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INVESTMENTS IN EDUCATION: EMPOWERING THE FUTURE



دبي للاستثمار
DUBAI INVESTMENTS



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invests AED 9 billion
in real estate

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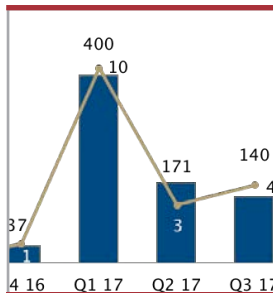
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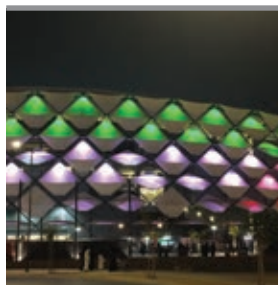
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THE INSIDE VIEW

Dubai Investments achieved moderate growth levels in 2017 across its operations amidst a challenging economic climate – a result of its strategic focus on growth sectors and diversity in its business model. The Company's robust performance in the real estate domain, in spite of a slowdown in the sector, is a testimony of its strong fundamentals and potential on offer. The 36% increase in sub-leasing contracts in Dubai Investments Park in the first nine months of 2017 compared to the last year, including 46% in warehousing leasing, is proof enough of this. Accentuated by this, Dubai Investments plans to continue unabated with its strategy to expand its real estate asset and project portfolio. Plans are underway to invest over AED 4.5 billion in projects across the Middle East and Africa region, as also investment in a Real Estate Fund worth AED 1.5 billion.

On other fronts, Dubai Investments aims to build on its financial investments and has already finalised strategic deals structured through Al Mal Capital. This includes a recent acquisition of the Kent College Dubai campus through a consortium of investors. The Company also plans to invest in a Fund worth \$100 million in the education sector in five African countries in partnership with local investors. This Fund will invest in schools in Egypt, Kenya, South Africa, Ghana and Ivory Coast. In short, Dubai Investments is diligently adapting its financial services portfolio and business verticals to evolve in the changed market scenario.

In 2018, the investment prospects look bright and positive signs are already emerging in the region, supported by



improving crude prices. Greater investor confidence will be evident across sectors during the first half of 2018, followed by the resurgence of economic activity later in the year. With promising projects in the pipeline, the future for Dubai Investments looks upbeat and the Company is confident of achieving its business objectives. The past success would not have been possible without the support and contribution of the Board, Management and Employees of Dubai Investments and the Company is confident of achieving persistent growth in 2018 and beyond.

Khalid Bin Kalban

Managing Director and Chief Executive Officer

COVER STORY



Investments in Education: Empowering the Future...

Education is fundamental for development and growth of a nation and the best investment in its youth. In today's competitive economy, the UAE recognises the importance of harnessing the potential of its human capital through education and building a knowledge-based society in order to compete effectively on the global stage.

The UAE Vision 2021 National Agenda emphasises the development of a first-rate education system and aims for all schools, universities and students to be equipped with smart systems and devices as a basis for all teaching methods, projects and research.

The UAE government is keen on furthering its education system and has allocated AED 10.2 billion for the public and private higher education sectors for the period between 2017 and 2021. This amount represents 20.5% of the AED 248 billion federal budget for 2017-2021.

The UAE has also launched a higher education strategy with an aim of ranking UAE universities among the

world's top 100 universities. The strategy also aims to prepare Emirati university students for a rapidly changing world by equipping them with the skills and knowledge that enable them to compete in global markets, meet the ever-changing requirements and ensure their career future.

Compared to only 40 university students 46 years ago in the UAE, there are 77 government and private universities in the UAE as on date. New initiatives have also been launched at all educational levels in the country. A key area of focus has been to transform K-12 programs, to ensure that UAE students are fully prepared to attend universities around the world and compete in the global marketplace.

Like UAE, the Middle East and Gulf region have also seen a tremendous growth in the higher education sector, driven by the spurt of state colleges and universities as well as private institutions including branch campuses of many well-established entities from abroad to meet the growing demand for education.



Dubai Investments foray

Aligning its commitment to the education field – which is one of the fastest growing sector in the UAE, Dubai Investments announced a strong foray with investments in top universities and facilitating the knowledge-sharing and empowering future generations.

Among Dubai Investments' first investments in the education sector was MODUL University Dubai, in which the Company owns 90% stake. MODUL University Dubai, Austria's top international private university, specializes in tourism and hospitality courses and is the first-of-its-kind educational institution in the entire Middle East.

Dubai Investments also owns 100% stake in University of Balamand in Dubai, the first international campus of the Lebanon-based leading university. The University of Balamand in Dubai campus, to be located in Dubai

Investments Park, will offer undergraduate programs in engineering, literature and science streams as also teaching diploma in the first phase. The University, founded in 1988 and currently operating four campuses in Lebanon, offers 70-plus under-graduate programs and master's degree in 55 disciplines.

Dubai Investments also led a consortium of investors to fully acquire Kent College Dubai campus through its subsidiary Al Mal Capital PSC in a sale and leaseback transaction. Kent College Dubai is a premium K-12 British curriculum institution with 2,200 student capacity located in the Nad Al Sheba area of Dubai, UAE.

Dubai Investments also announced plans to invest in a Fund worth \$100 million in the education sector in five African countries in partnership with local investors. The Fund will invest in schools in Egypt, Kenya, South Africa, Ghana and Ivory Coast.



INTERVIEW



DI has invested in real estate projects worth AED 9 billion: Khalid Bin Kalban

Managing Director and CEO of Dubai Investments PJSC talks about the company's real estate and financial investments, as well as the future growth plans in an interview with Al Khaleej newspaper

Khalid Bin Kalban has reiterated that the Company is focused on strategic investments in real estate across the UAE and beyond, coupled with other financial investments and setting up of investments funds across sectors and geographies.

Elaborating on the real estate plans, Kalban said: "We have invested AED 9 billion in the UAE real estate sector. Of this, AED 4.5 billion is the worth of projects under construction, and the balance has been invested in various projects that are either in the tender or approval phase."

The company's investments in the UAE real estate sector span Dubai, Abu Dhabi and Fujairah, giving it the ability to cope with market fluctuations, he said, adding that the investment funds are structured through its subsidiary Al Mal Capital.

The company recently launched led a consortium of investors to fully acquire Kent College Dubai for AED 370 million, in a sale and leaseback transaction through its subsidiary Al Mal Capital. The campus has been leased back to the operator for a long-term period, he added.

Kalban also emphasized plans of Al Mal Capital setting up a real estate fund with an initial value of AED 1.5 billion in March, which will be increased to AED 3 billion by the end of 2018. The fund will be listed on the Dubai Financial Market following necessary approvals from the SCA and regulatory authorities. Dubai Investments will contribute AED 1 billion to the fund, with a potential of offering at least 8% return on capital.

Referring to the impact of raising the foreign ownership limit in Dubai Investments, he said the increase of the cap from 35% to 49% would present an additional opportunity to open up to international investors, especially given the company's recent listing in the MSCI Emerging Markets Index.

Kalban added: "Investments prospects and growth are exceptional in the UAE. Positive signs are emerging in the region, backed by improving crude prices. Greater investor confidence will be reflected in the real estate sector and stock markets during the first half of 2018, while economic activity is expected to be positive in the second half of the year."

As for divestments, the Company plans to exit from one or two subsidiaries worth less than AED 50 million in 2018. On the average return on investments in the Company, Kalban stated that the ROI is at approximately 8% for the real estate business and between 5.5% & 6% per annum for the financial sector, while the proportions in the industrial sector vary significantly.

On other plans, Kalban said: "Dubai Investments is planning to invest \$100 million in education sector in five African countries in partnership with local investors. Schools are planned in Egypt, Kenya, South Africa, Ghana and the Ivory Coast."

Dubai Investments will also launch two projects in Angola and Kenya in 2018. The company has already



applied for a plot of land for its Kenyan project, while the land for an investment complex in Angola has also been allocated. By completing the necessary procedures and obtaining final approvals within the next three months for the Angola project, and in the wake of the presidential elections, the company will be able to reconnect with the government to complete the procedures.

Kalban said the company is currently contributing a 20% stake in a \$50 million investment fund in Ethiopia and hopes to partner with Bill and Melinda Gates Foundation, who are interested in projects in several African countries including Ethiopia.

During the first quarter of 2018, Dubai Investments will also begin implementing the Riyadh Investments Park project in Saudi Arabia, which is similar to the Dubai Investments Park. Dubai Investments has set up a real estate investment fund worth SR 2 billion with two Saudi partners as a first step in the direction. One of the partners will contribute to the cost of land while the other two partners, including Dubai Investments, will contribute to the funding and management of the project.



UAE NEWS



UAE FDI jumps to \$ 117.9 billion



The cumulative Foreign Direct Investment [FDI] of the UAE jumped to US\$ 117.9 billion by the end of 2016 from US\$ 109 billion by the end of 2015, a growth of 8.2 per cent supported by increasing investments in areas of transformational and other heavy industries, according to recent reports.

According to the 2017 Global Investment Report published by the United Nation's Council on Trade and Development [UNCTAD], UAE is the 11th largest

FDI recipient in Asia. Its main investors are the UK, Japan and Hong Kong. The bulk of FDI is concentrated in retail/ wholesale trading, real estate, insurance and manufacturing industry sectors.

Meanwhile, the World Bank released its annual Doing Business Report 2018 that showed the UAE jumped to 21st rank out of 190 countries, advancing five positions from 26th in the 2017 Doing Business Report.

- Wam

Growth in Dubai's non-oil sector remains strong



The data for November 2017 has signalled a solid upturn in Dubai's private sector business conditions, the Emirates NBD Dubai Economy Tracker has said. Steep growth in both output and inflows of new work contributed to the latest expansion.

The seasonally adjusted Economy Tracker Index – a composite indicator designed to give an accurate overview of operating conditions in the non-oil private sector economy – eased to 55.3 in November,

from 55.6 in October. At the sector level, wholesale and retail companies reported the strongest improvement in business conditions. A reading of below 50.0 indicates that the non-oil private sector economy is generally declining; above 50.0, that it is generally expanding. A reading of 50.0 signals no change. The survey covers the Dubai non-oil private sector economy, with additional sector data published for travel and tourism, wholesale and retail and construction.

- Wam

Value of mergers, acquisitions up 23% in Q3 across MENA



A total of 76 mergers and acquisitions (M&A) deals were announced in the third quarter of 2017 in the Middle East and North Africa, a decrease of 10 per cent when compared to a total of 84 transactions in the same period of 2016. The MENA M&A deal value, however, increased by 23 per cent to US\$ 4.3 billion in Q3 2017, up from US\$ 3.5 billion in the same period of 2016, according to the Ernst & Young M&A report for Q3 2017.

Domestic M&A saw the largest year on year improvement, increasing by 17 per cent in number

and 343 per cent in value. Furthermore, the average size of domestic deals rose by 258 per cent compared to Q3 2016. However, inbound and outbound deals did not fare as well, decreasing by 21 per cent and 26 per cent, respectively compared to Q3 2016.

Saudi Arabia ranked the highest among the MENA countries by value in Q3 2017 with five deals amounting to US\$ 1.6 billion. Kuwait followed with five deals valued at US\$ 914.8 million, and the UAE with 21 deals amounting to US\$ 547.4 million.

- Wam

Construction projects exceeds AED 3 trillion in UAE

The combined value of the 11,755 active construction projects in the UAE has exceeded US\$ 818.2 billion (around AED 3 trillion) in November 2017, according to latest UAE Construction Analytics report issued by BNC Network, the largest and most comprehensive project research and intelligence provider in Middle East and North Africa.

This makes the UAE, the second largest Arab economy, the largest construction market in the Arab World and MENA region. Of the 11,755 active construction projects, 9,972 are urban construction projects with a combined value of US\$ 537 billion (AED 1.97 trillion). In terms of value, the urban construction projects represent 65.66 per cent of



the AED 3 billion worth of construction projects in the UAE.

- Wam

UAE leads key sectors in global Islamic economy

The UAE has been ranked first among 10 countries in three sector indicators – Modest Fashion, Halal Media and Recreation, and Halal Pharmaceuticals and Cosmetics with Malaysia leading the Global Islamic Economy Indicator for this year, according to the Global Islamic Economy Report 2017-2018 published by the Dubai Islamic Economy Development Centre in collaboration with Thomson Reuters.

The report evaluated the health of the Islamic



economy ecosystem across more than 73 countries, based on equally weighted key metric categories, including governance, awareness, and social considerations. The UAE's exceptional performance highlights the synergy between the government's vision and the practices of the private sector.

- Wam

Banks in UAE ahead of GCC peers with \$ 720 billion asset value

The UAE banking system has maintained its coveted position ahead of its GCC peers in terms of asset performance and capital buffers by the end of September.

According to UAE Central Bank statistics, the asset value of 48 banks operating in the country amounted to around AED 2.3 trillion (US\$ 720 billion) by the end of September, a fact which proves that the UAE banking system's solvency profile is not the best among the GCC States only but also across the entire region, according to estimates by leading international financial organisations.

The Saudi Banking system came second with an asset value of US\$ 609 billion by the end of Q3 - \$2



billion less than its June equivalent of \$ 611 billion. The net asset value hit \$ 209 billion in Kuwait, and \$ 189 billion in Bahrain.

First Abu Dhabi Bank came first in terms of asset value of \$175 billion during Q3 2017, a growth of 2.9 per cent from \$ 170 billion by the end of H1 in the same year.

- Wam

GROWTH

Dubai Investments reports net profit of AED 350 million for Q3 2017

Dubai Investments PJSC reported net profit of AED 350 million for the quarter ending September 30, 2017, an increase of 4.8% over AED 334 million achieved during the same quarter in the last year.

The company's net profit for the first nine months of 2017 was AED 830 million, compared to AED 850 million for the same period in 2016. Total income during the period was AED 2.03 billion while total assets reached AED 16.73 billion as of the end of Q3 2017.

As of September 30, 2017, Dubai Investments generated annualised return on equity of 9.47%. Earnings per Share was AED 0.20 for the period.

Khalid Bin Kalban, Managing Director and CEO of Dubai Investments, said: "Dubai Investments registered strong results for the first nine months of 2017. Excluding the one-off gain from divestments amounting to AED 186 million in 2016, the Company's net profit has in fact grown by AED 166 million. The increase in profit is



attributable to increase in rental income by AED 36.8 million and corresponding increase in gain on fair valuation of investment properties by AED 126.6 million."

He added: "Dubai Investments is on track to achieve its targets and is progressing with its strategy of enhancing its investments in the healthcare and education sectors. At the same time, the Company is focused on various real estate development projects which will monetise its land bank and deliver value to its shareholders."



Dubai Investments raises foreign ownership cap to 49%

Dubai Investments has raised foreign ownership limit in the company from 35% to 49%. A proposal to this effect was approved by shareholders at the General Assembly Meeting held in November.

Raising the limit to 49% is part of a wider move by Dubai Investments to open up to international investors.

The proposal assumes significance after the recent addition of Dubai Investments' shares in the MSCI Emerging Market Index.

In his address, Hussain Mahyoob Sultan Al Junaidy, Vice-Chairman of Board of Directors of Dubai Investments PJSC, who read out a speech on behalf of Sohail Faris Ghanim Al Mazrui, Chairman of Board of Dubai Investments, said: "The proposal to raise the cap to 49% of the capital was aimed at encouraging share ownership to more foreign

investors. The Company feels that there is an appetite among foreign investors to invest – which is restricted by keeping the cap at 35%."

The provisions of the special resolution to raise the limit is in line with the Federal Law No. 2 of 2015 relating to Commercial Companies.

The foreign ownership cap on Dubai Investments shares was 20% from the date of its listing on Dubai Financial Market in 2000 till 2014, when it was raised to 35%.



GROWTH



DI leads consortium of investors to acquire Kent College Dubai through Al Mal Capital

Dubai Investments PJSC has led a consortium of investors to fully acquire Kent College Dubai campus through its subsidiary Al Mal Capital PSC in a sale and leaseback transaction. Dubai Investments is the anchor shareholder in the transaction.

The campus has been leased back to the operator for a long term period on a triple net basis to manage and operate the institution. Al Mal Capital structured the transaction along with its co-investment partners. The acquisition is part of Dubai Investments strategy to acquire income-generating real estate assets with a strong focus to expand its presence in the education sector.

"This is a landmark transaction for Dubai Investments as the company enters a new chapter in its long and successful history. The focus is on building its private

equity and real estate investment activities in the coming years. This transaction allows Dubai Investments to build on its institutional presence in the real estate sector," said Khalid Bin Kalban, Managing Director & CEO of Dubai Investments.

Kent College Dubai is operated by a subsidiary of Mir Hashem Khoory LLC, a diversified Dubai based family conglomerate with interest in real estate, education, healthcare, manufacturing among others.

Kent College Dubai is a premium K-12 British curriculum institution with 2,200 student capacity located in the Nad Al Sheba area of Dubai, UAE. It started its operations in 2016 and is spread over an area of over 560,000 sq. ft. Kent College Dubai is the first international campus of Kent College Canterbury from UK, a 130 years old education institution.

GROWTH

Al Mal Capital adopts Dubai Font

Al Mal Capital PSC has adopted Dubai Font as its corporate font, in line with Dubai's vision and leadership and its corporate identity.

Naser Nabulsi, Vice Chairman and CEO of Al Mal Capital, said: "Earlier this year, Al Mal Capital opted to create a futuristic logo of its Falcon, merging the past and aspiring for the future – by aligning Al Mal Capital's identity with Dubai Investments and enhancing its brand value. In reflection of our



forward thinking and innovation in a digital age, we took a step in implementing Dubai Font as our corporate font. We are a Dubai based financial institution and Dubai Font represents our base, with aspirations to new frontiers beyond our borders."

GROWTH



Al Mal Capital in partnership with Azimut to launch UCITS MENA Equity Fund

Al Mal Capital PSC has signed a partnership agreement with Azimut Group to jointly launch a Middle Eastern equity fund.

The Fund will be established by AZ Fund Management S.A., Azimut Luxembourg fund management company within its UCITS umbrella fund. The Fund will integrate the distinctive investment advisory capabilities of AMC with the Group's global portfolio management team, comprising more than 100 professionals across its international network.

The Fund will be branded AZ Fund Al Mal MENA Equity to reflect the strategic partnership between the two companies. Azimut will add the Fund to its global franchise, including third parties' distribution channels.

The strategic cooperation signed by the two companies also includes joint marketing initiatives to cater the demand from the respective commercial franchises; access to Azimut's existing range of investment capabilities for regional investors through AMC's wealth management platform.

GROWTH



DI records 36% increase in DIP sub-leasing contracts in first 9 months of 2017

Dubai Investments announced a 36% increase in sub-leasing contracts in Dubai Investments Park [DIP] in the first nine months of 2017 compared to last year.

Out of these, nearly 68 per cent contracts pertained to existing subtenants, reflecting DIP's growing demand as a premier business destination in the region.

The new subtenants during the period under review constitute approximately 26 per cent. Of these, 46 per cent are in the warehousing activity, 35 per cent in staff accommodation activity, 14 per cent in offices activity and 5 per cent in other commercial activity. Some of the new subtenants include Spectrum Automotive Services, Multi-Level Technology, Cheese Land, among others.

AWARDS

Khalid Bin Kalban wins Iconic Developer Award at Dubai Property Show in Mumbai

Khalid Bin Kalban, Managing Director and CEO of Dubai Investments, won the Iconic Developer award at Real Estate Tycoon Awards, handed over by Dubai Land Department [DLD] during the 3rd Dubai Property Show in Mumbai, India in November.

The Real Estate Tycoon Awards recognized the top 25-30 Chairmen, CEOs & Managing Directors of



leading real estate companies in Dubai for their contributions to the Dubai real estate sector. Omar Al Mesmar, General Manager of Dubai Investments Park, received the award on behalf of Kalban.

PROJECTS

Mirdif Hills to include Millennium Place Hotel and Apartments

Mirdif Hills project has announced that Millennium Place Hotel and Apartments Mirdif operated by Millennium Hotels and Resorts Middle East will open within the development. The contemporary hotel will offer 116 hotel rooms and 128 serviced apartments.



Boasting world-class facilities including creative restaurant concepts, fitness area, swimming pool and innovative meeting spaces, Millennium Place Hotel and Apartments Mirdif has been designed with both business and leisure travellers in mind.

EVENTS

DI hosts over 100 officials in Glass and Glazing Federation Forum

Dubai Investments hosted over 100 officials in the International Architectural Glass Conference, held under the aegis of Glass and Glazing Federation [GGF] in Dubai in December, through its subsidiary Emirates Glass.

The one-day conference focused on different aspects of the architectural glass sector, and included presentations by experts from leading international glass companies and related industries.



The international panel of speakers included John Reeves, Chairman of GGF MENA, Phillip Higgins from Gulf Extrusions, Sami Daher from Dow Corning Corporation, Pascoal De Silva from Gulf Glass Industries, Mohammed Soghbor from Kurary GmbH, Dr Andreas Kasper from Saint-Gobain Middle East, Jonathan Hernandez from Thomas Bell-Wright International Consultants and Benoit Georges from Saint-Gobain.

EXHIBITIONS



Dubai Investments targets Indian investors for real estate projects

Dubai Investments is targeting investors from India for its real estate projects. The company announced this as part of its participation in the 3rd Dubai Property Show, held in Mumbai, India in November.

Dubai Investments showcased three projects at the show – Dubai Investments Park [DIP], Mirdif Hills and Green Community DIP – West Phase III. Models of the three projects were also showcased

during the show.

The participation in India comes amidst surging interest of Indian investors in the Dubai real estate and property sector. Indian investors completed 10,628 transactions worth more than AED 20.4 billion over the past 18 months (January 2016 – end of June 2017) in Dubai, as per official statistics.

EXHIBITIONS

Dubai Investments' coloured solar panels to dress buildings through Emirates Insolaire

Dubai Investments announced that the coloured solar panels through its joint venture Emirates Insolaire LLC will soon be installed on buildings across Dubai, as the Emirate reinforces its commitment to a sustainable future. This will be the first time that coloured solar panels will dress up buildings in Dubai.

Emirates Insolaire is in advanced negotiations with authorities and companies on installation plans. Dubai has already installed photovoltaic panels on



433 buildings with a total capacity of 14.6 megawatts [MW]. The number of panels is expected to double in the future to eventually cover all buildings in the Emirate by 2030.

The company showcased the revolutionary solar panel technology, photovoltaic modules and solar thermal collectors at second Dubai Solar Show, part of 19th Water, Energy, Technology and Environment Exhibition [WETEX] 2017 in Dubai in October.

EXHIBITIONS



Dubai Investments supports Dubai Investment Week

Dubai Investments supported the Dubai Investment Week 2017 in October as a strategic partner, with the objective to eye opportunities for growth, partnership, innovation and investments across diverse sectors and markets around the globe.

The Dubai Investment Week [DIW], organised by Dubai Investment Development Agency [Dubai FDI], an agency of Dubai Economy, was held under the patronage of His Highness Sheikh Hamdan Bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai.

"The Dubai Investment Week offers a unique platform to reinforce Dubai's reputation as the preferred destination for investments & partnerships across sectors, and facilitate opportunities to boost Foreign Direct Investment inflows into Dubai. As a strategic partner, Dubai Investments is aligned with the objectives of Dubai Investment Week, to identify and discuss strategic roadmap for investments in the infrastructure, services and knowledge sectors, among others," said Khalid Bin Kalban, Managing Director & CEO of Dubai Investments.

EXHIBITIONS

Dubai Investments takes centre stage at Big 5 Dubai

Dubai Investments announced a strong participation of its subsidiaries across different lines of business in The Big 5 – the leading construction expo held in Dubai in November.

The products showcased comprised glass for various applications, including architectural glass, fire-rated glass, reflective glass, float glass, safety & security laminated glass, coloured solar panels, steel structures and aluminium profiles through



Dubai Investments subsidiaries Emirates Glass, Saudi American Glass, Emirates Float Glass, Lumiglass, Emirates Insolaire, Emirates Building Systems and Emirates Extrusion Factory.

Dubai Investments was also present through Dubai Investments Park with available logistics, warehouses, labour accommodation, showrooms, offices and real estate projects.

EXHIBITIONS



DIRC takes centre stage at The Watch Lounge during Dubai Motor Show

Dubai Investments Real Estate Company [DIRC] took centre stage at The Watch Lounge as part of the Dubai International Motor Show 2017 at Dubai World Trade Centre in November. DIRC showcased

the AED 3 billion Mirdif Hills at the show.

DIRC also announced its support to the Middle East Watch & Jewellery of the Year Awards, held at Jumeirah Zabeel Saray in November.

EXHIBITIONS

Emirates Float Glass takes part in Zak Glass Technology expo

Emirates Float Glass [EFG] participated in the 15th Zak Glass Technology Exhibition, held in Mumbai, India, in December. The exhibition brought together 230 brands, who showcased state-of-the-art products and technologies. This was the ninth consecutive year that EFG participated in the exhibition, along with its partners APT Glass & Glazing.



FINANCIAL VIEWPOINT

Capital markets resilient and stable

A number of geopolitical and economic headwinds has been affecting the region over the past year as oil prices continued to fluctuate between USD45 and USD55 per barrel. Governments across the Gulf Cooperation Council (GCC) region have progressively developed strategic plans to address the financial shortfall caused by lower oil revenues through economic and tax policy reforms and privatisation of assets across a number of sectors, particularly the energy sector. Moreover, Governments seek to raise new capital by tapping into both domestic and international debt markets to mitigate budget deficit and facilitate for overdue payments to the Private Sector.

Despite the political and economic volatility, capital markets and mergers & acquisition activities in the region was resilient and stable. United Arab Emirates and Kingdom of Saudi Arabia (KSA), in particular, have managed to enhance their position as regional hubs for investment activity across the GCC region, with consolidation opportunities as well as a strong backlog of companies potentially preparing to enter the markets through Initial Public Offering.

Certain sectors such as e-commerce, real estate, oil & gas services and financial services have picked up over the last year backed by notable transactions such as acquisition of Souq.com by Amazon, landmark mergers of First Gulf Bank with National Bank of Abu Dhabi and IPIC with Mubadala, the listing of Adnoc Distribution, Emaar Development and Al Haramain REIT as well as the announced IPO of ARAMCO in 2018.

However, one key issue that still remains as a limiting factor to transactions in the region is the valuation gap between sellers and buyers and their respective view on realistic valuation. This, in turn, may foster more innovative deal structures with JVs or strategic partnerships or become more creative with hybrid equity-type investments.

M&A Activity ⁽¹⁾

According to Ernst and Young ('EY') Q3 2017 M&A report, M&A activity in the Middle East North Africa ('MENA') region has seen a total of 268 deals during the first 9 months of 2017 valued at USD 36.2 billion

Oil and gas was the top-performing sector by deal value, followed by airline industry, power and utilities, chemicals, and banking and capital markets industry.

Specifically, in Q3 2017, KSA, ranked the highest among the MENA countries by value with five deals amounting to USD 1.6 billion. Kuwait followed with five deals valued at USD 914.8 million, and the UAE with 21 deals amounting to USD 547.4 million.

Additionally, UAE-based firms conducted the two largest outbound deals with the acquisitions of US-based Pharmaceutical Product Development (USD 9.1 billion) by ADIA/GIC Private Limited and Irish firm AWAS Aviation Capital (USD 7.5 billion) by Dubai Aerospace Enterprise respectively.

IPO Activity ⁽²⁾

According to Price Waterhouse Coopers ("PWC") GCC Capital Markets Watch, IPO activity witnessed a revival in the regional capital markets with a total of 19 IPOs during the first 11 months of 2017 in the GCC, of which 2 were in Q4 2017.

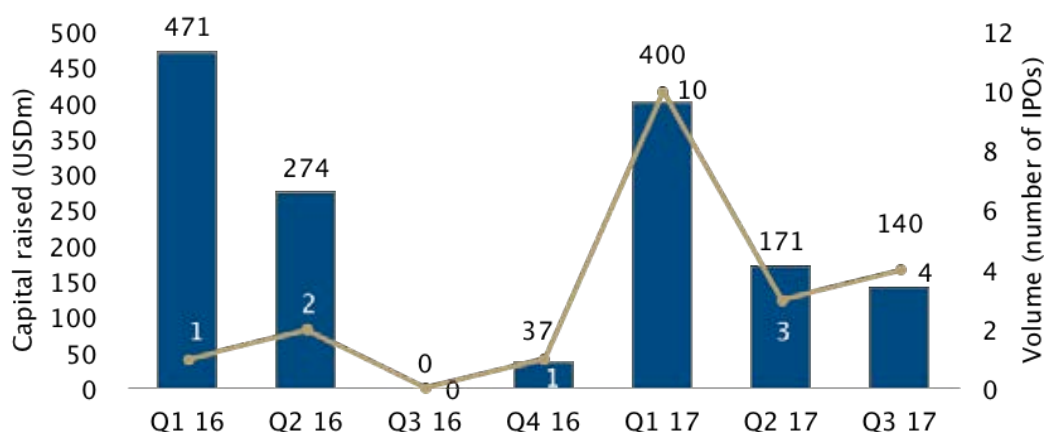
KSA, has been the most active market in terms of number of offerings and proceeds raised during the year, with a total of 13 IPOs; 9 out of which were listed on the NOMU Parallel Market, while the balance 4 on Tadawul.

In the last year, the GCC markets have witnessed an increase in activity and demand in the region's relatively new REIT market. Saudi Arabia opened its stock market to REIT funds in 2016 and has seen six REIT listings since. Within 2017, three out of the four IPOs on the Tadawul were listing of Real Estate Investment Trusts ("REIT"), which included Al Jazira Mawten REIT Fund offering 11.8 million shares and raising USD 31 million; Jadwa REIT Alharamin Fund which floated a total of 36 million shares, raising proceeds of USD 96 million; and Al Maather REIT Fund which floated a total of 49.1 million shares, raising proceeds of USD 18.4 million.

Muscat Securities Market (MSM) witnessed its first IPOs since June 2015, raising USD 30 million via two IPOs for Al Ahlia Insurance Company SAOG and Vision Insurance SAOG.

⁽¹⁾ Source: EY Q3 2017 M&A report

⁽²⁾ Source: PWC Q3 2017 GCC Capital Markets Watch



Source: PWC Q3 2017 GCC Capital Markets

Bourses in Dubai and Abu Dhabi also witnessed three deals being completed this year, the first IPO was the listing of ENBD REIT Fund on Nasdaq Dubai (first since March 2015), by offering 94.6 million shares and raising USD 105 million. Emaar Development, the development arm of Emaar Properties, raised USD 1.3 billion in November 2017 and later Adnoc Distribution, the first stock to be listed on the Abu Dhabi's main bourse since November 2011, raised AED 3.1 billion, (22 times oversubscribed), valuing the company at around AED 31.3 billion.

Bond and Sukuk Market Activity ⁽³⁾

Another strong display by the GCC debt issuers in 2017, as investors' appetite for sovereign issuances remained relatively high according to PWC.

Government bonds in 2017 was marked by the Government of Kuwait issuance of USD 8 billion bond, Saudi Arabia's USD 26.5 billion and the Sultanate of Oman issuance of a USD 5 billion bond.

In corporate bonds issuances, in UAE, National Bank of Abu Dhabi issued its second Formosa bond (USD bond listed in Taiwan), for an amount of USD 885 million. Industrial & Commercial Bank of China Limited-Dubai Branch ("ICBC") listed three bonds on Nasdaq Dubai, amounting to USD 400 million, USD 300 million and EUR 500 million. DAE Funding LLC, a wholly-owned subsidiary of Dubai Aerospace Enterprise ("DAE") Ltd, successfully issued a total USD 2.3 billion bond

In KSA, ACWA Power Management and Investments ("ACWA"), issued bonds amounting to USD 814 million. In Kuwait, National Bank of Kuwait ("NBK") issued non-

guaranteed bonds of USD 750 million as part of its medium-term bonds issue program.

GCC Governments are expected to continue to tap into both domestic and international debt markets, bolstering their budgets amid lower oil prices.

Outlook

Over the next 12 months, we expect the investment activity to stay positive through stability in oil prices, Government's initiatives to enhance competition through privatisation programs, continuous consolidation across sectors that is likely to drive investors' confidence in the region economy and markets.

A boost in the GCC M&A activity is expected to pick up during 2018 as companies are looking for consolidation opportunities that can scale and impact synergies with their core business.

GCC IPO market will likely be led through the privatisation of Government-owned assets, with a strong backlog of companies potentially preparing to come to market.

The GCC bond and Sukuk markets are also expected to remain active over the next 12 months. Structural reforms announced by several GCC Governments are anticipated to diversify public revenues from dependence on hydrocarbons, which will have a positive effect on the regional debt markets. However, a rapid hike in interest rates by the US Federal Reserve may impact the number of issuances within the GCC regional debt market.

- Information by Al Mal Capital PSC

⁽³⁾ Source: PWC Q3 2017 GCC Capital Markets Watch

SUSTAINABILITY



Dubai Investments to roll out initiatives to support SDGs across Group

Reinforcing its commitment to the cause of sustainability, Dubai Investments is set to adopt a number of ideas and initiatives across the group, put forth by its Sustainability Champions to support the 17 UN Sustainable Development Goals [SDGs].

These initiatives were identified and evaluated as part of DI Sustainability Champions Network, comprising 20 employees across Dubai Investments and its subsidiaries. The DI Sustainability Champions held a series of workshops, training and interactive events throughout 2017 to identify the shared benefits of UN SDG 2030 initiative, linking society, environment, companies and employees to achieve the UAE Vision 2021 and fulfil the objectives of the UAE's 'Year of Giving' initiative for 2017.

Subsequent to this, the DI Sustainability Champions came up with their ideas and proposals linked to one or several SDGs – ranging from eliminating poverty, improving health conditions, supporting

education, promoting sustainable production and renewable energy.

Dubai Investments also honoured its Sustainability Champions for their contribution and ideas to make lives better for the general public as well as the group's employees and communities in which they operate.

The top three ideas put forth by the Sustainability Champions also received special prizes. These included Ilamurugan Arasu from DI Internal Audit team, who targeted several SDGs across cover 4 main goals: no poverty, good health and well-being, quality education and responsible consumption and production; Emma Kamau from Dubai Investments Park, for her projects focusing on health and well-being as well as active engagement with the tenant community; and Sanela Habbab from Emicool focusing on promoting sustainable district cooling services and plans to support research and development programs.

SUSTAINABILITY

Dubai Investments employees take on 30x30 Fitness Challenge



Employees of Dubai Investments and its subsidiaries took on the Dubai Fitness Challenge 30x30, by walking, jogging, exercising and participating in team games throughout the month-long fitness journey. The employees

clocked over 300 hours of physical exercise and activities as part of the Fitness Challenge, launched by H.H. Sheikh Hamdan Bin Mohammed Bin Rashid Al Maktoum, Crown Prince of Dubai.

SUSTAINABILITY

DI employees undergo Office & Business Etiquette training



The senior management and employees of Dubai Investments and its subsidiaries underwent a training in Business Etiquette and Office Etiquette in November. The training focused on general

guidelines on business mannerisms and protocols, dress codes and networking practices to nurture an ideal work environment.

SUSTAINABILITY

Dubai Investments joins Beat Diabetes Walkathon

Dubai Investments supported the Beat Diabetes Walkathon, held in Dubai in November. Employees from Dubai Investments and its subsidiaries joined the walkathon at Zabeel Park, organised to raise awareness about diabetes and promote the benefits of a healthy lifestyle.



SUSTAINABILITY



Dubai Investments supports, participates in 3ON3 Basketball tournament

Dubai Investments supported and participated in the DIP 3ON3 Basketball Tournament, held in Green Park in Dubai Investments Park in November. The tournament, held under the patronage of DIP and

endorsed by Dubai Sports Council & International Basketball Federation [FIBA], was organised by Yala Sports and featured various teams in both men and women categories.

SUSTAINABILITY



Dubai Investments supports underwater clean-up drive

Dubai Investments supported an initiative by the UAE Ministry of Interior in November to clean the waterbodies around the country. As part of this,

Dubai Investments employees underwent a special diving course to volunteer in the underwater clean-up drive in Dubai.

PRODUCTS



Emicool Solite Series – Premium coated glass from Emirates Glass

Emirates Glass produces the Emicool Solite Series – a premium coated glass product range that provides colour and performance to meet the most stringent requirements for high performance window glass products.

The Emirates Glass Solite products are supplied as Insulated Glass Units due to the double silver coating composition to produce superior low-E performance. The production facility is ISO 9001:2008 accredited and the products are fabricated to the best international standards to ensure the highest quality for supply.

Emicool Solite is the preferred choice for double silver products throughout the Middle East region. The range of coating options provide the ideal choice to offer protection from the harsh outside temperatures while allowing just the right amount of sunlight to brighten any room.



For the last 20 years, innovation has been at the core of all product launches at Dubai Investments. Aimed at driving value to its stakeholders, Dubai Investments unveiled a number of product innovations – which have set new benchmarks across sectors. The products have been driven by pioneering technologies and the latest knowhow across specific industries, to deliver optimum value.

DI GALLERY

Emirates Glass marked its 20th anniversary at a gala event in Dubai in November. The event was attended by top management and employees of Dubai Investments and Emirates Glass, as also its contractors and clients. A number of entertainment activities were organised as part of the anniversary gala.



DI GALLERY



Dubai Investments employees celebrated the 46th UAE National Day with traditional activities and cuisine. The company also marked the UAE Flag Day on November 3, with top management and employees joining the celebrations.



MODUL University Dubai hosted an Information Evening in October for all its academic programs. The Information Evening focused on its MBA program and February 2018 intake for MSc in Sustainable Development Management and Policy. MODUL University Dubai also held an Open Day in November, with a Masterclass by Dr Kirin Fiona Hilliar.

Eman Lutfi Rabie from DI Shares Department and Mohamed El Sahwi from DI Compliance Department were honoured by H.E. Dr Obaid Saif Al Zaabi, Acting CEO of Securities & Commodities Authority [SCA], for winning in the National Investor Awareness Competition organised by SCA during the Holy Month of Ramadan.

