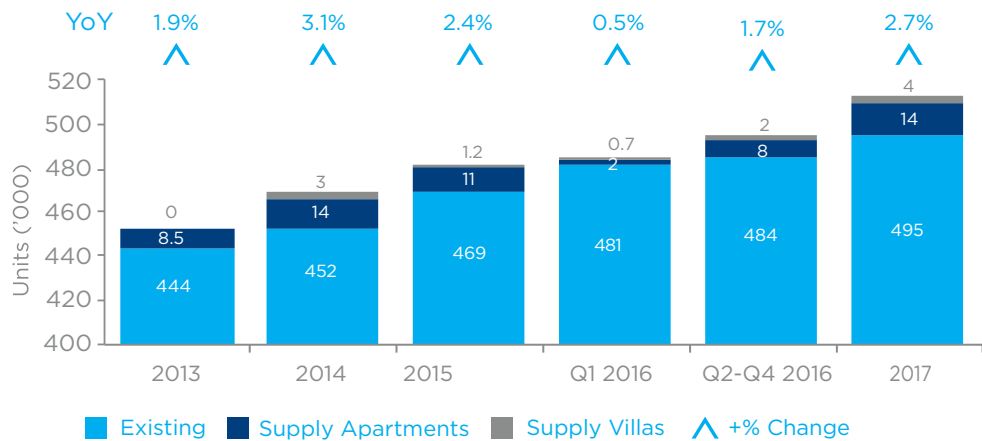
Source: DLD

RESIDENTIAL SECTOR

RESIDENTIAL SUPPLY

- During Q1 2016, approximately 2,900 new residential units (apartments and villas) were added to the residential supply, taking total residential stock to circa 484,000 units.
- An MPM Properties survey estimates there are circa 13,500 units under construction that are due for completion across 2016. Key projects include Living Legends, Millennium Estates in Meydan, Mira, Palma and Rosa villas from Arabian Ranches.
- The off-plan residential market remained active during Q1 2016, with the launch of several new projects offering over 4,000 residential units (villas and apartments) to the off-plan market. Prominent projects launched include Al Habtoor City, Aykon City and The Address Residences Opera Tower 2.
- Increasing incentives are being offered by developers in the form of extended payment plans and waiving of property registration fees.

RESIDENTIAL SUPPLY BY UNITS 2013-2017



Source: MPM Properties Research

SAMPLE OF RESIDENTIAL UPCOMING PROJECTS

LOCATION	PROPERTY NAME	NUMBER OF UNITS
Palm Jumeirah	The Muraba Residences	50
Palm Jumeirah	Club Vista Mare	33
Palm Jumeirah	Azure Residence	170
Business Bay	Volante	45 (Estimate)
International City	Indigo Spectrum 2	89
Tecom C	Al Fahad 2	230
Arjaan	Siraj Tower	335
Arjaan	Syann Park 1	165
Dubai Marina	Escan Marina Tower	330
Meydan	Grand Views	476

SAMPLE OF ANNOUNCED PROJECTS IN Q1 2016

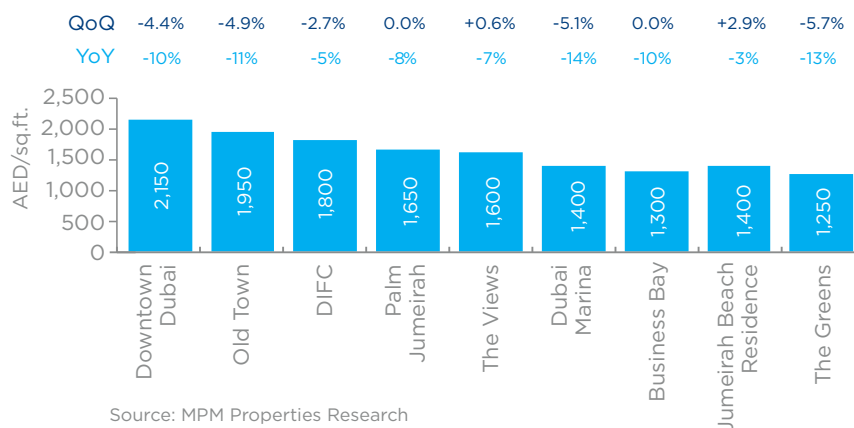
NAME OF PROJECT	TYPE	DEVELOPER	LOCATION
Harbour Views	Apartments	Emaar	Dubai Creek Harbour
Sidra villas	villas	Emaar	Dubai Hills
Bella Casa Serena	Townhouses	Dubai Properties	Dubailand
The Address Residences Dubai Opera Tower 2	Serviced Apartments	Emaar	Downtown Dubai
Al Habtoor City	Apartments	Al Habtoor	Sheikh Zayed Road
Aykon City	Apartments	Damac	Sheikh Zayed Road
Royal Bay	Apartments	Azizi	Palm Jumeirah

RESIDENTIAL SECTOR

APARTMENT SALE PRICES

- During Q1 2016, apartment sales transactions both in value and volume terms, registered a drop as compared to the previous quarter. A total of 2,361 apartments were transacted as compared to 2,606 apartments in Q4 2015, a decline of 9.4% quarter-on-quarter. In value terms, the decline was somewhat lower at 5.4%, with value dropping from AED3.13 billion in Q4 2015 to AED2.96 billion in Q1 2016.
- Developers attracted buyers in Q1 2016 with incentive schemes and competitive pricing, resulting in a positive response from investors. Tranche releases and gauging the market response helped maintain steady levels of demand. The most prominent launches during the quarter were Aykon City and Al Habtoor City.
- Circa 69% of all the apartment sale transaction during the quarter were across six residential areas of (1) Dubai Marina, (2) Downtown Dubai, (3) Emirates Living, (4) Business Bay, (5) Palm Jumeirah and (6) Jumeirah Lakes Towers, accounting to AED2.04 billion. The other noticeable active area was International City where 395 apartments transacted at a value of AED178.6 million.
- Currently, there is no shortage of choice for buyers, with more end users seeking to get onto the property ladder, anticipating long term capital appreciation and relief from rental commitments.
- Demand of off plan projects is weaker than for newly finished inventory, and the secondary market is signaling possible signs of a bottoming-out in property values across the major locations. Whilst location remains a major factor, it is a combination of the total offering (which comprise product finishes, incentives and attractive payment plans) that are responsible for differences in demand in today's market.
- End users are looking for alternatives to renting and therefore most demand in Q1 2016 was for affordable and mid-tier properties. Investors continue to look for net returns of 8 to 9% which are possible to achieve in secondary and tertiary locations, whilst properties in prime areas offered gross returns of 6-7% in the last quarter. As prices adjust, we are seeing more end-users are entering the market.

APARTMENT AVERAGE SALES PRICES (Q1 2016) AND PERCENTAGE CHANGE



APARTMENT RENTS

- During Q1 2016, average apartment rents remained stable across the majority of masterplanned developments. However, Business Bay, Dubai Silicon Oasis and Jumeirah Village Circle experienced a decline in rental values. Year-on-year rents dropped by an average of 9% across Dubai.
- During the quarter, absorption rates across affordable and mid-market units were relatively higher as compared to high and luxurious properties. Landlords of luxurious properties are offering better terms to retain existing tenant as maintaining healthy occupancy rates is as crucial as sourcing new tenants.
- New projects handed over during the past six months have witnessed reducing asking rents not because of the market dynamics but largely due to high original asking prices demanded by the landlords compared to prevailing market rents.
- MPM Properties forecasts that rental values in sub-prime areas are likely to correct during the course of 2016, as the majority of the pipeline supply is expected to enter from these locations.

AVERAGE APARTMENT ANNUAL RENTS Q1 2016

LOCATION	STUDIO	1BR	2BR	3BR	Q-ON-Q	Y-ON-Y
Business Bay	68	85	120	165	-1.07%	-5.45%
DIFC	80	115	160	220	0.00%	-2.39%
Discovery Gardens	50	70	93	-	2.27%	0.00%
Downtown Dubai	78	118	155	220	3.00%	-3.80%
Dubai Marina	68	98	145	198	0.00%	-4.55%
Greens	70	88	130	160	0.00%	-6.04%
International City	38	49	73	-	0.00%	-2.32%
Jumeirah Beach Residence	80	110	133	178	2.50%	-1.97%
Jumeirah Lakes Towers	65	88	120	155	0.00%	-5.32%
Palm Jumeirah	90	125	165	200	0.51%	-2.45%
Tecom	60	83	108	143	0.00%	-4.51%

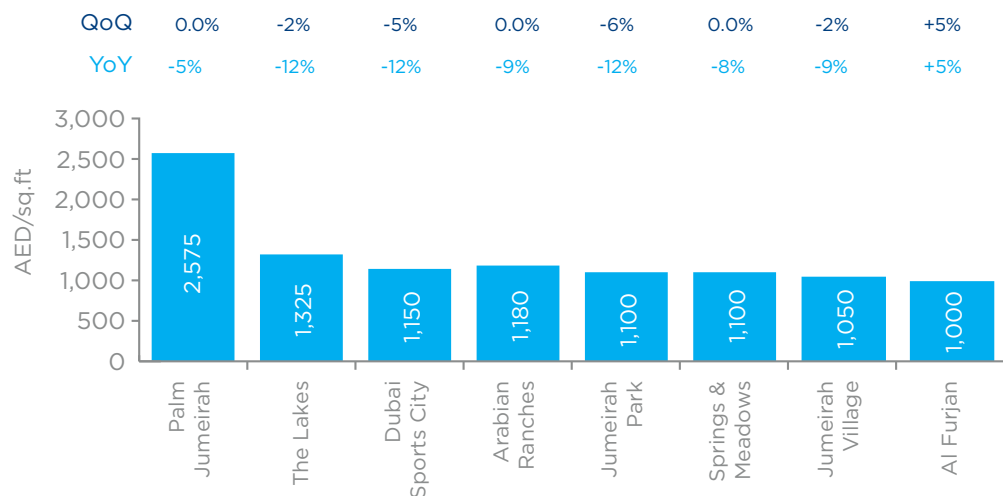
Source: MPM Properties Research

RESIDENTIAL SECTOR

VILLA SALE PRICES

- Average villa sales rates across freehold villa communities declined marginally by 1% quarter-on-quarter and 8% year-on-year. Despite the launch of several new villa developments, prices of completed properties remained stable as investors sought yielding product and looked to capitalize on the strong rental market.
- According to the data sourced from the Dubai Land Department, sales transactions for the quarter totaled approximately AED1.58 billion in Q1 2016 for villas and townhouses. This was an increase of 17% quarter-on-quarter.
- The Emirates Living development recorded the highest amount of transactions in value terms with a total transaction value of AED643.7 million (41% of total villa transaction in the quarter), followed by Jumeirah Park with a total transaction value of AED232 million. Other active areas during the quarter were Palm Jumeirah and Arabian Ranches, accounting for cumulative transaction values of AED503 million.
- Affordable and well-priced villa/townhouse inventory will continue to meet market demand in 2016. The secondary sales market is anticipated to improve further as rental values remain stable across major villa locations, increasing return on investment (ROI) for perspective new purchasers.
- Developers are quick to respond to changing investor appetite towards affordable properties. During the quarter, Dubai Properties launched Bella Casa townhouses within its Serena development in Dubailand, with starting prices of circa AED1.3 million for two bedroom properties. Nshama developed a show house in its Town Square development to entice investors to purchase its AED1.5 million townhouses.

AVERAGE VILLA SALE PRICE AED/ sq.ft. Q1 2016



Source: MPM Properties Research

VILLA RENTS

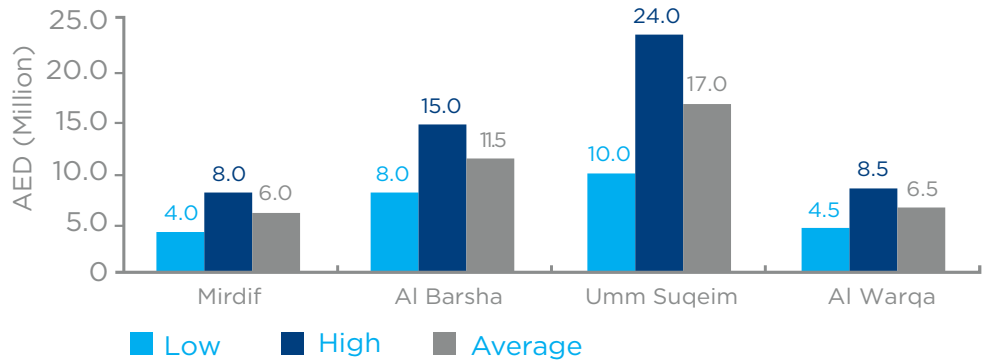
- Average rents across villa properties dropped by 3% quarter-on-quarter. Rental deflation was mainly noticed across non-freehold areas of Al Barsha, Mirdiff, Umm Suqeim, whilst in the freehold areas, rental deflation was felt most in the Springs and Arabian Ranches.
- During the last quarter, the majority of leasing enquiries for villa properties was towards the mid segment of the market, with typical budgets ranging between AED150,000 to AED250,000 per annum.
- With the delivery of townhouses across multiple locations during 2016, we expect a migration of tenants from apartments to townhouse as the year progresses, as townhouses offer more living space for the same value as large apartment units.
- Expected new supply will further exert pressure on rental rates during the course of 2016, as several new villa properties such as Polo Homes, Grand Views in Meydan, Mira Villas in Arabian Ranches and District 11 villas in Mohammed Bin Rashid City are scheduled for handover in 2016.

AVERAGE VILLA ANNUAL RENTS Q1 2016

PROJECT	2 BEDROOM	3 BEDROOM	4 BEDROOM	5 BEDROOM	Q.O.Q	Y.O.Y
Al Furjan	-	165	-	215	0.00%	-9.38%
Arabian Ranches	153	190	260	310	0.22%	-6.08%
Dubai Sports City	-	183	200	295	0.00%	-2.59%
Jumeirah Park	-	-	255	285	0.00%	-15.02%
Jumeirah Village	140	155	183	-	0.00%	-4.39%
Meadows	-	225	250	295	0.00%	-7.98%
Palm Jumeirah	-	345	450	500	0.00%	-8.82%
Springs	130	178	-	-	0.00%	-7.47%
Jumeirah Islands	-	-	315	375	0.34%	-8.05%
Jumeirah Golf Estates	-	280	325	400	-0.51%	1.63%

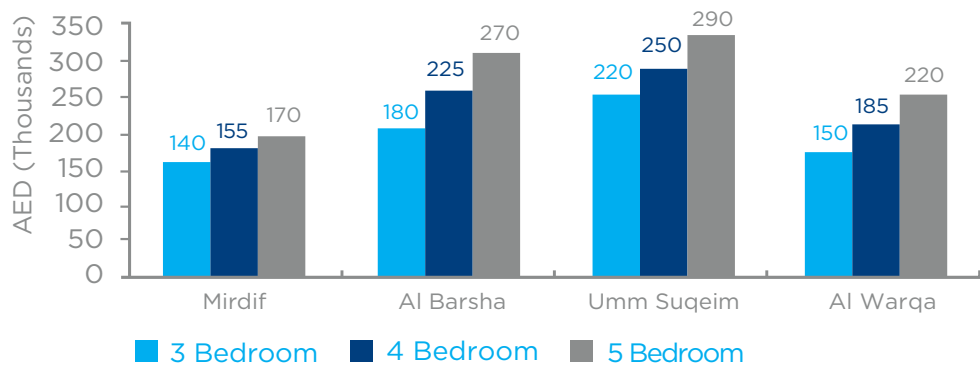
Source: MPM Properties Research

GCC FREEHOLD VILLA VALUES Q1 2016



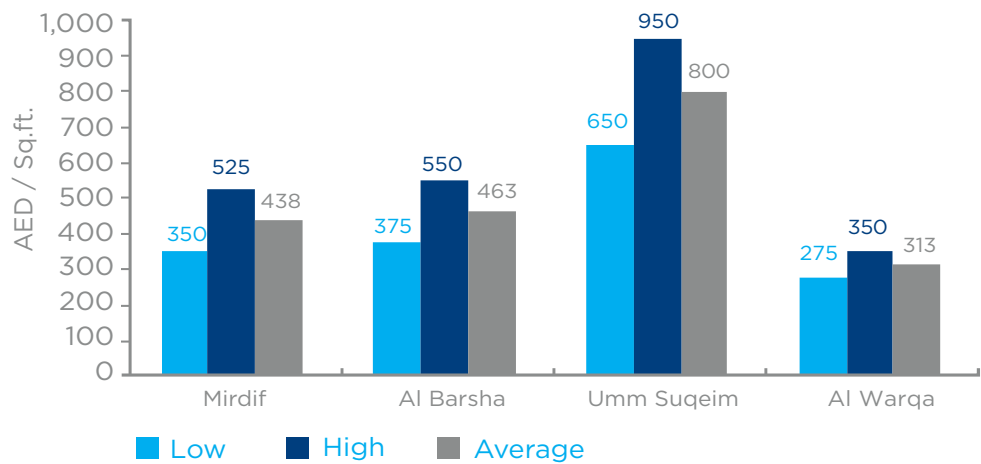
Source: MPM Properties Research

GCC FREEHOLD VILLA RENTS Q1 2016



Source: MPM Properties Research

GCC FREEHOLD LAND VALUES Q1 2016



Source: MPM Properties Research



PROJECT FOCUS

REDWOOD PARK AT JUMEIRAH GOLF ESTATES

Host to the DP World Tour Championship since 2009, Jumeirah Golf Estates is one of the Middle East's established residential golf communities, offering a wide range of world-class golfing facilities and individually designed homes in the United Arab Emirates.

Located in the heart of New Dubai, Jumeirah Golf Estates' Phase A development consists of 375 hectares of a 1,119 hectare land parcel, and incorporates 16 residential communities, comprising of more than 1,700 constructed and under construction properties.

Redwood Park features a collection of three and four bedroom townhouses overlooking the 11th and 12th holes of the Fire Course, complete with shared amenities

including swimming pools, children's play areas and BBQ facilities. Both of these developments are located in the heart of the community, where investors and residents can benefit from a range of offerings as well as access to two championship golf courses, Fire & Earth, plus a new world-class Clubhouse and Country Club.

In addition to two world-class golf courses, Jumeirah Golf Estates is home to a number of golf and residential facilities. In November 2014, the Jumeirah Golf Estates Clubhouse and Country Club opened and has become the communities' social focal point. Ranging from informal to fine dining, the Clubhouse and Country Club has a host of delicious dining options.

TOWNHOUSES STARTING FROM:

3 Bedroom: AED 2,970,895

4 Bedroom: AED 3,993,000

ATTRACTIVE PAYMENT PLAN:

10% down payment

40% during construction

50% over 2 years post handover



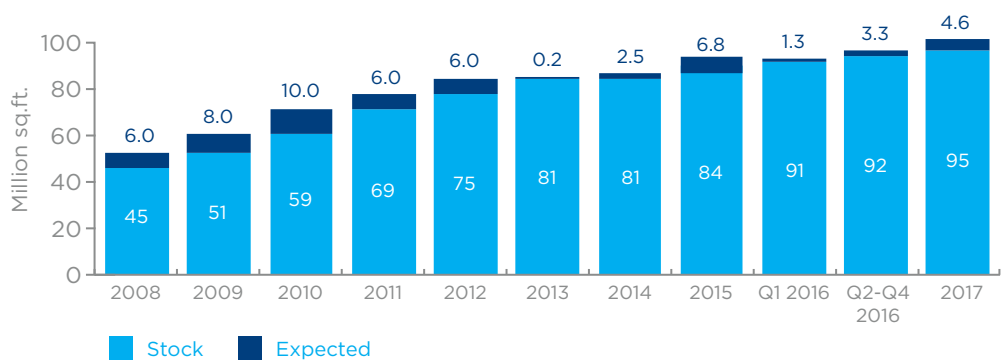


OFFICE SECTOR

OFFICE SUMMARY

- During the quarter, office rents in prime areas remained stable, whilst the secondary office market became increasingly fragmented largely due to strata ownership, with varying rental rates from as low as AED55 up to AED200 per sq.ft. per annum.
- Despite citywide high headline vacancy rates, freezone areas continued to record healthy occupancy rates of over 90%. Healthy occupancy rates and relatively high demand has led to the emergence of new office towers across the freezones, including Butterfly and Edge Towers in Tecom and West Wing 8 in the DAFZA.
- Sales rates declined by 3% quarter on quarter and 13% year on year. New supply, existing vacant space and weak demand are contributing to average sale rates dropping by 17% in Jumeirah Lakes Towers and 20% year on year in the Business Bay area.

DUBAI OFFICE STOCK (2008 - 2017)



Source: MPM Properties Research

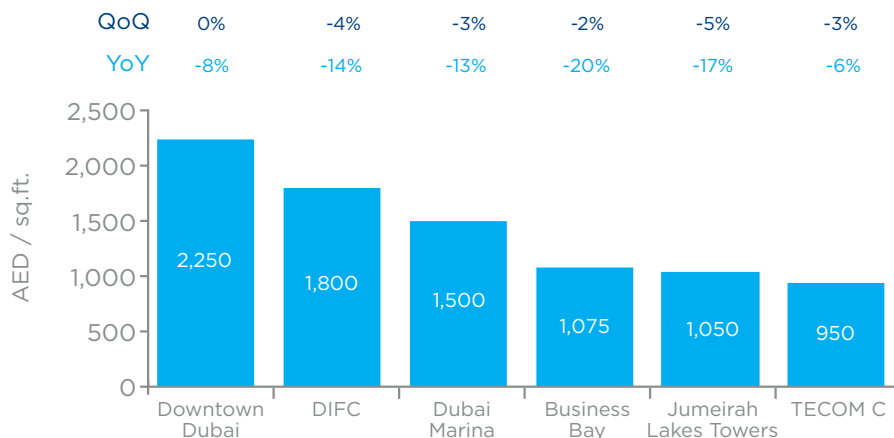
OFFICE SUPPLY

- Dubai office stock increased in Q1 2016, with an additional 1.34 million sq.ft. of new space added to the market during this quarter, taking the total office stock to 92 million as at the end of Q1 2016. Of the total space completed during the quarter, 56% was strata titled, with the remaining held on single ownership basis.
- The majority of new supply in Q1 2016 was within Business Bay, which continues to see a rise in strata owned space despite high headline vacancy rates. The Exchange and Iris Bay towers are the two main new additions within the Business Bay area, together adding over 750,000 sq.ft. of new space.
- MPM Properties expects circa 3.3 million sq.ft. of new office space to enter the market in 2016, which could further elevate vacancy rates. The impact will primarily be across strata owned buildings in the Business Bay, Tecom and Dubai Silicon Oasis areas and ageing buildings in the CBD.

OFFICE SALES

- Dubai Land Department data shows circa 430,000 sq.ft. of office space was transacted in Q1 2016 with a total value of AED497 million, equating to an average sales price of AED1,150 per sq.ft.
- During Q1 2016, 83% of office transactions in value terms were registered at Business Bay and Jumeirah Lakes Towers, with the remainder spread across Motor City, Tecom C, Trade Centre, Deira and Dubailand.
- Business Bay continued to dominate the office transaction market with 219,000 sq.ft. of office space transacted in Q1 2016 at a value of AED284.2 million, while Jumeirah Lakes Towers saw 125,000 sq.ft. of office space AED128.3 transacted for 128.3 million.
- Sales enquiries remained low in Q1 2016 and were largely for smaller office sizes between 1,000 to 2,500 sq.ft. Weak demand and perceived low sales prices are encouraging landlords to lease their space and wait for the market to improve, rather than sell now. Considering the supply pipeline and current vacancy rates, we do not expect any price appreciation over the next 12-15 months.

OFFICE AVERAGE SALE PRICES Q1 2016

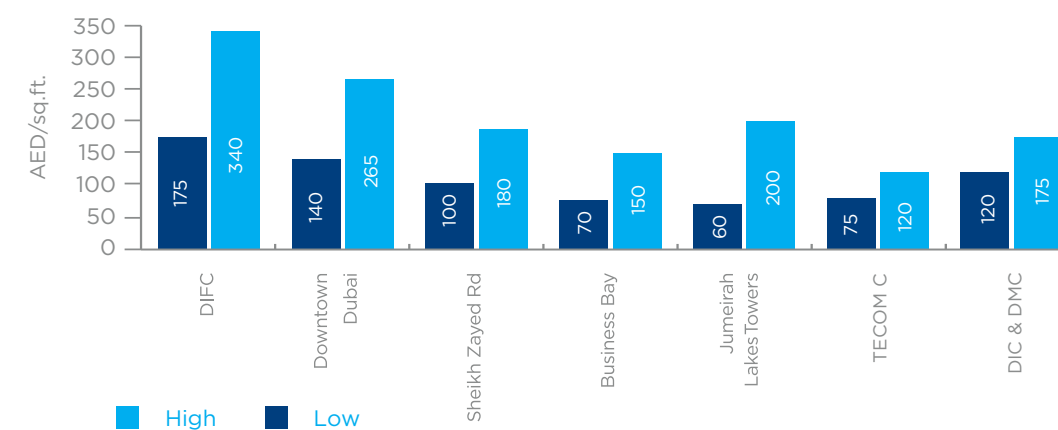


OFFICE SECTOR

OFFICE RENTS

- Office rents in the CBD have remained stable in Q1 2016, with average rents in Downtown Dubai and along Sheikh Zayed Road ranging between AED100-260 per sq.ft. per annum. However, vacant space across ageing properties is adding pressure to rents in prime locations.
- Secondary locations are witnessing stronger rental deflationary pressures due to weak demand and substantial rises in supply. There remains reasonable demand for small to mid-size offices ranging from 500 sq.ft. to 2,000 sq.ft. which are well suited to start-ups however demand remains subdued for larger space.
- Migration of tenants from traditional business areas and demand from new start-ups is helping improve occupancy rates in new commercial office areas such as Business Bay, JLT, etc. However, continued supply of new space is hindering upward rental movement despite offering quality office space with higher specifications.
- Strata space owners in Business Bay, Tecom C and Jumeirah Lakes Towers are now leasing as low as AED60 per sq.ft. per annum all inclusive for shell and core space along with rent free periods of 1-2 months in order to minimize their rental void costs

OFFICE RENTS AED/sq.ft. Q1 2016



Source: MPM Properties Research

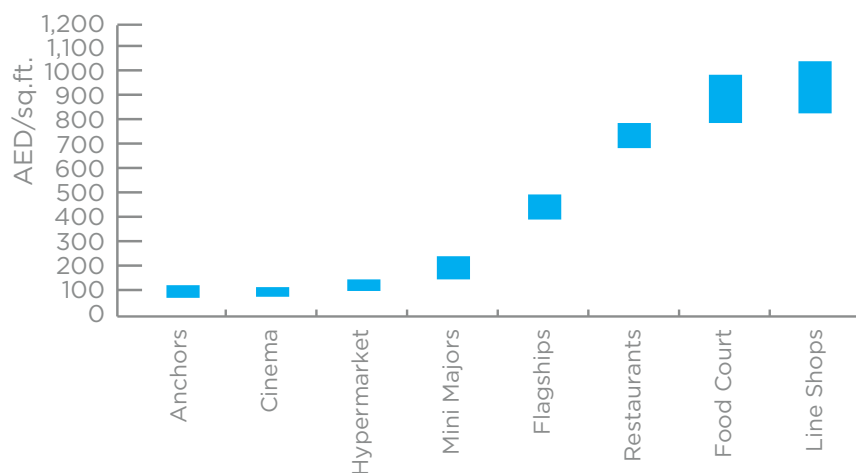


RETAIL SECTOR

RETAIL SUMMARY

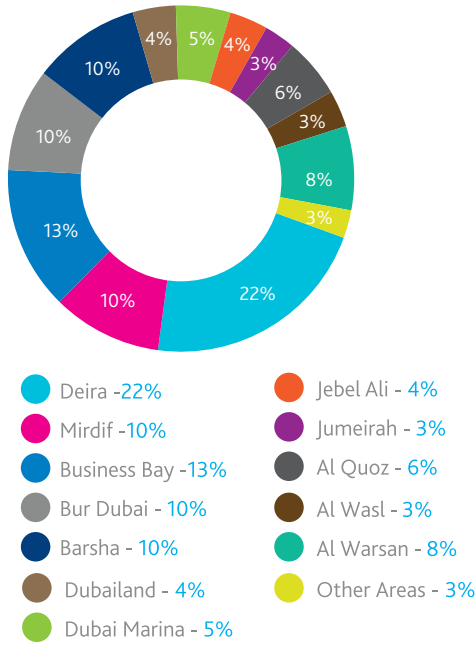
- The total retail supply of Dubai has reached 35.6 million sq.ft. of GLA With the addition of circa 800,000 sq.ft., during the quarter with the opening of The Mall, City Centre Sindagah and Phase 2 of City Walk.
- Q1 has seen marginal movement in average rental rates in Q1, with retailers and landlords keen to stabilize their operations in preparation for Ramadan and the summer months.
- New retail concepts are entering the market, which includes quality pedestrian friendly high street retail such as The Beach, Box Park and City Walk, offering an alternative to the traditional shopping mall concepts.
- The retail sector in Dubai continues to grow at a rate of 4+% average yearly (Dubai Chamber) which now equate to 30% of Dubai GDP.
- Whilst retail space continue to filter into the Dubai market we expect a widening divergence between prime mall rents and more secondary malls, dependent on how well the properties have been designed and are being operated.

PRIME SHOPPING MALL AVERAGE RENTS - Q1 2016

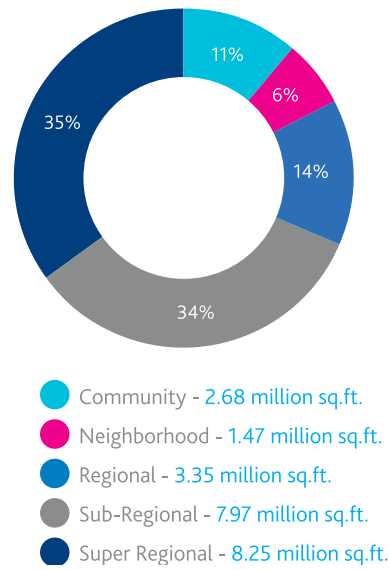


Source: MPM Properties Research

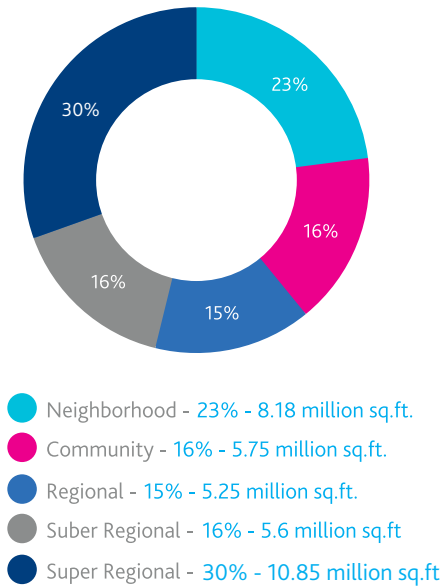
DUBAI RETAIL MALLS GLA BY AREA Q1 2016



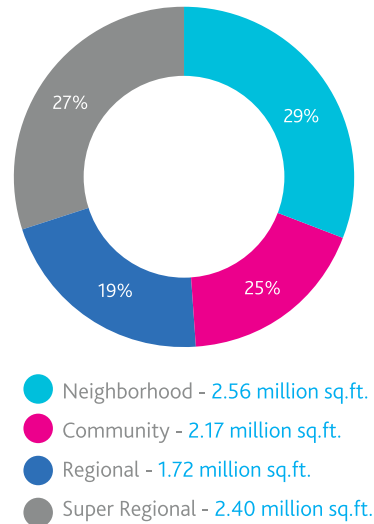
RETAIL SUPPLY PRE-2010



DUBAI RETAIL MALLS BY SIZE Q1 2016

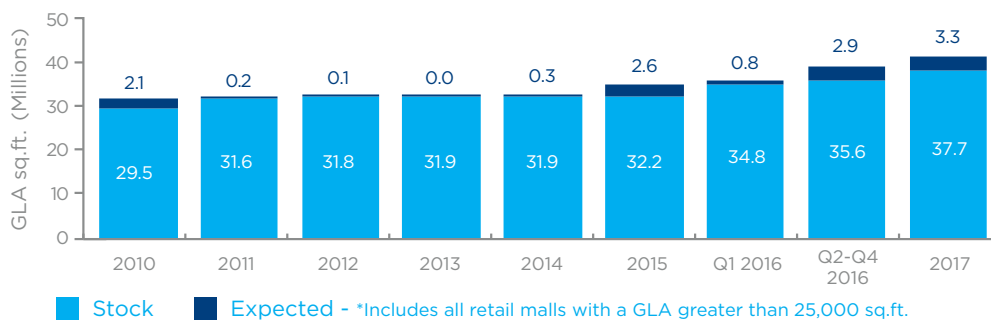


NEW SUPPLY DELIVERED 2010-Q1 2016



Source: MPM Properties Research

DUBAI RETAIL MALL STOCK 2010-2017



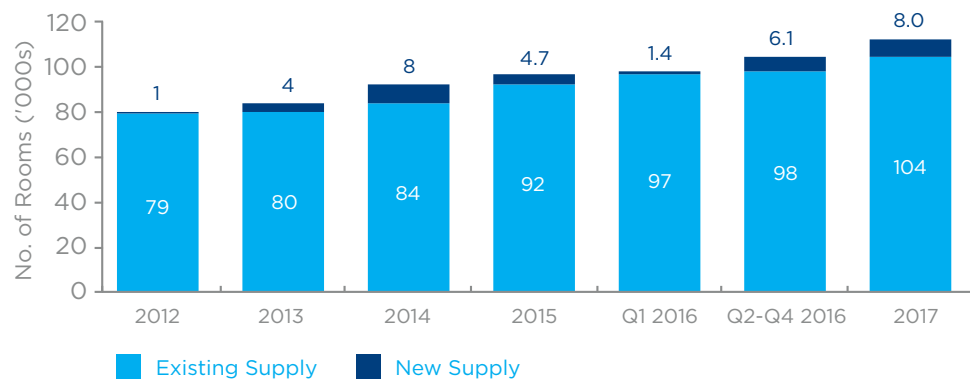
Source: MPM Properties Research

HOSPITALITY SECTOR

HOTEL SUMMARY

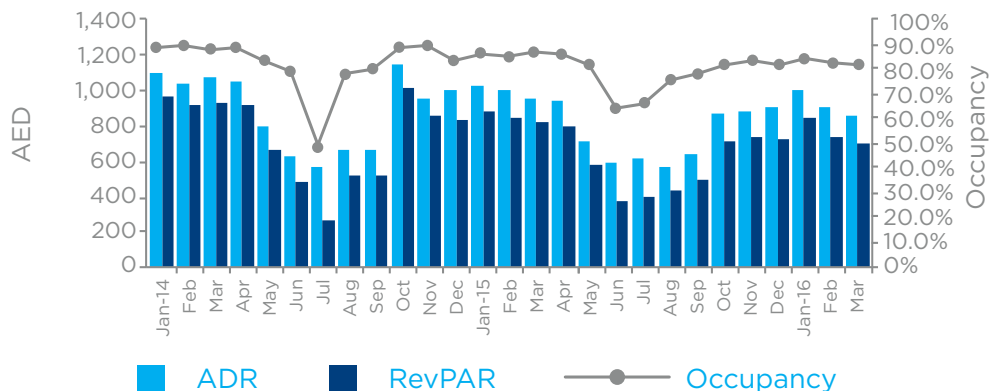
- Dubai’s hospitality stock rose by 1 % from the previous quarter, with an addition of 1,437 new hotel rooms and apartments during Q1 2016, taking the total hotel room count to circa 98,150 rooms and apartments.
- 5 star hotels remain the largest share of the Dubai hospitality market with a 32% share, however, new growth is fastest within the 4 star sectors, as Dubai looks to attract more mid to low budget travelers.
- The supply growth of hotel and apartment rooms remains broadly in line with demand and in line with the 2020 vision. Global economic pressures continue to drive hotel operators to re-assess their competitiveness, compete on ADR’s to secure greater market share.
- The average ADR in Q1 has dropped on average 8%, since the beginning of the year yet occupancy rates remains in the 80+% which is still high in comparison to other international markets.

DUBAI HOTEL ROOMS SUPPLY (2012 - 2017)



Source: MPM Properties Research

DUBAI HOTELS PERFORMANCE - 2016 YTD



Source: MPM Properties Research

HOTELS - NEW SUPPLY Q1 2016

HOTEL NAME	LOCATION	STAR	DATE	NUMBER OF KEYS
Ibis Style	Dubai International City	3 Star	Q1 2016	246
Ibis One Central	Dubai World Trade Centre	3 Star	Q1 2016	588
Four Seasons	Dubai International Financial Centre	5 star	Q1 2016	106
Wyndham Hotel	Dubai Marina	5 star	Q1 2016	497

SAMPLE OF UPCOMING SUPPLY

HOTEL NAME	LOCATION	STAR	DATE	NUMBER OF KEYS
Rove Hotel	Zabeel	4 star	Q2 2016	420
W Hotel	Sheikh Zayed Road	5 star	Q2 2016	384
The Address Boulevard	Downtown Dubai	5 star	Q2 2016	196
Dusit Emirates Saray	Palm Jumeirah	5 Star	Q2 2016	292

DEFINITIONS & METHODOLOGY

RESEARCH STUDY AREA

The geographic extent of the study area covers the key districts in Dubai.

RESIDENTIAL

New residential developments are classified as delivered and thus entered into the new supply category when they are made available for occupation. This is verified via a combination of site inspections and discussion with the developer and hence our supply numbers do take into consideration the phased release of large projects.

Rental and sales trend analysis is based on transactional data derived from the MPM Properties Agency team and data sourced from developers and owners.

OFFICES

New office developments are classified as delivered and thus entered into the new supply category when they are available for tenant fit-outs.

Given the general lack of transparency in the local market rents quoted are headline rents, thus exclude any rent free period of other financial

incentives that may have been negotiated between the parties. The rents quoted are also exclusive of service charges.

RETAIL

New retail developments are classified as delivered and thus entered into the new supply category when the first units are open and trading.

Our classification of malls is based on our own assessment having regard to size and the catchment area which the mall typically penetrates.

HOSPITALITY

New hotels are classified as delivered and thus entered into the new supply category when they are opened and trading. All trading performance data is provided by DTCM.

FUTURE SUPPLY PROJECTIONS

Our future supply projections across all sectors are based on a combination of regular site inspections and discussions with developers.

BESPOKE CLIENT RESEARCH

ADDING VALUE TO YOUR PROPERTY INTERESTS

The ADIB Real Estate Services team covers all sectors of the real estate market. We provide bespoke market research to our valued clients to meet their specific requirements.

We provide reports, information and presentations derived from primary market data that directly assist our clients to save or make money from real estate and shape strategies to enhance value.

DISCLAIMER:

The information contained in this report has been obtained from and is based upon sources that MPM Properties believes to be reliable, however, no warranty or representation, expressed or implied, is made to the accuracy or completeness of the information contained herein, and same is submitted subject to errors, omissions, change of price, rental or other conditions, withdrawal without notice, and to any special listing conditions imposed by our principals. MPM Properties will not be held responsible for any third-party contributions. All opinions and estimates included in this report constitute MPM Properties, as of the date of this report and are subject

to change without notice. Figures contained in this report are derived from a basket of locations highlighted in this report and therefore represent a snapshot of the Dubai market. Due care and attention has been used in the preparation of forecast information. However, actual results may vary from forecasts and any variation may be materially positive or negative. Forecasts, by their very nature, involve risk and uncertainty because they relate to future events and circumstances which are beyond MPM Properties' control. For a full in-depth study of the market, please contact MPM Properties team.

A collaborative team providing our integrated services



PAUL MAISFIELD BSC (HONS) MRICS
CEO
T: +971 (0)2 610 0545
M: +971 (0)50 660 9437
paul.maisfield@adib.com



ABDULLAH SAID AL KUWEITI
Business Development Director
T: +971 (0)2 610 1554
M: +971 (0)50 623 5854
abdullahs@mpmproperties.ae



YOUSEF AL ZAROONI
Regional Head – Al Ain
T: +971 (0)3 708 8636
M: +971 (0)50 600 1002
yousef.alzarooni@mpmproperties.ae



ALI ABDULLAH ABDUL RAHMAN
Acting Regional Head – Northern Emirates
T: 971 (0)6 597 2514
M: +971 (0)50 656 2486
aliabdullah@mpmproperties.ae



VAIBHAV SHARMA MCOM; MDBA
Director of Strategic Advisory and Research
T: +971 (0)2 412 8914
M: +971 (0)50 660 9295
vaibhav.sharma@adib.com



SAMUEL MORRIS BSC (HONS) FRICS
Director of Valuation & Regional Head - Dubai
T: +971 (0)4 371 9466
M: +971 (0)50 107 1704
s.morris@mpmproperties.ae



FRANK O'DWYER MBA (Hons); BEng.
COO
T: +971 (0)2 610 0402
M: +971 (0)50 812 1070
f.odwyer@mpmproperties.ae



DOMINIC BARLOW
Head of Retail, Hospitality & Leisure
T: +971 (0)2 510 0655
M: +971 (0)56 288 1458
dominic.barlow@adib.com



VINEET KUMAR
Director of Agency – Dubai
T: +971 (0)4 371 9462
M: +971 (0)50 651 6491
vineet.kumar@adib.com



MOHAMMED FAHEEM
Manager Strategic Advisory & Research
T: +971 (0)4 371 9471
M: +971 (0)50 384 5220
mohammed.abdulfahem@adib.com



WAHIDA KARAMA
Head of Property Operations
T: +971 (02) 610 0435
M: +971 (0)50 765 7679
wahida.karama@mpmproperties.ae



JUBRAN AL HASHMI
Head of Property Services
T: +971 (0)2 610 0232
M: +971 (0)50 122 0041
jubran@mpmproperties.ae



BALAJI NAGARAJ MSC MRICS
Head of Residential Valuation
Dubai & Northern Emirates
T: +971 (0)4 371 9463
M: +971 (0)55 196 2396
b.nagaraj@mpmproperties.ae



MOHAMED AL ZOUBI
Head of Development Advisory
BSc Civil Engineering
T: +971 (0)2 610 0564
M: +971 (0)50 310 3570
mohammedalzoubi@mpmproperties.ae

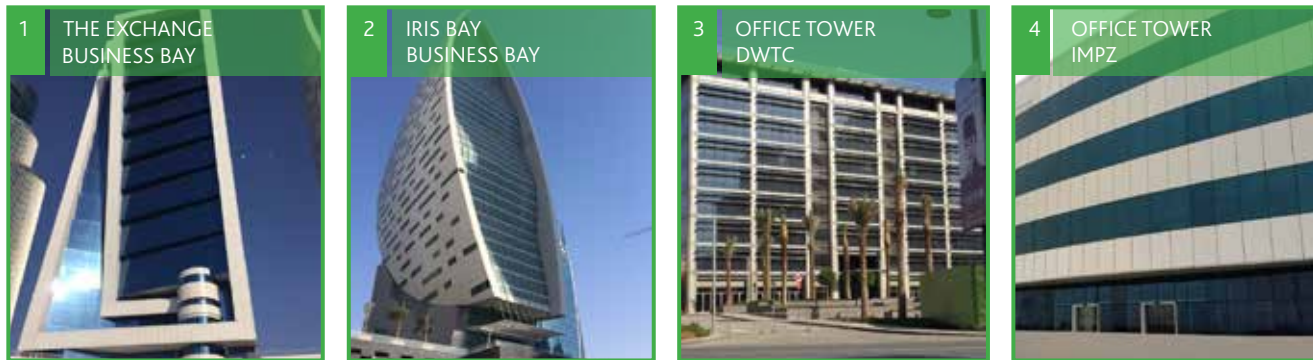
SUPPLY - PHOTO GALLERY

NEW SUPPLY – Q1 2016

RESIDENTIAL



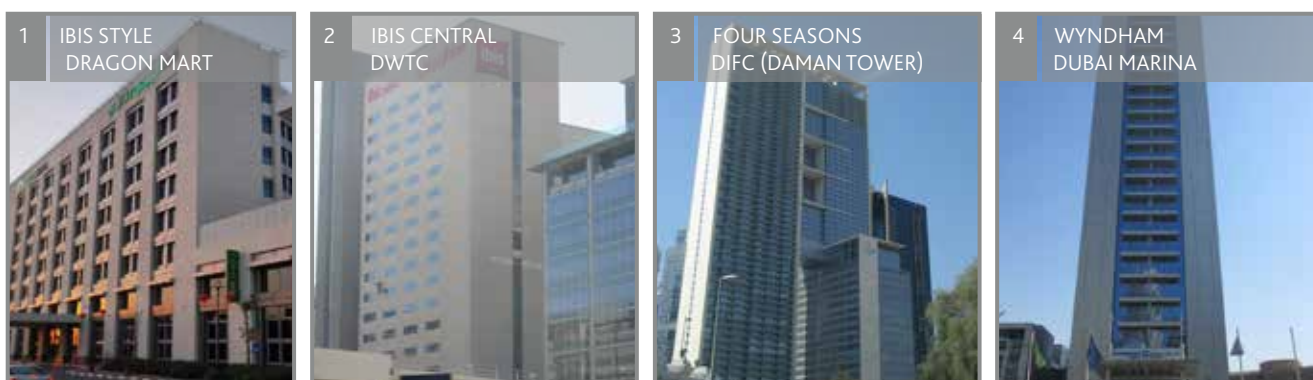
OFFICE



RETAIL



HOTEL

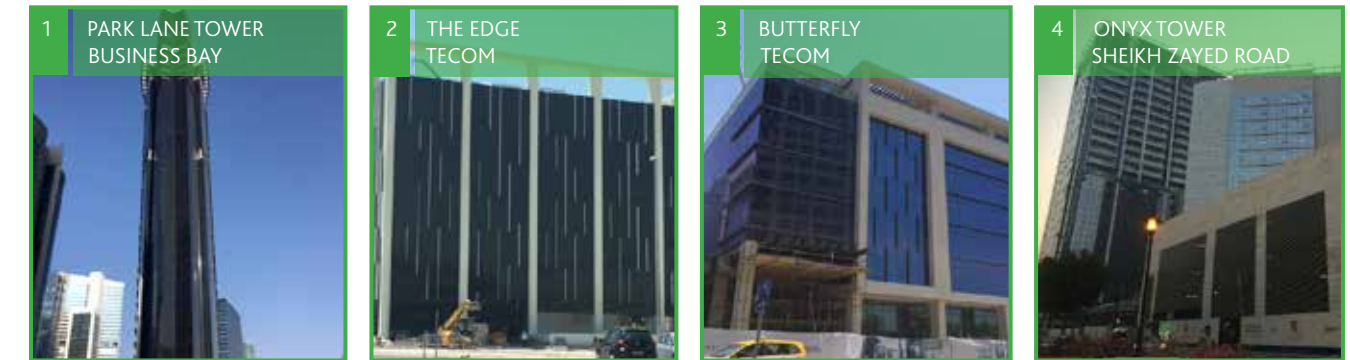


SAMPLE OF UPCOMING PROJECTS

RESIDENTIAL



OFFICE



RETAIL



HOTEL



Q1 2016 NEW SUPPLY

UNDER CONSTRUCTION

- Residential
- Offices
- Retail
- Hotels

- ▲ Residential
- ▲ Offices
- ▲ Retail
- ▲ Hotels



INTEGRATED SERVICES COVERING THE FULL PROPERTY LIFECYCLE

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<p>Enhancing value for individual & institutional property owners:</p> <ul style="list-style-type: none"> Prompt leasing & debt collection Effectively market & lease vacant units Physical & technical maintenance of asset Maintain tenant satisfaction Timely lease renewals Manage risk, insurance & litigation Protect your interests and enhance value 	<p>Valuation reports for:</p> <ul style="list-style-type: none"> Mortgage & Loan Security Securing Project Funding Internal Accounting Mergers & Acquisitions Investment appraisal Litigation Inheritance <p>We cover all asset classes. Our reports are in compliance with the International Valuation Standards (IVS) and the RICS Professional Valuation Standards.</p>	<p>Complete Project Management services at planning & construction stage:</p> <ul style="list-style-type: none"> Engineering Review & Scheduling Cost Estimate & Procurement Project Monitoring Cost Control & Accounting Assist with Permits & Licensing Ensure appropriate fund movement for Escrow based on Project Assessment

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<p>We work with developers, commercial tenants, retailers and individuals, offering:</p> <ul style="list-style-type: none"> Launch Strategy Project Launch Handling Project Marketing Events Acquisitions Leasing Sales <p>We cover all sectors, including residential, commercial, industrial, retail, and land.</p>	<p>Bankable studies for your real estate and business needs:</p> <ul style="list-style-type: none"> Highest & Best Use Market & Financial Feasibility Development Strategy Market Research Corporate Real Estate Strategy Master-plan and design review 	<p>Aiding developers and investors to maximize value:</p> <ul style="list-style-type: none"> Investment Advisory & Due Diligence Investment Management Disposal Strategy Portfolio Review & Optimization Deal Structuring & Capital Sourcing Investment Sale



PAUL MAISFIELD BSC (HONS) MRICS
 CEO
 T: +971 (0)2 610 0545
 M: +971 (0)50 660 9437
paul.maisfield@adib.com



VAIBHAV SHARMA MCOM; MDBA
 Director of Strategic Advisory and Research
 T: +971 (0)2 412 8914
 M: +971 (0)50 660 9295
vaibhav.sharma@adib.com

ABU DHABI HEAD OFFICE

6th Floor, Al Wahda Tower
 P.O Box 114686
 Abu Dhabi
 Tel. +971 2 610 0252
 Fax. +971 2 610 0514
www.mpmproperties.ae

DUBAI OFFICE

Office 2301,2303,2305 - Level 123
 Arenco Tower, Dubai Internet City
 Dubai
 Tel. +971 (0)4 371 9462

AL AIN OFFICE

201-204 ADIB Ladies Branch Building
 Oud Touba Street
 Al Ain
 Tel. +971 (0)3 703 9521

SHARJAH OFFICE

AL Ikhlas Tower
 AL Khan
 Shajrah
 Tel. +971 (0)6 597 2555