

DIRECTORS REPORT FOR THE NINE MONTH ENDED 30TH SEPTEMBER 2016

On behalf of the board of Directors of RAK Properties PJSC, I am delighted to present the Financial Statements of the Group for the third quarter ended 30th September 2016.

During the first nine months of the year 2016, RAK Properties achieved the revenue of AED 305 million (AED 134 million for the same period in 2015), resulting in the net profit of AED 79.15 million (AED 27.5 million for the same period in 2015)

| Income Statement - Summary | | |
|----------------------------|----------------|----------------|
| Description | AED (000) | |
| | 30th Sept 2016 | 30th Sept 2015 |
| Revenue | 305,466 | 133,798 |
| Cost of Revenue | (206,894) | (83,049) |
| Gross Profit | 98,572 | 50,749 |
| Net Profit | 79,146 | 27,489 |

* Adopted IFRS 15 from 1st January 2016.

| Balance Sheet - Summary | | |
|---------------------------------------|------------------|------------------|
| Description | AED (000) | |
| | 30th Sept 2016 | 31st Dec 2015 |
| Non Current Assets | 3,593,527 | 3,780,636 |
| Current Assets | 1,169,112 | 974,347 |
| Total Assets | 4,762,639 | 4,754,983 |
| Non Current Liabilities | 594,448 | 634,526 |
| Current Liabilities | 420,621 | 368,381 |
| Total Equity | 3,747,570 | 3,752,076 |
| Total Equity & Liabilities | 4,762,639 | 4,754,983 |

Development in Progress

The Flamingo Villas Phase II is in the final stages of completion for hand over in October 2016. The Bermuda Villas is expected to be delivered in 2017. The enabling work is in progress for Anantara Mina Al Arab (Eco resort hotel).

The construction of the following projects is scheduled to be started soon:

RAK Properties announced the launch of the following projects during the Cityscape, Dubai held in September 2016.

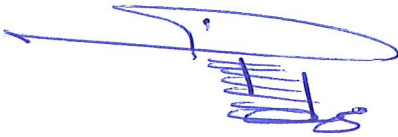
- Small Island Development
- Julphar Residence, Reem Island, Abu Dhabi

Other Development Commitments

1. A residential building in Mohammad Bin Zayed City Abu Dhabi with 205 apartments ranging from studio to two bed rooms
2. A Five Star Hotel, Mina Al Arab, RAK
3. Two residential buildings in Mina Al Arab, RAK

Other Information

1. In April 2016 AED 100 million (5%) was paid as dividend for the year 2015 (2015 AED 100 million for year 2014).



Mohammad Sultan Al Qadi
Managing Director and CEO