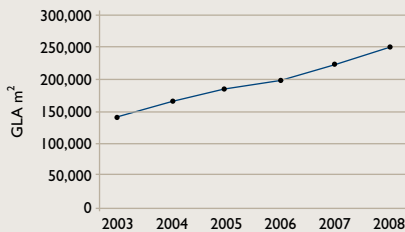


Dubai Real Estate Overview

RESEARCH | SECOND QUARTER | 2008

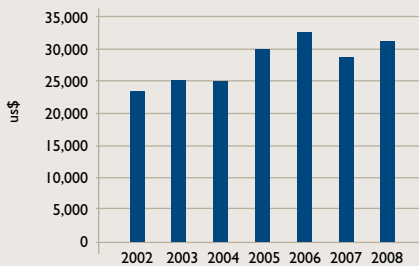
Dubai GDP continues robust growth pattern, driven by economic diversification and non-oil GDP growth

DUBAI GDP GROWTH AT CURRENT PRICES



Consumer spending supported by regional petrodollar liquidity, continued influx of 'white collar' labour and sustained tourism sector growth

DUBAI GDP PER CAPITA



First mover advantage in reducing regulatory barriers to entry has established Dubai's position as the de-facto regional business hub

Underpinnings of real estate market moving from driving effect of pure investors towards greater emphasis on owner-occupier and end-user demand, as secondary market matures

ECONOMIC HIGHLIGHTS

- GDP in 2007 registered at US\$ 54.3bn
- Economic growth at a Compounded Annual Growth Rate (CAGR) of 18% over the past 7 years
- Non-oil GDP growth driven by logistics, finance, tourism and real estate sectors
- Population CAGR of 8% between 2003 and 2007, with current population estimates at 1.6 million inhabitants
- Government statistics estimate the population will increase to 2.2 million inhabitants by 2010, representing a CAGR of 10.8%
- Proportion of expatriate population in Dubai is expected to increase to 87% by 2010
- Steady population growth and strong wages underpinned by buoyant economic conditions provide the impetus for real estate demand, though the sheer scale of new development raises some concerns about the sustainability of the current real estate boom
- Average UAE spending power of US\$ 14,400 per household per annum
- Average spending power per annum of US\$ 23,000 for 'Emirati' households, US\$ 19,500 for 'Western' households, US\$ 13,500 for 'Other Arab' households and US\$ 10,000 for 'Asian' households
- Oligopolistic market structure of high-net worth individuals controlling disproportionately large volumes of real estate stock
- Continued asset value growth supported by 'liquidity cushion', reflecting tolerance of investors towards longer vacancy rates rather than reduction in rental values



COLLIERS
INTERNATIONAL

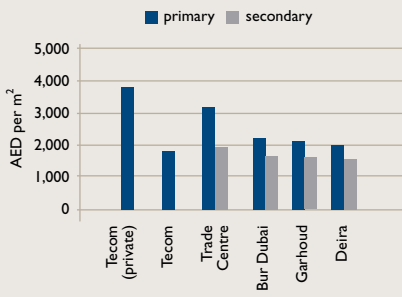
www.colliers.com



By 2010, total office supply is expected to increase to 5.6 million m² (60.2 million ft²)

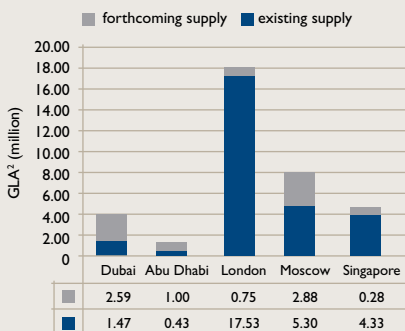
Colliers International office tenancy survey 'wish-list': affordability, proximity to clients, accessibility and adequate parking provision

AVERAGE ACTUAL RENTS

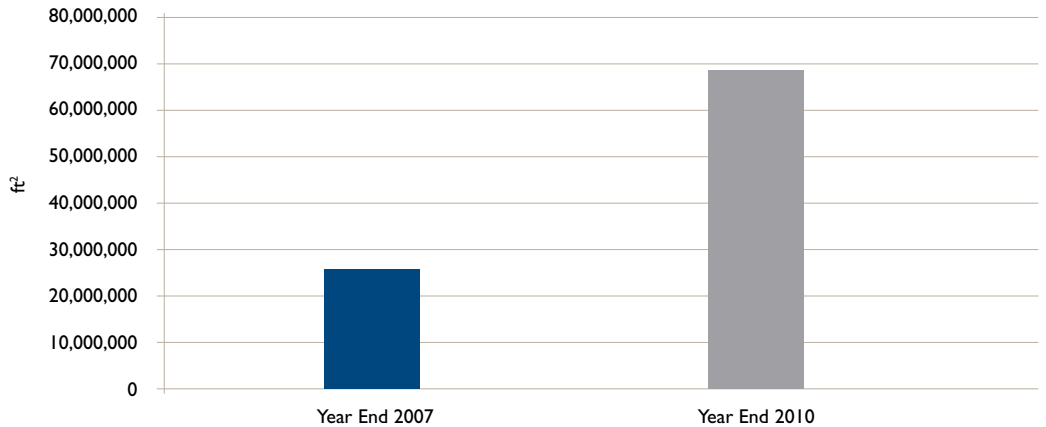


Dubai has approximately the same amount of office space under construction as Shanghai (population 20 million) and Moscow (population 10.4 million)

OFFICE MARKET COMPARISON



TOTAL OFFICE SUPPLY GROWTH



OFFICE MARKET PERFORMANCE

- Average Class A Asking Rent: US\$ 950 m² p/a
- Average Class B Asking Rent: US\$ 510 m² p/a
- Class A Average Sales Price: US\$ 6,200 m²
- Class B Average Sales Price: US\$ 4,100 m²
- Limited delivery of new office accommodation has resulted in a persistent undersupply, precipitating double-digit growth of rental rates year on year, supported by vacancy rates of less than 2% across market
- Clustering of free-zones continues to attract blue-chip tenants passing their regional expansion out of Dubai
- Demand also strong for office space on Dubai's main commercial arteries, in the context of robust economic conditions
- True Grade A office space continues to be in short supply, though Dubai contractors are moving up the construction learning curve
- Supply shortfall of the past few years has driven speculative development, with the practice of investors selling off office floors on a piecemeal basis marginalising the availability of stock suitable for US and European institutional investors
- Significant amount of supply expected to be released into the market in next 1-2 years, though delivery of stock will be 'lumpy' rather than measured
- Delivery delays will actually have the beneficial effect of smoothing out any softening in the office market

Class A (Primary): Strong location, purpose-built, high quality finishing, central provision of Information and Communications Technology (ICT), Air-conditioning (A/C) and central heating (C/H), good state of repair, available parking facilities.

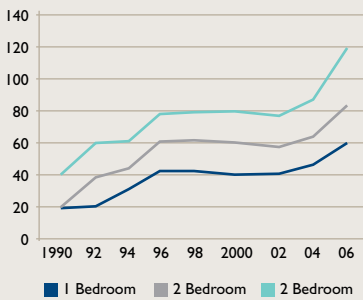
Class B (Secondary): Strong location, converted use, moderate quality finishing, provision of ICT, A/C and C/H, limited parking facilities

Class C (Tertiary): Poor location, congestion and parking constraints, limited or no ICT, A/C and C/H, adequate state of repair, moderate quality finishing



Residential components within mixed use master plan communities continue to be in high demand

AVERAGE ROOM OCCUPANCY RATE



Market demand strongest in middle-income segment

CAPITAL GROWTH APPRECIATION

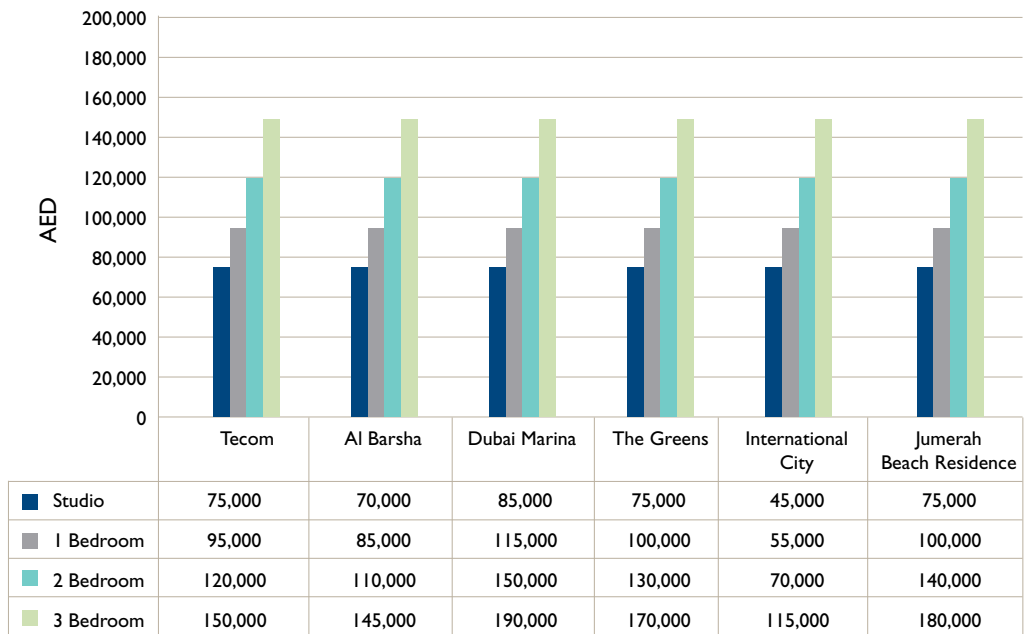
(Launch To Current Price)

THE GREENS	100%
DUBAI MARINA (EMAAR)	80%
DUBAI MARINA (PRIVATE)	60%
JUMEIRAH LAKE TOWERS	50%
DISCOVERY GARDENS	220%
INTERNATIONAL CITY	140%

Almost 160,000 new units expected to be delivered to the market by end of 2010

We expect a shortening in advance rent payment terms, as landlords become increasingly competitive

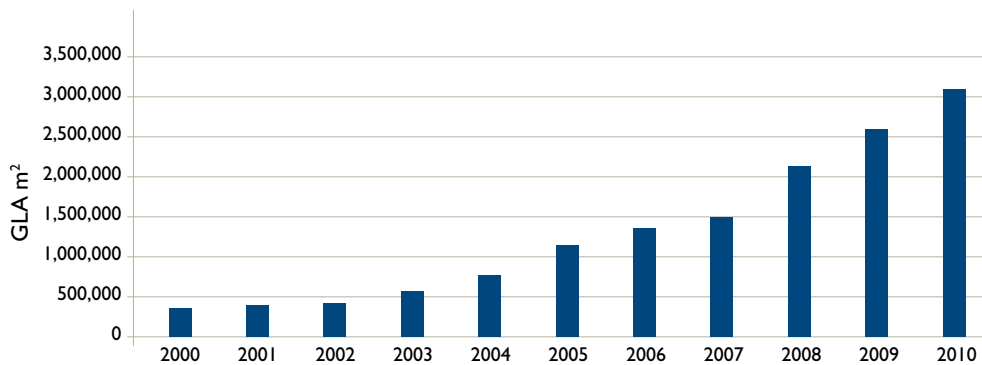
AVERAGE ANNUAL APARTMENT RENT



RESIDENTIAL MARKET PERFORMANCE

- High-end residential occupancy rates at 98%
- High-Income 2-bedroom Asking Rent: US\$ 42,000 p/a
- High-Income 2-bedroom Asking Price: US\$ 5,420 per m²
- Initial Yields of 8.5% to 10%
- Global sales transaction equivalents: London – US\$ 13,000 per m², New York – US\$ 11,000 per m², Hong Kong – US\$ 9,000 per m²
- Overwhelming majority of new residential supply is focused on the high-income segment
- Residential product varies in build quality, depending on developer
- Primary tier developers continue to enjoy greater occupancy than secondary tier developments in select residential areas
- Despite tremendous new supply coming online, government has a number of levers at its disposal (such as legislating against co-habiting tenants) in order to catalyse demand
- Products brought to the market in mixed use schemes by primary tier developers expected to offset wider market oversupply risks
- Bulk of forthcoming supply within master-planned developments, enabling control of market through the phasing of supply and the setting of more stringent quality standards

DUBAI CUMULATIVE SHOPPING MALL SUPPLY



RETAIL MARKET PERFORMANCE

- Occupancy rates of 98% - 100% in destination shopping malls, with average occupancy levels over 90% across market
- Over 70% of forthcoming shopping mall supply entering the market between 2008 and 2010 is already pre-let, suggesting that retailers remain bullish on Dubai's growth prospects
- Shopping mall rents average US\$ 1,200 per m² p/a, increasing to an average of US\$ 1,800 in premium retail destinations such as Mall of the Emirates, Ibn Battuta Mall and Burjuman.
- Anchor tenant rents average US\$ 135 per m² p/a at present. Increasing competition for anchor tenants has reduced average rents for forthcoming malls to US\$120 per m² p/a
- Estimated footfalls determined less by spending power and more by location and available leisure amenities – Mall of the Emirates currently achieves the highest footfall at 2 million visitors per month. In contrast, Deira City Centre registers 1.5 million visitors and Ibn Battuta Mall hosts just under 1 million visitors per month
- GLA Per Capita set to increase to 2.35 m² in 2010, reduced to 1.14 m² when accounting for expected growth in tourism inflows. Retail sales, however, will have to grow at a steady YOY growth rate of 35% to sustain current performance trends
- Short term market oversupply expected by end of next year, precipitating a stratification in the market in favour of new generation malls
- Smaller and older malls will be required to reposition themselves to appeal to specific market segments, in order to reduce the impact of sharp vacancy increases and downward pressure on rental rates made likely by market oversupply
- New, larger malls with strong tenant mixes are expected to maintain current absorption rates, driven by strong economic fundamentals, continued brand diversification and the evolution of the 'shopping resort' concept towards greater incorporation of leisure amenities.
- The scale of forthcoming retail supply and increased competition is nevertheless expected to bring about a softening in rental rates at market level



Successful marketing campaign promoting Dubai as a global shopping and leisure destination and emerging 'shopping resort' concept has driven forthcoming development

DEVELOPMENT SNAPSHOT*

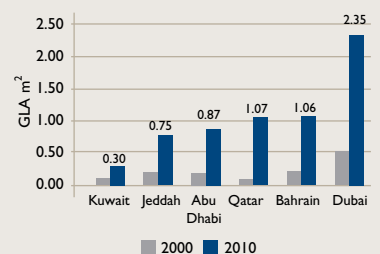
PROJECT	YEAR	GLA m ²
THE DUBAI MALL	2008	344,000
THE WALK (JBR)	2008	71,500
OASIS MALL	2008	60,000
MIRDIFF CITY CENTRE	2009	183,000
DUBAI MARINA MALL	2009	77,000
MALL OF ARABIA (PH I)	2010	400,000

* This table does not constitute an exhaustive list of forthcoming supply

Shopping mall supply accounts for over 70% of total retail GLA, with non-mall GLA representing less than 400,000 m² in total activity

Dubai is expected to account for 71% of total UAE Gross Leasable Area (GLA) by 2010, and 24% of total GLA supply in the GCC by the same year

GCC RETAIL MALL GLA PER CAPITA





Dubai's hospitality sector continues to consolidate its position as a leading leisure and hospitality hub

20.5 million nights were spent by guests in hotel establishment in 2007

Total number of rooms in 2007 touched 32,617

European guests constituted 32% of total hotel guests. Arabs comprised 28%, Asians 23%, Africans (excluding Arabs) 6%, whilst visitors from the Americas amounted to 8% and Australasia 3%

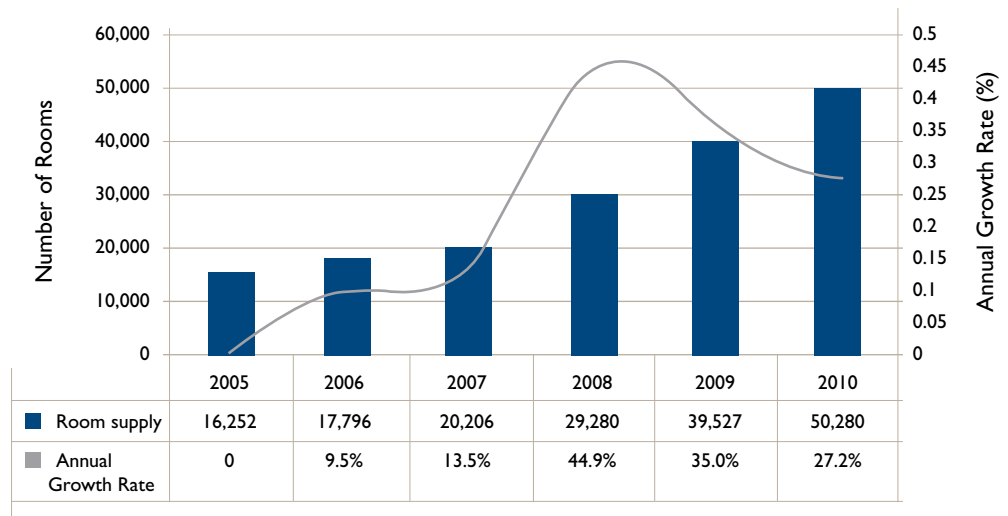
DEVELOPMENT SNAPSHOT*

PROJECT	YEAR	ROOMS
MEDIA ROTANA HOTEL	2008	468
WESTIN BEACH RESORT	2008	294
ANANTARA JUMEIRAH DUBAI	2009	473
ARMANI HOTEL	2009	250
ATLANTIS PALM RESORT	2009	1539
CRYSTAL TOWER	2010	244
HILTON CONRAD HOTEL	2010	550

* This table does not constitute an exhaustive list of forthcoming supply

Expected decreases in market occupancy averages will facilitate development of mass tourism markets, as hoteliers become more competitive

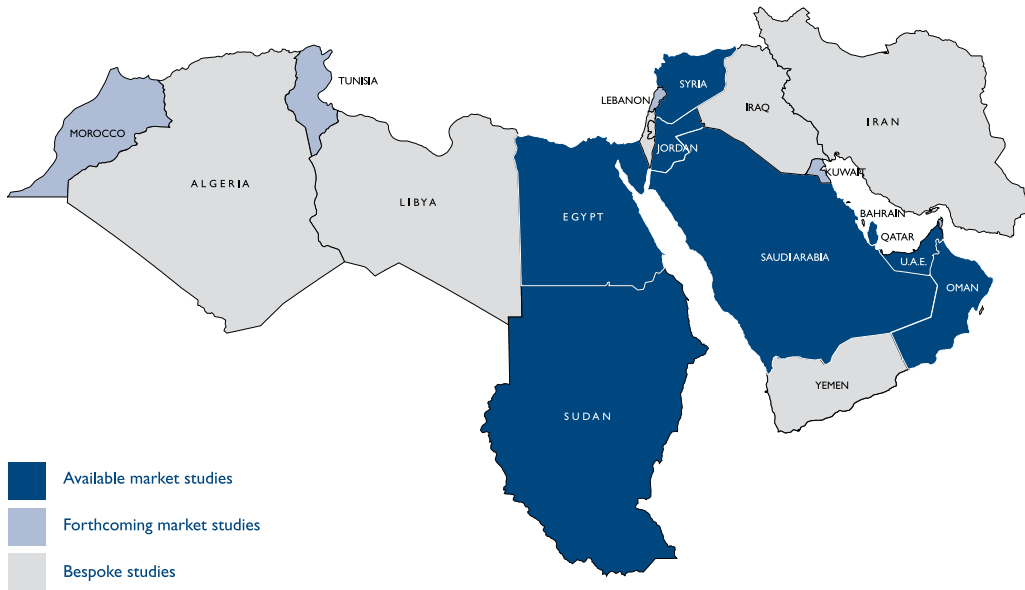
4* / 5* HOTEL ROOM SUPPLY & ANNUAL GROWTH RATE



HOSPITALITY MARKET PERFORMANCE

- Hospitality sector continues strong performance
- Total number of tourists last year estimated at 7 million
- Occupancy levels across market registered at 84.4% in 2007, rising to 88.7% within 5* hotel segment
- Year-on-year market RevPAR growth of 16%, with average RevPAR in 5* segment at US\$ 286
- Market share of Leisure & Corporate Tourism segments is split 60/40
- Meetings, Incentives, Conferences & Exhibitions (MICE) tourism contributes 30% to overall tourism visitor mass
- Increase in average length of stay (ALS) in resort hotels to 3.97 days, against a slight decrease in the business hotel ALS to 1.29 days
- Best-in-class shopping, sporting and cultural festivals will continue to attract first-time tourists as the Dubai "brand" remains strong
- Tourism market accounts for 21% of Dubai's retail spending, increasing to over 40% in Dubai's new generation 'destination' shopping malls
- Total spending in Dubai's retail sector is expected to surpass US\$ 7.6bn by the end of next year
- GCC-wide competitive hospitality product may erode some of Dubai's demand as the region catches up
- Shift towards mass tourism will be formalised with completion of Dubailand
- Scale of Dubailand's Bawadi hotel development strip (~60,000 hotel rooms over next five years), and its impact on overall market performance is difficult to assess at present
- Dubai's liberal environment (relative to other GCC states) will continue to be a large impetus for tourism growth

Colliers International UAE
 Advising across the MENA region since 1996



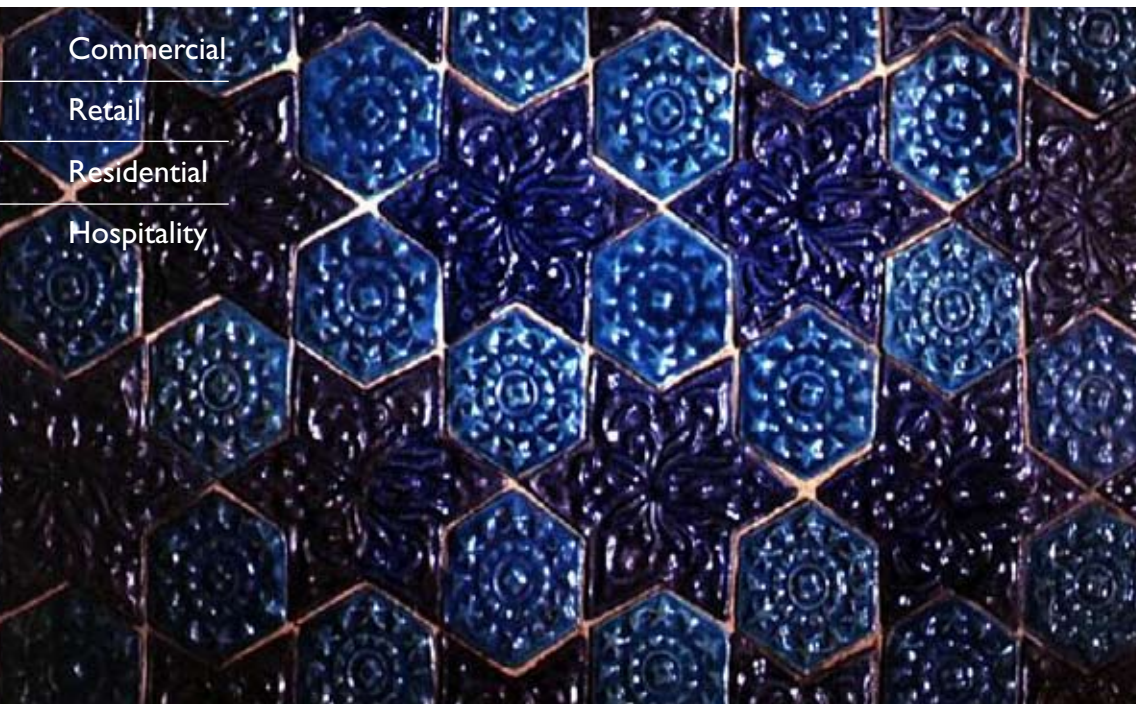
- Available market studies
- Forthcoming market studies
- Bespoke studies

This market overview is extracted from a comprehensive Dubai real estate market study updated in 2008, available from Colliers International UAE for purchase

New Market Reports for Q2 2008 : Cairo - Muscat - Jeddah

Colliers International is a global real estate consultancy company providing a comprehensive range of property services to a broad range of clients on an international basis. Core services include property and asset management; leasing; development consultancy & strategic advisory; property valuations and international property investment services.

- Market Research
- Advisory
- Valuations
- Brokerage & Leasing
- Property Management



- Commercial
- Retail
- Residential
- Hospitality

OVER 260 OFFICES
 MORE THAN 50 COUNTRIES
 6 CONTINENTS

EMEA 85
 Americas 129
 Asia Pacific 52

US\$ 1.6bn in revenues
 828 million ft² under management
 Over 10,000 Professionals

CONTACT INFORMATION

Dubai
 PO BOX 71591
 UAE
 Tel : +971 4 355 4177
 Fax : +971 4 355 4277

Abu Dhabi
 PO BOX 47435
 UAE
 Tel : +971 2 445 9898
 Fax : +971 2 443 3932

Ian Albert
 Regional Director
 Consultancy Services

Chris Rans
 Senior Manager
 Consultancy Services

Rami Tawfiq
 Research Manager
 Consultancy Services

consultancy@colliers-me.com

© Colliers International UAE

Reproduction of the contents of this publication is prohibited without gaining prior permission from Colliers International.

The contents of this report is for information only and should not be relied upon as a substitute for professional advice, which should be sought from Colliers International prior to acting in reliance upon any such information. The opinions, estimates and information provided herein are made by Colliers International and affiliated companies in its best judgment, in good faith and based as far as possible on sources deemed reliable. Notwithstanding, Colliers International and affiliated companies do not provide warranty to the accuracy of, and disclaim any liability for errors and omissions made in respect of providing such information. This report does not constitute and should not be treated as investment advice.

"The National Investor Property Management (LLC)", doing business as Colliers International UAE, is a worldwide affiliation of independently owned and operated companies with over 260 offices throughout more than 50 countries worldwide.



www.colliers.com