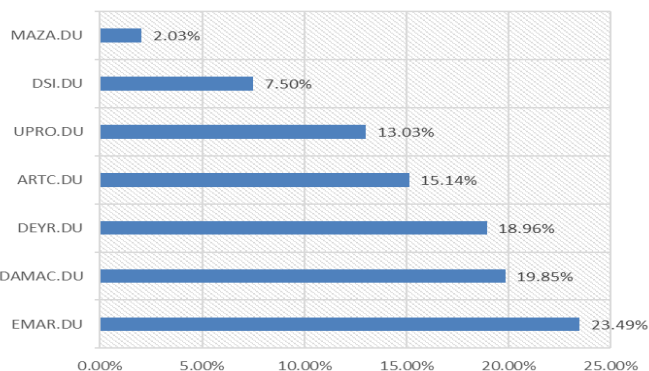


Dubai Real Estate Sector Report (3Q 2016)

Weight by Sector Market Cap.

Real Estate Sector Market Cap.



Companies Rank by Total Market Cap.

Company Name	Mkt Cap (AED Mn)	% Weight from Total Mkt Cap	P/E (x)	ROE* (%)
Emaar Properties PJSC	50,831	16.22%	11.26	11.36
Emaar Malls Group PJSC	35,397	11.29%	18.50	12.11
Damac Properties Dubai Co PSC	13,915	4.44%	3.96	39.24
Arabtec Holding PJSC	6,784	2.16%	-	-35.98
Deyaar Development PJSC	3,374	1.08%	13.48	5.58
Union Properties PJSC	2,959	0.94%	10.81	9.65
Drake and Scull International PJSC	1,147	0.37%	-	-42.30

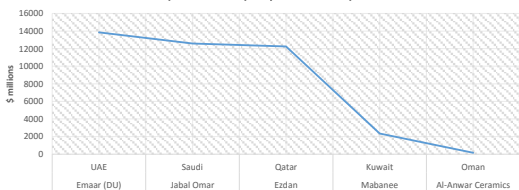
*ROE is calculated based on TTM net profit & shareholders' equity

Source: DFMGI, Arzan Asset Management & Thompson Reuters

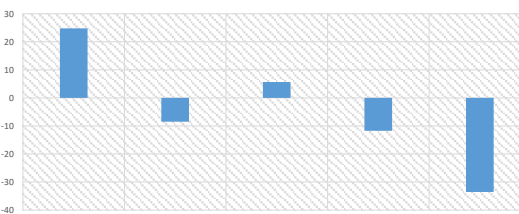
** NA P/E for negative earning companies

Relative Performance

Top GCC Company Market Cap.



YTD Return (%)



Commentary

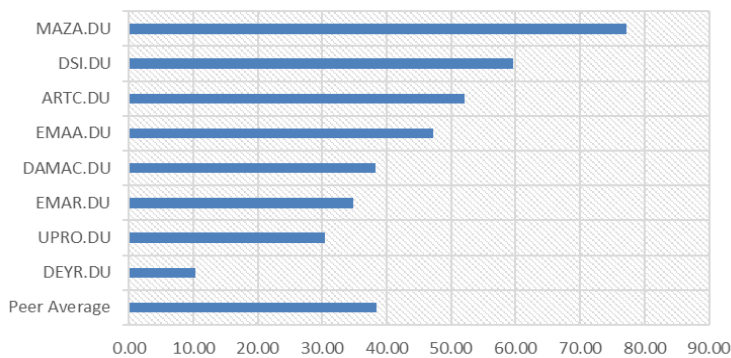
The Dubai real estate market has been going through very interesting traits. The key players are shown with their net bought shares by foreigners, YTD Emaar has shown impressive numbers. There are two evident scenarios for real estate companies in Dubai, the growth driven and the value driven. One relies on futuristic increases in development and income (Emaar, Emaar malls) the other is dependent on market fluctuations based on their day to day trade value, these shares are highly volatile (Arabtec, Drake and scull). The sector leverage in total (above right chart) gives a clear visual of the companies that are highly leveraged due to many factors which include; increased constructions projects, debt less expensive to acquire then equity, market positioning and so forth. What seems evident is that the key market players are showcasing their muscles for the 2020 expo. As more speculation increases with the real estate sector in Dubai we also remain positive in our outlook, the market may see a price correction leading up to early 2017, however it seems quite normal given the current regional situations.

Prepared by: Asset Management Team, Arzan Financial Group Email: am@arzan.com.kw; Tel: +965 22203035; +965 22203033 Disclosure: This document has been compiled by and is issued by Arzan Financial Group, which has obtained the information used in this document from sources it believes to be reliable, but has not carried out an independent verification of the data contained herein and does not guarantee neither its accuracy nor its completeness. This document is not an offer to sell or a solicitation to buy any securities. The opinions and estimates expressed herein are those of Arzan Financial Group and subject to change at any time without any prior notice. Past performance is not an indicator of future results.

Market Capitalization - Sector's Return

	Market Cap. (AED Mn)	MTM Chg	MTD % Chg	QTD Chg	QTD % Chg	YTD Chg	YTD % Chg
Dubai Financial Market	313,479	▲	16.54%	▼	-6.03%	▼	-9.31%
Real Estate	104,597	▲	22.55%	▼	-8.73%	▼	-12.21%
Banks	114,407	▲	12.75%	▼	-0.16%	▼	-1.61%
Telecommunications	29,714		0.00%	▼	-20.06%	▼	-21.54%
Transportation	19,730	▲	16.63%	▲	1.81%	▼	-8.30%
Investment & Financial Services	20,749	▲	25.60%	▼	-5.72%	▼	-5.15%
Consumer Staples	13,336	▲	7.55%	▼	-17.04%	▼	-31.78%
Services	6,914	▲	7.33%	▼	-4.75%	▼	-16.23%
Insurance	2,998	▲	13.60%	▲	4.32%	▲	2.46%
Industrial	1,033	▼	-0.86%	▲	19.66%	▲	20.48%

Debt to Equity Ratio



* Reuters, Arzan

DFMGI Market Volatility	2013	2014	2015	2016
Standard deviation daily	1.41%	2.45%	1.62%	0.94%
Variance daily	0.020%	0.060%	0.026%	0.009%
Number of trading days in a year	249	251	251	200
Annualised Variance	4.98%	15.11%	6.57%	1.76%
Standard Deviation Annualised	22.33%	38.87%	25.63%	13.25%

Volatility Since January (Annualised Std Deviation of Daily Returns)

Market Volatility	2016	2015	2014
Dubai Financial Market General Index	13.3%	25.6%	38.9%
KSE Price Index	7.4%	8.1%	10.4%
Tadawul	15.7%	25.1%	22.0%
Dow Jones Index	9.2%	16.5%	11.5%
London Stock Exchange Index	23.3%	33.6%	21.7%
Hang Seng Index	14.0%	23.3%	13.3%

**Standard deviation is a measurement on the risk associated with stocks/index and a quantified estimate of the uncertainty of returns.

Dubai Daily Flows as of 28/9/2016	Buy \$mn	Sell \$mn	Net \$mn	Share in Trading %
UAE	46.891	51.546	-4.655	61%
Arab	11.709	11.189	0.519	14%
GCC	7.022	7.075	-0.053	9%
Others	15.240	11.051	4.189	16%
Retail	49.255	44.494	4.761	58%
Institutions	31.606	36.367	-4.761	42%

Shares (mn) Net bought by Foreigners

28/09/2016	1-day	WTD	MTD	YTD
DAMAC UH Equity	3.03	3.63	4.84	11.50
ARTC UH Equity	2.77	3.23	11.54	27.69
EMAARMLS UH Equity	1.30	1.30	-2.60	11.71
DSI UH Equity	0.69	7.31	19.42	10.28
DEYAAR UH Equity	0.58	1.73	1.73	27.73
EMAAR UH Equity	0.00	3.58	15.04	281.38
UPP UH Equity	0.00	-0.40	-1.59	66.73

**Based on EFG hermes morning comments

BETA

