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LOST FREQUENCIES

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE (1) QUALIFIED INSTITUTIONAL BUYERS (“QIBs”) AS DEFINED IN AND IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) PROVIDED BY RULE 144A UNDER THE SECURITIES ACT OR ANOTHER EXEMPTION THEREFROM OR (2) OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT (“REGULATION S”).

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering memorandum (the “**Offering Memorandum**”). You are advised to read this disclaimer carefully before accessing, reading or making any other use of the Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. ANY SECURITIES TO BE ISSUED HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTIONS AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES UNLESS REGISTERED UNDER THE SECURITIES ACT OR PURSUANT TO AN EXEMPTION FROM SUCH REGISTRATION, AS PROVIDED HEREIN.

YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE OFFERING MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE THE OFFERING MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE OFFERING MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

CONFIRMATION OF YOUR REPRESENTATION: You have accessed the Offering Memorandum on the basis that you have confirmed your representation to the Issuer, the Guarantors and the Joint Lead Managers (each as defined in the Offering Memorandum) that (1) you are a QIB or (2) you are purchasing the securities described in the Offering Memorandum (the “**Notes**”) outside the United States in offshore transactions in reliance on Regulation S and the electronic mail address to which the Offering Memorandum has been delivered is not located in the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and its possessions include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands, and (3) (in either case) you consent to delivery of the Offering Memorandum and any amendments or supplements thereto by electronic transmission.

You are reminded that the Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver the Offering Memorandum, electronically or otherwise, to any other person. If you receive the Offering Memorandum by e-mail, you should not reply by e-mail. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected. If you receive the Offering Memorandum by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature. You are reminded that documents transmitted in an electronic format may be altered or changed during the process of transmission and consequently none of the Issuer, the Guarantors, the Joint Lead Managers or their respective affiliates, directors, officers, employees, representatives and agents or any other person controlling the Issuer, the Guarantors, the Joint Lead Managers or any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard-copy version.

The materials relating to the offering of the Notes (the “**Offering**”), as described in the Offering Memorandum, do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. No action has been or will be taken in any jurisdiction by the Joint Lead Managers, the Issuer or the Guarantors that would or is intended to permit a public offering of the Notes, or possession or distribution of the Offering Memorandum or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required. If a jurisdiction requires that the Offering be made by a licensed broker or dealer and one or more of the Joint Lead Managers is/are or any affiliate of one or more of the Joint Lead Managers is/are a licensed broker or dealer in that jurisdiction, the Offering shall be deemed to be made by the Joint Lead Manager(s) or such affiliate(s) on behalf of the Issuer and the Guarantors in such jurisdiction.

In the United Kingdom, the Offering Memorandum is being distributed only to and directed only at (i) persons who have professional experience in matters relating to investments and fall within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “**Order**”), (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order, and (iii) those persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or be caused to be communicated (all such persons together being referred to as “**relevant persons**”). Any person who is not a relevant person should not act or rely on the Offering Memorandum or any of its contents, and should return the Offering Memorandum as soon as possible and take no other action. Any investment or investment activity to which the Offering Memorandum relates is only available to, and the Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons.



FIVE HOLDINGS

Development / Financings

FIVE Holdings (BVI) Limited
(incorporated in the British Virgin Islands)

U.S.\$350,000,000
9.375 per cent. Senior Secured Notes due 2028

(unconditionally and irrevocably guaranteed by certain subsidiaries of FIVE Holdings (BVI) Limited)

FIVE Holdings (BVI) Limited (the “**Issuer**” or the “**Company**”), a BVI Business Company incorporated under the laws of the British Virgin Islands (the “**BVI**”) with registration number 1789050, is offering (the “**Offering**”) U.S.\$350,000,000 9.375 per cent. Senior Secured Notes due 2028 (the “**Notes**”). Each of the Guarantors (each as specified under “*Overview of the Offering*”) will, pursuant to the guarantee contained in the trust deed to be dated on or about 3 October 2023 (the “**Issue Date**”) between the Issuer, the Guarantors named therein and Citibank N.A., London Branch (the “**Trustee**”) (the “**Trust Deed**”), unconditionally and irrevocably, jointly and severally with every other Guarantor, to the maximum extent permitted by law but subject to the limitations and restrictions set out in the Trust Deed, guarantee the due payment of all sums expressed to be payable by the Issuer under the Notes (the “**Guarantees**”). The Notes will be constituted by the Trust Deed. The Notes and the Guarantees constitute senior secured obligations of the Issuer and the Guarantors and will rank *pari passu* in right of payment with any existing and future indebtedness of each of the Issuer and the Guarantors, as applicable, that is not expressly subordinated in right of payment to the Notes and Guarantees, including indebtedness incurred under the Revolving Credit Facility (as defined herein), and will rank senior in right of payment to any existing and future indebtedness that is expressly subordinated in right of payment to the Notes and the Guarantees. The Notes and Guarantees will be effectively subordinated to any existing and future secured indebtedness of each of the Issuer and the Guarantors that is secured by property and assets that does not also secure the Notes and the Guarantees, as applicable, to the extent of the value of the property and assets securing such indebtedness (including, with respect to Facility A and Facility B under the Revolving Credit Facility (other than the amounts which are used to finance the Acquisition) and following completion of the Acquisition, the Spanish Security (each as defined herein)). The Notes and the Guarantees will be structurally subordinated to all existing and future indebtedness and other liabilities of any current or future subsidiaries of the Issuer that do not provide Guarantees in respect of the Notes (including, with respect to Facility A under the Revolving Credit Facility and following completion of the Acquisition, the Target (each as defined herein)).

Interest on the Notes is payable semi-annually in arrear on 3 April and 3 October in each year, beginning on 3 April 2024. Payments on the Notes and under the Guarantees will be made without withholding or deduction for or on account of taxes of certain jurisdictions to the extent described under Condition 8 (*Taxation*) and subject to applicable laws. The Notes will mature on 3 October 2028 at their principal amount together with accrued and unpaid interest.

At any time on or after 3 October 2025, the Issuer may redeem all or part of the Notes by paying the redemption prices set forth in this Offering Memorandum. Prior to 3 October 2025, the Issuer will be entitled, at its option, to redeem all or a portion of the Notes by paying 100 per cent. of the principal amount of such Notes, plus accrued and unpaid interest, if any, plus a “make-whole” premium. In addition, prior to 3 October 2025, the Issuer may redeem, at its option, up to 40 per cent. of the Notes with the net proceeds from certain equity offerings at the redemption price set forth in this Offering Memorandum. If the Issuer undergoes a change of control, it may be required to make an offer to purchase the Notes at a price of 101 per cent. of their principal amount, plus accrued and unpaid interest, if any. In the event of certain developments affecting taxation, the Issuer may redeem all, but not some only, of the Notes.

On or before (i) the date falling 90 days after the Issue Date (other than with respect to the FIVE Luxe Mortgage) or (ii) 31 March 2024, with respect to the FIVE Luxe Mortgage, and substantially concurrently with the granting of security interests over the Collateral to secure the liabilities under the Revolving Credit Facility, the Notes will be secured by security interests granted on an equal and rateable first-priority basis over the Collateral (as defined herein). The Collateral will also secure the liabilities under the Revolving Credit Facility, as well as any Additional Notes, and may also secure certain future indebtedness. The enforcement of the security interests in the Collateral will be subject to the terms of the Intercreditor Agreement (see “*Description of Certain Financing Arrangements, the Intercreditor Agreement and the Common Security—Intercreditor Agreement*”).

There is currently no established trading market for the Notes. This Offering Memorandum has been approved by the Dubai Financial Services Authority (the “**DFSA**”) under Rule 2.6 of the DFSA’s Market Rules (the “**Market Rules**”) and is therefore an Approved Prospectus for the purposes of Article 14 of the DFSA’s Markets Law 2012 (DIFC Law No.1 of 2012) (the “**Markets Law**”). Application has also been made to the DFSA for the Notes to be admitted to the official list of securities (the “**DFSA Official List**”) maintained by the DFSA and to Nasdaq Dubai for such Notes to be admitted to trading on Nasdaq Dubai. The DFSA does not accept any responsibility for the content of the information included in this Offering Memorandum, including the accuracy or completeness of such information. The liability for the content of this Offering Memorandum lies with the Issuer and the Guarantors. The DFSA has also not assessed the suitability of the Notes to any particular investor or type of investor. If you do not understand the contents of this Offering Memorandum or are unsure whether the Notes are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

It is also intended for application to be made to the London Stock Exchange plc (the “**London Stock Exchange**”) for the Notes to be admitted to trading on the London Stock Exchange’s International Securities Market (the “**ISM**”) shortly following the Issue Date. This Offering Memorandum comprises admission particulars for the purposes of admission to trading of the Notes on the ISM. The ISM is not a regulated market for the purposes of Article 2(1)(13A) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”) (“**UK MiFIR**”).

The ISM is a market designated for professional investors. Notes admitted to trading on the ISM are not admitted to the Official List of the United Kingdom (the “UK”) Financial Conduct Authority (the “FCA”). The London Stock Exchange has not approved or verified the contents of this Offering Memorandum.

References in this Offering Memorandum to the Notes being “**listed**” (and all related references) shall mean that the Notes have been: (a) admitted to trading on Nasdaq Dubai and on the ISM; and (b) admitted to listing on the DFSA Official List and the ISM.

This Offering Memorandum does not constitute a prospectus for the purposes of a listing or an admission to trading on any market in the UK which has been designated as a regulated market for the purposes of UK MiFIR. This Offering Memorandum does not constitute a prospectus for the purposes of a listing or an admission to trading on any market in the European Economic Area (the “**EEA**”) which has been designated as a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU) (as amended, “**MiFID II**”).

See “*Risk Factors*” beginning on page 27 to read about important risks that prospective investors should consider before investing in the Notes.

None of the Notes or the Guarantees have been, nor will they be, registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any other jurisdiction. The Notes are being offered and sold (i) in the United States only to qualified institutional buyers (“**QIBs**”) as defined in, and in reliance on, Rule 144A under the Securities Act (“**Rule 144A**”) or on another exemption from the requirements of the Securities Act and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act (“**Regulation S**”). Prospective investors that are QIBs are hereby notified that the seller of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Notes are not transferable except in accordance with the restrictions described under “*Selling and Transfer Restrictions*”.

The Company expects the Notes to be rated “**BB**” by Fitch Ratings Ltd (“**Fitch**”) and “**B+**” by Standard & Poor’s Financial Services LLC (“**S&P**”). Fitch is established in the UK and is registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the “**UK CRA Regulation**”). Fitch appears on the latest update of the list of registered credit rating agencies (as of the date of this Offering Memorandum) on the FCA’s Financial Services Register. The rating issued by Fitch has been endorsed by Fitch Ratings Ireland Limited. Fitch Ratings Ireland Limited is established in the EEA and registered under Regulation (EC) No. 1060/2009 (as amended) (the “**EU CRA Regulation**”). S&P is not established in the EEA or in the UK and has not applied for registration under either of the EU CRA Regulation or the UK CRA Regulation. However, S&P Global Ratings Europe Limited has endorsed the rating of S&P. S&P Global Ratings Europe Limited is established in the EEA and is registered under the EU CRA Regulation. Standard & Poor’s Global Ratings UK Limited has endorsed the ratings of S&P. Standard & Poor’s Global Ratings UK Limited is established

in the UK and is registered under the UK CRA Regulation. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating organisation.

The Notes will be issued in registered form in the denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. Delivery of the Notes will be made on or about the Issue Date. The Regulation S Notes will upon issue be represented by a single global note certificate (the "**Regulation S Global Note Certificate**") in registered form, which will be deposited with a common depository (the "**Common Depository**") for, and registered in the name of a nominee of, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") on or about the Issue Date for the accounts of their respective accountholders. The Rule 144A Notes will be evidenced by a global note certificate (the "**Rule 144A Global Note Certificate**") and, together with the Regulation S Global Note Certificate, the "**Global Note Certificates**", which will be registered in the name of a nominee of, and deposited with a custodian for, The Depository Trust Company (the "**DTC**"). Ownership interests in the Global Note Certificates will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear and Clearstream, Luxembourg (as applicable) and their respective participants.

Joint Global Coordinators

Citigroup

Deutsche Bank

Emirates NBD Capital

Joint Bookrunners and Joint Lead Managers

**Arab African International
Bank**

Citigroup

**Commercial Bank of Dubai
P.S.C.**

Deutsche Bank

Emirates NBD Capital

Mashreq

The date of this Offering Memorandum is 02 October 2023.

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IMPORTANT NOTICES

This Offering Memorandum complies with the requirements of Part 2 of the Markets Law and Chapter 2 of the Market Rules.

Each of the Issuer and the Guarantors accepts responsibility for the information contained in this Offering Memorandum. To the best of the knowledge and belief of each of the Issuer and the Guarantors (each of which has taken all reasonable care to ensure that such is the case), the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. Where third-party information has been used in this Offering Memorandum, the source of such information has been identified. Such information has been accurately reproduced and, as far as the Issuer and the Guarantors are aware and are able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Although the Issuer and the Guarantors accept responsibility for the accurate extraction of such third-party information, they have not independently verified the accuracy of such information and, therefore, they do not accept further responsibility in respect of such information.

The Issuer and the Guarantors, having made all reasonable enquiries, confirm that this Offering Memorandum contains all information with respect to the Issuer and its subsidiaries taken as a whole (the “**Group**”), the Notes and the Guarantees which is material in the context of the issue and Offering of the Notes and the Guarantees; the statements contained in this Offering Memorandum relating to the Issuer, the Guarantors and the Group are true and accurate in all material respects and not misleading in any material respect; the opinions, intentions and expectations expressed by the Issuer and/or the Guarantors in this Offering Memorandum with regard to the Issuer, the Guarantors and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; there are no other facts in relation to the Issuer, the Guarantors, the Group, the Notes or the Guarantees, the omission of which would, in the context of the issue and Offering of the Notes, make any statement in this Offering Memorandum misleading in any material respect; and all reasonable enquiries have been made by the Issuer and the Guarantors to ascertain the facts, information and statements contained in this Offering Memorandum.

The contents of the Issuer’s or any Guarantor’s websites do not form any part of this Offering Memorandum and have not been scrutinised or approved by the London Stock Exchange or the DFSA. The websites are mainly addressed to potential clients for services of the Issuer and/or Guarantors and, therefore, information available on such websites may differ in content or may be organised differently than information in this Offering Memorandum. For the purposes of making an investment decision regarding the Notes, you should not rely on such websites.

This Offering Memorandum may only be used for the purposes for which it has been published.

This Offering Memorandum does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantors or the Joint Lead Managers (as defined in “*Subscription and Sale*”) to subscribe for, or purchase any of, the Notes where it is unlawful to do so. The distribution of this Offering Memorandum and the Offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Memorandum comes are required by the Issuer, the Guarantors and the Joint Lead Managers to inform themselves about and to observe any such restrictions.

For a description of further restrictions on offers and sales of the Notes and distribution of this Offering Memorandum, see “*Subscription and Sale*”.

No person is authorised to give any information or to make any representation not contained in this Offering Memorandum and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Guarantors or the Joint Lead Managers. Neither the delivery of this Offering Memorandum nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, the Guarantors or the Group since the date hereof or the date upon which this Offering Memorandum has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer, the Guarantors or the Group since the date hereof or the date upon which this Offering Memorandum has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the

Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Pursuant to the recommendation in the voluntary process guidelines for issuing green bonds published by the International Capital Markets Association (“**ICMA**”) (the “**Green Bond Principles**”) that issuers use external review to confirm their alignment with key features of the Green Bond Principles, at the Issuer’s request, Institutional Shareholder Services (“**ISS**”) has issued a second party opinion dated 26 June 2023 (the “**Opinion**”) in relation to the Issuer’s Green Framework (as defined herein). The Green Framework and the Opinion are not incorporated into and do not form part of this Offering Memorandum. None of the Joint Lead Managers makes any representation as to the suitability or content of the Green Framework and none of the Issuer, the Guarantors, PwC or the Joint Lead Managers makes any representation as to the suitability of the Opinion. The Opinion is not a recommendation to buy, sell or hold the Notes and is only current as of the date it was initially issued. Furthermore, the Opinion is for information purposes only and ISS does not accept any form of liability for its content and/or any liability for loss arising from the use of the Opinion and/or the information provided therein.

This Offering Memorandum contains reference to an environmental, social and governance (“**ESG**”) rating having been assigned to the Issuer by ISS Corporate Solutions. An ESG rating does not represent a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. As at the date of this Offering Memorandum, ESG rating organisations are not regulated or monitored in a similar manner to corporate credit rating organisations and so prospective investors must determine for themselves the relevance, suitability and reliability of such information for the purpose of any investment in the Notes together with any other investigation such investor deems necessary. Among other things, an ESG rating is primarily based on publicly available information about the Group and an individual underlying rating methodology that is not uniformly applied by other ESG rating organisations or at an industry level. No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any such rating of any third party which may or may not be made available in connection with the Group’s operations and their ability to fulfil any environmental, sustainability, social and/or other criteria employed by such ESG rating organisation. Further, no assurance is given by the Issuer or any Joint Lead Manager that the ESG rating will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of the Group’s operations. None of the Issuer or any Joint Lead Manager makes any representation as to the suitability or reliability of such ESG rating, as well as the accuracy and/or completeness of the underlying methodology applied by the relevant rating organisation in assigning such ESG rating.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Agents (as defined in the “*Terms and Conditions of the Notes*” (the “**Conditions**”)) or the Trustee accepts any responsibility whatsoever for the contents of this Offering Memorandum or for any other statement made or purported to be made by any Joint Lead Manager, any Agent or the Trustee or on its behalf in connection with the Issuer, the Guarantors, the Group or the issue and Offering of the Notes or the Guarantees. Each Joint Lead Manager, each Agent and the Trustee accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Memorandum or any such statement.

Prospective investors should not construe anything in this Offering Memorandum as legal, business or tax advice. Each prospective investor should consult its own advisers as needed to make its investment decision and determine whether it is legally able to purchase the Notes under applicable laws or regulations.

None of the Joint Lead Managers, the Agents or the Trustee or their respective affiliates have independently verified the information contained herein. Accordingly, no representation or warranty, express or implied, is made by the Joint Lead Managers, the Agents or the Trustee as to the accuracy or completeness of the information set forth in this Offering Memorandum, and nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation, whether as to the past or the future. None of the Joint Lead Managers, the Agents, the Trustee or any of their respective affiliates have authorised the whole or any part of this Offering Memorandum and none of them makes any representation or warranty or assumes any responsibility for the accuracy or completeness of the information set forth in this Offering Memorandum or

any responsibility for any acts or omissions of the Issuer, any of the Guarantors or any other person (other than the relevant Joint Lead Manager) in connection with the issue and Offering of the Notes. Each person contemplating making an investment in the Notes must make its own investigation and analysis of the creditworthiness of the Issuer, the Guarantors and the Group and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investments.

None of the Issuer, the Guarantors, the Joint Lead Managers, the Agents, the Trustee or any of their respective representatives is making any representation to any prospective investor in the Notes regarding the legality of an investment by such offeree or purchaser under appropriate legal investment or similar laws. Each prospective investor should consult with its own advisers as to the legal, tax, business, financial and related aspects of a purchase of the Notes.

This Offering Memorandum has been prepared solely for use in connection with the Offering of the Notes described in this Offering Memorandum. This Offering Memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes. Distribution of this Offering Memorandum to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised, and any other disclosure of any of its contents, without the prior written consent of the Issuer, the Guarantors and the Joint Lead Managers is prohibited. Each prospective investor, by accepting delivery of this Offering Memorandum, agrees to the foregoing and to make no photocopies of this Offering Memorandum or any documents referred to in this Offering Memorandum.

The Issuer and the Guarantors reserve the right to withdraw the Offering of the Notes at any time. The Issuer, the Guarantors and the Joint Lead Managers reserve the right to reject any offer to purchase the Notes in whole or in part for any reason or no reason and to allot to any prospective investor less than the full principal amount of the Notes sought by it.

NOTICE TO U.S. INVESTORS

The Offering of the Notes is being made in the United States in reliance upon an exemption from registration under the Securities Act for an offer and sale of the Notes which does not involve a public offering. In making your purchase, you will be deemed to have made certain acknowledgements, representations, warranties and agreements that are described in this Offering Memorandum. See "*Selling and Transfer Restrictions*".

This Offering Memorandum is being provided (1) to a limited number of U.S. investors that the Issuer reasonably believes to be QIBs under Rule 144A for informational use solely in connection with their consideration of the purchase of the Notes and (2) to investors outside the United States in reliance on Regulation S. Prospective investors are hereby notified that the sellers may be relying on the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

The Notes and the Guarantees described in this Offering Memorandum have not been registered with, recommended by or approved by, the U.S. Securities and Exchange Commission (the "SEC"), any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC, any state securities commission in the United States or any such securities commission or authority passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offence.

NOTICE TO INVESTORS IN CANADA

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a

misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal adviser.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (“**NI 33-105**”) or Ontario Instrument 33-507 *Exemption from Underwriting Conflicts Disclosure Requirements*, the Joint Lead Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this Offering.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

In the United Kingdom, this Offering Memorandum is only being distributed to and is only directed at: (i) persons who have professional experience in matters relating to investments and fall within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”); (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order; and (iii) persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (as amended, the “**FSMA**”)) in connection with the issue or sale of any securities may otherwise lawfully be communicated or be caused to be communicated (all such persons together being referred to as “**relevant persons**”). Any investment or investment activity to which this Offering Memorandum relates is only available to, and the Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Offering Memorandum or any of its contents.

UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in UK MiFIR; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK PRIIPs Regulation / Prohibition of sales to UK retail investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA, and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive (as defined below), where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR. Consequently, no key information document required by the PRIIPs Regulation (as defined below) as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market

assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

PRIIPs Regulation / Prohibition of sales to EEA retail investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

NOTICE TO INVESTORS IN THE BRITISH VIRGIN ISLANDS

This Offering Memorandum is not intended to be distributed (either directly or indirectly) to individuals that are members of the public in the BVI or otherwise to individuals in the BVI. The Notes are only available to, and any invitation or offer to subscribe, purchase or otherwise acquire the Notes will be made only to, persons outside the BVI, with the exception of persons resident in the BVI solely by virtue of being a company incorporated in the BVI. Any person who is a member of the public in the BVI (other than solely by virtue of being a company incorporated in the BVI) or who receives this Offering Memorandum in the BVI (other than in the case of a person resident in the BVI solely by virtue of being a company incorporated in the BVI, at its registered office in the BVI) should not act or rely on this Offering Memorandum or any of its contents.

NOTICE TO INVESTORS IN THE CAYMAN ISLANDS

No invitation, whether directly or indirectly, may be made to any member of the public in the Cayman Islands to subscribe for any Notes and this Offering Memorandum shall not be construed as an invitation to any member of the public of the Cayman Islands to subscribe for any Notes.

NOTICE TO INVESTORS IN THE KINGDOM OF SAUDI ARABIA

This Offering Memorandum may not be distributed in the Kingdom except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this Offering Memorandum you should consult an authorised financial adviser.

NOTICE TO INVESTORS IN THE KINGDOM OF BAHRAIN

In relation to investors in the Kingdom of Bahrain, Notes issued in connection with this Offering Memorandum and related offering documents may only be offered in registered form to existing account holders and accredited investors as defined by the Central Bank of Bahrain (the “**CBB**”) in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.\$100,000 or any equivalent amount in other currency or such other amount as the CBB may determine.

This Offering Memorandum does not constitute an offer of securities in the Kingdom of Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Offering Memorandum and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Notes may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Offering Memorandum or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside Bahrain.

The CBB has not reviewed, approved or registered this Offering Memorandum or related offering documents and it has not in any way considered the merits of the securities to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this document and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this document. No offer of securities will be made to the public in the Kingdom of Bahrain and this Offering Memorandum must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

NOTICE TO INVESTORS IN THE STATE OF QATAR

Any Notes issued in connection with this Offering Memorandum will not be offered, sold or delivered, directly or indirectly, in the State of Qatar (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Offering Memorandum has not been and will not be reviewed or approved by, or registered with, the Qatar Financial Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority in accordance with their regulations or any other regulations in the State of Qatar. The Notes are not and will not be traded on the Qatar Stock Exchange. The Notes and interests therein will not be offered to investors domiciled or resident in the State of Qatar and do not constitute debt financing in the State of Qatar under the Commercial Companies Law No. (11) of 2015 or otherwise under the laws of Qatar.

NOTICE TO INVESTORS IN THE ABU DHABI GLOBAL MARKET

This Offering Memorandum relates to an Exempt Offer in accordance with the Market Rules of the Financial Services Regulatory Authority (the “**FSRA**”) of the Abu Dhabi Global Market (the “**ADGM**”). This Offering Memorandum is intended for distribution only to persons of a type specified in the Market Rules. It must not be delivered to, or relied on by, any other person. The FSRA has no responsibility for reviewing or verifying any documents in connection with an Exempt Offer. The FSRA has not approved this Offering Memorandum or taken steps to verify the information set out in it, and has no responsibility for it. The Notes may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Notes should conduct their own due diligence on the Notes. If you do not understand the contents of this Offering Memorandum, you should consult an authorised financial adviser.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (2020 REVISED EDITION) OF SINGAPORE

Notification under Section 309B(1)(c) of the Securities and Futures Act – In connection with Section 309B of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (as modified or amended from time to time, the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

AVAILABLE INFORMATION

The Issuer has agreed that, for so long as any Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, it will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner or to the Principal Paying Agent (as defined herein) for delivery to such holder, beneficial owner or prospective purchaser, in each case upon the request of such holder, beneficial owner, prospective purchaser or Principal Paying Agent, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

STABILISATION

In connection with the Offering of the Notes, the Issuer intends to appoint a stabilisation manager which may (or may appoint persons acting on its behalf to) over allot Notes or effect transactions with a view to supporting

the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the issue date. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment shall be conducted in accordance with all applicable laws and rules.

INDUSTRY AND MARKET DATA AND VALUATION

Market and Industry Data

In this Offering Memorandum, reference is made to information regarding the Group's business and the markets in which it operates and competes. Unless otherwise indicated, the market, statistical economic and industry data (including, without being limited to, information concerning markets, market sizes, market shares, market positions and other industry data) included in this Offering Memorandum has been derived using the underlying data from publicly available sources, independent third parties, industry publications and reports, including information otherwise obtained from CBRE Dubai LLC ("**CBRE**"). Industry publications and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. These industry publications and forecasts typically reflect market conditions on the date of their publication and they are subject to uncertainties and contingencies and the views, opinions and/or projections presented therein are based on subjective analyses of current market circumstances. Market data, statistics and other information are inherently forward-looking, speculative and subject to uncertainty, and do not necessarily reflect actual market conditions.

Any information sourced from third parties has been accurately reproduced and, as far as the Issuer and the Guarantors are aware and are able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Group has not independently verified such information and cannot guarantee its accuracy or completeness. Therefore, the industry, market and statistics information or any data extracted from, or based on, such information included in this Offering Memorandum should be viewed with caution. Such industry, market and statistics information or data may also differ from estimates made by the Group's competitors or from other independent sources.

Additionally, such information involves risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "*Risk Factors*" in this Offering Memorandum. As a result, none of the Issuer, the Guarantors or the Joint Lead Managers gives any assurance as to the accuracy and completeness of, or takes any responsibility for, such industry, market and statistics information or data contained in this Offering Memorandum.

Valuation

Valuation Reports

The fair value of the properties within the Group's portfolio is determined on the basis of valuation reports (the "**Valuation Reports**") prepared by 2 external valuers (as defined by the Royal Institution of Chartered Surveyors' Valuation-Global Standards). For the valuation of the Dubai properties (as discussed below), the Issuer has engaged CBRE and, for the valuation of the Swiss property (as discussed below), the Issuer has engaged a leading external independent valuer (together with CBRE, the "**Appraisers**"). The Valuation Reports and corresponding Condensed Valuation Reports prepared by CBRE are appended to this Offering Memorandum as Annex A on page A-1 for the Group's portfolio as of 30 June 2023 and 2022, and Annex B on page B-1 for the Group's portfolio as of 31 December 2022, 2021 and 2020 (the "**Condensed Valuation Reports**"). The table below sets out the breakdown of the appraisals of the properties within the Group's portfolio as of 31 December 2022 and 30 June 2023, which have been extracted from the Condensed Valuation Reports of each respective property. These aggregate fair values should be considered in conjunction with the adjustments explained under "*Fair Value Reconciliation*" below.

The table below sets out the breakdown of the total fair value attributable to the Group as at 31 December 2022 and 30 June 2023:

	As at 31 December 2022*		As at 30 June 2023*	
	Summary of Fair Value Attributable to the Group	Percentage of Fair Value	Summary of Fair Value Attributable to the Group	Percentage of Fair Value
	(in AED thousand)	Attributable to the Group	(in AED thousand)	Attributable to the Group
FIVE Palm Jumeirah	3,114,100	45.4%	3,136,183	44.7%
FIVE Jumeirah Village	852,828	12.4%	855,517	12.2%
FIVE Zurich	595,081 ¹	8.7%	568,717 ²	8.1%
FIVE Luxe	2,294,115	33.5%	2,461,085	35.0%
Total property portfolio (Aggregate of Fair Value Attributable to the Group)	6,856,124	100%	7,021,502	100%

Notes:

* Numbers in the table rounded off to the nearest hundreds.

¹ CHF 149,800,000 converted into AED using the exchange rate CHF 1.00 = AED 3.9725

² CHF 138,600,000 converted into AED using the exchange rate CHF 1.00 = AED 4.1033

The valuations have been undertaken in accordance with the Royal Institution of Chartered Surveyors (the “**RICS**”) Valuation-Global Standards (incorporating the International Valuation Standards Council’s International Valuation Standards) effective from 31 January 2022 (the “**Red Book**”), issued by the RICS, on the basis of fair value as defined in International Financial Reporting Standards (“**IFRS**”) 13 “Fair Value Measurement” (“**IFRS 13**”) as “The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”. The RICS Valuation-Global Standards contains mandatory rules, best practice guidance and related commentary for all members undertaking asset valuations. Fair value for the purpose of financial reporting under IFRS 13 is effectively the same as ‘market value’ which is defined in the Red Book as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”. As required by the mandatory rules of the RICS, the Appraisers have confirmed that they did not have a conflict of interest when preparing the Valuation Reports, and that they adhere to the rules of conduct as required by the RICS.

CBRE has approved the content of the CBRE Valuation Reports and the Condensed Valuation Reports, consented to its form and the context in which they appear in this Offering Memorandum and authorised the inclusion of its Condensed Valuation Reports in this Offering Memorandum. Having relied upon management information and taken all reasonable care to ensure that such is the case, the information contained in the Condensed Valuation Reports in this Offering Memorandum for which CBRE responsible is, to the best of CBRE’s knowledge, in accordance with the facts and contains no omission likely to affect its import.

Any valuation related data presented separately to the Condensed Valuation Reports in this Offering Memorandum should be read and understood with the relevant Valuation Report in its entirety. Any information included in this Offering Memorandum on the basis of the Condensed Valuation Reports, is presented on a non-reliance basis for information purposes only. Unless such liability is imposed by relevant securities laws, CBRE accepts no responsibility for the information contained in the Condensed Valuation Reports or any data extracted from, or based on, such reports towards third parties, including investors in the Notes, and excludes any liability for such information to the fullest extent legally possible.

Assumptions Critical to the Valuation Reports

CBRE Valuation Reports

All values referenced in this Offering Memorandum must be read in conjunction with the CBRE Valuation Reports and Condensed Valuation Report. The CBRE Valuation Reports draw attention to key issues and considerations impacting value and provide a detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations, qualifications and recommendations.

Commercial investments of this nature are inherently complex and market conditions are volatile and have been uncertain in recent times.

General Market Volatility

CBRE draws your attention to the fact that a combination of global inflationary pressures (leading to higher interest rates) and recent failures/stress in banking systems have significantly increased the potential for constrained credit markets, negative capital value movements and enhanced volatility in property markets.

It is important to note that the conclusions set out in the CBRE Valuation Reports are valid as at the valuation date only. Where appropriate, CBRE recommends that the valuation is closely monitored, as markets respond to evolving events. This should be considered in any investment decision.

Hotel and Tourism Property – Heightened Volatility

The value of hotels and tourism related property is traditionally volatile and can be subject to rapid changes of value in short timeframes. These property types appeal to a narrow and very specific segment of the market which can be significantly impacted by many factors such as, broader economic conditions, migration, changes to operating costs and inflation, travel and visa restrictions (both domestic and international) and other changes to government policy, which may materially impact levels of supply and demand for the product. All these (and more) factors will likely have a significant impact on the value and demand for the subject property.

Going forward, there will be several key factors which impact the viability of hotel and leisure properties and their underlying values. The key factors which may affect the value of a property are:

- due to the condo-hotel nature of the Dubai properties subject to the CBRE Valuation Reports, the inventory of the hotel apartments component can vary affecting performance of the properties;
- the FIVE Jumeirah Village property is in a non-established hospitality market and mostly under development community of Dubai;
- new supply and increased competition within the Dubai hospitality market; and
- undercutting of rates by local hotels and inferior quality hotels to gain market share.

In addition, we also note that recent stresses in the banking system may significantly restrict access to capital. Moreover, the current market cycle is likely at, or close to, its peak valuation.

As experienced in previous market cycles, the value of hotel and tourism related property can undergo rapid and significant price corrections, as supply, demand and cost factors change which should be considered in any investment decisions. This should be considered in any investment decision.

Valuation Uncertainty

Market transactions involving hotels with similar operating structures are limited and as such our valuations include appropriate adjustments and subjective analysis. As such, the CBRE Valuation Reports contain a higher than usual (for hotel/leisure properties) degree of inherent uncertainty. This should be considered in any investment decision.

Key Assumptions – Valuation of a Trade Related Property

Going Concern basis of Valuation

Hotel and leisure properties are normally bought and sold on the basis of their trading potential. The essential characteristic of this type of property is that they have been designed or adapted for a specific use, and the resulting lack of flexibility means that the value of the property interest is intrinsically linked

to the returns that an owner can generate from that use. The value therefore reflects the trading potential of the property. It can be contrasted with generic property that can be occupied by a range of different business types, such as standard office, industrial or retail property.

The CBRE Valuation Reports have been assessed having regard to trading potential of the business currently operating on the relevant property. In this regard, we have made the assumption of the continued operation of the current hotel business on the relevant property. The current value of the relevant property is intrinsically linked to the successful operation of the current hotel business. Any change, deterioration or cessation of the business practices as detailed in the CBRE Valuation Reports would have a significantly detrimental impact on the relevant property's value. This should be considered in any investment decision. The CBRE Valuation Reports take no account of the costs of business closure, disruption or any other costs associated with realising this value and is not a vacant possession value.

Aggregated Value

CBRE has valued the relevant properties individually (assuming a separate sale) at the respective valuation dates included within the CBRE Valuation Reports, and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.

Under Construction Development Valuation

FIVE Luxe is under development. The value of development projects is traditionally highly volatile and can be subject to rapid changes of value in short timeframes. These property types appeal to a narrow and very specific segment of the market, which can be significantly impacted by many factors such as broader economic conditions, changes to government policy, fluctuating levels of supply and demand for the product, changes in building costs and the availability and cost of development finance. All these (and more) factors will likely have a significant impact on the value and demand for FIVE Luxe.

Going forward, there will be several key factors which impact the viability of hospitality projects and the underlying land values. Key concerns are rising construction costs, substantial new supply levels and easing investor demand for the final product. In addition, recent stresses in the banking system may significantly restrict access to development capital and increase the cost of development finance.

As experienced in previous market cycles, the value of development projects can undergo rapid and significant price corrections, as supply, demand and cost factors change. This should be considered in any investment decision.

Different Operational Treatments

CBRE has valued the fair value of the freehold interest in each of the Dubai properties as outlined in the Condensed Valuation Reports. As requested by the Company, CBRE has apportioned the hypothetical value per category/income source specifically for accounting purposes under the relevant IFRS requirements as outlined below. Save as provided elsewhere in this Offering Memorandum, CBRE disclaims all liability in regard to the individual apportioned values.

The following tables set forth the breakdown of valuations provided by CBRE considering the differential operational treatments and various special purpose vehicles operating at FIVE Palm Jumeirah and FIVE Jumeirah Village:

FIVE Palm Jumeirah

Fair value apportionment by income source

Period*	Fair Value (in AED thousand)	Hotel Operational Cash Flows (in AED thousand)	FIVE Management Fees** (in AED thousand)	Third Party Income (in AED thousand)	Condo units*** – sold inventory revenue to be received (in AED thousand)
MY 2023	4,208,100	2,507,200	688,600	1,000,600	11,700
MY 2022	3,920,200	2,275,900	625,100	991,100	28,000
YE 2022	4,208,200	2,488,000	691,700	1,000,500	28,000
YE 2021	3,868,300	2,173,100	605,700	960,300	129,200
YE 2020	2,912,300	1,542,400	439,400	761,500	169,000

* Numbers in the table rounded off to the nearest hundreds.

** Management fees represent the fees payable to one of the Group companies, FIVE International Hotel Management LLC, in consideration of its expertise, know-how and guidance on the management and operation of hotels. As it is payable to a wholly-owned subsidiary of the Group and is not accounted as an expense in the Financial Statements, it is added back into the valuation.

*** Condo units refer to units disposed / to be disposed of under the PLF Arrangement.

Fair value apportionment by category

Period*	Fair Value (in AED thousand)	FIVE Revenue (in AED thousand)	Room (in AED thousand)	FIVE Hospitality (in AED thousand)	Holiday Homes (in AED thousand)	Condo units** – sold inventory revenue to be received (in AED thousand)
MY 2023	4,208,100	2,203,300		1,933,500	59,600	11,700
MY 2022	3,920,200	2,153,700		1,694,400	44,100	28,000
YE 2022	4,208,200	2,203,300		1,911,300	65,600	28,000
YE 2021	3,868,300	2,121,300		1,548,600	69,200	129,200
YE 2020	2,912,300	1,659,000		1,031,300	53,000	169,000

* Numbers in the table rounded off to the nearest hundreds.

** Condo units refer to units disposed / to be disposed of under the PLF Arrangement.

FIVE Jumeirah Village

Fair value apportionment by income source

Period*	Fair Value (in AED thousand)	Hotel Operational Cash Flows (in AED thousand)	FIVE Management Fees** (in AED thousand)	Third Party Income (in AED thousand)	Condo units**** – sold inventory revenue to be received (in AED thousand)	Condo units**** – inventory to sell (in AED thousand)
MY 2023	1,394,100	597,200	190,100	361,900	4,900	240,000
MY 2022	1,127,900	593,200	187,100	347,600	N/A***	N/A***
YE 2022	1,389,800	594,400	189,500	361,000	4,900	240,000
YE 2021	1,102,800	591,700	179,100	332,000	N/A***	N/A***
YE 2020	965,400	513,300	156,500	295,500	N/A***	N/A***

* Numbers in the table rounded off to the nearest hundreds.

** Management fees represent the fees payable to one of the Group companies, FIVE International Hotel Management LLC, in consideration of its expertise, know-how and guidance on the management and operation of hotels. As it is payable to a wholly-owned subsidiary of the Group and is not accounted as an expense in the Financial Statements, it is added back into the valuation.

*** Condo unit receivables were not applicable for the aggregate fair value calculation in the years ended 31 December 2020 and 31 December 2021 and the six-month period ended 30 June 2022 as no units had been brought to the market during these periods.

**** Condo units refer to units disposed / to be disposed of under the PLF Arrangement.

Fair value apportionment by category

Period*	Fair Value (in AED thousand)	FIVE Room Revenue (in AED thousand)	FIVE Hospitality (in AED thousand)	Condo units*** – sold inventory revenue to be received (in AED thousand)	Condo units*** –inventory to sell (in AED thousand)
MY 2023	1,394,100	880,100	269,100	4,900	240,000
MY 2022	1,127,900	864,900	263,000	N/A**	N/A**
YE 2022	1,389,800	877,000	267,900	4,900	240,000
YE 2021	1,102,800	853,800	249,000	N/A**	N/A**
YE 2020	965,400	789,800	175,600	N/A**	N/A**

* Numbers in the table rounded off to the nearest hundreds.

** Condo unit receivables were not applicable for the aggregate fair value calculation in the years ended 31 December 2020 and 31 December 2021 and the six-month period ended 30 June 2022 as no units had been brought to the market during these periods.

*** Condo units refer to units disposed / to be disposed of under the PLF Arrangement.

FIVE Luxe is under development as at the date of this Offering Memorandum. Please refer to the Condensed Valuation Reports for further details on the valuation of FIVE Luxe.

The Valuation Reports and the Condensed Valuation Reports have not been updated since their respective dates and the valuations included therein are current only as of their respective dates. Any changes to the condition, operating performance, results, market conditions or assumptions subsequent to the date of each such valuation are not reflected therein. Accordingly, the valuations may not or may no longer accurately reflect the value of the property to which they relate and do not necessarily represent current or future sales prices that the Group would be able to realise on the sale / disposal of its properties. The Issuer cannot assure investors that the projections, inputs or assumptions used, estimates made or procedures followed in the fair valuation of the Group's property portfolio are correct, accurate or complete. Any opinions or conclusions reached in the Valuation Reports or the Condensed Valuation Reports are dependent upon these assumptions, estimates and projections that may or may not occur. All conclusions are based on information available at the time of the valuation date indicated in the Valuation Reports or the Condensed Valuation Reports. Changes in factors upon which the review was based could affect the results. The cash flow forecasts, which form part of the valuation applied in the Valuation Reports or the Condensed Valuation Reports, are inherently uncertain because of events, or combinations of events, which cannot reasonably be foreseen, including the actions of governments, individuals, third parties and competitors. There is no implied warranty of merchantability or fitness for a particular purpose to apply. In addition, the valuations set forth in the Valuation Reports and the Condensed Valuation Reports rely on information that the Group produces and shares with the Appraisers, such as the number of properties, the number of rooms, room rates, occupation rates, assumptions, building descriptions, costs, business plans and planned future capital expenditures. To the extent that such assumptions or factors considered in valuing the selected properties included in the report change in the future, the assessed value of the property may not accurately reflect the actual fair value of the property, or the estimated yield of any such property.

The Valuation Reports and the Condensed Valuation Reports were prepared at the request of the Issuer and/or its affiliates and the valuations presented therein differ and may in the future differ from valuations of the properties prepared upon the request of third parties, including the Group's lenders and other financing sources. In addition, the methodologies and assumptions used in such reports may differ from those used in the Valuation Reports. Data included in this Offering Memorandum that is derived from the Valuation Reports involves risks and uncertainties and is subject to change based on a variety of external factors, including those discussed in the section entitled "Risk Factors".

Fair Value Reconciliation

The Group appointed CBRE as an independent external valuer to assess the fair value of its land and buildings in Dubai. Certain downward adjustments were made to the fair valuation determined by CBRE for the revaluation of the fixed assets in the Annual Financial Statements in accordance with the principles of IFRS.

According to IAS 16 for "property, plant and equipment" entities have the option to value their fixed assets, or a class of fixed assets, at either historical cost or fair value. The Group has chosen to adopt a fair market valuation accounting policy for its land and building, which are part of the non-current assets. CBRE has employed the profit approach as a means of determining the fair value of the property and

equipment under non-current assets. This profit approach involves considering the net present value of future cash inflows, which includes revenue minus all expenses (excluding profit tax) and the expected proceeds from the disposal of undisposed inventory under the PLF Arrangement. This net present value is then considered as the fair value of the property.

Since CBRE employed the profit approach to ascertain the fair valuation, specific adjustments were made to the resulting valuation in order to align with accounting requirements (the “**Adjusted Fair Value**”). The following section outlines the adjustments made to the fair value determined by CBRE.

Receivables from disposed and undisposed inventory

The fair value determined by CBRE incorporates the present value of the receivables from disposals (including expected disposals) from both disposed and undisposed inventory. However, the receivables arising from such inventory will be treated as a financing arrangement under the PLF Arrangement, with payments expected to be made to the owners of such inventory. Consequently, the fair value determined by CBRE has been adjusted. This adjustment involved excluding the present value of these receivables from the fair value, taking into account the valuation of disposed and undisposed inventory quantified in the CBRE Valuation Reports. The Group has applied this adjustment to the valuation of all of its land and building assets located in Dubai.

Adjustments of 5-year leases under IFRS 16

The determination of fair value by CBRE incorporates the present value of the net cash inflows from all units within the hotel, including the hotel apartments, which are accounted in accordance with IFRS 16. In the case of FIVE Jumeirah Village, the hotel apartments are sold to individual owners, who are granted a non-binding option to include these apartments in the pool of assets managed by the Group. This option is provided under a 5-year lease agreement in exchange for consideration. Through this arrangement, the Group acquires the right to utilise these assets as a lessee for a period of 5 years. Consequently, these assets are recognised as “Right to Use” under IFRS 16. Since these assets are to be capitalised under IFRS 16, they cannot be valued at fair value or accounted under IAS 16 for “property, plant and equipment”. As a result, the aggregate fair value of FIVE Jumeirah Village as determined by CBRE is adjusted by excluding the present value of future net cash inflows from these apartments. To give effect to this adjustment, the valuation of future net cash inflows from these apartments was determined by the Issuer by proportionally extracting a share from CBRE’s revenue valuation attributed to the total rooms, based on the square footage area of these apartments relative to the total area of all rooms (the “**cash flows from IFRS 16 assets**”).

Adjustment of Holiday Homes

The fair value determined by CBRE takes into account the present value of the net cash inflows from all units within the hotel, including the hotel holiday homes. In the case of FIVE Palm Jumeirah, holiday homes are sold to individual owners with a non-binding option to include these homes in the pool of assets managed by the Group. This non-binding option involves a renewable 1-year contract for managing the holiday homes in lieu of variable consideration. Pursuant to this contract, the Group assumes the responsibility for managing and operating these holiday homes as an agent, while the individual owners do not have any compulsory obligation towards the Group. Accordingly, since the sale results in effective transfer of control over these assets to individual owners, they are not recognised as fixed assets in the Group’s financial statements. Consequently, CBRE’s assessment of the aggregate fair value of FIVE Palm Jumeirah is adjusted by excluding the fair value of these holiday homes, which is determined based on the valuation quantified in the relevant CBRE Valuation Reports.

The following tables outline the accounting adjustments made to CBRE’s fair value assessment of land and building assets situated in Dubai as at the dates indicated below:

Fair Value Reconciliation - FIVE Palm Jumeirah

	As at 31 December			As at 30 June
	2020	2021	2022	2023
	<i>(AED thousand)</i>			
Fair Value as per Condensed Valuation Reports.....	2,912,300	3,868,300	4,208,200	4,208,100
Less: Adjustments of receivables ¹	(169,000)	(129,200)	(28,000)	(11,700)
Less: Holiday Home Value ²	(53,000)	(69,200)	(65,600)	(59,589)
Add/Less: Round-off adjustments	-	-	-	(28)
Fair Value of FIVE Palm Jumeirah.....	2,690,300	3,669,900	4,114,600	4,136,783

Notes:

- (1) Represents the present value of receivables from disposals expected from disposed inventory, as assessed by CBRE and presented in the Condensed Valuation Reports.
- (2) Represents the fair value of the holiday homes, as assessed by CBRE and presented in the Condensed Valuation Reports.

Fair Value Reconciliation - FIVE Jumeirah Village

	As at 31 December			As at 30 June
	2020	2021	2022	2023
	<i>(AED thousand)</i>			
Fair Value as per Condensed Valuation Reports.....	965,400	1,102,800	1,389,800	1,394,100
Less: Adjustments of receivables ¹	-	-	(244,900)	(244,900)
Less: Adjustment of 5-year leases under IFRS 16 ²	(263,067)	(285,087)	(290,757)	(291,771)
Add/Less: Round-off adjustments	-	-	-	5
Fair Value of FIVE Jumeirah Village.....	702,333	817,713	854,143	857,434

Notes:

- (1) Represents the present value of receivables from disposals expected from both disposed and undisposed inventory, as assessed by CBRE and presented in the Condensed Valuation Reports.
- (2) Represents the present value of future net cash flows from IFRS 16 assets.

Fair Value Reconciliation - FIVE Luxe

	As at 31 December		As at 30 June
	2021	2022	2023
	<i>(AED thousand)</i>		
Fair Value as per Condensed Valuation Reports.....	860,238	2,294,115	2,461,100
Less: Adjustments of receivables ¹	-	(927,805)	(859,597)
Add/Less: Round-off adjustments	-	-	(15)
Fair Value of FIVE Luxe.....	860,238	1,366,310	1,601,488

Notes:

- (1) Represents the present value of receivables from disposals expected from disposed and undisposed inventory, as assessed by CBRE and presented in the Condensed Valuation Reports.

Third Party Income

The Group employs the PLF Arrangement (as defined below) as part of its business model. This involves entering into sale and leaseback agreements with customers (referred to as buyers-lessors) to dispose and leaseback hotel rooms and hotel apartments following the commencement of hotel operations, see “*Business of the Group—Business Model—Perpetual-like Financial Arrangement*”. The terms of these arrangements are such that they are in substance financing arrangements, whilst the legal form reflects a sale and leaseback arrangement. To reflect these transactions for accounting purposes, the Group assesses whether the initial transfer of the underlying asset to the buyers-lessors qualifies as a sale, applying the guidelines outlined in IFRS 15. If it is determined to be a sale, the Group derecognises the underlying asset from its records. However, if the transfer is not considered a sale, the Group continues to recognise the underlying asset on its balance sheet and records a financial liability for the amount received from the buyers-lessors. In order to make this determination, the Group makes an overall assessment of whether the leaseback transfers substantially all of the risk and benefits incidental to ownership of the underlying assets to the Group. If this is the case, the initial transfer is not recognised as a sale. Under the PLF Arrangement, the leaseback option provides the Group with

access to and control limited to 30 years from the date of the commencement of hotel operations for FIVE Palm Jumeirah (including the leases of 36 hotel apartment Keys with a term of 1 year, which are expected to be renewed for the majority of the useful life of the unit, i.e. 30 years) and FIVE Jumeirah Village, and 50 years from the date of the commencement of hotel operations for FIVE Luxe (which is currently under development) of the hotel rooms and hotel apartments covered by this arrangement. Therefore, despite the disposal of hotel rooms and hotel apartments under the PLF Arrangement, these assets are retained on the Group's balance sheet for accounting purposes. As these hotel rooms and hotel apartments generate cash flows, the income derived from such hotel rooms and hotel apartments is factored into the calculation of the aggregate fair value of CBRE for FIVE Jumeirah Village and FIVE Palm Jumeirah. CBRE has applied the profit approach to determine the aggregate fair value of these properties, which considers the net present value of future cash inflows from all hotel rooms and hotel apartments within the property irrespective of its ownership. Therefore, the following tables present a breakdown of the Adjusted Fair Value of FIVE Palm Jumeirah and FIVE Jumeirah Village to illustrate the net present value of future cash flows attributable to the Group and third-party owners in the overall aggregate:

FIVE Palm Jumeirah

As at*	Total Room ¹ (in AED thousand)	Third Party Room ² (in AED thousand)	FIVE Room ³ (in AED thousand)	F&B ⁴ (in AED thousand)	Adjusted Fair Value Attributable to the Group ⁵ (in AED thousand)
MY 2023	2,203,300	1,000,600	1,202,700	1,933,500	3,136,200
YE 2022	2,203,300	1,000,500	1,202,800	1,911,300	3,114,110
YE 2021	2,121,300	960,300	1,161,000	1,548,600	2,709,600
YE 2020	1,659,000	761,500	897,500	1,031,300	1,928,800

Notes:

* Numbers in the table rounded off to the nearest hundreds.

- Represents the total room revenue valuation presented in the Condensed Valuation Reports, which signifies the net present value of future cash inflows from all hotel rooms and hotel apartments.
- Represents the net present value of future cash outflows from hotel rooms and hotel apartments disposed of through the PLF Arrangement attributable to third-parties, as assessed by CBRE and presented in the Condensed Valuation Reports.
- Represents the net present value of future cash inflows from hotel rooms and hotel apartments attributable to the Group that are disposed under the PLF Arrangement. To determine this amount, the total room revenue valuation stated in CBRE's report was reduced by CBRE's evaluation of the net present value of third-party income.
- Represents the net present value of future cash inflows attributable to the Group from the F&B segment, as assessed by CBRE and presented in the Condensed Valuation Reports.
- Represents the net present value of future cash inflows attributable to the Group from all hotel rooms and hotel apartments plus the net present value of future cash inflows attributable to the Group from the F&B segment.

FIVE Jumeirah Village

As at*	Total Room ¹ (in AED thousand)	Third Party Room ² (in AED thousand)	FIVE Room ³ (in AED thousand)	F&B ⁴ (in AED thousand)	Inventory to Sell	Adjusted Fair Value Attributable to the Group ⁵ (in AED thousand)
MY 2023	588,334	241,917	346,417	269,100	240,000	855,517
YE 2022	586,243	241,316	344,927	267,900	240,000	852,828
YE 2021	568,713	221,144	347,569	249,000	N/A**	596,569
YE 2020	526,733	197,075	329,658	175,600	N/A**	505,258

Notes:

* Numbers in the table rounded off to the nearest hundreds.

** Condo unit receivables were not applicable for the aggregate fair value calculation in the years ended 31 December 2020 and 31 December 2021 as no units had been brought to the market during these periods.

- Represents the total sum of net present value of future cash inflows from all hotel rooms and hotel apartments. This amount is presented after deducting the cash flows from IFRS 16 assets, as assessed and calculated by the Issuer, from the total room revenue valuation outlined in the Condensed Valuation Reports.

- (2) Represents the net present value of future cash outflows from hotel rooms and hotel apartments disposed of through the PLF Arrangement attributable to third-parties, as assessed by CBRE and presented in the Condensed Valuation Reports. This amount is presented after deducting the cash flows from IFRS 16 assets attributable to third-parties, as assessed and calculated by the Issuer based on proportion of the total area under IFRS 16 leases to the total area attributable to third parties including IFRS 16 leases.
- (3) Represents the net present value of future cash inflows from hotel rooms and hotel apartments attributable to the Group that are disposed under the PLF Arrangement and the undisposed units. To determine this amount, the Total Room amount as defined in point 1 was reduced by Third Party Room amount as defined in point 2.
- (4) Represents the net present value of future cash inflows attributable to the Group from the F&B segment, as assessed by CBRE and presented in the Condensed Valuation Reports.
- (5) Represents the net present value of future cash inflows attributable to the Group from all hotel rooms and hotel apartments plus the net present value of future cash inflows attributable to the Group from the F&B segment plus the value of the undisposed rooms inventory held by the Group.

FIVE Luxe

FIVE Luxe is under development as at the date of this Offering Memorandum. Since the leaseback option outlined in the sale and leaseback agreements entered into with respect to FIVE Luxe is dependent on the commencement of hotel operations, there is no specific breakdown available for third party income.

As at*	Fair Value as per the Financial Statements¹ (in AED thousand)	FIVE Room² as per the Financial Statements (in AED thousand)	Adjusted Fair Value Attributable to the Group³ (in AED thousand)
MY 2023	1,601,488	859,597	2,461,100
YE 2022	1,366,310	927,805	2,294,100

Notes:

* Numbers in the table rounded off to the nearest hundreds.

- (1) Represents the Adjusted Fair Value Attributable to the Group as defined in point 3 reduced by 'FIVE room as per Financial Statements' as defined in point 2 below.
- (2) Represents the expected realisable value from the sale of units of FIVE Luxe.
- (3) Represents the fair value of FIVE Luxe, which is under construction as assessed by CBRE and presented in the Condensed Valuation Reports.

FIVE Zurich

In the case of FIVE Zurich, there is no third-party inventory and therefore the valuation is not segmented into distinct components.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains “forward-looking statements” which relate, without limitation, to any of the Issuer’s or the Guarantors’ plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, plans or goals relating to financial performance and future operations and development, business strategy and the trends in the industry and the political and legal environment in which the Group operates and other information that is not historical information. The words “anticipates”, “estimates”, “expects”, “believes”, “intends”, “plans”, “may”, “will”, “should” and any similar expressions to identify forward-looking statements may be used herein. Prospective purchasers of the Notes are cautioned that actual results could differ materially from those anticipated in forward-looking statements. The forward-looking statements contained in this Offering Memorandum are largely based on the Group’s expectations, which reflect estimates and assumptions made by the Group’s management. These estimates and assumptions reflect the Group’s best judgement based on currently known market conditions and other factors, some of which are discussed below. Although the Group believes such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond the Group’s control. In addition, assumptions about future events may prove to be inaccurate. The Group cautions prospective purchasers of the Notes that the forward-looking statements contained in this Offering Memorandum are not guarantees of outcomes of future performance and the Group cannot assure any prospective purchasers of the Notes that such statements will be realised or the forward-looking events and circumstances will occur.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, many of which are beyond the Group’s control and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. These risks, uncertainties and other factors include, among other things, those described in the section headed “*Risk Factors*”, as well as those included elsewhere in this Offering Memorandum. Prospective purchasers of the Notes should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.

When relying on forward-looking statements, prospective purchasers of the Notes should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Group operates. Such forward-looking statements speak only as of the date on which they are made. Accordingly, the Group does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. The Group does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. These cautionary statements qualify all forward-looking statements attributable to the Group or persons acting on its behalf.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial statements

This Offering Memorandum includes (i) the unaudited interim condensed consolidated financial statements of the Issuer as at and for the three-month and the six-month periods ended 30 June 2023 which include the unaudited comparative consolidated financial information for the three-month and the six-month periods ended 30 June 2022, together with the notes thereto (the “**Interim Financial Statements**”) and (ii) the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2022 (the “**2022 Financial Statements**”) and the audited reissued consolidated financial statements as at and for the year ended 31 December 2021, which includes unaudited comparative financial information as at and for the year ended 31 December 2020, together with the notes thereto (the “**2021 Financial Statements**”, together with the 2022 Financial Statements, the “**Annual Financial Statements**”, and, together with the Interim Financial Statements, the “**Financial Statements**”).

All financial information relating to the six-month periods ended 30 June 2023 and 30 June 2022 in this Offering Memorandum has been extracted from the Interim Financial Statements.

All financial information as at and for the years ended 31 December 2022 and 31 December 2021 in this Offering Memorandum have been extracted from the 2022 Financial Statements and the 2021 Financial Statements, respectively. In addition, all financial information as at and for the year ended 31 December 2020 in this Offering Memorandum have been extracted from the unaudited comparative financial information for 2020 in the 2021 Financial Statements.

The Annual Financial Statements included in this Offering Memorandum, have been audited by PricewaterhouseCoopers Limited Partnership Dubai Branch (“**PwC**”), independent auditors, as stated in their reports appearing therein. PwC’s report with respect to the 2021 Financial Statements contains an emphasis of matter paragraph drawing attention to Notes 2.1(a) and 34 to the 2021 Financial Statements which describe the details of amendments made to the previously issued financial statements for the year ended 31 December 2021 following management’s reassessment of the accounting of the contractual arrangements in respect of the transfer of certain condominium hotel units and hotel apartments. The Annual Financial Statements of the Issuer have been prepared in accordance with and comply with IFRS and interpretations issued by the IFRS Interpretations Committee (“**IFRS IC**”) applicable to companies reporting under IFRS as issued by the International Accounting Standards Board (the “**IASB**”), and present fairly, in all material respects, the consolidated financial position of the Issuer and its Subsidiaries as at the years indicated, and its consolidated financial performance and its consolidated cash flows for the years indicated in accordance with IFRS. The Interim Financial Statements have been prepared in accordance with the requirements of International Accounting Standard 34, ‘Interim Financial Reporting’. The Financial Statements have been prepared under the historical cost convention except land and buildings at fair value.

For the purpose of the Financial Statements, the Group uses the currency of the primary economic environment in which the entity operates. The Financial Statements are presented in United Arab Emirates Dirham (“**AED**”), which is the Group’s functional and presentation currency.

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates (see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Significant Accounting Policies*” for further information). It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial information are disclosed in the notes to the financial information beginning on page F-1.

Reissuance of the 2021 Financial Statements

The Group’s previously issued financial statements for the year ended 31 December 2021 dated 5 April 2022 have been withdrawn and are replaced by the 2021 Financial Statements. The amendment was necessary to reflect management’s reassessment of the accounting of the contractual arrangements in respect of the transfer of certain condominium hotel rooms and hotel apartments, as detailed in Note 2.1(a) *Reissuance of the previously issued consolidated financial statements and Note 34 Restatement of previously issued consolidated financial statements* to the 2021 Financial Statements included in this Offering Memorandum.

Restatement of previously issued Financial Statements

In accordance with the requirements of IAS 8 “Accounting policies, changes in accounting estimates and errors” (“IAS 8”), the Group’s management has restated certain figures to adjust the previously issued consolidated financial statements for the three-month and the six-month periods ended 30 June 2022 and for the year ended 31 December 2021 (see Note 25 to the Interim Financial Statements and Note 34 to the 2021 Financial Statements, which set out the details of adjustments to the line items in the consolidated financial statements of profit or loss, comprehensive income, cash flows and financial position).

Other Historical Financial Information

This Offering Memorandum includes certain financial information of the Target Perimeter Group for the year ended 31 December 2022, which have been extracted from the Target Perimeter Financials provided by the Sellers. Such historical financial information has not been audited, reviewed or verified in accordance with any generally accepted auditing or review standards by any independent accounting firm. Accordingly, it may not give an accurate or complete picture of the results of operation of the Target Perimeter Group for the period presented. The Issuer has relied on the information that the Sellers have supplied in the due diligence process in presenting the financial information about the Target Perimeter Group in this Offering Memorandum. Such financial information may be revised as additional information becomes available, and actual results may differ materially from the financial information presented herein. Therefore, such financial information does not purport to represent the results of the Target Perimeter Group for the period indicated and is not intended to project the results for any future period and should not be relied upon when making an investment decision. Since the Acquisition will not be deemed significant according to the applicable disclosure rules, no *pro forma* financial statements have been prepared or included in this Offering Memorandum. Capitalised terms used in this paragraph but not defined herein have the meanings ascribed to them under “*Defined Terms*” and “*Summary*”.

As the Target is incorporated in Spain, the Sellers have prepared the Target Perimeter Financials in accordance with the generally accepted accounting principles in Spain (the “**Spanish GAAP**”). The principles of Spanish GAAP are identical to those of IFRS as issued by the IASB and the interpretations as issued by the IFRS IC, except as follows:

Description	Spanish GAAP	IFRS
IFRS 16 Leases	Lease payments are recorded as expense under in the income statement	For leases with a term more than 1 year, “Right of Use” asset and “Lease Liability” is recorded under statement of financial position / balance sheet. Depreciation is charged on “Right of Use” asset. Interest is charged on “Lease Liability”.
Goodwill	Goodwill is considered as an intangible asset and is amortised on straight line over 10 year basis.	Goodwill is considered as an intangible asset but cannot be amortised. Annual impairment testing is done for Goodwill.
Income Taxes	Deferred taxes are recognised for any timing differences. However, in order to recognise deferred tax asset, it must be probable that the company will be able to realise the deferred tax assets within a period of maximum of 10 years.	Deferred taxes are recognised for any timing differences. Under IFRS, the recognition of DTA is allowed if there is a probability to realise the benefits within the time under the relevant tax laws (even if it is more than 10 years)

Non-IFRS Financial Measures

To supplement the Group’s Financial Statements presented in accordance with IFRS, the Group uses certain financial measures included in this Offering Memorandum that represent non-IFRS financial measures, which are not defined, and thus not calculated, in accordance with IFRS, or any other generally accepted accounting principles to assess the financial performance of its business. They are termed “non-IFRS measures” because

they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. These measures include (i) EBITDA, (ii) EBITDA Margin, (iii) Capital Expenditures, (iv) Net Bank Debt, (v) Leverage Ratio, (vi) Bank Interest, (vii) Net Gross Debt, (viii) Net Gross Debt / EBITDA and (ix) EBITDA / Bank Interest.

The Group presents non-IFRS measures because it believes that these and other similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. Because these non-IFRS measures are not standardised, these may not be comparable to other similarly-titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. An explanation of the relevance of each of the non-IFRS measures, a reconciliation of the non-IFRS measures to the most directly comparable measures calculated and presented in accordance with IFRS and a discussion of their limitations is set out below. These non-IFRS financial measures are not measurements of the Group's operating performance under IFRS and should not be considered as substitutes for, or superior to, any equivalent measures of performance calculated and presented in accordance with IFRS or any other generally accepted accounting principles, or as measures of the Group's liquidity.

The Group defines these non-IFRS financial measures as follows:

- “**EBITDA**” refers to profit (loss) for the year / period *plus* depreciation of property and equipment, depreciation of right-of-use assets, net finance costs, preopening expenses and taxes.
- “**EBITDA Margin**” refers to EBITDA *divided by* revenue.
- “**Capital Expenditures**” refers to purchase of property and equipment and purchase of intangible assets.
- “**Net Bank Debt**” refers to total current and non-current bank borrowings *less* cash and cash equivalents.
- “**Leverage Ratio**” refers to Net Bank Debt *divided by* EBITDA.
- “**Bank Interest**” refers to interest on bank borrowings (without netting off interest capitalised on qualifying assets).
- “**Net Gross Debt**” refers to total current and non-current of each of bank borrowings, finance liabilities and lease liabilities *less* cash and cash equivalents.
- “**Net Gross Debt / EBITDA**” refers to Net Gross Debt *divided by* EBITDA.
- “**EBITDA / Bank Interest**” refers to EBITDA *divided by* Bank Interest.

The non-IFRS financial measures included in this Offering Memorandum are not in accordance with or alternative to measures prepared in accordance with IFRS and may be different from similarly titled non-IFRS financial measures used by other hospitality or real estate development companies. The Issuer's management believes that this information, along with comparable measures under the IFRS, is useful to investors because it provides a basis for measuring the Group's financial condition and results of operations over different periods of time and with other hospitality or real estate development companies in general. However, because of the discretion that the Group and other hospitality or real estate development companies have in defining and calculating these measures, care should be taken in comparing the non-IFRS financial measures with those of other hospitality or real estate development companies as such measures may not be directly comparable.

None of these non-IFRS measures or any other non-IFRS financial measures is a measurement of performance or liquidity under IFRS or any other generally accepted accounting principles and prospective investors should not consider such non-IFRS measures or any of the other non-IFRS financial measures as an alternative to net income, operating profit or other financial measures determined in accordance with IFRS or other generally accepted accounting principles. Such non-IFRS measures and the other non-IFRS financial measures described

in this Offering Memorandum are unaudited. Prospective investors should not place undue reliance on such non-IFRS measures contained in this Offering Memorandum.

These measures are used in internal management of the Group, along with the most directly comparable financial measures under the IFRS, in evaluating the Group's operating performance. The non-IFRS financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS. The Issuer's management believes that these non-IFRS measures, when considered in conjunction with measures under the IFRS, enhance investors' and management's overall understanding of the Group's current financial performance.

Other Operational Data

The Group presents certain statistical data about its operations, and other certain key performance indicators ("KPIs") as well as certain non-IFRS measures to analyse its business. Certain of these KPIs are derived from management estimates and are based on operational, and not financial, data. The Group's KPIs are not part of our financial statements or financial accounting records and have not been audited or otherwise reviewed by independent auditors, consultants or experts.

The Group's use or computation of our KPIs may not be comparable to the use or computation of similarly-titled measures reported by other companies in our industry, by research agencies or by market reports. Other companies, research agencies or market reporters may include other items or factors in their calculation of similar metrics and may use certain estimates and assumptions that the Group does not use when calculating these metrics. These factors may cause the calculations by others of similar metrics to differ substantially from the Group's calculations and if the methodologies of others were used to calculate the Group's KPIs. The KPIs are not accounting measures, but the Group's management believes that each of these measures provides useful information concerning the Group's business. None of the KPIs should be considered in isolation or as an alternative measure of performance under IFRS.

Except as otherwise indicated or as defined above, in this Offering Memorandum, the KPIs are defined as set out below:

- "**ADR**" refers to average daily rate and is calculated as room revenue divided by total number of Occupied Room Nights for the relevant period.
- "**Occupancy**" refers to the rate calculated as total number of Occupied Room Nights divided by total number of Available Room Nights for the relevant period.
- "**RevPAR**" refers to room revenue generated per Available Room Nights whether the hotel room/hotel apartment is occupied or not, and calculated as room revenue divided by total number of Available Room Nights for the relevant period.
- "**covers**" refers to the number of guests served from the F&B venues, including entertainment events.
- "**F&B Spend per Cover**" calculated as total food and beverages revenue (including F&B (non-entertainment) revenue and EATertainment revenue) divided by total number of covers.
- "**F&BRevPAR**" refers to total food and beverages revenue (including F&B (non-entertainment) revenue and EATertainment revenue) generated per Available Room Nights whether the hotel room/hotel apartment is occupied or not, and calculated as total food and beverages revenue (including F&B (non-entertainment) revenue and EATertainment revenue) divided by total number of Available Room Nights for the relevant period.
- "**TRevPAR**" refers to total revenue generated per Available Room Nights whether the hotel room/hotel apartment is occupied or not, and calculated as total revenue divided by total number of Available Room Nights for the relevant period.

Reporting of Operating Segments

Segment information is presented in respect of the Issuer's operating segments. The Issuer reports segmental information, which presents its results by business line, in accordance with its organisational structure. As at the date of this Offering Memorandum, the Issuer presents the following main reporting segments: (1) Hospitality and (2) Real Estate Development. The Issuer further evaluates the results of the Hospitality segment separately into (i) Hotel Rooms, (ii) Food and Beverage – Entertainment (EATertainment), (iii) Food and Beverage – Non-entertainment, and (iv) Others, which are the key drivers of the performance of the Hospitality Business. The segment information as at and for the six-month periods ended 30 June 2023 and 2022 and as at and for the years ended 31 December 2022, 2021 and 2020 contained within the Financial Statements and included in this Offering Memorandum are presented according to the Group's reporting segment structure. Accordingly, in order to compare the Group's results across the periods presented, the segment information as at and for the six-month periods ended 30 June 2023 and 2022 have been derived from the Interim Financial Statements and the segment information as at and for the years ended 31 December 2022, 2021 and 2020 have been derived and extracted from the Annual Financial Statements and investors should read the Financial Statements and accompanying notes thereto contained in this Offering Memorandum for understanding the underlying trends of the operating segments during these periods. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Segmental Analysis*".

Rounding

Certain numerical figures set forth in this Offering Memorandum, including financial data presented in millions or thousands, certain operating data or percentages describing market shares, have been subject to rounding adjustments and, as a result, the totals of the data in this Offering Memorandum may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" are calculated using the numerical data in the Financial Statements or the tabular presentation of other data (subject to rounding) contained in this Offering Memorandum, as applicable, and not using the numerical data in the narrative description thereof.

Currency Presentation

All references in this Offering Memorandum to:

- "AED" are to UAE dirhams, the lawful currency of the UAE;
- "USD", "U.S.\$", "U.S. dollar" and "\$" are to U.S. dollars, the lawful currency of the U.S.;
- "CHF" are to Swiss Francs, the lawful currency of Switzerland; and
- "EUR" and "euro" are to Euros, the lawful currency of 20 out of 27 EU member countries.

The value of AED has been pegged to USD at a rate of AED 3.6725 per USD 1 since 1997.

DEFINED TERMS

In this Offering Memorandum, the following words and expressions have the following meanings, unless the context otherwise requires or unless otherwise so defined. In particular, capitalised terms set forth and used in the sections entitled “*Terms and Conditions of the Notes*” may have different meanings from the meanings given to such terms and used elsewhere in this Offering Memorandum.

"2021 Financial Statements"	refers to the reissued audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2021.
"2022 Financial Statements"	refers to the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2022.
"AAIB"	Arab African International Bank.
"Acquisition Agreement"	refers to the sale and purchase agreement entered into by and between the Issuer as the purchaser and Mediterranean Sky International, S.A., E1 Firmamento Estelar, S.L. and MSI 2, S.C.A. as the sellers, to acquire the entire share capital of the Target.
"ADR"	is defined under “ <i>Presentation of Financial and Other Information—Other Operating Data</i> ”.
"AED"	refers to the lawful currency of the United Arab Emirates.
"Annual Financial Statements"	refers to the 2021 Financial Statements and the 2022 Financial Statements.
"Available Room Nights"	refers to the total number of hotel rooms and hotel apartments available for each night during a specified period.
"Baby Boomers"	refers to people born between 1946 and 1964.
"Bank Interest"	is defined under “ <i>Presentation of Financial and Other Information—Non-IFRS Financial Measures</i> ”.
"Bridge Facility"	refers to the credit facility in the amount of AED 117 million provided by CBD to the Controlling Shareholder, for financing of the Group’s purchase of the 10 per cent. non-controlling interest in Assas Investments Limited. See “ <i>Related Party Transactions</i> ”.
"Cayman Security Documents"	refers to security documents with respect to Cayman Islands law governed share mortgages over the shares described under “ <i>Description of Certain Financing Arrangements, the Intercreditor Agreement and The Common Security—Common Security</i> ”.
"CBD"	refers to Commercial Bank of Dubai P.S.C.
"CBD Business Facilities"	refers to the Bridge Facility and VAT Facility.
"CBD Corporate Facilities"	refers to the facility agreement and overdraft facility dated 15 July 2021 between DEVCO Real Estate Development LLC, FIVE Hospitality LLC, FIVE Hotel FZE, FIVE Luxe Hotel LLC (formerly FIVE Hotel JBR LLC), FIVE JBR Holding (DIFC) Limited, SKAI Holdings Group Limited, Mr. Kabir Mulchandani and CBD in the amount of AED 720 million and AED 30 million, respectively.
"CBD Facilities"	CBD Business Facilities and CBD Corporate Facilities.
"CHF"	refers to Swiss Francs, the lawful currency of Switzerland.
"Clearstream, Luxembourg"	refers to Clearstream Banking S.A.

"Collateral"	refers to any and all assets from time to time in which a security interest has been or will be granted on the Issue Date or thereafter pursuant to any security document to secure the obligations under the Notes and the Guarantees, including the assets specified in <i>"Description of Certain Financing Arrangements, the Intercreditor Agreement and the Common Security—Common Security"</i> .
"Common Security"	refers to the securities provided by the Security Providers in accordance with the terms of the Intercreditor Agreement and the Conditions, in order to secure the obligations of the Issuer under the Notes and the Guarantors under the Guarantees and the liabilities of the Debtors described in the Intercreditor Agreement.
"Company"	refers to the Issuer.
"Controlling Shareholder"	refers to Mr. Kabir Mulchandani, the legal and beneficial owner of the Group.
"DIFC"	refers to the Dubai International Financial Centre.
"DIFC Collateral"	refers to Collateral governed under the DIFC law.
"DIFC Guarantors"	refers to the Guarantors incorporated in the DIFC.
"DIFC Security "	refers to the DIFC law governed share pledges over the shares described under <i>"Description of Certain Financing Arrangements, the Intercreditor Agreement and The Common Security—Common Security"</i> .
"DIFC Security Documents"	refers to security documents with respect to the DIFC Security.
"direct bookings"	refers to bookings done through the respective websites of the Group's hotels, walk-ins and reservation department.
"disposition" or "dispose" or "disposal"	refers to the transfer of legal title of hotel rooms and hotel apartments to the third parties, while retaining the operational control for the majority of the economic life of such assets by the Group through the PLF Arrangement.
"DLD"	refers to Dubai Land Department.
"EATertainment"	refers to a guest experience that involves food and/or beverage consumption during the Group's entertainment activities, such as events, live music and disc jockey (DJ) performances in the respective F&B venues.
"EBITDA"	is defined under <i>"Presentation of Financial and Other Information—Non-IFRS Financial Measures"</i> .
"EBITDA Margin"	is defined under <i>"Presentation of Financial and Other Information—Non-IFRS Financial Measures"</i> .
"EU"	refers to the European Union.
"Euro" and "EUR"	refers to Euros, to the lawful currency of 20 out of 27 EU member countries.
"Euroclear"	refers to Euroclear Bank SA/NV.
"F&B"	refers to food and beverages.
"F&B venues"	refers to outlets which provide food and beverages services and includes in-room dining.

"F&BRevPAR"	is defined under " <i>Presentation of Financial and Other Information—Other Operating Data</i> ".
"F&B Spend per Cover"	is defined under " <i>Presentation of Financial and Other Information—Other Operating Data</i> ".
"Facility A"	is defined under " <i>Description of Certain Financing Arrangements, the Intercreditor Agreement and The Common Security—Revolving Credit Facility</i> ".
"Facility B"	is defined under " <i>Description of Certain Financing Arrangements, the Intercreditor Agreement and The Common Security—Revolving Credit Facility</i> ".
"FIVE Luxe Mortgage"	is defined under " <i>Description of Certain Financing Arrangements, the Intercreditor Agreement and The Common Security—Common Security</i> ".
"Financial Statements"	refers to the Annual Financial Statements and the Interim Financial Statements.
"FJV"	refers to FIVE Jumeirah Village.
"FPJ"	refers to FIVE Palm Jumeirah.
"FHZ"	refers to FIVE Zurich.
"GBP"	refers to the lawful currency of the United Kingdom.
"GDP"	refers to gross domestic product.
"Gen-X"	refers to people born between 1965 and 1980.
"Gen-Z"	refers to people born between 1997 and 2012.
"GFA"	refers to gross floor area, a measurement used by Planning Authorities in Dubai to define the floor area ratio (" FAR "), where FAR is the ratio of GFA to plot area. A building's GFA is the sum of the GFA of all floors, measured to the exterior surface of the external wall thickness and from the centrelines of the common walls joining two spaces. The measurement excludes external wall features such as corniches, brackets, and façade cladding materials.
"Group"	refers to the Issuer and its subsidiaries.
"Guarantors"	FIVE Holding Limited, FIVE JBR Holding (DIFC) Limited, FIVE International Holding Limited, DEVCO Real Estate Development LLC, FIVE International Hotel Management LLC, SKAI Holdings Group Limited, Assas Investments Limited, Rehan Limited, Unlimited 1 Limited, FIVE Hotel FZE, FIVE Luxe Hotel LLC (formerly FIVE Hotel JBR LLC), FIVE Hotel Jumeirah Village LLC, Unlimited 1 Development, Sky's the Limit 1, FIVE Holiday Homes Rental LLC and Pacha Universe Holding Limited (together with any persons who become guarantors pursuant to Condition 4.12 (<i>Additional Guarantors and Limitations on Guarantees</i>), but excluding any entity released from being a Guarantor pursuant to the Conditions.
"holiday homes"	refers to the residences that are sold to third-parties and that are managed and operated by the Group according to holiday home management agreements.
"hotel apartments"	refers to lodging units with kitchen which are either sold or intended to be sold to third parties which may be managed by the Group under either the PLF Arrangement or short-term lease arrangements.
"hotel rooms"	refers to lodging units without kitchen which are either sold or intended to be sold to third parties which are managed by the Group under the PLF Arrangement.

"IFRS"	refers to the International Financial Reporting Standards as issued by the International Accounting Standards Board (" IASB ").
"Intercreditor Agreement"	refers to the intercreditor agreement dated on or around 28 September 2023 between the Issuer and the Guarantors to be entered into between amongst others, the Trustee, CBD as Security Agent and CBD as a senior lender, as further described in " <i>Description of Certain Financing Arrangements, the Intercreditor Agreement and The Common Security—Intercreditor Agreement</i> ".
"IT"	refers to information technology.
"Interim Financial Statements"	refers to the unaudited interim condensed consolidated financial statements of the Issuer as at and for the three-month and the six-month periods ended 30 June 2023, which includes the unaudited comparative financial information for the three-month and the six-month periods ended 30 June 2022, together with the notes thereto.
"Keys"	refers to the Group's individual lodging units, which includes hotel rooms, hotel apartments and holiday homes that are owned or operated by the Group for the purposes of generating Hospitality Business revenue.
"KPI"	refers to the key performance indicators.
"KSA", "Saudi Arabia" or the "Kingdom"	refers to the Kingdom of Saudi Arabia.
"Leverage Ratio"	is defined under " <i>Presentation of Financial and Other Information—Non-IFRS Financial Measures</i> ".
"LTM"	refers to last twelve months.
"Millennials"	refers to people born between 1981 and 1996.
"MY"	means mid-year.
"MOD"	refers to the minor operating departments. See " <i>Summary—Overview</i> ".
"Net Bank Debt"	is defined under " <i>Presentation of Financial and Other Information—Non-IFRS Financial Measures</i> ".
"Net Gross Debt"	is defined under " <i>Presentation of Financial and Other Information—Non-IFRS Financial Measures</i> ".
"Net Gross Debt / EBITDA"	is defined under " <i>Presentation of Financial and Other Information—Non-IFRS Financial Measures</i> ".
"Non-Guarantor Subsidiaries"	refers to the Subsidiaries of the Issuer other than the Guarantors.
"Occupancy"	is defined under " <i>Presentation of Financial and Other Information—Other Operating Data</i> ".
"Occupied Room Nights"	refers to the total number of hotel rooms and hotel apartments occupied for each night during a specified period.
"OECD"	refers to the Organisation for Economic Co-operation and Development.
"OPEC"	refers to the Organisation of Petroleum Exporting Countries, an organisation enabling the co-operation of leading oil-producing countries in coordinating and unifying the petroleum policies.

"Pacha Group"	means, together, the Target Perimeter Group and other subsidiaries of the Target.
"PLF Arrangement"	refers to any sale and leaseback arrangement entered into by the Group (in each case, as lessee) with respect to hotel rooms and hotel apartments and pursuant to which: (a) the term of the relevant lease is for the substantial useful life of such asset or property; (b) the Group is not subject to any principal repayment obligations under the relevant lease (for the avoidance of doubt, excluding rental or similar or equivalent payments); and (c) all rental or similar or equivalent payments payable by the Group to the lessor under the relevant lease are either (i) a fixed lease payment for a part of the term of the relevant lease, followed by a variable lease payment for the remaining part of the lease, based on the revenue-sharing model or (ii) a variable lease payment based on the revenue-sharing model for the full term of the relevant lease. Effectively this is considered as a financing arrangement for financial reporting purposes under IFRS (see also " <i>Business of the Group—Hospitality Business—Business Model—Perpetual-like Financial Arrangement</i> " and " <i>Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting the Results of Operations of the Group—Perpetual-like Financial Arrangement</i> ").
"Restricted Subsidiaries"	is defined under " <i>Terms and Conditions of the Notes—Definitions</i> ".
"residences"	refers to lodging units with kitchen which are either sold or intended to be sold to third parties which may be managed by the Group under holiday home management agreements.
"revenue-sharing model"	refers to the model pursuant to which the lease payments to the owners of the lodging units are variable in nature as regards the amounts payable thereunder, which is calculated based on the total revenue of the participating units and distributed proportionately as per the unit area of the owner.
"Revolving Credit Facility Agreement"	refers to the revolving credit facility agreement entered into on 27 September 2023, by and between the Issuer and, among others, CBD as agent and security agent, CBD and AAIB as mandated lead arrangers and the lenders named therein, as further described in " <i>Description of Certain Financing Arrangements, the Intercreditor Agreement and The Common Security—Revolving Credit Facility</i> ".
"Revolving Credit Facility"	refers to the revolving credit facility available to the Issuer with an aggregate total commitment of U.S.\$200 million under the Revolving Credit Facility Agreement.
"RevPAR"	is defined under " <i>Presentation of Financial and Other Information—Other Operating Data</i> ".
"RERA"	refers to the Dubai Real Estate Regulatory Agency.
"SASB"	refers to the Sustainability Accounting Standards Board.
"Security Documents"	is defined under the " <i>Terms and Conditions of the Notes—Definitions</i> ".
"Security Providers"	entities that will grant the Common Security (as described under " <i>Description of Certain Financing Arrangements, the Intercreditor Agreement and The Common Security—Common Security</i> ") pursuant to the Security Documents.
"soft opening"	refers to opening that takes place prior to the official grand opening with reduced capacity, only specific areas or sections of the property being open to guests, and certain amenities, such as the pool or spa, being unavailable or only partially operational during this time.
"sqft"	refers to square feet.

"Swiss Facilities"	refers to the Swiss Facility A and Swiss Facility B, as described under “ <i>Description of Certain Financing Arrangements, the Intercreditor Agreement and The Common Security—Swiss Facilities</i> ” provided by Deutsche Bank (Suisse) SA to 5 Atlantis AG, for financing of the Group’s acquisition and refurbishment of FIVE Zurich. See “ <i>Description of Certain Financing Arrangements, the Intercreditor Agreement and The Common Security—Swiss Facilities</i> ”.
"Target"	means Universo Pacha, S.A.
"Target Perimeter"	means certain identified subsidiaries, assets and trademarks of the Target.
"Target Perimeter Group"	means together, the Target, each Target Perimeter Subsidiary and Fundación Pachá.
"Target Perimeter Financials"	means the unaudited consolidated financial statements of the Target Perimeter Group as at and for the year ended 31 December 2022, prepared by the Sellers in accordance with the generally accepted accounting principles in Spain, after reflecting the adjustments resulting from the segregation of entities likely to be retained by the Sellers pursuant to the Carve-out Plan.
"Target Perimeter Subsidiaries"	means Nube, S.L.U., Toy Room Ltd., Toy Room Brand Ltd., El Hotel Pacha, S.L., Pacha Franquicias, S.L., Pacha Multimedia, S.L., Fundación Pachá, Sweet Pacha, S.L., Marisol Pacha Ibiza AIE, Pacha Merchandise, S.L. and Nomad Suntribe, S.L.U.
"Transactions"	means collectively, the Offering, the entry into the Revolving Credit Facility, the repayment of the CBD Facilities, the Acquisition and the payment of associated fees and expenses, including commitment, placement, financial advisory, commissions and discounts and other transaction costs, more specifically defined and explained under “ <i>Summary</i> ”, “ <i>Risk Factors—Risks Relating to the Acquisition</i> ” and “ <i>Business of the Group—Recent Developments</i> ”.
"TRevPAR"	is defined under “ <i>Presentation of Financial and Other Information—Other Operating Data</i> ”.
"UAE"	refers to the United Arab Emirates.
"UAE Security"	refers to the security interests created pursuant to (i) the UAE Share Pledges, (ii) the Dubai law governed mortgages and (iii) the UAE law governed movables security agreements, in each case, described under “ <i>Description of Certain Financing Arrangements, the Intercreditor Agreement and The Common Security—Common Security</i> ”.
"UAE Security Documents"	refers to security documents with respect to the UAE Security.
"UAE Share Pledges"	is defined under “ <i>Description of Certain Financing Arrangements, the Intercreditor Agreement and The Common Security—Common Security</i> ”.
"Unrestricted Subsidiaries"	is defined under “ <i>Terms and Conditions of the Notes—Definitions</i> ”.
"USD", "U.S.\$" or "U.S. dollar"	refers to the lawful currency of the United States.
"UN SDG"	refers to the United Nations Sustainable Development Goals.
"USA", "U.S." or "United States"	refers to the United States of America, its territories and possessions, any State of the United States of America and the District of Columbia.

"units"	refers to any individual lodging units and includes hotel rooms, hotel apartments and residences that are either (i) owned or operated by the Group for the purposes of generating Hospitality Business revenue (referred to as Keys) or (ii) developed and sold but not operated by the Group.
"VAT Facility"	refers to the credit facility in the amount of AED 13 million provided by CBD to the Controlling Shareholder, for financing of the VAT payment for the acquisition of FIVE Luxe property. See " <i>Related Party Transactions</i> ".
"YE"	means year ended.

SUMMARY

The following does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Memorandum. The summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information included elsewhere in this Offering Memorandum, including the Financial Statements. This Offering Memorandum should be read carefully to understand the business, the nature and terms of the Notes and the tax and other considerations which are important to the decision to invest in the Notes, including, without limitation, the risks discussed under “Risk Factors”. In addition, certain statements in this summary include forward-looking information that involves risks and uncertainties.

Overview

The Group is a vertically integrated hospitality group, operating luxury hotels primarily in Dubai and, more recently, in Switzerland. The Group operates 2 main business segments, primarily, the Hospitality Business, and the Real Estate Development Business which is complementary to the main Hospitality Business.

The Group has an international Hospitality Business that owns, operates and manages luxury hotels with a strong focus on entertainment and F&B. The Group’s focus on entertainment was driven by guests’ expectations, preferences and spending patterns. The Group organises experiential events in accordance with its guests’ preferences and focuses its efforts on “EATertainment”, the integration of high-energy entertainment with F&B and event experiences, resulting in a distinctive guest experience. The Group’s current portfolio includes 2 luxury hotels in Dubai, FIVE Palm Jumeirah and FIVE Jumeirah Village; 1 hotel in Zurich, FIVE Zurich; and 1 hotel under development in Dubai, FIVE Luxe, which is expected to be fully operational in 2024.

The Group’s hotels are located in Dubai and Zurich and the F&B venues within the hotels are positioned as the desired destinations for day-life and nightlife events and parties. The hotels’ locations and views make them attractive to international Millennials and Gen-Z affluent customers. The Group has created strong brand equity, particularly due to its hosting of popular events and in-house management expertise. In total, the Group operates 30 F&B venues, including 15 venues in FIVE Palm Jumeirah, 7 venues in FIVE Jumeirah Village, 8 venues in FIVE Zurich and is expected to operate 10 F&B venues in FIVE Luxe. As at 30 June 2023, the Group had an aggregate total of 1,500 Keys, including 525 Keys at FIVE Palm Jumeirah, 444 Keys at FIVE Jumeirah Village and 149 Keys at FIVE Zurich. The construction of FIVE Luxe is scheduled to be completed during the last quarter of 2023 and FIVE Luxe is expected to have a soft opening during early 2024. The Group is expected to have 382 Keys at FIVE Luxe, see “*Business of the Group—Real Estate Development Business—Property Portfolio—FIVE Luxe*”.

The Group’s operational hotels in Dubai have achieved higher Occupancy, with FIVE Palm Jumeirah and FIVE Jumeirah Village reporting an Occupancy of 91.2 per cent. and 94.4 per cent., respectively, for the year ended 31 December 2022, compared to 73 per cent. Occupancy in the Dubai hospitality market in 2022, according to CBRE.

The ADR for FIVE Palm Jumeirah was AED 1,533 for the year ended 31 December 2022, while for FIVE Jumeirah Village it was AED 879, which were higher than the ADR in the Dubai hospitality market, which was AED 693 in 2022, according to CBRE. For the same period, RevPAR was AED 1,398 and AED 830 for FIVE Palm Jumeirah and FIVE Jumeirah Village, respectively, higher than the RevPAR in the Dubai hospitality market, which was AED 505 in 2022, according to CBRE. As at 30 June 2023, the Group had served approximately 7.1 million covers through its hospitality services, since the opening of the Group’s first hotel, FIVE Palm Jumeirah.

The Group’s Real Estate Development Business is focused on the development of high-quality properties including hotel rooms, hotel apartments, residential units and experiential outlets, such as restaurants, bars, cafes and night-clubs. As at the date of this Offering Memorandum, the Group had completed 2 hotel real estate development projects, FIVE Palm Jumeirah and FIVE Jumeirah Village, and had 1 ongoing development project, FIVE Luxe.

Upon completion of the development projects, the Group either sells the residences to third-parties, disposes of the hotel rooms and hotel apartments through the PLF Arrangement or leases the hotel apartments under short-term lease arrangement. Under the PLF Arrangement, the Group disposes its hotel rooms and hotel apartments

to third-party investors who lease the hotel rooms and hotel apartments back to the Group. The PLF Arrangement has several benefits for the Group as well as for the investors investing in the Group's real estate development projects. The Group uses the proceeds from the disposal of the hotel rooms and hotel apartments to offset capital expenditure, while the leaseback option provides the Group with access to and control of the hotel rooms and hotel apartments, limited to 30 years from the date of the commencement of hotel operations for FIVE Palm Jumeirah (including the leases of 36 hotel apartment Keys with a term of 1 year, which are expected to be renewed for the majority of the useful life of the unit, i.e. 30 years) and FIVE Jumeirah Village, and 50 years from the date of the commencement of hotel operations for FIVE Luxe (which is currently under development), which are rented out to the guests of the hotels. Furthermore, it allows for a flexible financing model for the Group with no principal repayment required, whereby the disposal proceeds are utilised to meet capital expenditure requirements and to repay the loans obtained for real estate development, which reduces the financial risk. The lack of commercial debt financing and associated covenant restrictions also ensures that the Group has more flexibility in its business operations and to pursue its growth strategies. The Group employs the PLF Arrangement for FIVE Palm Jumeirah, FIVE Jumeirah Village and FIVE Luxe (under development) and as at the date of this Offering Memorandum, out of 1,500 Keys, the Group has disposed of 877 Keys through the PLF Arrangement, see also "*Business of the Group—Hospitality Business—Business Model—Perpetual-like Financial Arrangement*". Furthermore, the Group utilises software for real-time tracking of revenues for its F&B (non-entertainment) services and EATertainment services, allowing management to monitor guests' spending patterns, with a focus on developing new experiences to attract its target market, see "*Business of the Group—Hospitality Business—Rates and Revenue Management*". Despite the challenges posed by the COVID-19 pandemic, the Group has consistently outperformed its competitors, both pre- and post-pandemic. See "*Business of the Group—Competitive Strengths and Strategies—The Group has a resilient business model with strong financial track record, despite the challenges posed by the COVID-19 pandemic*".

The Group recorded revenues of AED 1,236,949 thousand and EBITDA of AED 523,927 thousand for the year ended 31 December 2022 and revenues of AED 807,794 thousand and EBITDA of AED 335,298 thousand for the six-month period ended 30 June 2023.

Hospitality Business

As at the date of this Offering Memorandum, the Group operates 3 hospitality properties, namely FIVE Palm Jumeirah, FIVE Jumeirah Village and FIVE Zurich. In Dubai, FIVE Palm Jumeirah and FIVE Jumeirah Village are hotels in the luxury segment, offering rooms and suites, pools and hot tubs, green terraces, award-winning night-clubs and restaurants. FIVE Zurich, comprising 2 structures, the "West Wing" (main building) and the "East Wing", offers guests prime views of Zurich. These properties also host live music events and seasonal special events. The Group's night-clubs and restaurants cater to multiple dining and nightlife genres. The Group also has 1 hotel under development in Dubai, FIVE Luxe, see "*Business of the Group—Hospitality Business*" and "*—Real Estate Development Business—Property Portfolio*".

The Group employs the PLF Arrangement for FIVE Palm Jumeirah, FIVE Jumeirah Village and FIVE Luxe. The Group has become a 'capital-light' business following the disposal of hotel rooms and apartments to third-party investors and has demonstrated the profitability and success of the PLF Arrangement through effective and efficient management of the hotels, see "*Business of the Group—Hospitality Business—Business Model—Perpetual-like Financial Arrangement*".

The Group's Hospitality Business segments comprise rooms, traditional F&B (non-entertainment), EATertainment, and others, including minor operating departments, which includes operation and management of holiday homes and laundry services ("**MOD**"), and rental and miscellaneous services. See "*—Hospitality Business*".

For the six-month periods ended 30 June 2023 and 2022, the Hospitality Business of the Group recorded revenue of AED 463,262 thousand and AED 474,228 thousand, and EBITDA of AED 196,570 thousand and AED 249,847 thousand, respectively. For the years ended 31 December 2022, 2021 and 2020, the Hospitality Business of the Group recorded revenue of AED 918,273 thousand, AED 759,130 thousand and AED 454,964 thousand, respectively, and EBITDA of AED 424,023 thousand, AED 382,520 thousand and AED 195,607 thousand, respectively.

Real Estate Development Business

As part of its Real Estate Development Business, the Group oversees the complete project management cycle, including site supervision, procurement and accounting, and cost control. This enables the Group to reduce inefficiencies in the value chain. The Group has a strong track-record of delivering high-quality properties for over a decade. It strives to meet the evolving needs of its customers by providing attention to detail, design and luxury services. As at the date of this Offering Memorandum, the Group had completed 2 hotel real estate development projects in the UAE, FIVE Palm Jumeirah and FIVE Jumeirah Village, and has 1 ongoing development project, FIVE Luxe in Dubai. The Group's properties provide a luxury hospitality offering and each property has its own features that set it apart from its competitors, such as the beachfront location of FIVE Palm Jumeirah, the private pool at FIVE Jumeirah Village and the plunge pool at FIVE Luxe. This approach has led to the success of the Group's Real Estate Development Business, as demonstrated by a total disposal and sales value of AED 6,114,736 thousand, from the launch of FIVE Palm Jumeirah to 30 June 2023. This includes the disposal of approximately 729 thousand sqft in total at a total disposal value of AED 1,759,841 thousand through the PLF Arrangement for the same period.

For the six-month periods ended 30 June 2023 and 2022, the Real Estate Development Business of the Group recorded revenue of AED 344,532 thousand and AED 100,636 thousand, and EBITDA of AED 174,353 thousand and AED 40,026 thousand, respectively. For the years ended 31 December 2022, 2021 and 2020, the Real Estate Development Business of the Group recorded revenue of AED 318,676 thousand, AED 649,743 thousand and AED 2,606 thousand, respectively. For the years ended 31 December 2022 and 2021, the Real Estate Development Business of the Group recorded EBITDA of AED 141,675 thousand and AED 329,121 thousand, respectively, while it recorded EBITDA of AED 2,359 thousand for the year ended 31 December 2020, which was lower than the EBITDA levels of 2021 and 2022 as the Group continued to incur costs in relation to the variations on the development project of FIVE Jumeirah Village in 2020 and did not have any ongoing real estate development projects in 2020.

Recent Developments

The Acquisition

On 30 June 2023, the Issuer entered into a sale and purchase agreement (the "**Acquisition Agreement**") with Mediterranean Sky International, S.A., El Firmamento Estelar, S.L. and MSI 2, S.C.A. (together, the "**Sellers**") to acquire the entire share capital (the "**Share Purchase**") of Universo Pacha, S.A. (the "**Target**") in order to obtain control of and invest in certain identified subsidiaries, assets and trademarks of the Target (the "**Target Perimeter**") (the "**Acquisition**"). Upon signing the Acquisition Agreement, the Issuer placed U.S.\$33 million (being EUR 30 million converted into USD using the exchange rate EUR 1.00 = U.S.\$ 1.1028) into escrow as a guarantee for its obligations under the Acquisition Agreement (the "**Initial Deposit**"), which will be adjusted against the purchase consideration payable upon completion of the Acquisition. The Target Perimeter comprises several entities, namely Fundación Pachá and each Target Perimeter Subsidiary, which own a range of assets that include Pacha Nightclub (Ibiza), Destino Pacha Hotel (Ibiza), El Hotel Pacha (Ibiza), Toy Room Club (Malta, Sardinia, Mykonos, Mumbai, Delhi, Calcutta, Rome, Athens, Madrid) and WooMoon Storytellers (Globally) as well as registered trademarks such as the brand name "Pacha" (Globally) and its distinctive logo design featuring cherries (Globally), amongst others. As at the date of this Offering Memorandum, the Target owns not only the Target Perimeter but also other companies, assets and trademarks, which will remain under the ownership of the Sellers. As a result, the Sellers will implement the necessary measures to extract and segregate these companies, assets and trademarks from the Target (the "**Carve-out Plan**"). This process of separation will be completed before the Acquisition is concluded, ensuring that the Target solely comprises the Target Perimeter at the time of the Share Purchase by the Issuer and/or its affiliates. The consummation of the Acquisition is subject to certain conditions precedent being met including, among others, the successful implementation of the Carve-out Plan and, if required, obtaining clearance from the foreign direct investment authority in Spain (the "**Regulatory Approval**"). It is also expected that necessary consents will be obtained from facilities lenders and other creditors involved in the existing financing arrangements of the Pacha Group, which will be repaid prior to or simultaneously upon completion of the Acquisition, along with the removal of any existing encumbrances over the share capital or assets of the Target and/or the Target Perimeter.

Based on the Target Perimeter Financials provided by the Sellers, the consolidated EBITDA and revenue of the Target Perimeter Group for the year ended 31 December 2022 amounted to EUR 25.2 million and EUR 85.8

million, respectively. According to the Sellers, the consolidated EBITDA of the Target Perimeter Group incorporates all expenses, including the headquarter costs which amounted to EUR 4.5 million for the year ended 31 December 2022. According to the information provided by the Sellers, in 2022, Pacha Nightclub (Ibiza) served 2,961 clients per day, Destino Pacha Hotel (Ibiza) had 168 keys with an occupancy of 76.8 per cent. and El Hotel Pacha (Ibiza) had 56 keys with an occupancy of 70.5 per cent. Following the completion of the Acquisition, the Target will not have any outstanding bank debt that will rollover to the Group's balance sheet.

The consideration for the Share Purchase under the Acquisition Agreement is approximately U.S.\$334 million (being EUR 303 million converted into USD using the exchange rate EUR 1.00 = U.S.\$1.1028). This consideration may be adjusted in accordance with the terms of the Acquisition Agreement. The projected total amount payable by the Issuer in connection with the Acquisition, including the purchase consideration and transaction costs, is expected to be approximately U.S.\$339 million (being approximately EUR 307.5 million converted into USD using the exchange rate EUR 1.00 = U.S.\$1.1028) (the "**Acquisition Cost**"). The projected total amount payable by the Issuer in connection with the Acquisition after adjusting the Initial Deposit (U.S.\$33 million) and the scheduled principal and interest payments of outstanding borrowings of the Target Perimeter, and excluding the transaction costs related to the Acquisition is expected to be approximately U.S.\$286 million. The completion of the Acquisition is expected to occur by the later of: (i) the tenth business day following the receipt of notification that the Regulatory Approval has been received (which should be obtained, if required, no later than 29 January 2024 or, alternatively, the earlier of (x) seven months from 31 October 2023 or (y) 2 business days before 31 March 2024 (together, the "**Long Stop Date**")); and (ii) 6 October 2023 (the "**Scheduled Completion Date**"). However, if the Carve-out Plan has not been fully implemented by the Sellers by the Scheduled Completion Date, the completion will occur 5 business days after the implementation of the Carve-out Plan, which is required to be concluded no later than the Long Stop Date and under no circumstances later than 31 March 2024 (this later date is referred to herein as the "**Acquisition Completion Date**"). The Issuer will use a portion of the proceeds from the Offering, together with the amounts drawn under the Revolving Credit Facility (as defined below), to fund a portion of the Acquisition Cost. The Issuer may also use cash flows from its operations to fund a portion of the Acquisition Cost.

The Offering is not conditional on the completion of the Acquisition. In the event that the Acquisition is not consummated, the Issuer may use the portion of the net proceeds from the Offering that it would otherwise have allocated towards the Acquisition to potentially acquire or develop additional properties and/or for general corporate purposes. Accordingly, investors should make their investment decision based solely on the results of operations and creditworthiness of the Group.

Rationale for the Acquisition

The Issuer believes that the Acquisition strategically aligns with the existing platform of the Group. The Acquisition will provide access to a portfolio of globally recognised entertainment brands with a reputable history, which is expected to yield several potential benefits, including operational and financial synergies. The complementary customer base and business operations of the Target Perimeter are expected to generate potential revenue, operational and cost synergies through economies of scale, alcohol procurement, merchandising, talent optimisation, and knowledge sharing by centralising key functions, back-office rationalised functions and cross-utilising talent between Ibiza and Dubai during their respective off-seasons. In particular, revenue synergies are expected to arise from geographic expansion, the introduction of new events, the establishment of new F&B venues, or potential franchising opportunities. Similarly, cost synergies are projected to stem from hotel bookings, merchandise-related initiatives and optimisation of payment systems and entertainment expenses (in 2022, entertainment expenses of the Target Perimeter, which solely operates a hospitality business, was EUR 21.1 million (being approximately U.S.\$23 million converted into USD using the exchange rate EUR 1.00 = U.S.\$1.0866) whereas entertainment expenses of the Group were AED 24.3 million (being approximately U.S.\$6.6 million converted into USD using the exchange rate U.S.\$1.00 = AED 3.6725)).

The Issuer believes that the Acquisition will enhance the Group's offering as it will be able to integrate globally recognised experiences associated with the renowned "Pacha" brand while introducing new entertainment concepts at its existing properties. This integration will also strengthen the Group's brand equity through the brand value of Pacha and its distinctive logo design featuring cherries, which has a well-established reputation in the entertainment industry. Additionally, the Acquisition is expected to enhance the Group's bargaining

power with content providers, contributing to a more robust combined entertainment offering. With a shared emphasis on music, the Acquisition presents the potential for the Group to establish a strong presence in the realm of music by combining their shared expertise and harnessing their respective strengths. The Acquisition will also allow the Group to introduce its acclaimed restaurant concepts at the iconic entertainment brands of the Target Perimeter. Moreover, the Acquisition is expected to generate a significant increase in the Group's social media presence. As at 25 August 2023, the Group's and the Target Perimeter's Instagram accounts combined had 1.4 million followers, and the Group and Target Perimeter had more than 479 million views on hashtags on TikTok.

The Acquisition is also expected to provide significant credibility to the Group's international ambitions and offer potential for further value creation. It will also expand the Group's global footprint (with the Target Perimeter having its hotels in Spain and night club franchises in Greece, Brazil, United Kingdom, Germany, Italy, India and UAE) and further contribute to the Group's international expansion strategy. In addition, diversification into a prominent hospitality market with contrasting peak seasons will serve a natural hedge against seasonal demand volatility. The Group anticipates that the contrasting seasons of the Dubai and Ibiza hospitality markets will allow for optimal resource allocation and minimise exposure to fluctuations in demand.

Investors should note that the above forward-looking statements are subject to inherent risks and uncertainties, and actual results may differ materially from those anticipated due to various factors, including market conditions, execution risks associated with integrating the Acquisition and other factors outside of the Group's control. See "*Risk Factors—Risks Relating to the Acquisition*".

Revolving Credit Facility

On 27 September 2023, the Issuer (as borrower) entered into a revolving credit facility agreement (the "**Revolving Credit Facility Agreement**"), under which an aggregate total commitment of U.S.\$200 million will be made available to the Issuer to repay a portion of the outstanding indebtedness of the Group under the CBD Facilities and to finance a portion of the Acquisition Cost (the "**Revolving Credit Facility**"). The Revolving Credit Facility will be guaranteed on a senior basis by each of the Guarantors and the Controlling Shareholder (as personal guarantor) and, following completion of the Acquisition, by the Target, and will be secured on a first-priority basis by the Common Security and the Spanish Security for Facility A and Facility B (other than the amounts drawn under Facility B which are used to pay to the vendors the purchase price of the shares of the Target in connection with the Acquisition). See "*Description of Certain Financing Arrangements, the Intercreditor Agreement and The Common Security—Revolving Credit Facility*".

Dividend Payment

In July 2023, the Group made a dividend payment to the Controlling Shareholder in the amount of AED 11,892 thousand.

Additional Services

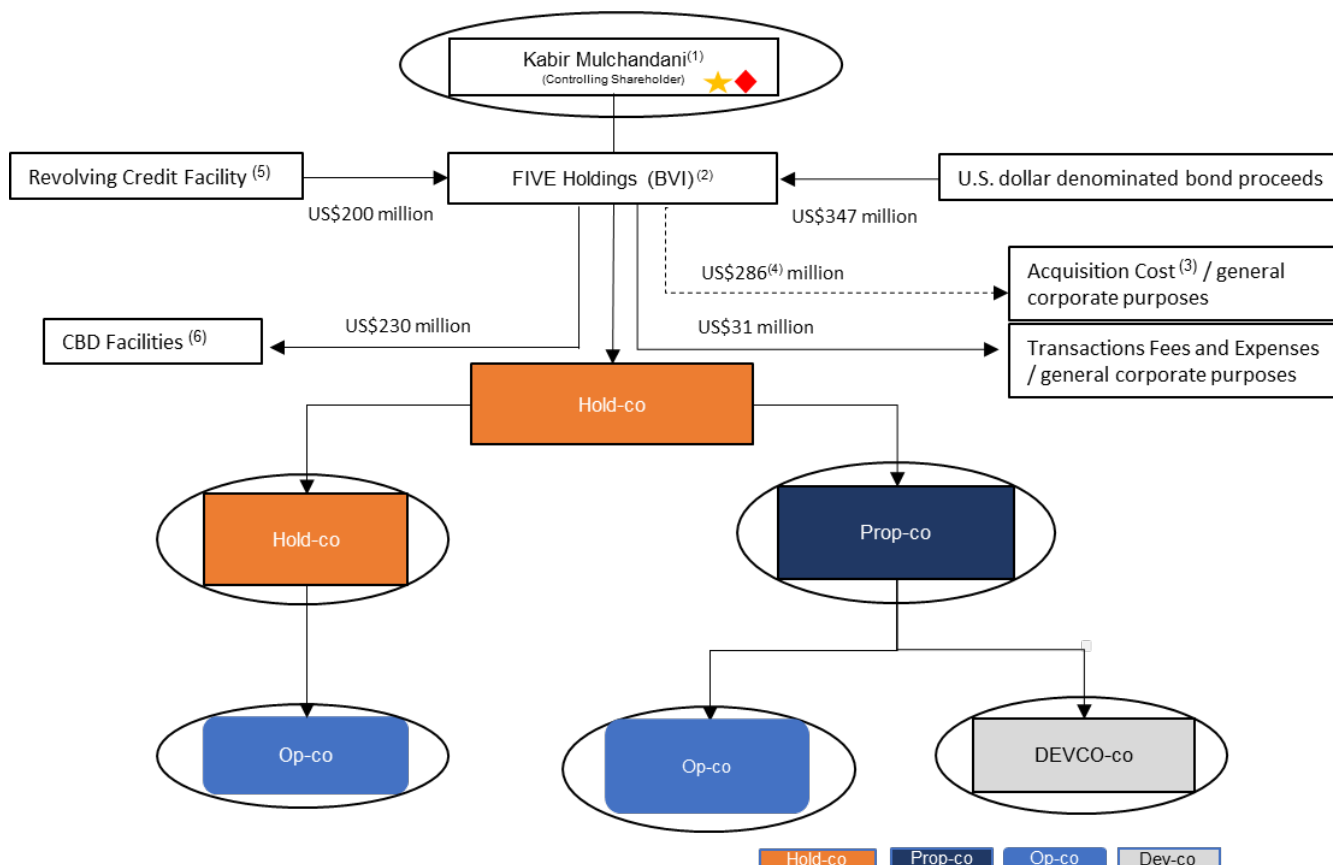
In July 2023, the Group established a new entity, Sea FIVE Yachts LLC, started operations as of the beginning of September 2023. Sea FIVE Yachts LLC provides water sports rental services, and boats and yachts charter services for the Group guests in FIVE Palm Jumeirah. The Group also expects to provide such services in FIVE Luxe, as soon as it becomes operational.

SUMMARY FINANCING AND CORPORATE STRUCTURE

Financing Structure

The following chart shows a simplified summary of the Group's financing structure as of the Issue Date.

The chart does not include all of the Issuer's subsidiaries and/or all of the debt obligations thereof. Unless otherwise indicated, the subsidiaries included in the simplified structure below are directly or indirectly wholly owned by the Issuer. For a summary of the debt obligations identified in this diagram, see the sections entitled "Use of Proceeds", "Capitalisation", "Description of Certain Financing Arrangements, the Intercreditor Agreement and The Common Security" and "Related Party Transactions".



○ Borrowers to the CBD Corporate Facilities with outstanding amount of AED 806,821 thousand (net of unamortised cost) as at 30 June 2023, a portion of which is expected to be fully repaid with the proceeds from the issue of the Notes, together with the amounts drawn under the Revolving Credit Facility.

★ Borrower to the Bridge Facility according to the Credit Facilities Agreement, with outstanding amount of AED 83,650 thousand (net of unamortised cost) as of 30 June 2023, that is expected to be fully repaid with the proceeds from the issue of the Notes, together with the amounts drawn under the Revolving Credit Facility. The Bridge Facility was obtained to finance the Group's purchase of the 10 per cent. non-controlling interest in Assas Investments Limited, a subsidiary of the Group, and therefore, the outstanding amount under the Bridge Facility was recorded under the Group's Financial Statements. See "Related Party Transactions".

◆ Borrower to the VAT Facility according to the Credit Facilities Agreement, with outstanding principal amount of AED 9,001 thousand as of 30 June 2023, that is expected to be fully repaid with the proceeds from the issue of the Notes, together with the amounts drawn under the Revolving Credit Facility. The VAT Facility was obtained to finance the VAT payment for the acquisition of FIVE Luxe property and therefore, the outstanding amount under the Bridge Facility was recorded under the Group's Financial Statements. See "Related Party Transactions".

- (1) As of the date of this Offering Memorandum, Kabir Mulchandani is the Controlling Shareholder of the Group. See “*Sole Shareholder and Management*”.
- (2) On the Issue Date, the Notes will be issued by FIVE Holdings (BVI) Limited as Issuer and will be guaranteed by the Guarantors (as defined herein and as shown in the corporate structure of the Group as shown below), in each case, on a senior basis.

The Notes will be offered in an aggregate principal amount of U.S.\$350 million at an issue price of 99.026 per cent. and will rank *pari passu* in right of payment with all existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes and will rank senior in right of payment to all future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes. The Notes will be effectively subordinated to any existing or future indebtedness of the Issuer that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such indebtedness.

Not all of the Group’s subsidiaries will guarantee the Notes. The Notes will be structurally subordinated to all existing and future indebtedness of subsidiaries of the Issuer that do not provide Guarantees in respect of the Notes. As at 30 June 2023, the Guarantors represented 87.0 per cent. of the Issuer’s consolidated total assets and for the twelve-month period ended 30 June 2023, the Guarantors represented 90.8 per cent. of the Issuer’s consolidated revenue and 99.2 per cent. of the Issuer’s consolidated EBITDA (as defined in “*Presentation of Financial and Other Information—Non-IFRS Financial Measures*”). As at 30 June 2023, the Issuer’s non-Guarantor subsidiaries had AED 228,766 thousand (CHF 55,752 thousand) of debt outstanding, all of which belonged to 5 Atlantis AG. See “*Capitalisation*”. The Guarantors will also guarantee indebtedness under the Revolving Credit Facility.

In addition, following completion of the Acquisition, the Target will accede to the Revolving Credit Facility Agreement as a guarantor with respect to Facility A and Facility B (other than the amounts drawn under Facility B which are used to pay to the vendors the purchase price of the shares of the Target in connection with the Acquisition) under the Revolving Credit Facility, but will not guarantee the Notes. See “*Description of Certain Financing Arrangements, the Intercreditor Agreement and the Common Security—Revolving Credit Facility*”.

- (3) On 30 June 2023, the Issuer entered into the Acquisition Agreement with the Sellers to acquire the Target Perimeter with the Acquisition Cost expected to be approximately U.S.\$339 million (being approximately EUR 307.5 million converted into USD using the exchange rate EUR 1.00 = U.S.\$1.1028). For further details of the Acquisition, see “*Business of the Group—Recent Developments*”.
- (4) Expected Acquisition Cost after adjusting the Initial Deposit (U.S.\$33 million) and the scheduled principal and interest payments of outstanding borrowings of the Target Perimeter and excluding the transaction costs related to the Acquisition, see “*Business of the Group—Recent Developments*”.
- (5) The Issuer entered into the Revolving Credit Facility Agreement to obtain financing of U.S.\$200 million to repay a portion of the outstanding indebtedness of the Group under the CBD Facilities and to finance a portion of the Acquisition Cost.
- (6) The Issuer intends to use a portion of the proceeds from the issue of the Notes, together with the amounts drawn under the Revolving Credit Facility, to (i) repay in full, on or around the Issue Date, the outstanding indebtedness of the Group under the CBD Corporate Facilities including the accrued and unpaid interest as at the expected date of payment and (ii) repay in full, on or around the Issue Date, the outstanding indebtedness including the accrued and unpaid interest as at the expected date of payment under the CBD Business Facilities obtained by the Controlling Shareholder solely for the purpose of meeting the Group’s needs.

Corporate Structure

The holding company of the Group, FIVE Holdings (BVI) Limited, is a BVI Business Company incorporated under the laws of the BVI. The Company was registered on 30 August 2013 with the Registrar of Corporate Affairs in the BVI and its registered address is P.O. Box 2221, Road Town, Tortola, British Virgin Islands, with the Company telephone number of (+971) 4 247 5252. FIVE Holdings (BVI) Limited and the other companies under the Group are licensed to conduct a wide range of activities, including holding company activities, hotel management, real estate development, investment in commercial enterprises and management.

As of the date of this Offering Memorandum, Mr. Kabir Mulchandani is the sole ultimate beneficial owner of the Company. The Company holds a 100 per cent. equity stake in FIVE Holding Limited, a corporate entity incorporated in the DIFC in Dubai, UAE. The Company, through FIVE Holding Limited and its other intermediate holding subsidiaries, acts as an investment vehicle holding interests in several operating subsidiaries.

In 2023, in order to achieve further operational and managerial efficiencies and to streamline the corporate structure of the Group, the Issuer resolved to remove certain intermediate holding companies from the Group structure either by dissolving or transferring the entities out of the Group (the “**Corporate Reorganisation**”). As part of the Corporate Reorganisation, the Group took the following steps and the following entities (the “**Excluded Entities**”) were excluded from the Group structure within the scope of the Corporate Reorganisation:

- On 1 May 2023, Ananda Investments Limited was de-registered from the Jebel Ali Freezone Authority (“**JAFZA**”) with effect from 28 March 2023.
- On 31 March 2023, the shares of FIVE Investment LLC were sold to the Controlling Shareholder, pursuant to a share purchase agreement dated 31 March 2023 and the transfer of shares was completed by the end of June 2023. As part of such share transfer all the assets and liabilities of FIVE Investment LLC were transferred to the Controlling Shareholder at their book values.
- Furthermore, in June 2023, the shares of FIVE Development LLC and FIVE Hospitality LLC were transferred to the Controlling Shareholder, in accordance with the relevant corporate resolutions adopted by the relevant entities. As part of such share transfer, all the assets and liabilities of FIVE Development LLC and FIVE Hospitality LLC were transferred to the Controlling Shareholder at their book values.
- As a result of the transfer of the shares of FIVE Investment LLC and FIVE Development LLC, FIVE Real Estate Development LLC was also excluded from the Group structure, as it was a subsidiary of FIVE Investment LLC and FIVE Development LLC.

All the assets and liabilities of the Excluded Entities were transferred to Mr. Kabir Mulchandani at their book values. Since the Excluded Entities, other than FIVE Real Estate Development LLC, did not have any material assets and liabilities, the Corporate Reorganisation did not result in a material change in the Group’s financial statements.

SELECTED FINANCIAL INFORMATION

The tables below present the selected historical consolidated financial information of the Group. Other than certain operational data expressed in U.S. dollars, the selected consolidated financial information presented below has been derived from the Financial Statements (including the financial information as at and for the year ended 31 December 2020 derived from the unaudited comparative financial information as at and for the year ended 31 December 2020 included in the 2021 Financial Statements, and the financial information for the six-month period ended 30 June 2022 derived from the unaudited comparative financial information for the six-month period ended 30 June 2022 included in the Interim Financial Statements).

The Group's Financial Statements are prepared in accordance with IFRS. Prospective investors should read this selected consolidated financial information in conjunction with such Financial Statements and with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

This section includes certain financial measures of the Company that are not defined, and thus not calculated, in accordance with IFRS, or any other generally accepted accounting principles to assess the financial performance of our business that are termed "non-IFRS measures" because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. These non-IFRS measures include EBITDA, EBITDA Margin, Capital Expenditures, Net Bank Debt, Leverage Ratio, Bank Interest, Net Gross Debt, Net Gross Debt / EBITDA and EBITDA / Bank Interest. We present such non-IFRS measures because we believe that these and other similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. Because these non-IFRS measures are not standardised, they may not be comparable to other similarly-titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. An explanation of the relevance of each of the non-IFRS measures, a reconciliation of the non-IFRS measures to the most directly comparable measures calculated and presented in accordance with IFRS and a discussion of their limitations is set out below. We do not regard these non-IFRS measures as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS.

Consolidated Statement of Profit or Loss Data

	For the year ended 31 December			For the six-month period ended 30 June	
	2020 (restated) ¹	2021 (restated) ¹	2022 (AED thousand)	2022 (restated) ¹	2023
Revenue.....	457,570	1,408,873	1,236,949	574,864	807,794
Cost of sales	(183,270)	(537,652)	(494,958)	(205,964)	(324,531)
Depreciation	(134,774)	(138,306)	(191,187)	(90,983)	(103,360)
Gross profit	139,526	732,915	550,804	277,917	379,903
Expenses					
General and administrative expenses.....	(86,070)	(145,937)	(183,989)	(109,022)	(100,812)
Selling and marketing expenses.....	(24,478)	(68,560)	(77,705)	(30,613)	(49,092)
Net impairment (losses)/ reversal on financial assets	(2,845)	(10,362)	4,877	—	—
Other income.....	25,399	15,955	19,847	13,577	1,939
Other expenses	(4,651)	—	—	—	—
Operating profit	46,881	524,011	313,834	151,859	231,938
Finance income	—	—	5,967	5,617	12,643
Finance cost.....	(67,487)	(57,545)	(87,133)	(37,765)	(58,624)
Finance cost, net	(67,487)	(57,545)	(81,166)	(32,148)	(45,981)
(Loss)/ profit for the year/ period	(20,606)	466,466	232,668	119,711	185,957
(Loss)/ profit for the year/ period attributable to:					
Owner of the parent.....	(21,753)	455,027	225,520	113,897	184,653
Non-controlling interests	1,147	11,439	7,148	5,814	1,304
	(20,606)	466,466	232,668	119,711	185,957

Note:

¹ See Note 34 to the 2021 Financial Statements and Note 25 to the Interim Financial Statements for details related to restatement of prior periods

Consolidated Statement of Financial Position Data

	As at 31 December			As at 30 June
	2020 (restated) ¹	2021 (restated) ¹	2022	2023
	<i>(AED thousand)</i>			
Assets:				
Non-current assets				
Property and equipment.....	3,426,312	5,837,857	6,966,867	7,193,135
Right-of-use assets.....	103,317	102,951	104,914	94,264
Intangible assets.....	—	133	235	905
Other assets.....	—	—	—	118,500
	3,529,629	5,940,941	7,072,016	7,406,804
Current assets				
Due from a related party.....	63,822	—	—	2,815
Trade and other receivables.....	130,602	535,656	560,011	666,118
Prepayments.....	6,834	50,920	38,136	70,546
Property held for development sale.....	—	18,623	6,526	—
Inventories.....	6,795	13,950	17,267	16,149
Cash and cash equivalents.....	28,361	488,385	696,200	748,084
	236,414	1,107,534	1,318,140	1,503,712
Total assets	3,766,043	7,048,475	8,390,156	8,910,516
Equity:				
Equity attributable to owner of the parent				
Share capital.....	—	—	—	—
Contributed capital.....	252,913	252,913	252,913	252,913
Statutory reserve.....	2,238	2,238	2,238	2,238
Revaluation reserve.....	1,835,034	3,486,063	4,345,082	4,400,297
Retained earnings/(accumulated losses).....	(67,122)	471,091	807,172	992,805
	2,023,063	4,212,305	5,407,405	5,648,253
Non-controlling interests.....	144,272	129,397	21,666	22,110
Total equity	2,167,335	4,341,702	5,429,071	5,670,363
Liabilities:				
Non-current liabilities				
Lease liabilities.....	106,401	101,706	99,514	87,088
Trade and other payables.....	66,914	63,591	51,012	42,809
Bank borrowings.....	116,822	1,166,052	1,063,656	764,347
Deferred tax liability.....	—	14,133	23,324	11,609
Contract liabilities.....	—	878	—	—
Provision for employees' end of service benefits.....	4,905	5,855	10,837	12,139
Retention payables.....	—	772	18,648	31,869
Deferred gain.....	424,800	367,678	398,677	434,063
Finance liabilities.....	364,945	375,645	466,687	526,608
	1,084,787	2,096,310	2,132,355	1,910,532
Current liabilities				
Lease liabilities.....	18,823	25,423	22,688	27,222
Due to related parties.....	—	134,575	6,470	826
Trade and other payables.....	175,678	206,550	482,465	493,444
Bank borrowings.....	194,079	72,710	106,834	271,240
Contract liabilities.....	—	25,671	55,145	363,560
Retention payables.....	—	231	339	967
Deferred gain.....	59,860	67,134	65,805	70,984
Finance liabilities.....	65,481	78,169	88,984	101,378
	513,921	610,463	828,730	1,329,621
Total liabilities	1,598,708	2,706,773	2,961,085	3,240,153
Total equity and liabilities	3,766,043	7,048,475	8,390,156	8,910,516

Note:

¹ See Note 34 to the 2021 Financial Statements for details related to restatement of prior periods

Consolidated Statement of Cash Flows Data

	For the year ended 31 December			For the six-month period ended 30 June	
	2020	2021	2022	2022	2023
	(restated) ¹	(restated) ¹		(restated) ¹	
			<i>(AED thousand)</i>		
Cash flows from operating activities:					
(Loss)/Profit for the year/period	(20,606)	466,466	232,668	119,711	185,957
Adjustments for:					
Depreciation of property and equipment.....	109,850	119,504	168,121	83,418	92,710
Depreciation of right-of-use assets	24,924	18,802	23,066	7,565	10,650
Net impairment losses trade receivables	2,845	10,362	—	—	—
Profit on sale of property and equipment.....	(180)	—	—	—	(480)
Interest on lease liabilities	7,892	7,676	7,218	3,979	3,782
Interest cost on finance liabilities	45,185	62,207	78,169	40,351	39,927
Provision for employees' end of service benefits	2,417	1,826	6,105	1,172	1,302
Amortisation of deferred gain.....	(9,734)	(41,142)	(55,256)	(29,720)	(27,474)
Interest income	(584)	-	(5,967)	(5,617)	(12,643)
Interest cost on bank borrowings.....	24,728	24,797	53,127	21,035	39,463
Other finance cost.....	—	4,007	3,874	2,120	2,926
Gain on lease termination	—	—	(12,748)	—	—
Changes in working capital:					
Property held for development and sale.....	—	(18,623)	12,097	18,623	6,526
Inventories.....	1,585	(7,155)	(3,317)	2,130	1,118
Trade and other receivables.....	7,731	(412,375)	(24,355)	15,744	(106,107)
Prepayments	2,481	(44,086)	12,784	1,121	(32,410)
Due from a related party	(62,664)	63,822	—	—	(2,815)
Due to a related party	(1,363)	134,574	(128,105)	(97,740)	(5,644)
Trade and other payables.....	(53,246)	29,021	272,701	1,079	(183,269)
Retention payables.....	—	1,003	17,983	4,073	13,849
Contract liabilities	—	26,549	28,596	21,824	308,415
Employee's end of service benefits paid.....	(1,134)	(876)	(1,123)	—	—
Net cash generated from operating activities.....	80,127	447,359	685,638	210,868	335,783
Cash flows from investing activities:					
Purchase of property and equipment.....	(28,052)	(814,958)	(324,300)	(141,368)	(244,784)
Proceed from sale of property and equipment	—	32,220	—	—	—
Purchase of intangible assets	—	(133)	(101)	(50)	(670)
Proceeds from sale of investment property	9,498	—	—	—	—
Guarantee deposits paid for the Acquisition	—	—	—	—	(118,500)
Interest income	584	—	5,967	5,617	12,643
Net cash used in investing activities.....	(17,970)	(782,871)	(318,434)	(135,801)	(351,311)
Cash flows from financing activities:					
Advance received under financing arrangements	—	—	—	—	186,810
Proceeds from financing arrangements.....	53,479	14,683	186,783	136,239	140,356
Interest payment of finance liabilities.....	(30,113)	(62,207)	(78,169)	(40,351)	(39,927)
Purchase of non-controlling interest share in a subsidiary	—	(18,325)	(104,982)	(104,981)	—
Subscription to share capital by Non-controlling interest	735	—	—	—	—
Payment of lease liabilities	(15,963)	(19,573)	(17,009)	(19,627)	(7,892)
Interest paid on lease liabilities.....	(7,892)	(7,675)	(7,218)	(3,979)	(3,782)
Dividends paid.....	(89,377)	(9,425)	(13,321)	(13,321)	(30,861)
Interest paid on bank borrowings.....	(24,728)	(28,804)	(57,001)	(23,155)	(42,389)
Proceed from bank borrowings.....	36,924	1,195,926	139,637	108,382	—
Repayment of from bank borrowings	(49,085)	(268,064)	(208,109)	(75,607)	(134,903)
Proceeds from overdraft	19,999	—	—	—	—
Net cash (used in)/generated from financing activities	(106,021)	796,536	(159,389)	(36,400)	67,412
Net (decrease)/ increase in cash and cash equivalents	(43,864)	460,024	207,815	38,667	51,884
Cash and cash equivalents, beginning of the year/ period.....	72,225	28,361	488,385	488,385	696,200
Cash and cash equivalents, end of the year/ period	28,361	488,385	696,200	527,052	748,084

Note:

¹ See Note 34 to the 2021 Financial Statements and Note 25 to the Interim Financial Statements for details related to restatement of prior periods

Other Financial and Operating Data

The table below sets forth certain other financial information which the Group believes is useful in understanding the performance of its business as of the dates and for the periods indicated:

	For the year ended 31 December			For the six-month period ended 30 June	
	2020 (restated)*	2021 (restated)*	2022	2022 (restated)*	2023
<i>(AED thousand, unless indicated otherwise)</i>					
Group:					
Revenue	457,570	1,408,873	1,236,949	574,864	807,794
Hospitality Revenue	454,964	759,130	918,273	474,228	463,262
Real Estate Development Revenue	2,606	649,743	318,676	100,636	344,532
EBITDA⁽¹⁾	186,046	666,793	523,927	259,290	335,298
Hospitality EBITDA ⁽¹⁾	195,607	382,520	424,023	249,847	196,570
Real Estate Development EBITDA ⁽¹⁾	2,359	329,121	141,675	40,026	174,353
Others ⁽¹⁾	(11,920)	(44,848)	(41,771)	(30,583)	(35,625)
EBITDA Margin⁽²⁾ (%)					
Hospitality EBITDA Margin ⁽²⁾ (%)	43.0	50.4	46.2	52.7	42.4
Real Estate Development EBITDA Margin ⁽²⁾ (%)	90.5	50.7	44.5	39.8	50.6
Capital Expenditures ⁽³⁾	28,052	815,091	324,401	141,418	245,454
Net Bank Debt ⁽⁴⁾	282,540	750,377	474,290	n/a**	287,503
Leverage Ratio ⁽⁵⁾	1.5	1.1	0.9	n/a**	0.5***
Net Gross Debt ⁽⁶⁾	838,190	1,331,320	1,152,163	n/a**	1,029,799
Net Gross Debt / EBITDA ⁽⁷⁾	4.5	2.0	2.2	n/a**	1.7***
Bank Interest ⁽⁸⁾	24,728	33,006	81,271	n/a**	59,577
EBITDA / Bank Interest ⁽⁹⁾	7.5	20.2	6.4	n/a**	5.6
FIVE Palm Jumeirah:					
Hospitality Revenue	330,318	557,759	653,004	358,580	323,814
Room	116,279	214,762	241,882	133,433	114,951
F&B (non-entertainment)	73,423	156,267	123,229	69,128	62,576
EATertainment	106,933	144,983	228,280	126,620	107,225
Others	33,683	41,747	59,612	29,399	39,062
Hospitality EBITDA⁽¹⁾	148,896	286,802	336,250	197,345	157,964
Room	63,399	146,995	165,063	97,018	75,270
F&B (non-entertainment)	17,240	67,685	47,436	29,599	23,571
EATertainment	51,769	65,539	95,869	58,525	45,093
Others	16,487	6,583	27,882	12,203	14,031
Hospitality EBITDA Margin⁽²⁾ (%)					
Room	54.5	68.4	68.2	72.7	65.5
F&B (non-entertainment)	23.5	43.3	38.5	42.8	37.7
EATertainment	48.4	45.2	42.0	46.2	42.1
Others	48.9	15.8	46.8	41.5	35.9
FIVE Jumeirah Village:					
Hospitality Revenue	124,646	201,371	224,103	115,648	103,779
Room	88,793	126,411	134,383	71,751	60,546
F&B (non-entertainment)	24,161	46,624	60,254	30,024	31,288
EATertainment	6,228	16,150	23,462	10,848	8,936
Others	5,464	12,186	6,004	3,026	3,009
Hospitality EBITDA⁽¹⁾	46,711	94,858	93,388	51,801	41,587
Room	39,403	67,666	66,987	38,210	28,098
F&B (non-entertainment)	2,501	12,620	20,020	9,634	10,487
EATertainment	1,080	5,044	3,217	2,361	1,443
Others	3,727	9,528	3,165	1,596	1,559
Hospitality EBITDA Margin⁽²⁾ (%)					
Room	44.4	53.5	49.8	53.3	46.4
F&B (non-entertainment)	10.4	27.1	33.2	32.1	33.5
EATertainment	17.3	31.2	13.7	21.8	16.1
Others	68.2	78.2	52.7	52.8	51.8

	For the year ended 31 December			For the six-month period ended 30 June	
	2020	2021	2022	2022	2023
	(restated)*	(restated)*		(restated)*	
FIVE Zurich:					
Hospitality Revenue	—	—	41,166	—	35,670
Room.....	—	—	17,528	—	17,427
F&B (non-entertainment)	—	—	11,390	—	9,776
EATertainment	—	—	11,031	—	6,874
Others	—	—	1,218	—	1,593
Hospitality EBITDA⁽¹⁾	—	—	(5,615)	701	(2,981)
Room	—	—	1,865	318	1,804
F&B (non-entertainment)	—	—	(5,455)	199	(3,301)
EATertainment	—	—	(1,386)	167	(1,430)
Others.....	—	—	(638)	17	(54)
Hospitality EBITDA Margin⁽²⁾ (%)					
Room.....	—	—	10.6	—	10.4
F&B (non-entertainment)	—	—	(47.9)	—	(33.8)
EATertainment	—	—	(12.6)	—	(20.8)
Others	—	—	(52.4)	—	(3.4)

Note:

* See Note 34 to the 2021 Financial Statements and Note 25 to the Interim Financial Statements for details related to restatement of prior periods.

** Not disclosed as Interim Financial Statements do not include statement of financial position as at 30 June 2022.

*** To compute the Leverage Ratio and Net Gross Debt / EBITDA, the EBITDA is calculated for the last twelve-month period ended 30 June 2023, which has been calculated by adding the Group's EBITDA for the six-month period ended 30 June 2023 to the Group's EBITDA for the year ended 31 December 2022 and subtracting the Group's EBITDA for the six-month period ended 30 June 2022.

The table below sets forth the operating data which the Group believes is useful in understanding the performance of its business as of the dates and for the periods indicated:

	For the year ended 31 December			For the six-month period ended 30 June	
	2020	2021	2022	2022	2023
Group					
Operating Data:					
ADR ⁽¹⁰⁾ (AED)	804	1,138	1,222	1,309	1,174
Occupancy ⁽¹¹⁾ (%).....	76.3	89.6	92.8	94.3	87.4
RevPAR ⁽¹²⁾ (AED).....	613	1,019	1,122	1,234	1,025
Number of Covers	977,594	1,430,365	1,668,180	867,207	844,176
F&B Spend per Cover (AED) ⁽¹³⁾	215	254	274	273	268
F&BRevPAR ⁽¹⁴⁾ (AED).....	627	1,088	1,302	1,423	1,204
TRevPAR ⁽¹⁵⁾ (AED)	1,310	2,195	2,510	2,841	2,455
FIVE Palm Jumeirah					
Operating Data:					
ADR ⁽¹⁰⁾ (AED)	967	1,429	1,533	1,667	1,473
Occupancy ⁽¹¹⁾ (%).....	69.8	87.5	91.2	93.4	91.1
RevPAR ⁽¹²⁾ (AED).....	675	1,250	1,398	1,556	1,342
Number of Covers	699,089	995,700	1,076,953	600,533	557,913
F&B Spend per Cover (AED) ⁽¹³⁾	257	303	326	326	305
F&BRevPAR ⁽¹⁴⁾ (AED).....	1,043	1,753	2,030	2,283	1,977
TRevPAR ⁽¹⁵⁾ (AED)	1,823	3,103	3,559	3,965	3,482
FIVE Jumeirah Village:					
Operating Data:					
ADR ⁽¹⁰⁾ (AED)	658	845	879	936	831
Occupancy ⁽¹¹⁾ (%).....	83.1	91.8	94.4	95.2	91.5
RevPAR ⁽¹²⁾ (AED).....	547	776	830	892	760
Number of Covers	278,505	434,665	522,092	266,674	232,447
F&B Spend per Cover (AED) ⁽¹³⁾	109	144	160	153	173
F&BRevPAR ⁽¹⁴⁾ (AED).....	187	385	517	508	505
TRevPAR ⁽¹⁵⁾ (AED)	768	1,238	1,385	1,439	1,304
FIVE Zurich:					
Operating Data:					
ADR ⁽¹⁰⁾ (AED)	—	—	1,534	—	1,295
Occupancy ⁽¹¹⁾ (%).....	—	—	71.0	—	58.4
RevPAR ⁽¹²⁾ (AED)	—	—	1,089	—	757

Number of Covers	—	—	69,135	—	53,816
F&B Spend per Cover (AED) ⁽¹³⁾	—	—	318	—	301
F&BRevPAR ⁽¹⁴⁾ (AED).....	—	—	1,365	—	723
TRevPAR ⁽¹⁵⁾ (AED)	—	—	2,552	—	1,548

- (1) “**EBITDA**” is defined under “*Presentation of Financial and Other Information—Non-IFRS Financial Measures*”. Tables showing the reconciliation of EBITDA for each period and for each operating hotel are presented under “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Segmental Analysis*”.
- (2) “**EBITDA Margin**” is defined under “*Presentation of Financial and Other Information—Non-IFRS Financial Measures*”. Tables showing the reconciliation of EBITDA Margin for each period and for each operating hotel are presented under “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Segmental Analysis*”.
- (3) “**Capital Expenditures**” is defined under “*Presentation of Financial and Other Information—Non-IFRS Financial Measures*”.

The following table shows the breakdown of Capital Expenditures as at each period:

	For the year ended 31 December			For the six-month period ended 30 June	
	2020 (restated) ¹	2021 (restated) ¹	2022	2022 (restated) ¹	2023
			(AED thousand)		
Purchase of property and equipment	28,052	814,958	324,300	141,368	244,784
Purchase of intangible assets	—	133	101	50	670
Total Capital Expenditures	28,052	815,091	324,401	141,418	245,454

- (4) “**Net Bank Debt**” is defined under “*Presentation of Financial and Other Information—Non-IFRS Financial Measures*”.

The following table shows the breakdown of Net Bank Debt as at each period:

	As at 31 December			As at 30 June	
	2020 (restated) ¹	2021 (restated) ¹	2022	2022 (restated) ¹	2023
			(AED thousand)		
Bank borrowings (current and non-current)	310,901	1,238,762	1,170,490	n/a ²	1,035,587
<i>Less</i>					
Cash and cash equivalents.....	28,361	488,385	696,200	n/a ²	748,084
Net Bank Debt	282,540	750,377	474,290	n/a²	287,503

Note:

¹ See Note 34 to the 2021 Financial Statements and Note 25 to the Interim Financial Statements for details related to restatement of prior periods.

² Not disclosed as Interim Financial Statements do not include statement of financial position as at 30 June 2022.

- (5) “**Leverage Ratio**” is defined under “*Presentation of Financial and Other Information—Non-IFRS Financial Measures*”.

The following table shows the breakdown of Leverage Ratio as at each period:

	As at 31 December			As at 30 June	
	2020 (restated) ¹	2021 (restated) ¹	2022	2022 (restated) ¹	2023
	<i>(AED thousand, unless otherwise indicated)</i>				
Net Bank Debt.....	282,540	750,377	474,290	n/a ²	287,503
EBITDA.....	186,046	666,793	523,927	n/a ²	599,935 ³
Leverage Ratio	1.5	1.1	0.9	n/a²	0.5³

Note:

¹ See Note 34 to the 2021 Financial Statements and Note 25 to the Interim Financial Statements for details related to restatement of prior periods.

² Not disclosed as Interim Financial Statements do not include statement of financial position as at 30 June 2022.

³ To compute Leverage Ratio, the EBITDA is calculated for the last twelve-month period ended 30 June 2023, which has been calculated by adding the Group's EBITDA for the six-month period ended 30 June 2023 to the Group's EBITDA for the year ended 31 December 2022 and subtracting the Group's EBITDA for the six-month period ended 30 June 2022.

(6) “**Net Gross Debt**” is defined under “*Presentation of Financial and Other Information—Non-IFRS Financial Measures*”.

The following table shows the breakdown of Net Gross Debt as at each period:

	As at 31 December			As at 30 June	
	2020 (restated) ¹	2021 (restated) ¹	2022	2022 (restated) ¹	2023
	<i>(AED thousand)</i>				
Bank borrowings (current and non-current).....	310,901	1,238,762	1,170,490	n/a ²	1,035,587
Finance liabilities.....	430,426	453,814	555,671	n/a ²	627,986
Lease liabilities.....	125,224	127,129	122,202	n/a ²	114,310
<i>Less</i>					
Cash and cash equivalents.....	28,361	488,385	696,200	n/a ²	748,084
Net Gross Debt	838,190	1,331,320	1,152,163	n/a²	1,029,799

Note:

¹ See Note 34 to the 2021 Financial Statements and Note 25 to the Interim Financial Statements for details related to restatement of prior periods.

² Not disclosed as Interim Financial Statements do not include statement of financial position as at 30 June 2022.

(7) “**Net Gross Debt / EBITDA**” is defined under “*Presentation of Financial and Other Information—Non-IFRS Financial Measures*”.

The following table shows the breakdown of Net Gross Debt / EBITDA as at each period:

	As at 31 December			As at 30 June	
	2020 (restated) ¹	2021 (restated) ¹	2022	2022 (restated) ¹	2023
	<i>(AED thousand)</i>				
Net Gross Debt.....	838,190	1,331,320	1,152,163	n/a ²	1,029,799
EBITDA.....	186,046	666,793	523,927	n/a ²	599,935 ³
Net Gross Debt / EBITDA	4.5	2.0	2.2	n/a²	1.7³

Note:

¹ See Note 34 to the 2021 Financial Statements and Note 25 to the Interim Financial Statements for details related to restatement of prior periods.

² Not disclosed as Interim Financial Statements do not include statement of financial position as at 30 June 2022.

³ To compute Net Gross Debt / EBITDA, the EBITDA is calculated for the last twelve-month period ended 30 June 2023, which has been calculated by adding the Group's EBITDA for the six-month period ended 30 June 2023 to the Group's EBITDA for the year ended 31 December 2022 and subtracting the Group's EBITDA for the six-month period ended 30 June 2022.

(8) “**Bank Interest**” is defined under “*Presentation of Financial and Other Information—Non-IFRS Financial Measures*”.

The following table shows the breakdown of Bank Interest as at each period:

	As at 31 December			As at 30 June	
	2020 (restated) ¹	2021 (restated) ¹	2022	2022 (restated) ¹	2023
Interest on Bank borrowings	24,728	33,006	81,271	n/a ²	59,577
Bank Interest	24,728	33,006	81,271	n/a²	59,577

Note:

¹ See Note 34 to the 2021 Financial Statements and Note 25 to the Interim Financial Statements for details related to restatement of prior periods.

² Not disclosed as Interim Financial Statements do not include statement of financial position as at 30 June 2022.

- (9) **“EBITDA / Bank Interest”** is defined under *“Presentation of Financial and Other Information—Non-IFRS Financial Measures”*.

The following table shows the breakdown of EBITDA / Bank Interest as at each period:

	As at 31 December			As at 30 June	
	2020 (restated) ¹	2021 (restated) ¹	2022	2022 (restated) ¹	2023
EBITDA	186,046	666,793	523,927	n/a ²	335,298
Bank Interest	24,728	33,006	81,271	n/a ²	59,577
EBITDA / Bank Interest	7.5	20.2	6.4	n/a²	5.6

Note:

¹ See Note 34 to the 2021 Financial Statements and Note 25 to the Interim Financial Statements for details related to restatement of prior periods.

² Not disclosed as Interim Financial Statements do not include statement of financial position as at 30 June 2022.

- (10) **“ADR”** is defined under *“Presentation of Financial and Other Information—Other Operational Data”*. Tables showing the ADR for each period and for each operating hotel are presented under *“Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting the Results of Operations of the Group—Occupancy, Average Daily Rate, Revenue per Available Room—Average Daily Rate (ADR)”*.
- (11) **“Occupancy”** is defined under *“Presentation of Financial and Other Information—Other Operational Data”*. Tables showing the Occupancy for each period and for each operating hotel are presented under *“Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting the Results of Operations of the Group—Occupancy, Average Daily Rate, Revenue per Available Room—Occupancy”*.
- (12) **“RevPAR”** is defined under *“Presentation of Financial and Other Information—Other Operational Data”*. Tables showing the RevPAR for each period and for each operating hotel are presented under *“Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting the Results of Operations of the Group—Occupancy, Average Daily Rate, Revenue per Available Room—Revenue per Available Room (RevPAR)”*.
- (13) **“F&B Spend per Cover”** is defined under *“Presentation of Financial and Other Information—Other Operational Data”*. Tables showing the F&B Spend per Cover for each period and for each operating hotel are presented under *“Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting the Results of Operations of the Group—F&B Revenue per Available Room, Number of Covers for the F&B Venues, F&B Spend per Cover—F&B Spend per Cover”*.
- (14) **“F&BRevPAR”** is defined under *“Presentation of Financial and Other Information—Other Operational Data”*. Tables showing the F&BRevPAR for each period and for each operating hotel are presented under *“Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting the Results of Operations of the Group—F&B Revenue per Available Room, Number of Covers for the F&B Venues, F&B Spend per Cover—F&B Revenue per Available Room (F&BRevPAR)”*.
- (15) **“TRevPAR”** is defined under *“Presentation of Financial and Other Information—Other Operational Data”*.

OVERVIEW OF THE OFFERING

Unless otherwise indicated, the capitalised terms used in this overview of the terms of the Notes but not defined herein have the meanings ascribed to them in the Conditions.

Issuer	FIVE Holdings (BVI) Limited.
Legal Entity Identifier (LEI) of the Issuer	894500RYZ0A75W1L6C62.
Guarantors	FIVE Holding Limited, FIVE JBR Holding (DIFC) Limited, FIVE International Holding Limited, DEVCO Real Estate Development LLC, FIVE International Hotel Management LLC, SKAI Holdings Group Limited, Assas Investments Limited, Rehan Limited, Unlimited 1 Limited, FIVE Hotel FZE, FIVE Luxe Hotel LLC (formerly FIVE Hotel JBR LLC), FIVE Hotel Jumeirah Village LLC, Unlimited 1 Development, Sky's the Limit 1, FIVE Holiday Homes Rental LLC and Pacha Universe Holding Limited (together with any persons who become guarantors pursuant to Condition 4.12 (<i>Additional Guarantors and Limitations on Guarantees</i>), but excluding any entity released from being a Guarantor pursuant to the Conditions, the “ Guarantors ”).
Joint Global Coordinators	Citigroup Global Markets Limited, Deutsche Bank AG, London Branch and Emirates NBD Bank PJSC.
Joint Bookrunners and Joint Lead Managers	Arab African International Bank, Citigroup Global Markets Limited, Commercial Bank of Dubai P.S.C., Deutsche Bank AG, London Branch, Emirates NBD Bank PJSC and Mashreqbank psc.
Notes	U.S.\$350,000,000 per cent. Senior Secured Notes due 3 October 2028.
Issue Date	3 October 2023.
Issue Price	99.026 per cent.
Maturity Date	3 October 2028.
Interest	The Notes will bear interest from and including the Issue Date at a rate of 9.375 per cent. per annum payable semi-annually in arrear on 3 April and 3 October in each year, beginning on 3 April 2024.
Guarantees	<p>As of and from the Issue Date, the Notes will be guaranteed on a senior basis by the Guarantors. The Guarantors will also guarantee indebtedness under the Revolving Credit Facility.</p> <p>Not all of our subsidiaries will guarantee the Notes. As at 30 June 2023, the Guarantors represented 87.0 per cent. of the Issuer's consolidated total assets and for the twelve-month period ended 30 June 2023, the Guarantors represented 90.8 per cent. of the Issuer's consolidated revenue and 99.2 per cent. of the Issuer's consolidated EBITDA (as defined in “<i>Presentation of Financial and Other Information—Non-IFRS Financial Measures</i>”).</p> <p>In addition, following completion of the Acquisition, the Target will accede to the Revolving Credit Facility Agreement as a guarantor with respect to Facility A and Facility B (other than the</p>

amounts drawn under Facility B which are used to pay to the vendors the purchase price of the shares of the Target in connection with the Acquisition) under the Revolving Credit Facility, but will not guarantee the Notes. See “*Description of Certain Financing Arrangements, the Intercreditor Agreement and the Common Security—Revolving Credit Facility*”.

The obligations of the Guarantors will be subject to significant legal and contractual limitations and may be released in certain circumstances. See “*Risk Factors—Risks Relating to the Notes and the Guarantees—Risks Relating to Enforcement—The Guarantees are subject or will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defences that may limit their validity and enforceability*” and “*Certain Insolvency and Enforceability Considerations*”.

Ranking of the Notes and the Guarantees.....

The Notes will, save for such exceptions as may be provided by applicable legislation, upon issuance:

- constitute direct, unsubordinated and unconditional obligations of the Issuer;
- constitute senior secured obligations of the Issuer, secured by the Collateral on a first priority basis, and *pari passu* in right of payment with the obligations under the Revolving Credit Facility, subject to ranking more particularly set out in the Intercreditor Agreement;
- rank *pari passu* in right of payment with all existing and future unsecured and unsubordinated indebtedness of the Issuer with respect to any assets of the Issuer and/or the Guarantors that do not constitute the Collateral;
- rank senior in right of payment to all existing and future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes, if any and any other subordinated liabilities of the Issuer;
- be effectively subordinated to any existing and future indebtedness of the Issuer that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such indebtedness;
- be structurally subordinated to all obligations of the Issuer’s Subsidiaries that are not Guarantors, if any; and
- be unconditionally guaranteed by the Guarantors to the maximum extent permitted by law but subject to the limitations and restrictions set out in the Trust Deed.

The Guarantees to be provided by the Guarantors, subject to certain limits imposed by local laws, and save for such exceptions as may be provided by mandatory provisions of applicable legislation, will:

- constitute direct, unsubordinated and unconditional obligations of that Guarantor;
- constitute senior secured obligations of that Guarantor, secured by the Collateral on a first priority basis, and *pari passu* in right of payment with the obligations under the

Revolving Credit Facility, subject to ranking more particularly set out in the Intercreditor Agreement;

- rank *pari passu* in right of payment with all existing and future unsecured and unsubordinated indebtedness of that Guarantor with respect to any assets of the Issuer and/or the Guarantors that do not constitute the Collateral;
- rank senior in right of payment to all existing and future indebtedness of such Guarantor that is expressly subordinated in right of payment to such Guarantees, including subordinated shareholder debt;
- be effectively subordinated to any existing and future indebtedness of that Guarantor that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such indebtedness; and
- be structurally subordinated to all obligations of that Guarantor’s Subsidiaries that are not Guarantors.

The obligations of the Guarantors will be subject to contractual and legal limitations under the Guarantees to reflect limitations under applicable laws or contracts by which the Guarantors or their respective shareholders and directors are bound.

Security

On or before: (i) the date falling 90 days after the Issue Date (other than with respect to the FIVE Luxe Mortgage) or (ii) 31 March 2024 with respect to the FIVE Luxe Mortgage, and substantially concurrently with the granting of security interests over the Collateral to secure the liabilities under the Revolving Credit Facility, the obligations of the Issuer under the Notes and the Guarantors under the Guarantees will be secured on a first-ranking basis by the rights, property and assets as more particularly described in the Security Documents and any rights, property or assets from time to time in (or over) which a lien has been granted to secure the obligations of the Issuer and the Guarantors under the Notes and the Guarantees. The Collateral will also secure the liabilities under the Revolving Credit Facility, as well as any Additional Notes, and may also secure certain future indebtedness. The enforcement of the security interests in the Collateral will be subject to the terms of the Intercreditor Agreement (as described below). The Common Security will be granted in favour of the Security Agent for the benefit of itself and the secured parties (which includes among others, the Trustee on behalf of the holders of the Notes).

The Notes and the guarantees will be secured on a *pari passu* basis in right of payment with the Revolving Credit Facility, by (i) first ranking mortgages over substantially all immovable assets of the FIVE group in the UAE, (ii) share pledges over the shares of each of the Guarantors, and (iii) security over a substantial part of the movable assets of the Group in the UAE.

See “*Description of Certain Financing Arrangements, the Intercreditor Agreement and the Common Security—Common Security*” and “*Risk Factors—Risks Relating to the Collateral*”.

The Spanish Security will be granted by the relevant Security Providers only for the benefit of the relevant finance parties

under Facility A of the Revolving Credit Facility, and will not secure the Notes and the Guarantees.

Intercreditor Arrangements..... The Issuer and the Guarantors will enter into the Intercreditor Agreement with among others, the Security Agent and the Trustee. The Intercreditor Agreement provides that the debt held by the secured creditors that are secured by the Common Transaction Security, including the holders of the Notes, will rank pari passu without any preference between any class of such secured debt. The Intercreditor Agreement also sets out, among other things, the circumstances under which the security documents may be enforced by the Security Agent on behalf of secured creditors and the application of enforcement proceeds (which provides that any amounts recovered in connection with the enforcement of the security interests will be paid to and for the benefit of senior secured creditors on a first priority basis, including to the Trustee on behalf of the holders of the Notes).

See “*Description of Certain Financing Arrangements, the Intercreditor Agreement and the Common Security – Intercreditor Agreement*”

Optional Redemption by the Issuer..... At any time prior to 3 October 2025, the Issuer may redeem some or all of the Notes at a redemption price equal to 100 per cent. of the principal amount of the Notes redeemed, plus, in each case, accrued and unpaid interest and additional amounts, if any, to (but excluding) the applicable redemption date plus the Applicable Premium. On or after 3 October 2025, the Issuer may redeem some or all of the Notes on one or more occasions at the redemption prices set out in the Conditions. See Condition 6.2 (*Redemption at the Option of the Issuer*).

Prior to 3 October 2025, the Issuer will have the ability to redeem up to 40 per cent. of the aggregate principal amount of the Notes with the proceeds of certain equity offerings at a redemption price of 100 per cent. of the principal amount of the Notes redeemed, plus accrued and unpaid interest and additional amounts, if any, to (but excluding) the redemption date. See Condition 6.3 (*Optional Redemption in the event of an Equity Offering*).

Redemption for Taxation Reasons The Issuer may redeem the Notes in whole, but not in part, at any time, at their principal amount, together with any accrued and unpaid interest, if any, to (but excluding) the date fixed for redemption and all Additional Amounts (if any) then due and that will become due on the date fixed for redemption in the event it (or, if the Guarantees were to be called, one or more of the Guarantors) has or will become obliged to pay Additional Amounts and/or as provided for, or referred to, in any undertaking given in addition to, or in substitution for, Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of any Relevant Taxing Jurisdiction. See Condition 6.5 (*Redemption for Taxation Reasons*).

Withholding Tax; Gross-up All payments of the principal of, premium on, if any, and interest on or with respect to the Notes or under or with respect to the Guarantees shall be made free and clear of, and without withholding or deduction for, or on account of, any Taxes imposed, levied, collected, withheld or assessed by, on behalf of

or within the Relevant Taxing Jurisdiction of the Issuer or the relevant Guarantor, unless such withholding or deduction is required by law, in which case, the Issuer or, as the case may be, the relevant Guarantor, shall, save in certain limited circumstances described in Condition 8 (*Taxation*), pay such Additional Amounts as will result in receipt by the Noteholders of such net amounts as would have been received by them had no such withholding or deduction been required. See Condition 8 (*Taxation*).

Change of Control..... Upon the occurrence of a Change of Control, holders of the Notes will have the right to require the Issuer to repurchase all or part of the Notes at a purchase price in cash equal to 101 per cent. of the outstanding principal amount of the Notes thereof, plus accrued and unpaid interest, if any, to (but excluding) the date of purchase. See Condition 6.4 (*Redemption at the Option of the Noteholders Upon a Change of Control*).

Certain Covenants The Issuer has agreed to certain covenants with respect to the Notes, including, among other things, limitations on its and its Restricted Subsidiaries' ability to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- make certain restricted payments, including the payment of dividends or other distributions and the prepayment or redemption of subordinated debt before its maturity;
- create or permit certain liens to exist;
- engage in certain transactions with affiliates;
- sell, lease or transfer certain assets;
- create certain restrictions on the ability of Restricted Subsidiaries to pay dividends, make loans or transfer assets to the Issuer or another Restricted Subsidiary; and
- merge or consolidate or transfer all or substantially all of the assets of the Issuer or any Guarantor to any other person.

Each of these covenants is subject to certain exceptions and qualifications. Certain of these covenants may also be suspended in the event that the Notes receive Investment Grade Ratings from the relevant credit rating agencies and no Potential Event of Default or Event of Default has occurred and is continuing. See Condition 4 (*Covenants*).

Further Issues..... The Issuer may, without the consent of the Noteholders, but subject always to compliance with the provisions of the Notes Documents, create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the Notes or upon such terms as the Issuer may determine at the time of their issue. Any further securities forming a single series with the Notes may be constituted by a deed supplemental to the Trust Deed; *provided that* any Additional Notes that are not fungible with the Notes offered hereunder for U.S. federal income tax purposes shall have a

separate CUSIP, ISIN or other identifying number from such Notes.

Form and Denomination The Notes will be issued in registered form in the denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. The Regulation S Notes and the Rule 144A Notes will be represented by a Regulation S Global Note Certificate and a Rule 144A Global Note Certificate, respectively. The Regulation S Global Note Certificate and the Rule 144A Global Note Certificate will be exchangeable for Definitive Note Certificates in the limited circumstances specified in the Regulation S Global Note Certificate and the Rule 144A Global Note Certificate.

Initial Delivery of Notes..... On or before the Issue Date, the Rule 144A Global Note Certificate will be deposited with a custodian for DTC and the Regulation S Global Note Certificate will be deposited with a nominee of the Common Depositary for Euroclear and Clearstream, Luxembourg. The Rule 144A Notes will be registered in the name of a nominee of DTC and the Regulation S Notes will be registered in the name of a nominee for Euroclear and Clearstream, Luxembourg.

Listing Currently, there is no public market for the Notes. Application has been made to the DFSA for the Notes to be admitted to the DFSA Official List and to Nasdaq Dubai for the Notes to be admitted to trading on Nasdaq Dubai, in each case with effect from the Issue Date.

It is also intended for application to be made to the London Stock Exchange for the Notes to be admitted to trading on the ISM shortly following the Issue Date.

The ISM is not a UK regulated market for the purposes of UK MiFIR. The ISM is a market designated for professional investors. Notes admitted to trading on the ISM are not admitted to the Official List of the FCA. The London Stock Exchange has not approved or verified the contents of this Offering Memorandum.

Ratings The Notes are expected to be assigned a rating of “BB” by Fitch and a rating of “B+” by S&P.

Fitch is established in the UK and is registered under the UK CRA Regulation. Fitch appears on the latest update of the list of registered credit rating agencies (as of the date of this Offering Memorandum) on the FCA’s Financial Services Register. The rating issued by Fitch has been endorsed by Fitch Ratings Ireland Limited. Fitch Ratings Ireland Limited is established in the EEA and registered under the EU CRA Regulation.

S&P is not established in the EEA or in the UK and has not applied for registration under either of the EU CRA Regulation or the UK CRA Regulation. However, S&P Global Ratings Europe Limited has endorsed the rating of S&P. S&P Global Ratings Europe Limited is established in the EEA and is registered under the EU CRA Regulation. Standard & Poor’s Global Ratings UK Limited has endorsed the ratings of S&P. Standard & Poor’s Global Ratings UK Limited is established in the UK and is registered under the UK CRA Regulation.

A credit rating is not a recommendation to buy, sell or hold the Notes (or the beneficial interests therein). Ratings may be subject to suspension, reduction or withdrawal at any time by the assigning rating organisation.

Selling Restrictions	<p>The Notes may be sold only in compliance with applicable laws and regulations. The Notes have not been and will not be registered under the Securities Act or under any other national, state or local securities laws of the United States and, as such, are subject to restrictions on transfer.</p> <p>The offer and sale of the Notes is also subject to restrictions in the EEA, the UK, Hong Kong, Singapore, Saudi Arabia, the UAE (excluding the Dubai International Financial Centre (the “DIFC”) and the ADGM), the DIFC, the ADGM, the Kingdom of Bahrain, Qatar, the BVI and the Cayman Islands. See “<i>Subscription and Sale</i>”.</p>
Governing Law	<p>The Notes, the Guarantees and the Notes Documents (other than the Security Documents) and any non-contractual obligations arising out of or in connection with any of them, are governed by, and shall be construed in accordance with, English law.</p> <p>The documents granting the Collateral securing the Notes and the Guarantees will be governed by applicable local law.</p>
Trustee	Citibank N.A., London Branch.
Registrar	Citibank Europe plc.
Principal Paying Agent and Transfer Agent	Citibank N.A., London Branch.
Security Agent	Commercial Bank of Dubai P.S.C.
Risk Factors	An investment in the Notes involves a high degree of risk. See “ <i>Risk Factors</i> ”.
Use of Proceeds	<p>The aggregate gross proceeds from the issue of the Notes is expected to be U.S.\$346.6 million. The Issuer intends to use the proceeds from the issue of the Notes to (i) repay, on or around the Issue Date, a portion of the outstanding indebtedness of the Group under the CBD Corporate Facilities including the accrued and unpaid interest as at the expected date of payment, (ii) repay, on or around the Issue Date, a portion of the outstanding indebtedness including the accrued and unpaid interest as at the expected date of payment under the CBD Business Facilities obtained by the Controlling Shareholder solely for the purpose of meeting the Group’s needs, (iii) finance a portion of the Acquisition Cost or otherwise to potentially acquire or develop additional properties and/or for general corporate purposes, and (iv) pay various fees and expenses incurred in connection with the Transactions (including the estimated fees and expenses to be incurred in connection with the Offering) and/or for general corporate purposes.</p> <p>On 27 September 2023, the Issuer (as borrower) entered into the Revolving Credit Facility Agreement, under which an aggregate total commitment of U.S.\$200 million will be made available to the Issuer, which is expected to be used, together with the proceeds from the issue of the Notes, to repay, on or around the</p>

Issue Date, a portion of the outstanding indebtedness of the Group under the CBD Facilities and to finance a portion of the Acquisition Cost. See “*Description of Certain Financing Arrangements, the Intercreditor Agreement and The Common Security*”.

The Issuer intends to allocate an amount equivalent to the net proceeds of the Notes to finance or re-finance, in whole or in part, Eligible Green Projects in accordance with the use of proceeds criteria and selection process described in the Issuer’s Green Framework.

See “*Use of Proceeds*”.

Security Codes	Regulation S ISIN:	XS2611093365
	Regulation S Common Code:	261109336
	Rule 144A ISIN:	US33829QAA04
	Rule 144A Common Code:	261018101
	Rule 144A CUSIP:	33829Q AA0

RISK FACTORS

Prospective investors should consider carefully the risks set forth below and the other information contained in this Offering Memorandum prior to making any investment decision with respect to the Notes. Each of the risks highlighted below could have a material adverse effect on the business, operations, financial condition or prospects of the Group, which, in turn, could have a material adverse effect on the amount of principal and interest which investors will receive in respect of the Notes. In addition, each of the risks highlighted below could adversely affect the trading price of the Notes or the rights of investors under the Notes and, as a result, investors could lose some or all of their investment.

The risks described herein represent those risks which are considered to be material to the Notes and which may affect the Issuer's and the Guarantors' ability to fulfil their obligations under the Notes. Prospective investors should note that the risks described below are not the only risks the Group faces. There may be additional risks that the Group currently considers not to be material or of which the Group is not currently aware, and any of these risks could have the effects set forth above.

Prospective investors should read the entire Offering Memorandum. Words and expressions defined in the Conditions below or elsewhere in this Offering Memorandum have the same meanings in this section.

Investing in the Notes involves certain risks. An investment in the Notes is suitable only for sophisticated investors who have sufficient financial resources to sustain any losses from such investment and who are in a position to commit funds for a considerable period of time. Prospective investors should consider, among other things, the following:

Risks Relating to the Group and its Business

The Group's operations within the real estate and the hospitality industries in general are particularly sensitive to changes in economic and geopolitical conditions, which could impact the business and financial condition of the Group

The Group's operations in general are sensitive to economic and geopolitical conditions that can have a significant impact on the demand for its hospitality services and the values of the real estate developed by the Group. Unfavourable economic conditions, such as increased levels of inflation, increased unemployment, interest rate increases, a constrained credit market, low or negative GDP growth and unfavourable exchange rates may reduce potential demand for travel and hospitality services, and the availability of loans and funds for investment in real estate development.

The hospitality industry and the Group's Hospitality Business depends on customer demand for its rooms, food and beverages ("F&B") and the related services that the Group provides. The performance of the hospitality industry, including the number of rooms occupied and the rates operators are able to charge for those rooms are impacted by global and local economic conditions. Adverse changes in economic conditions, such as the level of inflation, employment, wages or interest rates may impact personal consumer spending and demand for hospitality services. Changes in economic conditions affecting our customers could reduce spending at some or all of the Group's properties, imposing practical limits on pricing and occupancy rates, which in turn could have an adverse effect on the Group's business and financial condition.

In addition, significant instability in the credit, capital and financial markets and/or an increase in interest rates could increase the Group's borrowing costs. Although the Group utilises the PLF Arrangement (see "*Business of the Group—Hospitality Business—Business Model—Perpetual-like Financial Arrangement*") and uses the proceeds from the disposition of the rooms in its properties to offset its capital expenditures and therefore limit its indebtedness, the Group also obtains debt facilities to finance its real estate development projects and its capital expenditures. Instability in the credit, capital and financial markets, including a reduction in the ability or appetite of financial institutions or other credit institutions to provide corporate lending could adversely affect the Group's ability to obtain credit, which may have an adverse effect on its business, net assets, financial condition, cash flows and results of operations. For instance, global financial markets have recently been adversely impacted by the collapse of certain financial institutions in the United States, and the resulting mergers, reorganisations and regulatory actions in the banking sector generally, including UBS's acquisition of

Credit Suisse in order to prevent Credit Suisse's bankruptcy in March 2023. Such disruptions to global capital and credit markets may adversely impact the Group's ability to raise capital and funding at an acceptable price, or at all. To the extent, the Group cannot obtain such financing on acceptable terms or at all, it may incur higher than anticipated financing costs, which would adversely affect the Group's costs, performance, financial position and growth strategy.

Furthermore, unfavourable economic conditions could have an impact on the cost and supply chain for foods, beverages and materials. For the six-month period ended 30 June 2023 and for the year ended 31 December 2022, the costs (which is composed of inventory consumption) incurred with respect to the Group's F&B services represented 20.6 per cent. and 21.8 per cent., respectively, of the total F&B revenue of the Group. The Group's F&B business relies on various commodities, including beef, chicken, dairy mixes, beverages (including alcohol) and toppings. For example, at the start of the COVID-19 pandemic in 2020, air and sea freight costs for direct materials increased due to fluctuating levels of demand and supply issues, subsequently impacting the cost of, and lead time for, procurement of such items. The Group's Hospitality Business is also affected by fluctuations in the price of utilities such as electricity and natural gas, whether as a result of inflation or otherwise, on which the Group's hotels depend for their energy supply. The Group's inability to anticipate and respond effectively to an adverse change in any of these factors could have an adverse effect on its results of operations. Furthermore, due to the competitive nature of the hospitality industry, the Group may be unable to pass increased operating costs on to its customers, which could have an adverse effect on its operating results.

The Group's operations are exposed to the risk of events that adversely affect domestic or international travel, as well as events that negatively shape public perception of travel

The room rates and occupancy levels of the hotels in the Group's portfolio could be adversely impacted by events that reduce domestic or international travel, such as actual or threatened acts of terrorism or war, political or civil unrest, epidemics such as the outbreak of COVID-19 (see "*— COVID-19 had an adverse impact that has been material to the Group's business, operating results, financial condition and liquidity, and the duration and further spread of COVID-19, as well as another disease or similar public health threat could have an adverse effect on the Group's business, operating results, financial condition and liquidity*") or threats thereof, travel-related accidents or industrial action, natural or man-made disasters, or other local factors impacting specific countries, cities or individual hotels, as well as increased transportation and fuel costs.

Additionally, the Group may be adversely impacted by increasing stakeholder and social expectations and attitudes in relation to factors contributing to climate change including over-travel and over-tourism, and those linked directly to hotels including waste, water and energy consumption, or impact on local communities. These concerns might result in a negative public perception regarding travel and therefore a decrease in the occupancy levels of the Group's hotels and demand for the Group's leisure and hospitality offerings. Such events or attitudinal/demand shifts may have an adverse impact on the Group's operations or growth prospects and financial results.

COVID-19 had an adverse impact that has been material to the Group's business, operating results, financial condition and liquidity, and resurgence of COVID-19, as well as another disease or similar public health threat could have an adverse effect on the Group's business, operating results, financial condition and liquidity

The COVID-19 pandemic and measures taken to combat it had a widespread impact on business and economic conditions, including on the demand for travel and hospitality services. Public health authorities and governments at local, national and international levels implemented various measures to respond to the pandemic, including restrictions on travel, voluntary and mandatory quarantines, workforce reductions of personnel who are deemed to be nonessential and restrictions on business activities. These measures led to lower demand for hospitality services which has had, and may continue to have, a direct impact on the Group's operations. As a result of the COVID-19 pandemic, the Company slowed down its operations from March 2020 and resumed operations in a phased manner in May 2020, in line with the directives of the UAE federal government and the Dubai government. Although the Group adopted various measures to manage its business activities through the crisis, the pandemic ultimately had an adverse impact that has been material to the Group's

business, operating results, financial condition and liquidity. See “*Business of the Group—Impact of COVID-19 on the Group’s Business*”.

Some of the secondary impacts of the COVID-19 pandemic include the increased scrutiny of social performance and compliance with guidelines. In 2021, the Group’s hotels, FIVE Palm Jumeirah and FIVE Jumeirah Village were fined a total amount of AED 73,026 for non-compliance with the government’s guidelines including non-compliance with COVID-19 precautionary measures. One of the notices issued by the Dubai Municipality (Health and Safety Department) in respect of FIVE Palm Jumeirah set out the hotel’s non-compliance with the requirement for wearing face masks in the gym and swimming pool areas. Although COVID-19 related restrictions have largely been removed, the COVID-19 pandemic has resulted in volatility in global capital markets and investor sentiment, which may affect the availability, amount and type of financing available to the Group.

The Group is not able to predict if there will be further resurgences or new variants of COVID-19 or outbreaks of other infectious diseases, how long measures introduced to respond to the outbreaks will be in place or if additional restrictive measures may be introduced. It also cannot predict how long the effects and the efforts to contain them will continue to impact its business after such outbreaks are brought under control.

In addition, if a significant percentage of the Group’s workforce is unable to work, or if the Group is required to close its hospitality facilities because of resurgences or new variants of COVID-19 or outbreaks of other infectious diseases or government restrictions, the Group’s operations and business may be negatively affected.

Furthermore, F&B operations of the Group could be materially and adversely affected by the outbreak of food-borne or animal illnesses that affect its supply chain, such as avian influenza, the H1N1 influenza virus, e-coli, bovine spongiform encephalopathy (or “mad cow” disease), hepatitis A, trichinosis or salmonella. Any real or rumoured illness or death related to food that the Group serves in the F&B venues could substantially harm its operations and reputation. The Group’s use of some third-party food suppliers and distributors that operate outside its control increases both the risk of food-borne illness incidents caused by these third-party suppliers and distributors and the risk that such incidents will affect multiple restaurants, rather than a single restaurant, within its properties. Any decrease in guest traffic as a result of health concerns or negative publicity could materially affect the Group’s business, results of operations and financial condition.

The Group is exposed to foreign exchange risks primarily with respect to the Swiss franc due to its operations in Switzerland, as well as with respect to other foreign currencies due to its international guest portfolio

The AED is the predominant currency of the Group’s revenue and cash flows and the Group’s functional currency. The Group is exposed to foreign currency fluctuations with respect to revenue recorded and costs incurred with respect to its operations in Switzerland as well as its borrowings held in CHF. Movements in CHF could potentially lower the Group’s reported revenues, increase costs, reduce profits or disrupt operations. The Group’s exposure to foreign exchange risk is also linked to the pace of its growth in territories outside the UAE.

Additionally, for the year ended 31 December 2022 approximately 12 per cent. of hotel guests who stayed at the Group’s hotels based in the UAE (*i.e.*, FIVE Palm Jumeirah and FIVE Jumeirah Village) travelled from the UK, which is the second largest customer base of the Group’s hotels, after guests from the UAE. Devaluation of the GBP or appreciation of the AED and unfavourable GBP/AED or AED/GBP exchange rates may reduce travel to Dubai from the UK, which could impact the occupancy rates in the Group’s hotels based in Dubai and subsequently on the Group’s revenue. See “—*The Group’s operations within the real estate and the hospitality industries in general are particularly sensitive to changes in economic and geopolitical conditions, which could impact the business and financial condition of the Group*”.

Furthermore, on 30 June 2023, the Issuer entered into the Acquisition Agreement with the Sellers for the Acquisition of the Target Perimeter. Based on the initial estimates of the Issuer, the Acquisition Cost is expected to be approximately U.S.\$339 million and will be payable to the Seller in Euro. Once the Acquisition Cost becomes payable by the Issuer, the Group will be exposed to risk of devaluation of AED against EUR. Any unfavourable developments affecting the EUR/AED exchange rate may increase the AED equivalent of the Acquisition Cost, causing the Group to incur foreign exchange losses, which may have an adverse effect on the

Group's results of operations and financial condition. See "*Risks Relating to the Acquisition*" and "*Business of the Group—Recent Developments—The Potential Acquisition*".

The hospitality market is highly competitive and the Group's business, results of operations, financial conditions and prospects could be adversely affected if the Group is unable to compete effectively

The hospitality sector in the UAE and Switzerland is highly competitive and fragmented, and new hotels face few barriers to entry.

The hotel business of the Group must compete effectively against traditional competitors such as other international hotel chains, local hotel companies and independent hotels to attract and win the loyalty of guests, employees and unit owners. The competitive landscape also includes other types of businesses, both global and specific to certain markets, such as alternative sources of accommodation such as short-term lets of private property. For the F&B (non-entertainment) and EATertainment businesses of the Group, other restaurants, bars and nightclubs targeting international Millennials and Gen-Z affluent customers are direct competitors of the Group. Failure to compete effectively in traditional and emerging areas of the business could impact the Group's market share, profitability and relationships with unit owners and guests. The Group's competitors may gain access to increased resources, capabilities or capacity and provide advantages from scale of revenues, marketing funds and/or cost structures. Failure to compete effectively could result in a decrease in the Group's market share, which could have a material negative impact on its results of operations.

Demand for the Group's hotel rooms and hospitality services is subject to seasonal fluctuations in customer demand and changes in customer preferences and other factors

The revenue of hotels generally depends upon numerous factors, such as occupancy rates and RevPAR. These factors are affected by seasonality, depending upon the location and category of hotels. For example, the number of tourist arrivals in Dubai changes significantly depending upon the season, and the majority of hotel stays in the city is concentrated in the cooler months of October to May. Although the impacts of seasonal fluctuations in customer demand on the Group's financial position are partially limited because of its PLF Arrangement (see "*Business of the Group—Hospitality Business—Business Model—Perpetual-like Financial Arrangement*"), under which the monthly payouts to third-party individual investors consist of a percentage of room revenue less deductible expenses, there can be no assurance that seasonal fluctuations will not have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Furthermore, the Group's competitive position depends on its continued ability to offer services that have a strong appeal to consumers. For example, if the targeted consumer's preferences change due to shifts in consumer tastes, for example, changes in dining or entertainment preferences or dietary habits, trends in food sourcing or food preparation or changing levels of customer acceptance of the Group's brands, and the Group's consumers begin to seek out alternative options, the Group's financial results might be adversely affected. If the Group is unable to respond to such changes in consumer taste and preferences in a timely manner or at all, or if its competitors are able to address these concerns more effectively, the Group's business, financial condition and results of operations may be materially and adversely affected.

The Group's success in responding to consumer demands depends in part on its ability to anticipate consumer preferences and introduce new services to address these preferences in a timely fashion. Any failure to successfully address changing customer preferences or to achieve the same level of profitability from new services or to compete effectively in providing such services, could have a material adverse effect on the Group's financial condition and results of operations.

A failure to implement and manage its growth strategy may adversely affect the Group

The existing and future execution of the Group's strategic and operating plans, including its financial targets, will, to some extent, be dependent on external factors that it cannot control, such as the performance of the real estate sector in Dubai and Switzerland, which may impact the Group's planned growth and investments. The failure to implement and execute the Group's strategic and operating plans and financial targets in a cost-effective and timely manner, or at all, to realise the anticipated cost savings or other benefits or improvements associated with such plans or targets, or to have sufficient financial resources to fund the costs associated with

such plans or targets or to sufficiently assess and reassess the Group's plans or targets, could have a material adverse effect on the Group's business, financial condition and results of operations.

In addition, the successful execution of the Group's business plan and achieving its financial targets will require effective management of its anticipated growth, which may include acquisitions. As part of the Group's overall strategy, the Group is actively and selectively considering the acquisition of individual land plots and property portfolios in key holiday destinations and gateway cities in the Middle East, Europe (including Ibiza and Mykonos), the UK and the U.S. (such as Miami) for income generation. As part of its strategy, the Group may also consider divesting some of its existing assets as it deems fit. Achieving the Group's growth strategy will depend on a number of conditions, including identifying suitable targets where the Group's brand and business would be aligned with the targeted customer profile, satisfactory completion of due diligence and obtaining corporate, governmental and shareholder approvals, if required.

The Group may not be able to generate its expected margins or cash flows, or to realise the anticipated benefits of such acquisitions, including growth or expected synergies. Additionally, the Group's expansion may increase the complexity of its operations and may place a significant strain on its management, operational and financial resources. Its growth would require the Group to continue to effectively hire, train, manage and integrate new employees, and if its new hires perform poorly or if the Group is unsuccessful in hiring, training, managing and integrating new employees, its business, financial condition and results of operations may be materially harmed. Furthermore, the Group may not be able to identify opportunities or complete transactions on commercially reasonable terms, or at all, and its failure to do so may limit its ability to grow. If the Group is unable to grow as anticipated or manage its growth effectively, it could have a material adverse effect on its business, financial condition and results of operations. See "*—The Group's investments into new businesses, including those made through acquisitions, may not be successful or commercially viable*".

The Group's investments into new businesses, including those made through acquisitions, may not be successful or commercially viable

The Group (directly by the Issuer or through its subsidiaries) makes investments into new businesses and assets as part of its growth strategy. For example, on 30 June 2023, the Issuer entered into the Acquisition Agreement with the Sellers for the Acquisition of the Target Perimeter. For further information, see "*—Risks Relating to the Acquisition*" and "*Business of the Group—Recent Developments—The Potential Acquisition*". As of the date of this Offering Memorandum, although the Issuer expects to complete the Acquisition by the Scheduled Completion Date, it remains yet to be completed. With respect to the Group's additional acquisitions, the Group may be unable to identify or complete prospective acquisitions (such as the Acquisition) for many reasons, including competition from other potential acquirers, the effects of consolidation in the Group's sector and potentially high valuations of acquisition targets, see also "*—Risks Related to the Acquisition*". There can be no assurances that these investments or acquisitions will be successful or commercially viable and the failure of any such investments or acquisitions to be successful or commercially viable may cause the Group to incur significant costs and may have an adverse effect on the Group's business, financial condition and results of operations.

To the extent that the Group completes acquisitions, it may be unsuccessful in integrating acquired companies with existing operations, or the integration may be more difficult or more costly than anticipated. Some of the risks that may affect the Group's ability to integrate or realise anticipated benefits from acquired companies, businesses, or assets include those associated with:

- unexpected losses of key employees of the acquired company;
- hiring, training, managing and integrating new employees;
- conforming the acquired company's standards, processes, procedures, and controls to the Group's operations;
- coordinating new service and process development;
- a decrease in demand for the acquired businesses or assets;
- increasing complexity from combining operations;
- increasing the scope, geographic diversity and complexity of the Group's operations;
- difficulties in consolidating facilities and transferring processes and know-how;

- higher cost of doing business internationally due to exposure to currencies other than AED;
- diversion of management's attention from other business concerns; and
- actions the Group may take in connection with acquisitions, such as:
 - using a significant portion of the Group's available cash;
 - incurring significant debt;
 - non-compliance with covenants under the Notes or other debt obligations;
 - incurring or assuming contingent liabilities, known or unknown, including potential lawsuits, infringement actions, or similar liabilities;
 - incurring impairment charges related to goodwill or other intangibles; and
 - facing regulatory inquiries or actions.

In addition, the Group has in the past, and may in the future, make acquisitions where the long-term contracts of the acquired company are less favourable than the terms used by the Group in its general form of customer contracts (including standard terms and conditions with end-users or development agreements, maintenance and refurbishment agreements with developers and constructors, as applicable). While the Group evaluates existing customer contracts prior to entering into any acquisitions, the terms in such customer contracts may not be as profitable to the Group as the contracts the Group has entered into through organic growth. In addition, where the costs of operating acquired assets are higher than the costs of operating the Group's existing assets, this could ultimately have an adverse impact on the Group's EBITDA Margin. Furthermore, if there are any unanticipated changes in the business or financial performance of the acquired or combined company, it could adversely affect the Group's financial condition. Any failure to successfully integrate acquired businesses may disrupt the Group's business and adversely impact the Group's business, financial condition and results of operations.

The Group may face delays in relation to project development activities or cost overruns and may not be able to accurately forecast development costs and returns on its investments

As at the date of this Offering Memorandum, the Group has completed 2 hotel real estate development projects in Dubai, 1 acquisition and refurbishment project in Zurich and is currently developing FIVE Luxe in Dubai, and may engage in other project development activities in the future as part of its Real Estate Development Business and Hospitality Business. Although the Group has managed to complete all of its existing projects either on time or before the stipulated time and within the budgeted amounts, there can be no assurance that the Group will do so in the future. If the Group experiences material delays for any reason or should it decide to defer or cancel the development of FIVE Luxe or any other projects in the future, this could impact the value of its property portfolio or result in delays achieving revenue generation from a project, either of which could have a material adverse effect on the Group.

In the coming years, the Group will focus on the opening of its acquisitions, international expansion and development of land and sustainable buildings in the key markets of the Middle East, Europe, the UK and the U.S. Developing new properties typically involves lengthy development periods during which significant amounts of capital must be funded before the properties can begin to operate. If the cost of funding the developments or renovations exceeds budgeted amounts, the profit from the Group's Real Estate Development Business could be reduced. Moreover, the Group may not be able to satisfy its capital commitments under certain of its development agreements, and the Group may be subject to monetary penalties or other losses as a result.

Such project development activities could also include the purchase and development of neighbouring properties. In the case of project developments, it is necessary to obtain an official permit under the relevant laws and regulations of that jurisdiction. Although there is generally an obligation for the responsible authority to grant such a permit if all applicable legal requirements are satisfied, the authorities may, on a case-by-case basis, decide to grant building permits under specific conditions or constraints or may even refuse to grant such permit at all. Furthermore, objections by neighbours may delay the granting of permits or otherwise materially adversely affect the Group's ability to undertake project development activities. The Group engages with the relevant local planning authorities with regards to issues that may impact the development and redevelopment of its properties and the roll-out of new hospitality services, such as sensitivities to site noise, listed structures,

road congestion and other traffic issues, and health and safety issues. If the Group fails to cooperate with the relevant local planning authorities or if the Group's work relationship with such authorities were to be adversely affected for any reason, this could negatively impact its ability to obtain the planning and other permits necessary for the development and redevelopment of current properties or expanding into new services, or it could result in the withdrawal of existing consents. Additionally, possible changes to planning rules (such as the categorisation of flood zones), or by-law distances which prohibit development within a certain distance of flood defence structures could, if made, adversely affect the Group's ability to develop and operate a hotel complex. Additional constraints on future developments could have an adverse effect on the Group's occupancy rates, which could in turn have a material adverse effect on its business.

In addition, interruptions to the availability of gas, electricity, water and other utilities, whether due to ageing infrastructure, weather conditions, fire, digging accidents or utility and road infrastructure providers' inability to provide required services and connections to the Group's real estate developments within project delivery times may result in the delay of the timely completion of its real estate developments and in cost overruns, which may adversely affect the Group's operations and results of operations.

In addition, the Group may incur construction costs for the development of its properties which exceed its original estimates due to increased material, labour or other costs, as well as specific conditions or constraints imposed by the relevant authorities for granting building permits, which could make completion of the project uneconomical because it may not be able to sell units at a profit or at the price initially estimated or at all. Although the Group does not believe that it is susceptible to material increases in construction costs under its existing arrangements with its contractors, such costs may materially increase if there is a scarcity of supply in required building material or the Group decides to change its material specifications from what was previously agreed or if it decides to use alternative materials with higher costs. Although under the PLF Arrangement certain of the Group's properties partially limits the Group's exposure to such risk, as the Group uses proceeds from the sale of the rooms to individual investors to offset upfront construction costs, there can be no assurance that increased construction costs would not adversely affect the Group's operations and results of operations. See "*Business of the Group—Hospitality Business—Business model—Perpetual-like Financial Arrangement*".

Furthermore, the Group's profitability depends in large part on its ability to forecast market rents, property related costs and property values. The Group decides whether to pursue a new project and agree the price of land acquisition based in large part on anticipated returns. The Group estimates these returns on the basis of assumptions relating to future development costs, future property values and future market rents. The Group's failure to forecast such costs and values accurately could result in lower than expected profits and returns on investment and could have a material adverse effect on the Group's results of operations.

The Group's reported financial results and financial position may be affected by changes in the discount rate estimated by the Group for accounting of its PLF Arrangement

In 2022, the Group's management reassessed the accounting treatment of the PLF Arrangement, and upon reassessment of the contractual terms, it was concluded that the arrangements fall under the scope of IFRS 9 "Financial Instruments" ("**IFRS 9**") as these are in substance a form of financing. It was concluded that the arrangements failed to qualify as a sale and should have been accounted for as financing under IFRS 9.

At initial recognition, hotel rooms and hotel apartments subject to the PLF Arrangements are measured at fair value taking into account the estimated future cash out flows resulting from these arrangements. The expected cash flows are discounted using the effective interest rate method, using a discount rate which is reflective of the risks inherent with such an arrangement. The present value of such discounted cash flow is considered as finance liabilities under the Financial Statements and the interest expenses are recognised using the effective interest rate method in the consolidated statement of profit or loss within the finance cost line item. Determination of the discount rate requires substantial judgement and estimation by the Group's management and is also subject to changes in market conditions. The Group estimates the discount rate on the basis of several factors such as tenure of the leaseback agreements, current interbank interest rates and long-term yield expectations. The Group's estimates and judgements with respect to the cash flows are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed

to be reasonable under the circumstances applicable to the relevant period. Significant changes affecting such estimates and judgements with respect to the discount rate would result in a material adjustment to the carrying amounts of assets and liabilities, which would have a material adverse effect on the Group's results of operations and financial position.

Timing, budgeting and other risks could delay the Group's efforts to maintain and renovate its properties or make these activities more expensive, which could reduce the Group's profits or impair its ability to compete effectively

The Group must maintain and renovate its owned and leaseback properties to remain competitive, maintain its value and brand proposition as presented by its new architecture and design concepts, and comply with applicable laws and regulations and certain contractual obligations under its leases. These efforts are subject to a number of risks, including:

- delays in maintenance and refurbishment works or cost overruns, including labour, equipment and materials, that may increase the cost of maintenance and refurbishment;
- governmental restrictions on the size or kind of maintenance, refurbishment or development;
- force majeure events, including earthquakes, hurricanes, floods or tsunamis, epidemics or pandemics that could cause a delay on maintenance and refurbishment works; and
- construction or design defects that could increase costs and hinder the timely completion of the maintenance and refurbishment works.

The Group undertakes maintenance and refurbishment work on an ongoing basis. Such maintenance and capital expenditures may exceed its budget should it incur costs due to unforeseen circumstances, including shortages and price inflation in respect of materials, equipment and labour, adverse weather conditions, accidents and unexpected delays, any of which could result in costs that are materially higher than expected. In addition, other factors, such as the age of the relevant building structure could also result in substantial maintenance costs.

Similarly, the timing of capital improvements can affect property performance, including occupancy rates and ADR, particularly if the Group needs to close a significant number of hotel rooms or other facilities, such as meeting spaces or restaurants. For example, a section of the Penthouse at FIVE Palm Jumeirah was closed for 4 weeks in the summer of 2022 for refurbishment. Although the Group's strategy is to undertake maintenance and refurbishment work on an ongoing basis with minimal disruptions to the Group's operations, no assurance can be given that the Group will undertake significant maintenance and refurbishment work causing the Group's hospitality venues to shut for a certain period.

Any failure by the Group to undertake appropriate maintenance and refurbishment work could adversely affect the attractiveness of the Group's properties, occupancy rate, room and hotel ancillary services revenue as well as the rental revenue earned from the affected real estate. Furthermore, if the Group is not able to begin operating properties as scheduled, or if investments adversely affect or fail to improve performance or its ability to compete effectively, the Group's revenue and cash flow could be adversely impacted.

The Group's business is dependent on large capital investments

The Group's business is capital intensive and therefore the Group's growth plans have required, and may continue to require, ongoing and significant capital investment to expand, maintain or renovate existing properties, to develop new real estate projects or make major acquisitions or investments. If challenges that could affect the availability of funds for capital investments arise, the Group's medium-term capital investment projects could be delayed or postponed in order for the Group to manage its working capital requirements. Such delays or postponement could decrease the capital investment undertaken by the Group, including to projects aimed at maintaining its existing properties, which could, in turn, have a material adverse effect on the Group's growth and on its business, financial condition, and results of operations or prospects.

Furthermore, the Group may not have sufficient capital to undertake, or may be restricted by covenants in its banking arrangements from undertaking, future land acquisitions and other investments that it may deem necessary or desirable. The Group's ability to obtain external financing on favourable terms or at all will depend on many factors, including general economic and capital market conditions, interest rates, credit availability

from banks or other lenders, investor confidence in the Group and its area of business focus, the success of the Group's business, provisions of tax and securities laws that may be applicable to the Group's ability to raise capital and political and economic conditions in any relevant jurisdiction. There can be no assurance that additional financing, either on a short-term or long-term basis, will be available or, if available, that such financing will be obtained on terms favourable to the Group. The Group may also be required to provide security over its assets to obtain any such financing and/or agree to contractual limitations on the operations of its businesses. If the Group cannot obtain such financing on acceptable terms or at all, it may be unable to complete its capital investments on time or at all, and within the budgeted amounts which could have a material adverse effect on the Group's growth and on its business, financial condition, and results of operations or prospects.

The Group's inability or failure to recognise, respond to and effectively manage the accelerated impact of social media could materially adversely affect its business and brand

In the past decade, there has been a marked increase in the use of social media platforms, including weblogs (blogs), mini-blogs, chat platforms, social media websites (such as Facebook, Instagram, Twitter and TikTok), and other forms of internet-based communications which allow individuals access to a broad audience of consumers and other interested persons. The Group's branding and marketing strategy are highly dependent on its strong presence across major social media platforms, such as TikTok, Instagram and Facebook, which has consistently grown over time. Many social media platforms immediately publish the content their subscribers and participants posted, often without filters or checks on accuracy of the content. Information posted on such platforms at any time may be adverse to the Group's interests and/or may be inaccurate. Although the dissemination of inaccurate or irresponsible information online has not materially harmed the Group's business, reputation, prospects, financial condition and operating results to date, it could harm the Group in the future, regardless of the information's accuracy. The damage may be immediate without affording the Group an opportunity for redress or correction.

Many of the Group's competitors in the hospitality sector are expanding their use of social media, and new social media platforms are rapidly being developed, potentially making more traditional social media platforms obsolete. As a result, the Group needs to continuously innovate and develop its social media strategies in order to maintain its broad appeal with customers and brand relevance. As part of the Group's marketing efforts, the Group relies on search engine marketing and social media platforms to attract and retain customers. It also relies on non-paid opportunities, such as brand enhancement through awards, celebrity guests and media coverage. See "*Business of the Group—Hospitality Business—Marketing and Social Media*". The Group also continues to invest in other digital marketing initiatives that allow it to reach the Group's guests across multiple digital channels and build their awareness of, engagement with, and loyalty to the Group's brands. Such examples include SMS marketing and targeting, email marketing and newsletters and WhatsApp integration and customer service. These initiatives may not be successful, resulting in expenses incurred without the benefit of higher revenue, increased employee engagement or brand recognition.

Other risks associated with the use of social media include improper disclosure of proprietary information, negative comments about the Group's brands, exposure of personally identifiable information, fraud, hoaxes or malicious exposure of false information. The inappropriate use of social media by the Group's customers or employees could increase its costs, lead to litigation or result in negative publicity that could damage its reputation and adversely affect the Group's results of operations.

The Group may be subject to liability following the disposal of properties

The Group may from time to time dispose of its properties. The Group may become involved in disputes or litigation concerning any representations, warranties and indemnities that it gives and it may be required to make payments to third parties as a result of any dispute or litigation. If the Group does not have cash available to defend any legal proceedings brought against it or to make any required payments, it may be required to borrow funds. If the Group is unable to borrow funds to make any required payments, it may be forced to sell further assets to obtain funds. The Group cannot assure investors that any such sales could be effected on satisfactory terms or at all.

The Group's consolidated statement of financial position may be significantly affected by fluctuations in the fair market value of its properties as a result of revaluations

The Group's real estate assets are independently re-valued on a periodic basis in accordance with the applicable valuation standards as required by IFRS and any increase or decrease in the value of these assets will be recorded as a revaluation surplus / deficit of land and building as property and equipment in its consolidated statement of comprehensive income for the period during which the revaluation occurs and accumulated in revaluation reserve in the statement of changes in equity. As a result, the Group may have significant non-cash income and expenses from period to period depending on the change in fair market value of its real estate assets, whether or not such assets are sold. For example, in each of 2020, 2021 and 2022 the Group recorded gains in fair value of land and buildings of AED 0.47 billion, AED 1.22 billion and AED 0.61 billion, respectively, and gains in fair value of capital work-in-progress of AED 0.53 billion and AED 0.36 billion, in 2021 and 2022, respectively.

The Group records on its consolidated statement of financial position, the proportion of its non-current assets which is attributable to its property and equipment. As a result, if there is a material negative change in the fair value of its land and building (including related to capital work in progress) in development, this could result in a reduction in the Group's net assets which could negatively impact the Group's statement of financial position.

For example, in the event market conditions and the prices of comparable commercial real estate properties are unfavourable, or unforeseen capital expenditures are required, revaluation losses from real estate assets may occur and continue in the future. It is possible that reductions in the appraised value of the Group's properties could lead to non-compliance with covenants under the Notes or other debt obligations it may incur. A substantial decrease in the fair market value of the Group's real estate assets, over the longer term, could materially adversely affect the Group's financial position.

Property valuation is inherently subjective and uncertain and subject to assumptions

The valuation of property is inherently subjective and uncertain due to the individual nature of each property and the characteristics of the local, regional and national real estate markets, which change over time and may be affected by various factors and the valuation methods used. As a result, valuations are subject to uncertainty. The Group engages an external and independent and qualified valuer to conduct a formal valuation of its properties. For the valuation of its hotel rooms and apartments, the Group appoints an independent valuer to value its properties based on the profits method of valuation, which involves the determination of the value of the properties with reference to revenue and operating profits, and the residual method of valuation, which involves determination of the value of the properties after allowing various development costs such as construction costs and finance costs.

When valuations of the Group's assets are conducted, a number of assumptions need to be made in respect of the revalued assets. The key assumptions on which the revaluation of the Group's properties is made include, among others, assumptions relating to:

- market value of the properties;
- rental values of the properties;
- environmental matters;
- repair and condition of the properties; and
- tenure, letting, taxation, statutory and local authority requirements.

Although the Group periodically appoints an independent valuer to value its properties, the valuations given and reflected in this Offering Memorandum may exceed the value that could be obtained in connection with a concurrent sale of more than 1 property or a block sale. The valuations contained in this Offering Memorandum reflect theoretical values of the Group's properties, based on the assumptions including those described above, some or all of which may prove to have been inaccurate. In addition, the Group's valuations assume that each property being valued has no negative effect on the environment.

The Group has obtained valuation reports for FIVE Palm Jumeirah, FIVE Jumeirah Village and FIVE Luxe, dated as of 18 August 2023 and 10 May 2023, from CBRE and obtained a valuation report from an external independent valuer, which is dated as of 16 August 2023 and 15 May 2023, in connection with the

preparation of the Group's Interim Financial Statements, 2021 Financial Statements and 2022 Financial Statements. As a result, the valuations in this Offering Memorandum do not reflect changes that may have occurred since 30 June 2023.

As a result, there is no assurance that the Group's properties could have been or could be sold at the respective fair values given in this Offering Memorandum, if at all, or that the actual fair values of the Group's real estate properties, whether or not equivalent to the values given in this Offering Memorandum, will not decline significantly over time due to various factors, including changing macro- and micro-economic conditions in the UAE and Switzerland.

The Group is dependent on maintaining good relations with its employees and the arrangements between the Group and its subcontractors could impact its financial condition

As at 30 June 2023, the Group employed 1,555 employees and none of its employees is a member of a trade union. The Company and its subsidiaries subcontract certain work such as security, cleaning and transportation. The Group selects reputable, cost-oriented and reliable subcontractors and closely supervises their work.

The Company or its subsidiaries may be held jointly liable with the subcontractor for financial claims arising under law or contract of the employees of a subcontractor who work exclusively and on a continuous basis at its premises under certain circumstances. In addition, the Group may also be exposed to claims from subcontractors and employees for the damages incurred by them due to work accidents that occur during the performance of services. In that respect, the Group may experience an increase in labour costs and any such increase could have an adverse effect on the Group's financial condition.

The Group is dependent upon a wide range of external stakeholders and business partners, and is exposed to the risk of default by its customers and suppliers

The Group relies on the performance, behaviours and reputation of a wide range of business partners and external stakeholders, including, but not limited to, financial institutions, guests, unit owners, contractors, lenders, suppliers, outsourced service providers, artists, musicians, vendors and other business partners which may have different ethical values, interests and priorities. Further, the number and complexity of interdependencies with stakeholders is evolving. Breakdowns in relationships, contractual disputes, deterioration of the financial health of the Group's partners, poor vendor performance, insolvency, stakeholder behaviours or adverse reputations, which may be outside of the Group's control, could adversely impact the Group's performance and competitiveness, delivery of projects, guest experiences or the reputation of the Group or its brands.

The Group has entered into a number of agreements with its suppliers and contractors. The Group is exposed to the risk of default by suppliers who have agreed to supply goods or services to the Group and contractors who have agreed to deliver construction, refurbishment and design services to the Group. The Group's suppliers and contractors may be adversely affected by economic conditions, disruptions to the capital and credit markets and decreased demand for their products and services. The Group's exposure to default by counterparties may increase if economic conditions deteriorate. If any of the Group's key suppliers or contractors, or a significant number of smaller suppliers and contractors, are adversely affected by these risks, the Group may face disruptions in supply or distribution channels and/or the failure of contractors to complete their works on time which may have a material adverse effect on the Group's business, financial condition and/or results of operations.

In addition, if any of the Group's contractors or suppliers default on its arrangements with the Group for any reason, or if the Group's relationship with a contractor or supplier deteriorates, the Group may not be able to find a suitably qualified replacement promptly, on similar terms or at all. In addition, any new contractor or supplier may need time to familiarise itself with the ongoing project, causing a further delay in the completion of the project. The Group may also be exposed to the risk that the alternative contractor or supplier fails to meet the Group's high standards for workmanship and quality. Further, some contractors may require licences or permits to work for the Group and there can be no assurance that a successor contractor could be found in a timely manner with the requisite approvals and licences. If any of these events were to occur, it could affect the

Group's ability to complete the affected project(s), which could have a material adverse effect on its business, results of operations and financial condition.

The Group depends upon on the services of key senior executives and employees, and requires the right people, skills and capability to manage growth and change

The Group's key management personnel are important to its success because they are instrumental in setting the Group's strategic direction, operating its business and identifying growth opportunities. In order to remain competitive, the Group must retain its key senior executives and employ the suitably qualified people. This includes hiring and retaining highly skilled employees with particular expertise or leadership capability. The implementation of the Group's strategic business plans could be undermined by a failure to build and sustain a resilient corporate culture, a failure to recruit or retain key senior executives and key personnel, the unexpected loss of key senior executives and employees, failures in the Group's incentive plans, or a failure to invest in the development of key skills.

As the Group's business grows, it may need to attract and hire additional management personnel. The Group's ability to maintain its competitive position depends to a large degree on the efforts and skills of its senior executives who have extensive experience and knowledge of the real estate and hospitality industries. The Group's strategy for growth depends on its senior management having deep knowledge of its activities as well as knowledge of the dynamics of, and the major competitors in, the relevant industries. Furthermore, across the industries in which the Group operates, the Group must compete against other companies inside and outside the hospitality industry for suitably qualified or experienced employees, up to and including executive officers. In addition, as the real estate and hospitality industries are characterised by high demand and increasing competition for appropriately qualified personnel with the relevant expertise and such personnel are generally lacking in the UAE, the Group may need to offer higher compensation and other benefits in order to attract and retain key personnel in the future. Failure to attract and retain employees and increasing labour costs may threaten the ability of the Group to operate hotels and the Group's corporate support functions, achieve business growth targets or may impact the profitability of the Group's operations. Additionally, unless employees are supported by sufficient infrastructure to enable knowledge and skills to be passed on, the Group risks losing accumulated knowledge if key employees leave the Group.

The Group's businesses are exposed to a variety of risks associated with health, safety, security and crisis management

Due to the people-based nature of the Hospitality Business of the Group, its operations are subject to health, safety, and security risks. These include, but are not limited to, workplace accidents as well as exceptional events such as natural disasters, extreme weather, civil or political unrest, violence and terrorism, serious and organised crime, fraud, employee dishonesty, cybercrime, fire and day-to-day accidents, incidents and petty crime which impact the guest or employee experience, could cause loss of life, sickness or injury and result in compensation claims, fines from regulatory bodies, litigation and impact reputation. Although the Group is currently in compliance with applicable health and safety standards, with it being certified with ISO 45001 for the Occupational Health and Safety Management System and both the Group's operating hotels in Dubai being certified with ISO 22000 for the Food Safety Management System, it cannot assure investors that a major health and safety hazard will not occur in the future. Given the high number of employees and customers that visit the Group's hotels, including its restaurants, bars, cafes and nightclubs on a daily basis, such an event could have serious consequences, particularly in the event of fatalities. The Group's reputation could be materially affected if such an event occurs and is widely publicised, and this could also have a negative impact on the number of customers and hotel guests at the affected venues or, by association, its other venues, which could have a material adverse effect on the Group. In addition, inadequate planning, preparation, response or recovery in relation to a major incident or crisis may cause loss of life, prevent operational continuity, or result in financial loss, and consequently impact the value of the Group's brands and/or the reputation of the Group.

The Real Estate Development Business of the Group is also exposed to significant health and safety risks, especially during a development's construction phase. A significant health and safety incident at one of the Group's developments or a general deterioration in the Group's health and safety standards could place the

Group's employees, contractors and/or the general public at risk and lead to penalties or significant damage to the Group's reputation.

Compliance with health and safety regulatory requirements and the management of health and safety performance at all of the Group's developments are critical to the success of the Group's business. Any failure in health and safety performance, including any delay in responding to changes in health and safety regulations, may result in penalties for non-compliance. Moreover, the Group could incur significant liabilities in the event that any such failure results in a major or significant health and safety incident. Such a failure or incident could result in financial liability in case of litigation arising as a result of such incident, generate significant adverse publicity and have a negative impact on the Group's reputation and its ability to attract future business, which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may be adversely affected by the illiquidity of real estate and a number of factors may hinder its ability to sell its properties on a timely basis

Real estate investments, particularly investments in commercial real estate such as hotels, are relatively illiquid and generally cannot be sold quickly due to time-consuming processes that must be followed and the distinct demand for hotel assets within the real estate sector. In addition, the Group may need to obtain consents from lenders before it can sell certain properties which may further restrict their transferability. Furthermore, if the Group enters into joint ventures with third parties in the future, such assets may be subject to legal and/or contractual limitations on transferability.

The UAE and Switzerland real estate market in which the Group operates has been relatively illiquid compared to other real estate markets. Such illiquidity could limit the Group's ability to vary the composition of its real estate portfolio, or dispose of part of its portfolio in response to changes in economic or other conditions. If the Group was required to sell properties on short notice for any reason, including raising funds to support its operations or to repay indebtedness, or exiting an investment as part of its business strategy, the Group may not be able to sell such properties on favourable terms or at all. In the case of an accelerated sale, there may be a significant shortfall between the fair value of the property and the price at which the Group could sell the property. Even in planned disposals in the ordinary course of business, an illiquid market may result in a sales price that is lower than anticipated or in a delay of the sale.

If the Group cannot sell a particular property within a reasonable time, the Group may not be able to generate the cash flow it may require to service its debt, fund its operations, enter into new projects, or the Group may be unable to take advantage of favourable economic conditions or mitigate against the impact of unfavourable economic conditions when they arise. As a result, if the Group is unable to dispose of its properties at satisfactory prices when needed, this could have a material adverse effect on the Group.

Any adverse developments in the real estate sector, particularly in the Dubai real estate market, may have a material adverse effect on the Group's business and financial results

The property and construction markets in the UAE are affected by macroeconomic factors that are beyond the Group's control, such as real estate market conditions generally, changes in interest rates, consumer spending, inflation rates, real estate taxes and the availability and cost of financing. Following the global financial crisis in 2008-2009, the real estate market in Dubai experienced a recovery in demand and, in turn, in valuations. However, in 2020 the COVID-19 pandemic and the related restrictions materially affected Dubai and, more broadly, the UAE economies, and the real estate sector, in particular, was significantly adversely impacted. In late 2020, the UAE lifted its COVID-19 related restrictions, and demand for Dubai real estate assets gradually recovered. Although the resurgence in valuations in the Dubai real estate market has endured since early 2021, there can be no assurance that the current demand and real estate valuations in the UAE or the other markets in which the Group operates will persist.

A significant proportion of the Group's assets and interests are in the UAE. As a result, the Group is particularly exposed to adverse events affecting the UAE and, in particular, Dubai. While the UAE is currently seen as a relatively stable political environment, certain other jurisdictions in the Middle East have experienced political instability and there is no guarantee that political stability in the UAE will continue in the future. In addition, if

the economies of the UAE or Dubai suffer a decline, or if government intervention fails to support or otherwise restricts or limits the economic growth of the expatriate or general real estate investment community, the Group's business, results of operations and financial condition could be adversely affected.

The Group is subject to risks associated with the construction materials and technical characteristics of its projects

The Group's development activities could give rise to legal claims against itself in respect of the materials used and any design or structural defects in sold or leased commercial and residential space. Although the Group may have rights against one or more relevant third parties such as the design consultants and constructors in connection with such defects and/or recourse to insurance in place for the project in question, the Group cannot assure investors that it will be able to enforce its rights and fully recover the costs arising from any claim against the Group.

The construction, refurbishment and sale of properties are subject to a risk of claims for defective construction, corrective or other works and associated adverse publicity. These claims could be brought against the Group by its customers, tenants or individual investors. In addition, despite the Group's endeavours to ensure at all times that the materials used in its developments comply with current regulations, any subsequent change in regulation could lead to the use of these materials being unlawful, giving rise to potential claims and the surrounding negative publicity concerning the quality of its properties or projects, irrespective of whether the claim is successful. This could also have a material adverse effect on how its business, properties and projects are perceived by its customers, tenants or investors.

Although the Group has not been subject to substantial legal claims relating to construction materials used, or design or structural deficiencies in its developments in the past, the Group cannot assure investors that it will not become subject to claims in the future. The cost of defending against claims of liability, as well as liability for any damages, including personal injury and the Group's inability to claim contribution from or to recourse to its design consultants and constructors for those damages, together with the adverse publicity, could adversely affect the Group's ability to market, lease and sell its properties and projects in the future, which could materially adversely affect the Group and its reputation.

The Group may fail to gauge accurately consumer interest or market demand for its development projects

The Group develops luxury and innovative commercial and residential property projects. During the initial phases of a proposed development project, the Group conducts research and market analysis to determine whether there is sufficient market demand for a development project of the type and size envisioned. Based on the results of this analysis, the Group decides whether to proceed with a proposed development project or modify certain of its aspects to maximise consumer demand and profitability. The Group's success depends in part, on its ability to accurately identify and anticipate the needs and preferences of the population in the targeted locality, as well as react quickly to changing socio-economic conditions and urban growth trends. This is particularly important when the Group is looking to enter a new market, such as in Europe or the U.S. where it has little to no experience. If the Group fails to gauge accurately the needs, preferences and tastes of the targeted populations, or satisfy the expectations of its potential customer base in relation to its hotel projects, the Group may have difficulty selling and leasing units in its developments or be required to reduce lease or sale prices, each of which could result in lower than expected profits and returns on investment and materially adversely affect the Group's results of operations.

The Group may not be able to refinance its existing or future debt obligations on acceptable terms or at all.

Following the issue of the Notes, the Group's borrowings will include different types of corporate debt, including the Notes, debt incurred by the Company's subsidiaries or guarantees thereof. In relation to the Group's corporate debt that is repayable with a "bullet" payment on maturity (such as the Notes), the Group's ability to make such payments on maturity is uncertain and will depend upon its ability to generate sufficient cash from operations, obtain additional debt financing or sell assets. This ability to obtain debt financing on favourable terms or at all will depend on many factors outside its control, including the then prevailing conditions in the international credit and capital markets. The Group's ability to sell assets and use the proceeds for the refinancing of debt obligations coming due will also depend on many factors outside the Group's control,

including the existence of willing purchasers and asset values. At the time the refinancing of each of the Group's existing financing agreements is due, the Group may not be able to refinance the repayment of its debt obligation on terms as favourable as the original obligations or liquidate assets at a price sufficient to repay the relevant debt or at all. If the Group is unable to refinance its existing or future borrowings on acceptable terms or at all, it could materially adversely affect the Group's results of operations. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Financing Arrangements*".

The Group's substantial debt could limit the Group's flexibility, adversely affect its financial health and prevent the Issuer and the Guarantors from fulfilling their respective obligations under the Notes and the Guarantees

The Group has a substantial amount of debt and significant debt service obligations. As at 30 June 2023, the Group had AED 1,035,587 thousand of bank borrowings. The Group's ability to fund capital expenditures and other expenses and to service its indebtedness will depend on the Group's future operating performance and ability to generate sufficient cash. For a detailed description of the Group's debt, please see "*Capitalisation*".

The Group's substantial debt could have negative consequences for the Group and for Noteholders. For example, the Group's substantial debt could:

- make it difficult for the Issuer to satisfy its obligations with respect to the Notes and the Group to satisfy its other debt obligations;
- require it to dedicate a substantial portion of its cash flows from operations to making payments on the Group's indebtedness, thereby limiting the availability of funds for investment capital expenditures, business opportunities and other general corporate purposes;
- increase its vulnerability to a downturn in its business or adverse general economic or industry conditions;
- limit its flexibility in reacting adequately to changes in its business or the industry in which the Group operates;
- place it at a competitive disadvantage compared to those of the Group's competitors that have lower levels of indebtedness; or
- limit its ability to borrow additional funds or raise equity capital in the future and increase the costs of any such additional capital.

Certain of the Group's financing agreements contain, and any future indebtedness would likely contain, restrictive covenants that impose significant financial restrictions, such as financial covenants which require the ratio of aggregate outstanding amounts under the financing agreements to the market value of the Group's properties not to exceed a certain threshold, see "*Description of Certain Financing Arrangements, the Intercreditor Agreement and The Common Security—Swiss Facilities*".

If the Group fails to satisfy the covenants set forth in these agreements, or another event of default occurs under the agreements, the Group may need to make additional payments to cure the breach of covenants or the default or the Group's outstanding indebtedness under the agreements could become immediately due and payable. For example, recently the Lender and the Borrower under the Swiss Facilities Agreement have reached an agreement in principle that certain amendments to the finance documents are to be made not later than 21 October 2023, including amendment of covenants (such as Assets under Management and Debt to Equity) and provision of additional security for the Borrower's obligations under the Swiss Facilities Agreement to ensure that the required Loan to Value Ratio is met and the relevant compliance certificate is given on or by such required date, see "*Description of Certain Financing Arrangements, the Intercreditor Agreement and The Common Security—Swiss Facilities*". If the Group is required to make additional payments or the Group's outstanding indebtedness becomes immediately due and payable and the Group does not have sufficient cash on hand to pay all amounts due, it could be required to sell assets, to refinance all or a portion of its indebtedness or to obtain additional financing. Refinancing may not be possible, and additional financing may not be available on commercially acceptable terms, or at all. Furthermore, the Group could also be required to realise the collateral, which primarily include pledge over certain of the Group's bank accounts, assignment of the Group's receivables, pledges over the shares of certain of the members of the Group and mortgages over certain of the Group's

properties. Realisation of mortgages or pledges may result in loss of the Group's properties, receivables, and cash available for its operations.

Any of these or other consequences or events could have a material adverse effect on the Group's ability to satisfy its debt obligations, including the Notes.

The Group may incur substantially more debt in the future, which may make it difficult for it to service its debt, including the Notes, and impair its ability to operate its business

In order to implement its growth strategy, the Group may be required to obtain additional debt financing which may substantially increase its financial leverage as a result. Although the Conditions contain restrictions on the incurrence of additional debt, these restrictions are subject to a number of significant qualifications and exceptions. Debt incurred in compliance with these restrictions, could be substantial. Further, the Conditions do not prevent the Group from incurring obligations that do not constitute indebtedness thereunder.

If the Group were to increase its indebtedness, it may be subject to increased risks including, but not limited to, the possible inability to repay interest when due and/or indebtedness at maturity, which may result in foreclosure of assets or may require it to dispose of assets on disadvantageous terms, increased interest expense and exposure to interest rate fluctuations and restrictive financial covenants that may reduce the Group's flexibility in conducting its operations and create a risk of default on its debt if it cannot continue to satisfy these covenants.

The Group will require a significant amount of cash to service its debt obligations and sustain its operations, which the Group may not be able to generate or raise

The Group's ability to make principal or interest payments when due on its indebtedness, including under the Notes, and to fund its ongoing operations or expansion plans, will depend on the Group's future performance and ability to generate cash, which, to a certain extent, is subject to the success of its business strategy as well as general economic, financial, competitive, legislative, legal, regulatory and other factors, including other factors discussed in this section "Risk Factors", many of which are beyond the Group's control.

The Group cannot assure investors that its business will generate sufficient cash flows from operations, that currently anticipated growth, cost savings or synergies will be realised or that future debt and equity financing will be available to the Group in an amount sufficient to enable it to service its debt obligations when they fall due, including the Notes, or to fund other liquidity needs. At the maturity of the Notes or any other debt that the Group may incur, if the Group does not have sufficient cash flows from operations and other capital resources to pay its debt obligations, or to fund its other liquidity needs, the Group may be required to refinance or restructure its indebtedness.

If the Group's future cash flows from operations and other capital resources are insufficient to repay its debt as it matures or to fund its liquidity needs, the Group may be forced to:

- reduce or delay its capital expenditure plans;
- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of its debt, including the Notes, on or before maturity.

The type, timing and terms of any future financing, restructuring, asset sales or other capital raising transactions will depend on the Group's cash needs and the prevailing conditions in the financial markets. The Group cannot assure investors that it would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In such an event, the Group may not have sufficient assets to repay all of its debt.

Any failure to make payments on the Notes on a timely basis would likely result in a reduction of the Group's credit rating, which could also harm its ability to incur additional indebtedness. In addition, the terms of the Group's debt, including the Notes, will limit, and any future debt may limit, its ability to pursue any of these alternatives. Any refinancing of the Group's debt could be at higher interest rates and may require the Group to comply with more onerous covenants, which could further restrict its business, financial condition and results of operations. There can be no assurance that any assets which the Group may be required to dispose of could

be sold or that, if sold, the timing of such sale and the amount of proceeds realised from such sale would be commercially acceptable. If the Group is unsuccessful in any of these efforts, it may not have sufficient cash to meet its obligations.

The Group may suffer losses not covered by insurance and increases in insurance costs or reductions in insurance coverage may have a material adverse effect on its business, results of operations and financial condition

The Group seeks to maintain insurance policies covering its real estate assets, hospitality services and employees with policy specifications and insured limits which it believes are adequate and appropriate under the circumstances. Risks insured against generally include loss of rental, fire, flood, riot, strike, malicious damage, other material damage to property and development sites, business interruption and public liability. There are, however, certain types of risks that are not generally insured against or are only insured in part, such as political violence (which is covered up to a total of AED 2.0 billion (equivalent to USD 544.6 million) for the interruption to the property or business and for each occurrence, an amount of up to AED 1.0 billion (equivalent to USD 272.3 million)). See “*Business of the Group – Insurance*”. Furthermore, the Group’s insurance policies may not cover all its losses, especially as the values of properties in its portfolio increase. Other factors might also result in insurance proceeds being insufficient to repair or replace a property if it is damaged or destroyed, such as inflation, changes in building codes and ordinances and environmental considerations. Should an uninsured loss or a loss in excess of insured limits occur, the Group could lose all or a portion of the capital invested in a property, as well as the anticipated future revenue from the property. In addition, the Group could be liable to repair damage caused by uninsured risks. Additionally, no assurance can be given that material losses in excess of insurance coverage limits will not occur in the future. Any such loss could materially adversely affect the Group.

Increases in interest rates may increase the Group’s financing costs and decrease its rates of return on investments

As at the date of this Offering Memorandum, the Group does not have an interest rate hedging policy in place that aims to hedge its exposure to interest rate changes on its variable rate loans. The Group has a treasury policy in place which evaluates its hedging requirements on a case-by-case basis, depending on market conditions. This treasury policy lays out the Group’s funding and investment strategies, board approvals required, liquidity and cash flow management, borrowing guidelines and the reporting and monitoring requirements. Despite this, increases in interest rates could result in increases to the Group’s project financing costs, both with respect to existing loans and loans that the Group obtains in the future which are subject to unhedged variable interest rates. Since May 2022, the UAE Central Bank has increased its base rate 8 times from 1.65 per cent. to 5.40 per cent. as of July 2023. Thus, should the interest expense increase on the Group’s existing project finance loans, and the revenue from the investment properties funded by those loans not increase, the Group’s return on investment from its investment properties will decrease. Similarly, higher financing costs on new loans for new projects would have an impact on future rates of return from those projects. In addition, if the cost of financing a potential project is too high, the Group may conclude that the rate of return on the project would not justify its construction and may decide to forgo those development opportunities. Increases in interest rates, however arising, could have a material adverse effect on the Group.

The Group’s failure to protect its brand names and other intellectual property could adversely affect its business

As the Group’s success depends to a significant extent upon the recognition of and goodwill associated with its brand names and trademarks, its brand names and trademarks are key assets of its business. Maintaining the value of the Group’s brand names and trademarks is critical to its success. Substantial erosion in the value of the Group’s brand names and trademarks due to customer complaints, adverse publicity, outbreaks of livestock disease, legal action or other factors could have a material adverse effect on its business, financial condition and operating results.

The Group owns and controls a number of trade secrets, trademarks, service marks, trade names, copyrights, know-how and other intellectual property rights that are registered in the names of its subsidiaries of the Group and are primarily registered in the UAE, Switzerland and in the EU.

The Group is licensed to use technology and other intellectual property rights owned and controlled by others such as African & Eastern (the largest liquor store in the UAE) representing the interest of Anheuser-Busch InBev (a Belgian multinational drink and brewing company) which grants permission to FIVE Jumeirah Village to use Goose Island as the trademark and brand design in the hotel. Any breach of the agreements allowing the Group to use technology and other intellectual property rights owned and controlled by others may result in the Group losing the right to use such technology and intellectual property rights, which may have an adverse effect on the Group's business and results of operations.

If the Group or one of its partners fails to identify unauthorised filings of relevant trademarks and imitations thereof, and if the Group or one of its partners does not adequately protect its existing trademarks and copyrights, the infringement of such property rights by others may cause harm to the Group's or its partners' brand images and decrease their sales, and harm to the Group's competitive position, which could have an adverse effect on the Group's business and results of operations.

Changes in applicable laws and regulations and failure to adequately comply with existing or future regulatory and legal requirements may materially adversely affect the Group

Various laws and regulations affect many aspects of the Group's business ranging from corporate governance, health and safety, the environment, bribery and corruption, employment law and diversity, disability access, data privacy and information protection, financial, accounting and tax. Regulatory changes may require significant changes to the way the business operates and may inhibit the Group's strategy including the markets the Group operates in, brand protection, and use or transmission of customer data. If the Group fails to comply with existing or changing regulations, it may be subject to fines, prosecution, loss of licence to operate or reputational damage.

For example, in 2021, FIVE Palm Jumeirah and FIVE Jumeirah Village were fined a total amount of AED 73,026 (equivalent to USD 19,884) for non-compliance with the Dubai government's guidelines including non-compliance with COVID-19 precautionary measures. See "*—COVID-19 had an adverse impact that has been material to the Group's business, operating results, financial condition and liquidity, and the resurgence of COVID-19, as well as another disease or similar public health threat could have an adverse effect on the Group's business, operating results, financial condition and liquidity*". New or amended laws, rules, regulations or ordinances could require significant unanticipated expenditures or impose restrictions on the development, construction or sale of properties. Such laws, rules, regulations or ordinances may also adversely affect the Group's ability to operate or resell properties.

Any of such circumstances may have an adverse effect on the Group's business, results of operations, financial condition and prospects.

Failure to maintain the integrity or privacy of internal or guest data, including as a result of cybersecurity breaches, could harm to the Group's reputation and subject itself to costs, fines and lawsuits

The Group is increasingly dependent upon the collection, usage, retention, availability, integrity and confidentiality of information, including, but not limited to, guest, employee and owner credit card, financial and personal data, business performance, financial reporting and commercial development. The information is sometimes held in different formats such as digital, paper, voice recordings and video and could be stored in many places, including facilities managed by third-party service providers, in the Group's premises, who are subject to the same or similar risks.

The threats towards the hospitality industry and the Group's information are dynamic, and include cyber-attacks, fraudulent use, loss or misuse by employees and breaches of vendors' security arrangements amongst others.

If the Group fails to protect information and ensure relevant controls are in place to enable the acceptable use and release of information through the appropriate channels in a timely and accurate manner, guest experience and the reputation of the Group may be adversely affected. This can lead to revenue losses, fines, penalties, litigation and other additional costs.

The Group is also required to comply with marketing and advertising laws relating to its direct marketing practices, including email marketing, online advertising, and postal mailings. Further restrictions to the content or interpretations of these laws could adversely impact current and planned activities and the effectiveness or viability of the Group's marketing strategies to maintain, extend and acquire relationships with customers, and impact the amount and timing of sales of certain products.

The Group is, and may in the future be, involved in litigation that may materially adversely affect the Group

Although the Group is not involved in any material legal or arbitration proceedings (nor any such proceedings are pending or threatened of which the Group is aware) during the last 12 months preceding the date of this Offering Memorandum, it could be affected by legal proceedings in the future. See “*Business of the Group—Legal Proceedings*”. This exposure largely arises from the complexity of the services provided by the Group to its customers. It is difficult for the Group to foresee all types of claims, which may be filed in connection with the services provided by the Group, including in relation to its real estate development services and hospitality services. Similarly, it has become increasingly difficult to predict or quantify the outcome of many of the legal and arbitration proceedings, regulatory and governmental actions that the Group and its businesses are involved in, and therefore it has become harder to assess and provide for sufficient levels of legal and regulatory provisions. Insufficient provisions, changes in estimates or errors of judgement when provisioning, may have a material adverse effect on the Group's business, financial condition and results of operations.

Any violation or alleged violation of anti-corruption, anti-bribery, anti-money laundering and antitrust laws and regulations could adversely affect the Group, including the Group's brand and reputation

The Group is subject to anti-corruption, anti-bribery, anti-money laundering, antitrust and other similar or equivalent laws and regulations and are required to comply with the applicable laws and regulations. There can be no assurance that the Group's employees, agents, and the companies to which the Group outsources certain of its business operations, will not take actions in violation of its anti-corruption, anti-bribery, anti-money laundering and antitrust policies, for which the Group may be ultimately held responsible. Any violations by the Group of anti-bribery and anti-corruption laws or sanctions regulations could have a material adverse effect on its business, reputation, results of operations and financial condition.

The Group has policies and procedures designed to assist with compliance with applicable laws and regulations in the UAE. In addition, its operations may be subject to economic sanctions laws and regulations imposed by the United States, the European Union, the United Kingdom, or any other relevant jurisdiction. Such laws and regulations may prohibit transactions in, with, involving, or relating to certain countries or regions or certain persons or entities.

The Group maintains internal compliance policies and procedures, but it cannot provide any assurance that these policies and procedures will be complied with or that they will prevent all violations of the applicable laws and regulations and every instance of fraud, money laundering, terrorist financing, bribery and corruption. The Group has internal audit, security and other procedures in place, which are designed to prevent instances of fraud, money laundering, terrorist financing, bribery and corruption. However, despite these controls and procedures, there can be no assurance that through these and other procedures the Group will timely and effectively catch any violations of its internal compliance procedures or any violations of laws and regulations, including those related to fraud, money laundering, terrorist financing, bribery, corruption and economic sanctions. The Group may be exposed to potential civil or criminal penalties or associated investigations under the relevant applicable laws and regulations, which may, if not successfully avoided or defended, have an adverse impact on its business, prospects, financial condition or results of operations. Similarly, actual findings or mere allegations of such violations could negatively impact the Group's reputation and limit its future business opportunities, which may cause its reputation, financial condition and results of operations to be materially adversely affected.

The Group may be exposed to risks relating to private jet services provided under its brand

In the first quarter of 2023, Come Play Fly Limited, an entity owned and controlled by the Controlling Shareholder, started providing private jet services under the Group's “FIVE” brand. Private jet services are inherently risky and any accidents may result in significant injury or loss of life of passengers and sustained

adverse media coverage, which could result in significant reputational harm and potential legal liability of Come Play Fly Limited and the Group. Although Come Play Fly Limited is not a part of the Group, the private jet services are being provided under the Group's "FIVE" brand, and have been advertised as a service complementary to the Group's Hospitality Business in the media. Therefore, the Group may be exposed to potential litigation and adverse publicity in the event that the aircraft operated by Come Play Fly Limited, its personnel or the Group's customers are involved in an accident. There can be no assurance that the amount of Come Play Fly Limited's insurance coverage available in the event of such losses would be adequate to cover losses of itself or the Group, or that the Group would not be forced to bear substantial losses from such events, regardless of such insurance cover. Moreover, any aircraft accident, even if fully insured, could create an adverse public perception against the Group, which could reduce demand for the Group's hospitality services and have a material adverse effect on the Group's business and results of operations.

The integrity, reliability and efficiency of the Group's internal controls and procedures may not be successful

The Group's business relies on internal controls and procedures that regulate customer and management information, finance, credit exposure, foreign exchange risk, regulatory compliance and other aspects of its business. If the Group's internal controls and procedures are not adequately designed to meet the changing needs of its business or to meet the expectations of a company having its securities listed on a securities market, it may incur further costs to design and implement new controls.

The Group also relies on the integrity of its management, employees and partners to properly implement these controls and procedures. If its employees or partners fail to do so, the internal controls and procedures may not be as effective as would otherwise be the case. For example, in June 2023, as part of the Corporate Reorganisation, due to internal error, some of the entities within the Group were unintentionally removed from the Group and transferred to the Controlling Shareholder, which were subsequently transferred back to the Group. As of the date of this Offering Memorandum, the Group's financing and corporate structure is as presented under "*Summary Financing and Corporate Structure*" section. Furthermore, training employees and investing in compliance systems to remain in compliance with applicable laws and regulations imposes additional costs for the operation of its business.

Any of the foregoing factors, including a failure of internal controls or significantly increased costs in maintaining them, may materially and adversely affect the business, prospects, results of operations, cash flows and financial condition of the Group.

Furthermore, following the Offering, the Issuer will have a continuing obligation to publish its annual report and financial statements. The relevant financial reporting standards may require, among other things, that the Issuer establishes and periodically evaluates procedures with respect to its internal controls over financial reporting. In line with its growth, the Issuer may incur costs related to enhancing its internal audit and compliance function in the coming years to further improve its internal control environment. In addition, if the Issuer is unable to demonstrate that its internal controls over financial reporting is effective, or if its independent registered public accounting firm is unable to express an opinion as to the effectiveness of the Issuer's internal controls over financial reporting when required, investors may lose confidence in the accuracy and completeness of the Issuer's financial reports and the Issuer's creditworthiness may worsen, which could affect the market value of the Notes. See also "*—Risks Relating to the Notes and the Guarantees—The market value of the Notes could decrease if the Group's creditworthiness worsens*".

The Group is controlled by Mr. Kabir Mulchandani whose interests may not be aligned with its interests or those of its creditors

The Group is controlled by a shareholder whose interests may not be aligned with its interests or those of its creditors. The Group operates through a corporate structure which is legally and beneficially wholly owned by Kabir Mulchandani (the "**Controlling Shareholder**"). See "*Sole Shareholder and Management*". Accordingly, the Controlling Shareholder has the right to nominate all of the Group's Directors.

The Controlling Shareholder therefore has the right to initiate changes to the Group's operations and transformative corporate transactions, which may not necessarily be in the best interests of the Group's creditors or may adversely affect the Group's credit ratings. In addition, the Controlling Shareholder could cause the Group to incur additional indebtedness or have an interest in its pursuing transactions that could enhance his interests, although such transactions might involve enhanced risks to Noteholders.

In addition, this concentration of share ownership may allow the Controlling Shareholder to block, delay or substantially influence all matters requiring shareholder approval, including the amendment of its constitutional documents or the approval of significant corporate transactions that its management may propose. Any such actions by the Controlling Shareholder could have a material adverse effect on the Group.

The Group's founder and Chairman, Mr. Kabir Mulchandani has played an important role in the growth and development of the Group, and if it was unable to continue to rely on his support, its business could be adversely affected

Mr. Kabir Mulchandani, through his significant direct ownership of the Issuer's share capital and his support, reputation, and influence, has played an important role in the growth and development of the Group's business. However, there can be no assurance that the benefits currently enjoyed by the Group by virtue of its association with Mr. Mulchandani will continue to be available. Any reduction in, or absence of, his support or any failure to realise the intended benefits the Group anticipates from its relationship with Mr. Mulchandani could limit its ability to identify and engage future business relationships and potential counterparties, which could have a material adverse effect on the business, prospects, results of operations, cash flows and financial condition of the Group.

The Group has entered into, and will continue to enter into, related party transactions with its related parties

The Company has entered into, and will continue to enter into, related party transactions with its subsidiaries, affiliates, directors, executive officers, the Controlling Shareholder and their immediate family members. See "Related Party Transactions".

In the ordinary course of business, the Group has engaged in, and intends to continue to engage in, transactions with the Company's subsidiaries. For example, the Group engages with FIVE Real Estate Brokers LLC ("**FIVE RE**"), a company under common control, which manages the disposal of all the Group's real estate assets and has a dedicated sales team that identifies, builds and maintains relationships with external brokers. See "*Business of the Group—Hospitality Business—Business Model*".

The Group believes that its prior and existing contracts and other transactions with related parties have been negotiated on an arm's length basis in line with market terms. However, the relevant tax authorities may conduct audits on the Group's related party transactions and could allege that its related party transactions are not on an arm's length basis. Furthermore, related party transactions may involve conflicts of interests, which may be detrimental to the Group. Therefore, any such issues relating to the Group's related party transactions, individually or in the aggregate, could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's reported financial results and financial position may be affected by changes in accounting standards

The Group prepares its Financial Statements in accordance with and in compliance with IFRS and interpretations issued by the IFRS IC applicable to companies reporting under IFRS as issued by the IASB. The Interim Financial Statements have been prepared in accordance with the requirements of International Accounting Standard 34, 'Interim Financial Reporting'. The financial reporting standards under IFRS and interpretations thereunder requires management to make subjective judgements and estimates with regard to a wide range of matters that are relevant to the Group's business, including, but not limited to, revenue recognition, leases, long-lived asset impairment, impairment of goodwill and other intangible assets, are highly complex and involve many subjective assumptions, estimates and judgements. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgements could significantly change the

Group's reported or expected financial performance or financial condition. New accounting guidance may require systems and other changes that could increase the Group's operating costs and/or change the Group's financial statements. For example, in 2022, the Group's management reassessed the accounting treatment of the PLF Arrangement, and upon reassessment of the contractual terms, it was concluded that the arrangements fall under the scope of IFRS 9 as these are in substance a form of financing in nature. It was concluded that the arrangements failed to qualify as a sale and should have been accounted for as financing under IFRS 9. As a result, as of and for the six-month period ended 30 June 2023, the Group's financial statements have been updated and the Group's 2021 Financial Statements have been reissued to reflect IFRS 9. Application of IFRS 9 resulted in a restatement to PLF Arrangement as financing in the Company's previously issued consolidated financial statements.

Risks Relating to Dubai and the UAE

General economic, financial and political conditions, especially in Dubai, where the Group conducts the majority of its operations, may materially adversely affect the Group's business, financial condition and results of operations

The Group conducts most of its operations in Dubai. General economic, financial and political conditions in Dubai and the UAE may therefore have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Any deterioration in general economic, financial and political conditions in the UAE may cause a decline in consumer confidence and/or consumer spending, changes in unemployment, significant inflationary or deflationary changes or disruptive regulatory or geopolitical events could contribute to increased volatility and diminished expectations for the economy and markets, including the market for the Group's products and services, and lead to reduced demand and/or cost pressures that could negatively and adversely impact the Group's business, financial condition and results of operations. The UAE's economy may be adversely affected by tightening global economic conditions and external shocks, including the recent collapse of certain financial institutions in the United States and Europe, and the resulting mergers, reorganisations and regulatory actions in the banking sector generally, including UBS's acquisition of Credit Suisse in order to prevent Credit Suisse's bankruptcy in March 2023, as well as the ongoing high interest rate and inflationary environment, financial market volatility, trade disruptions and protectionist trade policies or threats thereof. These global economic conditions and economic and political impacts of Russia's invasion of Ukraine (see "*—The UAE's economy is significantly exposed to volatility in international crude oil prices and its economy has in the past been, and in the future may be, materially adversely affected by lengthy periods of low crude oil prices*"), with lower global growth due to reduced trade, migration and cross-border investment flows, could slow non-oil growth in the UAE, including Dubai. These conditions could also include:

- a general or prolonged decline in, or shocks to, global or regional economies;
- regulatory changes that could impact the markets in which the Group operates; and
- inflationary economic pressures, which could hinder the Group's ability to operate profitably in view of the challenges inherent in making corresponding inflationary adjustments to its cost structure.

There is no assurance that any escalation of geopolitical tension in the future will not create instability in macroeconomic and social conditions, which could have a material adverse effect on the business, prospects, results of operations, cash flows and financial condition of the Group, see "*—The UAE's economy is significantly exposed to volatility in international crude oil prices and its economy has in the past been, and in the future may be, materially adversely affected by lengthy periods of low crude oil prices*". The nature of these types of risks makes them unpredictable and difficult to plan for or otherwise mitigate, compounding their potential impact on the business, prospects, results of operations, cash flows and financial condition of the Group.

The UAE's economy is significantly exposed to volatility in international crude oil prices and its economy has in the past been, and in the future may be, materially adversely affected by lengthy periods of low crude oil prices

The UAE's economy is significantly impacted by international crude oil prices and is highly dependent upon its hydrocarbon-related revenue. Crude oil prices have historically fluctuated in response to a variety of factors beyond the Group's control, including (without limitation):

- economic and political developments both in oil-producing regions, particularly in the Middle East and North Africa ("MENA") region, and globally (see "*Potentially prolonged instability and unrest in the MENA region, or the escalation of armed conflict may materially adversely, affect the Group's business, financial condition and results of operations*"). For instance, global oil prices fell gradually in the first 2 months of 2020 before dropping sharply in March and April 2020, with the price of Brent crude oil falling below U.S.\$16 per barrel in April 2020. This was primarily due to the impact of the COVID-19 outbreak on the global economy and the increase in supply. Furthermore, oil prices have been volatile since the Russian invasion of Ukraine in February 2022, with the average monthly price of Brent crude oil rising to U.S.\$117.25 per barrel in March 2022 from an average monthly price of U.S.\$86.51 per barrel in January 2022, mainly due to the bans on buying Russian oil and the resulting demand on other countries (particularly those in the MENA region) to increase supplies. As of August 2023, the average monthly price of the Brent crude oil was U.S.\$86.15 per barrel;
- global and regional supply and demand, and expectations regarding future supply and demand, for oil and gas products;
- the ability of the members of OPEC and OPEC+ to agree upon and maintain specified global production levels and prices;
- the impact of international environmental regulations designed to reduce carbon emissions, and global weather and environmental conditions; and
- prices, availability and trends relating to the use of alternative fuels and technologies.

Many economic sectors within the UAE remain in part dependent, directly or indirectly, on crude oil prices, so extended periods of low crude oil prices may have a negative impact across the economic landscape of Dubai and other Emirates. For example, the UAE federal government or the governments of individual emirates may decide to reduce their expenditures in light of the budgetary pressures caused by lower crude oil prices, which may, in turn, reduce fiscal spending on infrastructure and other projects that create revenue streams for both public and private entities. Local financial institutions may experience lower liquidity (if significant government and government-owned company deposits are withdrawn to fund deficits) or higher loan losses or impairments. Furthermore, businesses that are dependent on household consumption, including consumer products, education, healthcare and housing, may be adversely affected by lower levels of economic activity created by extended periods of low crude oil prices.

As COVID-19 related lockdown measures and restrictions on international and domestic travel and transport are eased globally, oil-producing countries may further increase output to meet recovering demand, which may result in further volatility of crude oil prices, in the UAE and globally.

Any of the factors described above, including further developments with respect to the COVID-19 pandemic (and the possibility of additional waves or resurgences thereof) and OPEC or OPEC+ agreements, could have a material adverse effect on the economic, political and fiscal position of Dubai (and the UAE generally), and may consequently have a material adverse effect on the Group's business, financial condition and results of operations.

Potentially prolonged instability and unrest in the MENA region, or the escalation of armed conflict may materially adversely, affect the Group's business, financial condition and results of operations

Although the UAE enjoys domestic political stability and generally healthy international relations, since 2011 there has been political unrest in several countries in the MENA region, including Afghanistan, Bahrain, Egypt, Iran, Iraq, Lebanon, Libya, Sudan, Syria, Tunisia and Yemen. The unrest has ranged from public demonstrations to, in extreme cases, armed conflict and civil war and has given rise to several regime changes and increased political uncertainty across the region. It is not possible to predict the occurrence of events or circumstances

such as civil unrest, war or other hostilities, or the impact that such events or occurrences might have on Dubai and the UAE. The MENA region is currently subject to several armed conflicts including those in Yemen, Sudan, Syria (in which multiple state and non-state actors are involved, such as the USA, Russia, Turkey and Iran), Iraq and Palestine, as well as conflicts with militants associated with the so-called Islamic State.

The economies of Dubai and the UAE, like those of many emerging markets, have been characterised by significant government involvement through direct ownership of enterprises and extensive regulation of market conditions, including foreign investment, foreign trade and financial services. Whilst Dubai and the UAE have enjoyed significant economic growth and relative political stability in recent years, there can be no assurance that such growth or stability will continue. Moreover, while the UAE federal government's policies have generally resulted in improved economic performance, there can be no assurance that such a level of performance can be sustained. A general downturn or instability in certain sectors of the UAE or the regional economy could have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, Dubai, and the other emirates are, and will continue to be, affected by political developments in or affecting the UAE and the wider MENA region, and investors' reactions to developments in any country in the MENA region may affect securities of issuers in other markets, including the UAE. On 14 September 2019, the Abqaiq processing facility and the Khurais oil field in Saudi Arabia were significantly damaged in attacks by unmanned aerial vehicles and missiles, which caused an immediate significant reduction in the oil output of Saudi Aramco, Saudi Arabia's national oil company. In January 2020, direct confrontation occurred between the USA and Iran when a targeted drone strike killed a senior Iranian military commander in Iraq which was followed by an Iranian attack using ballistic missiles on a U.S. military base in Iraq. During this confrontation, the government of Iran confirmed that it would no longer adhere to the terms of the Joint Comprehensive Action Plan in respect of Iran's nuclear power programme. On 11 April 2021, a major power failure occurred at the Natanz complex south of Tehran, Iran, because of an explosion which has been reported to be caused by an attack on the Natanz complex. On 18 January 2022, Abu Dhabi experienced a drone attack launched by Houthi rebels near the Abu Dhabi airport that killed at least three people.

Although the UAE has otherwise generally not experienced terrorist attacks or armed conflict such as those experienced by several other countries in the MENA region, there can be no assurance that extremists or terrorist groups will not initiate terrorist or other violent activity in the UAE, or that the UAE will not be impacted by any escalation of regional armed conflict. Any terrorist incidents in or affecting Dubai or the UAE and increased regional geopolitical instability (whether or not directly involving Dubai or the UAE), or any heightened levels of military conflict in the region or globally, including the ongoing Russia-Ukraine conflict, may have a material adverse effect on Dubai's and the UAE's attractiveness for foreign investment and capital, their ability to engage in international trade, their tourism industry, and, consequently, their economic, external and fiscal positions, and therefore could adversely impact the Group's business, financial condition and results of operations.

Furthermore, the UAE, in general, and the Group, in part, are dependent on expatriate labour, including unskilled labourers as well as highly skilled professionals in a range of industry sectors, and has made significant efforts in recent years to attract high volumes of foreign businesses and tourists to the country. These steps make the UAE potentially more vulnerable should regional instability increase, foreign militants commence operations or extremist or terrorist groups engage in activities in the country. In addition, as the UAE federal and local Emirate governments endeavour to further diversify the UAE's economy into other sectors, including tourism, the exposure to broader regional and global economic trends and geopolitical developments likely will increase.

Dubai and the UAE may decide to introduce new laws and regulations, including the introduction of a corporate income tax, which, if so introduced, could adversely affect the way in which the Group is able to conduct its businesses and its financial condition and results of operations

Emerging market economies generally and the UAE in particular are characterised by less comprehensive legal and regulatory environments than are found in more developed regions. However, as these economies mature, the governments of these countries have begun, and the Group expects will continue, to implement new laws and regulations which could impact the way the Group conducts its business and have a material adverse effect on the Group's business, financial condition and results of operations.

Changes in investment policies or in the prevailing political climate in the UAE could result in the introduction of changes to government regulations with respect to:

- price controls;
- export and import controls;
- corporate income and other taxes;
- foreign ownership restrictions;
- foreign exchange and currency controls; and
- labour and welfare benefit policies.

The Group is not currently subject to corporate income tax in the UAE, and the UAE has historically not had any corporate income tax regime. However, as a commitment to the inclusive framework of base erosion and profit shifting project of OECD and G20 countries, the UAE Ministry of Finance, published the Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses (the “**CT Law**”). The CT Law was published in the Official Gazette on 10 October 2022 and became effective on 25 October 2022 and will apply to taxable persons for the financial years commencing on or after 1 June 2023. According to the CT Law, a standard tax rate of 9 per cent. will apply to taxable income exceeding a threshold of AED 375,000 (corresponding to U.S.\$102,110), and a rate of 0 per cent. will apply to taxable income not exceeding that threshold. Businesses with an accounting reference date of 31 December, such as the Group, will become subject to this new tax regime from 1 January 2024. The UAE Federal Tax Authority will be responsible for administering, collecting, and enforcing corporate income tax in line with rules and regulations to be issued by the UAE Ministry of Finance. See “*Taxation—Certain UAE and DIFC Tax Considerations*”. As the CT Law is newly adopted and still evolving, the Group is evaluating the impact of the CT Law on its business and profitability. Furthermore, some of the Group entities are also incorporated in designated Free Zone areas, which are subject to a special corporate tax regime under the CT Law. The tax regulations and guidance in respect of the entities incorporated in the Free Zone are also new and the Group is still evaluating the applicable regulations and its impact on the Group. The introduction of such corporate income tax or any other changes to current laws or taxation would increase the Group’s costs and negatively affect its profitability, and could materially adversely affect its business, financial condition and results of operations.

If the Group becomes subject to the UAE’s Emiratisation initiative in the future, it may increase the Group’s costs and may reduce its ability to rationalise its workforce

Emiratisation is an initiative by the UAE federal government to employ its citizens in a meaningful and efficient manner in the public and private sectors. Under the initiative, companies meeting the criteria specified by the government are required to employ a minimum number of UAE nationals. The benefits structure for these employees is also different, as eligible UAE nationals are entitled to pension contributions rather than an end of service gratuity payment. Termination of such employees’ employment can also be subject to more scrutiny but is not different in practice. The quotas currently required by the scheme only require one UAE national to be hired for every 50 skilled employees. In 2024, this will be applicable to onshore employers with 20 employees but similarly, they will only required to hire one Emirati national per year. As of the date of this Offering Memorandum, the Issuer will not be subject to Emiratisation as it is incorporated in the British Virgin Islands. Some of the Group’s subsidiaries, however, may be subject to Emiratisation as they are incorporated onshore in the UAE. As a result, depending on the quotas required by the Emiratisation initiative, there can be no assurance that meeting and maintaining the Group’s Emiratisation targets will not have a material adverse effect on its business, financial condition and results of operations.

The Group’s financial condition and results of operations may be materially adversely affected if the USD/AED exchange rate were to change

The Group maintains its accounts, and reports its results, in UAE dirhams, which is the functional currency of the Group. Although the UAE dirham has been pegged to the U.S. dollar at a rate of AED 3.6725 to USD 1.00 since 1997, there can be no assurance that the UAE Central Bank will continue to maintain this fixed rate in the future, particularly if there continues to be increased demand for the U.S. dollar because of the COVID-19 pandemic and any additional waves or resurgences thereof. Any de-pegging or change to the USD/AED

exchange rate could increase the costs that the Group pays for certain goods and services procured from outside of the UAE or to service its indebtedness or to make end of service payments to employees who have left the Group's employment, or could cause its results of operations and financial condition to fluctuate due to currency translation effects, any of which could have a material adverse effect on the Group's business, financial condition and results of operations.

Risks Relating to the Acquisition

The completion of the Acquisition is subject to significant uncertainties and risk

On 30 June 2023, the Issuer entered into an Acquisition Agreement with the Sellers for the acquisition of the Target Perimeter. Pursuant to the Acquisition Agreement, the Issuer has undertaken and offered to acquire the entire share capital of the Target from the Sellers in order to gain control of and invest in the Target Perimeter on the terms set forth in the Acquisition Agreement. As at the date of this Offering Memorandum, the Target owns not only the Target Perimeter but also other companies, assets and trademarks, which will remain under the ownership of the Sellers. In anticipation of the Acquisition, the Sellers will separate and isolate such companies, assets and trademarks from the Target to ensure that the Target comprises solely of the Target Perimeter at the time of the Share Purchase. The consummation of the Acquisition is subject to certain conditions precedent being met, including, among others, the successful implementation of the Carve-out Plan and, if required, obtaining clearance from the foreign direct investment authority in Spain. Accordingly, the Issuer may not be able to undertake the Acquisition in a timely fashion, without remedies, or at all. Any such remedies may make the Acquisition less attractive. The board of directors of the Issuer and the Sellers or, if applicable, any person authorised by them, are entitled to declare the conditions precedent met or not met or waive them (to the extent legally possible and advisable).

The satisfaction of all the required conditions could delay the completion of the Acquisition for a significant period of time. Any delay in completing the Acquisition could result in the Issuer being unable to realise some or all the benefits that it expects to achieve if the Acquisition is successfully completed within its expected timeframe or may require the Issuer to spend additional amounts or incur additional fees. In addition, the regulatory authorities from which authorisations are required to complete the Acquisition have broad discretion in administering the governing regulations. As a condition of authorising the Acquisition, the regulatory authorities may impose conditions, terms, obligations or restrictions on the conduct of the business or require divestitures after completion of the Acquisition. There can be no assurance that regulatory authorities or the lenders or creditors involved in the existing financing arrangements of the Pacha Group will not impose conditions, terms, obligations or restrictions and that such conditions, terms, obligations or restrictions will not have the effect of delaying completion of the Acquisition or imposing additional material costs on or materially limiting the Group's revenues following the Acquisition, or otherwise adversely affecting, including to a material extent, the Group's business after completion of the Acquisition. In addition, there can be no assurance that any such conditions, terms, obligations or restrictions will not result in the delay or abandonment of the Acquisition. Accordingly, any such conditions, terms, obligations or restrictions could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group may face unexpected difficulties and costs in integrating the assets of the Target Perimeter and the expected benefits and synergies from the Acquisition may not materialise

The Issuer will need to integrate the assets of the Target Perimeter with the Group. The Acquisition presents various challenges which may be difficult and costly to overcome and could prevent the Group from realising the expected benefits of the Acquisition. The Group may experience difficulties and costs in integrating the assets of the Target Perimeter in its operations. The expected benefits of the Acquisition, in particular, the anticipated synergies and growth opportunities, may not be realised in full (or not at all) or may take longer to realise than planned. The estimated synergies from the Acquisition are subject to a number of assumptions about the timing, execution and costs associated with realising the synergies as well as the business model of the Group. Such assumptions are inherently uncertain and are subject to a wide variety of significant business, economic and competition risks and uncertainties. There can be no assurance that such assumptions will turn out to be correct and, as a result, the amount of synergies that the Group will actually realise and/or the timing of any such realisation may differ significantly from (and may be significantly lower than) the ones that the

Group currently estimates, and the associated costs could be substantially higher than expected. Further, the integration of the assets of the Target Perimeter may require management capacity. The diversion of management's attention, and any difficulties encountered in the transition and integration process, could harm the Group's business, financial conditions and operating results. In addition, the Group may lose employees who are instrumental to the integration and further development of the combined business as well as customers, suppliers and agents. Finally, the integration of the assets of the Target Perimeter may cost materially more than as currently expected. Additional capital expenditure will be required to operate, maintain or renovate properties of the Target Perimeter. If the Group is forced to spend more cash from operating activities than anticipated to operate, maintain or renovate such properties, then its ability to use cash for other purposes, including acquisition or development of properties, could be limited and its profits could be reduced. Any of these risks could have a material adverse effect on the Group's business, prospects, financial condition, results of operations and cash flows. Moreover, the establishments of the Target Perimeter, including the hotels but excluding the night club, are operated from rented properties and are governed by lease agreements. Such leases are generally for periods that span from 5 to 25 years. However, if the Group is unable to maintain or extend or renew any or all such lease agreements after the relevant expiry date, this could have a material adverse effect on the Group's business, financial conditions and results of operations.

In addition, the Acquisition involves the integration of 2 businesses that have previously operated independently. Such integration may be difficult, unpredictable and subject to delay because of possible business culture conflicts and differing opinions on the strategy and operations of the Group. The Group may not be successful in integrating some or all these businesses as currently anticipated, which may have a material adverse effect on the Group's business and operations.

Only limited information about the Target or the Target Perimeter is included in this Offering Memorandum, and its financial performance may differ significantly from the expectations set out herein

The information on the Target and/or the Target Perimeter (including the information derived from the Target Perimeter Financials) contained in this Offering Memorandum has been provided to the Issuer by the Sellers. As the Issuer does not currently control the Target and/or the Target Perimeter, it has not been able to verify the historical financial information as independently, accurately or as completely as it would have if it had control over the Target and/or the Target Perimeter in the period covered by such information. The Issuer has relied on the information that the Sellers supplied in the due diligence process in presenting the financial and other information about the Target and/or Target Perimeter in this Offering Memorandum.

Amendments made to the Acquisition Agreement may have adverse consequences for holders of the Notes

The Acquisition is expected to be consummated in accordance with the terms of the Acquisition Agreement. However, the Acquisition Agreement may be amended and the closing conditions may be waived at any time by the parties thereto, without the consent of the holders of the Notes. Any amendment made to the Acquisition Agreement, or waiver of the conditions to the closing of the Acquisition, may be adverse to the interests of the holders of the Notes, which, in turn, may have an adverse effect on the investment return investors expect to receive on the Notes.

The Issuer does not currently control the Target and/or the Target Perimeter and will not control the Target and/or the Target Perimeter until the Acquisition Completion Date

The Issuer will not obtain control of the Target and/or the Target Perimeter until the Acquisition Completion Date. The current shareholders of the Target may not operate the business of the Target (including those of the Target Perimeter) until the Acquisition Completion Date in the same way that the Issuer would. Furthermore, the Acquisition itself has required, and will likely continue to require, substantial time and focus from management of the Issuer, which could adversely affect management's ability to operate the business. Likewise, employees may be uncomfortable with the Acquisition or feel otherwise affected by it, which could have an impact on work quality and retention.

In addition, prior to the Acquisition Completion Date, the Target and/or the Target Perimeter will not be subject to the covenants contained in the Conditions. The Issuer therefore cannot assure the investors that, prior to the

Acquisition Completion Date, the Target and/or the Target Perimeter will not take any action that would otherwise have been prohibited by the Conditions had those covenants been applicable. Any of the risks associated with the Issuer's lack of control over the Target and/or the Target Perimeter until the completion of the Acquisition could have a material adverse effect on the Group's business, financial position and results of operations.

The Issuer may not be able to enforce claims relating to a breach of representations and warranties that the Sellers have provided under the Acquisition Agreement

In connection with the Acquisition, the Sellers have given certain customary representations and warranties to the Issuer in the Acquisition Agreement. The Issuer may not be able to enforce claims against the Sellers relating to breaches of these representations and warranties since the liability of the Sellers under the Acquisition Agreement is limited. Moreover, even if the Issuer is able to eventually recover any losses resulting from a breach of these representations and warranties, it may temporarily be required to bear these losses itself.

The Acquisition may entitle the customers and certain other business partners of the Target and/or the Target Perimeter to terminate their agreements as a result of change of control provisions

The Acquisition may constitute a change of control under certain agreements entered into by the Target and/or the Target Perimeter, such as commercial agreements with some of its suppliers, and may entitle these third parties to terminate their agreements with the Target and/or the Target Perimeter or, in some cases, request adjustments of the terms of the agreements. The Issuer cannot exclude the possibility that some of these third parties may exercise their termination, adjustment or other rights, which could have a material adverse effect on the Group's business, results of operations and financial position following the Acquisition. In addition, some of the third parties may use their termination or adjustment rights to renegotiate the terms of the agreements to the Group's detriment.

The Issuer has incurred, and expects to continue to incur, significant costs in connection with the Transactions

In connection with the Transactions, the Issuer has incurred and expects to continue to incur significant costs and expenses, including financial advisory, legal, accounting, consulting and other advisory fees and expenses, employee-related expenses, printing expenses and other related charges. In addition, the Issuer may incur significant one-time charges as a result of costs associated with the Transactions, for instance on account of foreign exchange related risks due to, among other factors, possible significant changes in the value of the U.S. dollar relative to the Euro because of economic, political and other factors over which the Group has no control. Depreciation of the U.S. dollar against the Euro could cause a loss to the Issuer when the proceeds of the Offering are translated into Euro for the payment of the Acquisition Cost. The Issuer will not be able to quantify the exact amount of these charges, losses or the period in which they will be incurred until after the Transactions are completed. While the Issuer has assumed that a certain level of expenses will be incurred in connection with the Transactions, there are many factors that could affect the total amount or timing of the implementation expenses. There may also be additional unanticipated significant costs in connection with the Transactions which the Issuer does not anticipate and may not be able to recoup. These costs and expenses could reduce the benefits the Issuer expects to achieve from the Transactions.

The Target and/or the Target Perimeter may have liabilities that are not known to the Issuer

There may be liabilities that the Issuer failed or was unable to discover in the course of performing due diligence investigations into the Target and/or the Target Perimeter which may only emerge after the completion of the Acquisition. The Issuer may learn of additional information about the Target and/or Target Perimeter that adversely affects the Group, such as unknown or contingent liabilities and issues relating to compliance with applicable laws. The Acquisition Agreement provides no unlimited protection against the existence of such problems or the materialisation of any such risks. Any such liabilities, individually or in the aggregate, could have a material adverse effect on the Group's business, financial position and results of operations.

Risks Relating to the Notes and the Guarantees

Not all of the Issuer's subsidiaries will guarantee the Notes, and the Notes and the Guarantees are or will be structurally subordinated to all of the claims of creditors of those subsidiaries that do not guarantee the Notes

Only the Guarantors will provide the Guarantees for the benefit of the holders of the Notes as of the Issue Date. Other subsidiaries of the Issuer may guarantee the Notes in the future, but until then, any claim by the Issuer or any of its creditors, including the holders of the Notes, against any such non-Guarantor Subsidiaries will be structurally subordinated to all of the claims of creditors of such Subsidiaries. The Conditions do not limit the transfer of assets to, or the making of investments in, any Restricted Subsidiary, including the Issuer's Subsidiaries that do not provide guarantees for the Notes, which Subsidiaries could account for a higher portion of the Issuer's consolidated assets, liabilities, revenues and net results in the future.

As at 30 June 2023, the Guarantors represented 87.0 per cent. of the Issuer's consolidated total assets and for the twelve-month period ended 30 June 2023, the Guarantors represented 90.8 per cent. of the Issuer's consolidated revenue and 99.2 per cent. of the Issuer's consolidated EBITDA (as defined in "*Presentation of Financial and Other Information—Non-IFRS Financial Measures*"). As at 30 June 2023, the Issuer's non-Guarantor Subsidiaries had AED 228,766 thousand (CHF 55,752 thousand) of debt outstanding, all of which belonged to 5 Atlantis AG. See "*Capitalisation*". The Revolving Credit Facility is jointly and severally guaranteed by each of the Guarantors and the Controlling Shareholder (as personal guarantor). In addition, following completion of the Acquisition, the Target will accede to the Revolving Credit Facility as a guarantor with respect to Facility A and Facility B (other than the amounts drawn under Facility B which are used to pay to the vendors the purchase price of the shares of the Target in connection with the Acquisition) under the Revolving Credit Facility, but will not guarantee the Notes. Accordingly, any claim by the holders of the Notes against the Target will be structurally subordinated to all of the claims of the relevant finance parties under Facility A and Facility B (other than the amounts drawn under Facility B which are used to pay to the vendors the purchase price of the shares of the Target in connection with the Acquisition).

In the event of insolvency, liquidation or other reorganisation of any of these non-Guarantor subsidiaries, creditors of such non-Guarantor subsidiaries will generally be entitled to payment in full from their respective assets before the Issuer or any of the Guarantors is entitled to receive any distribution from such assets as equity holders. Except to the extent that the Issuer or any of the Guarantors may itself be a creditor with recognised claims against a non-Guarantor subsidiary, claims of creditors of such non-Guarantor subsidiary will have priority with respect to the assets and earnings of that subsidiary over the claims of the Issuer or the Guarantors as equity holders, although there is no assurance that the claims of the Issuer or any of the Guarantors as a creditor against a non-Guarantor subsidiary may not be reduced, limited or extinguished as a result of applicable insolvency rules (such as the doctrine of equitable subordination or the rules regarding the potential avoidance of transactions concluded with related persons within a certain hardening period). The Issuer's non-Guarantor Subsidiaries are also subject to liabilities of other creditors as a result of obligations incurred in the ordinary course of business, which liabilities are also effectively senior to the Notes and the Guarantees.

The Issuer and certain of the Guarantors are holding companies that have no revenue generating operations of their own and will depend on cash from other members of the Group to be able to meet their obligations under the Notes and the Guarantees, respectively

The Issuer is a holding company with no business operations or significant assets, other than the equity interests it holds in its Subsidiaries. The Issuer is therefore dependent upon the cash flows from its operating Subsidiaries to meet its obligations under the Notes. These operating Subsidiaries intend to provide funds to the Issuer principally through the provision of intercompany loans and dividends and other distributions. However, the Issuer cannot assure investors that its Subsidiaries' financial results, liquidity requirements or financial covenants will permit them to make distributions to the Issuer. In addition, events such as unfavourable changes in tax laws, the imposition of capital or other foreign exchange requirements or controls or other regulatory or legal changes in the UAE, Switzerland or other jurisdictions in which the Group operates could affect its Subsidiaries' ability to make distributions to the Issuer. If the Issuer's Subsidiaries do not fulfil their obligations under any such intercompany loans and do not otherwise distribute cash to the Issuer in order for the Issuer to make scheduled payments under the Notes, the Issuer will not have any other source of funds that would allow

it to make payments to Noteholders. This could also restrict the Group's ability to fund its operations in part and thus materially adversely affect its business and results of operations.

In addition, certain of the Guarantors are intermediate holding companies within the Group, with no independent business operations and no significant assets, other than the equity interests each of these holding company Guarantors holds in its Subsidiaries. Each of these holding company Guarantors will be dependent upon the cash flows from its Subsidiaries in the form of dividends or other distributions or payments to meet its obligations, including its obligations under the Notes and the Guarantees, respectively.

The amount of cash available to the Issuer will depend on the profitability and cash flows of the operating companies in the Group and the ability of those companies to transfer funds under applicable law or otherwise. The amounts of dividends and distributions available to each holding company Guarantor will depend on the profitability and cash flows of its Subsidiaries and the ability of its Subsidiaries to issue dividends to it under applicable law or otherwise. The operating companies in the Group, however, may not be able to, or may not be permitted under applicable law to, make distributions, move cash within their group or advance loans, directly or indirectly, to the Issuer or the Guarantors in order to make payments in respect of the Issuer's indebtedness, including under the Notes and the Guarantees. The requirement to withhold tax on any such intra-group transfers may have an adverse impact on such payments. Various agreements governing the Group's debt may restrict, and in some cases, may prevent the ability of the members of the Group to transfer funds within the Group. In addition, the Issuer's Subsidiaries which do not guarantee the Notes have no obligation to make payments with respect to the Notes.

The Issuer and its Restricted Subsidiaries will be subject to restrictive debt covenants that may limit their ability to finance future operations and capital needs and to pursue business opportunities and activities

The Conditions contain a number of restrictive debt covenants which may limit the ability of the Issuer and its Restricted Subsidiaries to finance future operations and capital needs and to pursue business opportunities and activities. In particular, the ability of the Issuer and its Restricted Subsidiaries to incur or guarantee additional indebtedness in the future, or grant additional security over their assets, whether as a result of the Acquisition or otherwise, may be limited by these covenants. However, these limitations will be subject to certain exceptions and qualifications (see Condition 4 (*Covenants*)). Despite these exceptions and qualifications, the covenants to which the Issuer and its Restricted Subsidiaries will be subject could limit their ability to finance future operations and capital needs and their ability to pursue business opportunities and activities, including the proposed Acquisition of the Target and/or the Target Perimeter. If the Issuer and its Restricted Subsidiaries are unable to incur the necessary additional indebtedness in accordance with the Conditions to fund the Acquisition Cost, the completion of the Acquisition may be hindered. Such an outcome could have a material adverse effect on the financial condition of the Group, exposing it to potential financial liabilities and other consequential risks resulting from the failure to complete the Acquisition. For instance, if the Issuer fails to fulfil the conditions or its obligations as stipulated in the Acquisition Agreement, there is a risk of the Initial Deposit being forfeited and the Issuer being exposed to other potential consequential risks, including the possibility of specific performance measures. The Issuer and its Restricted Subsidiaries are also subject to restrictive covenants under the terms of the Revolving Credit Facility Agreement, see "*Description of Certain Financing Arrangements, the Intercreditor Agreement and the Common Security*".

In addition, the Issuer's and its Restricted Subsidiaries' ability to comply with these covenants and restrictions may be affected by events beyond their control. These include prevailing economic, financial and industry conditions. If the debt under the Notes or the Guarantees or any other material financing arrangement that these entities enter into were to be accelerated, these entities' assets may be insufficient to repay in full the Notes and other indebtedness. Borrowings under other debt instruments that contain cross-acceleration or cross-default provisions also may be accelerated or become payable on demand. In these circumstances, the Issuer's and its Restricted Subsidiaries' assets may not be sufficient to repay in full that indebtedness and other indebtedness then outstanding, including the Notes.

Many of the covenants in the Conditions will be suspended if the Notes have Investment Grade Status

Many of the covenants contained in the Conditions will be suspended if the Notes achieve Investment Grade Status, provided at such time no Event of Default or Potential Event of Default under the Conditions has occurred and is continuing. These covenants will be suspended for the duration of the period during which the Notes maintain an investment grade rating, however, there can be no assurance that the Notes will ever achieve Investment Grade Status, or that if they do achieve Investment Grade Status, the Notes will maintain such status. Suspension of these covenants, however, would allow the Issuer and its Restricted Subsidiaries to engage in certain transactions that would not be permitted while these covenants were in force. See Condition 4 (*Covenants*).

Early redemption of the Notes may reduce the yield expected by the holders of the Notes

At any time prior to 3 October 2025, the Issuer may redeem some or all of the Notes at a redemption price equal to 100 per cent. of the principal amount of the Notes redeemed, plus, in each case, accrued and unpaid interest, if any, to (but excluding) the applicable redemption date plus the Applicable Premium. On or after 3 October 2025, the Issuer will have the ability to redeem the Notes in whole or in part on one or more occasions at the redemption prices set out in the Conditions. Prior to 3 October 2025, the Issuer will also be able to redeem up to 40 per cent. of the aggregate principal amount of the Notes with the proceeds of certain equity offerings at a redemption price of 100 per cent. of the principal amount of the Notes redeemed, plus accrued and unpaid interest and additional amounts, if any, to (but excluding) the redemption date. In the event that the Issuer exercises the option to redeem the Notes, the holders of the Notes may suffer a lower than expected yield and may not be able to reinvest the funds on the same terms. See Condition 6.2 (*Redemption at the Option of the Issuer*).

The Issuer may not be able to finance a redemption at the option of the Noteholders upon a Change of Control

Upon the occurrence of a Change of Control (as defined in the Conditions), the Issuer would be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101 per cent. of the principal amount thereof on the date of purchase plus accrued and unpaid interest to, but excluding, the date of purchase, if any. If a Change of Control were to occur, there can be no assurance that the Issuer would have sufficient funds available at such time, or that the Group would have sufficient funds to provide to the Issuer and/or the Guarantors to pay the purchase price of the outstanding Notes or that the restrictions in the Notes or the Group's other existing contractual obligations would allow the Group to make such required repurchases. A Change of Control may result in an obligation to mandatorily prepay certain other indebtedness. The repurchase of the Notes pursuant to such an offer could cause a default under such other indebtedness, even if the Change of Control itself does not. The ability of the Issuer to receive cash from its Subsidiaries to allow them to pay cash to the Noteholders following the occurrence of a Change of Control, may be limited by the Group's then existing financial resources. Sufficient funds may not be available when necessary to make any required repurchases. If an event constituting a Change of Control occurs at a time when the Group is prohibited under its other financing arrangements from providing funds to the Issuer for the purpose of repurchasing the Notes, the Group may need to seek the consent of the lenders under such other financing arrangements to purchase the Notes or may attempt to refinance the borrowings that contain such prohibition. If such consent to repay such borrowings is not obtained, the Issuer will remain prohibited from repurchasing any Notes. In addition, the Group may require third-party financing to make an offer to repurchase the Notes, upon a Change of Control. There can be no assurance that the Group would be able to obtain such financing. Any failure by the Issuer to offer to purchase the Notes would constitute a default under the Notes, which would, in turn, constitute a default under certain other indebtedness.

The Change of Control provisions contained in the Conditions may not necessarily afford Noteholders protection in the event of certain important corporate events, including a reorganisation, restructuring, merger or other similar transaction involving the Group that may adversely affect Noteholders, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a Change of Control. Except as described in the Conditions, the Notes will not contain provisions that would

require the Issuer to offer to repurchase or redeem the Notes in the event of a reorganisation, restructuring, merger, recapitalisation or similar transaction.

Redemption prior to maturity for tax reasons

The Issuer may redeem all outstanding Notes in accordance with the Conditions in the event that: (i) the Issuer or the Guarantors have been or would be obliged to increase the amounts payable in respect of the Notes due to any changes in or amendments to the laws or regulations of any Relevant Taxing Jurisdiction or of any political subdivision or authority therein or thereof having the power to tax (or any changes in or amendments to the application or official interpretation or administration of such laws or regulations); and (ii) such obligation cannot be avoided by the Issuer and/or the Guarantors taking reasonable measures available to them.

On any such redemption for tax reasons, Noteholders would receive the principal amount of the Notes that they hold, together with interest accrued on those Notes up to, but excluding, the date fixed for redemption and all Additional Amounts (if any) then due and that will become due on the date fixed for redemption. If the Issuer were to redeem the Notes early, it might not be possible for Noteholders to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes. See Condition 6.5 (*Redemption for Taxation Reasons*).

The market value of the Notes could decrease if the Group's creditworthiness worsens

The market value of the Notes will suffer if the market perceives the Issuer and the Guarantors to be less likely to fully perform their respective obligations under the Notes and the Notes Documents when they fall due. This could occur, for example, because of the materialisation of any of the risks described in this "Risk Factors" section. Even if the Issuer's and the Guarantors' ability to fully perform their respective obligations under the Notes and the Notes Documents when they fall due did not actually decrease, market participants could nevertheless have a different perception. In addition, market participants' estimation of the creditworthiness of corporate debtors in general or debtors operating in the same business as the Group could adversely change, causing the market value of the Notes to fall. If any of these events occurs, third parties would only be willing to purchase Notes for a lower price than before the materialisation of these risks. Under these circumstances, the market value of the Notes would be likely to decrease.

The Conditions permit substitution of the Issuer in certain circumstances

Condition 11.3 (*Substitution*) provides that, in certain circumstances, the obligations of the Issuer under the Notes may be assumed by another entity. Any such assumption might be treated for U.S. federal income tax purposes as a deemed exchange of Notes by a U.S. holder in exchange for new notes issued by the new obligor. As a result of this deemed exchange, a U.S. holder could be required to recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the issue price of the new notes, as determined for U.S. federal income tax purposes (which is generally expected to equal the fair market value of the new notes, so long as the new notes are "publicly traded" within the meaning of U.S. Treasury regulations), and the U.S. holder's adjusted tax basis in the Notes (although any such loss could be disallowed). Any amounts attributable to accrued but unpaid interest would be includible in income as ordinary interest income to the extent not previously included in income. Depending on their issue price, the new notes may be treated as issued with original issue discount or premium for U.S. federal income tax purposes. U.S. holders should consult their tax advisers concerning the U.S. federal income tax consequences to them of a change in obligor with respect to the Notes.

There are circumstances other than repayment or discharge of the Notes under which the Guarantees may be released automatically, without Noteholders' or the Trustee's consent

Under various circumstances as described in Condition 4.12 (*Additional Guarantors and Limitations on Guarantees*), the Guarantees will be released automatically and unconditionally, including, without limitation:

- upon a sale or other disposition of the capital stock of the relevant Guarantor and that Guarantor ceases to be a Restricted Subsidiary as a result of such sale or other disposition;
- upon the sale or disposition of all or substantially all the assets of a Guarantor;

- upon the designation of a Guarantor as an Unrestricted Subsidiary; or
- as a result of a merger or consolidation transaction permitted by Condition 4.9 (*Mergers and Similar Transactions*).

In such circumstances, Noteholders would no longer have any access to the assets of the relevant Guarantor to the extent such Guarantor's Guarantee of the Notes is released and, as a result, Noteholders' ability to recover their investment in the Notes could be materially impaired in such circumstances.

As the Global Note Certificates are held by or on behalf of Euroclear, Clearstream, Luxembourg and DTC, investors will have to rely on their procedures for transfer, payment and communication with the Issuer and/or the Guarantors

The Notes will be represented by the Global Note Certificates except in certain limited circumstances described therein. The Regulation S Global Note Certificate will be deposited with the Common Depositary for, and registered in the name of a nominee of, Euroclear and Clearstream, Luxembourg. The Rule 144A Global Note Certificate will be registered in the name of a nominee of, and deposited with a custodian for, DTC. Except in certain limited circumstances described in the Global Note Certificates, investors will not be entitled to receive definitive Notes. Euroclear, Clearstream, Luxembourg and DTC will maintain records of the beneficial interests in the Global Note Certificates. While the relevant Notes are represented by the Global Note Certificates, investors will be able to trade their beneficial interests only through Euroclear, Clearstream, Luxembourg and/or DTC, as applicable.

The Issuer and the Guarantors will discharge their payment obligations under the Notes by making payments through DTC or to the Common Depositary for Euroclear and Clearstream, Luxembourg (as the case may be) for distribution to their account holders. A holder of a beneficial interest in the Global Note Certificates must rely on the procedures of DTC, Euroclear and Clearstream, Luxembourg (as the case may be) to receive payments under the Notes. The Issuer and the Guarantors have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Note Certificates.

Holders of beneficial interests in the Global Note Certificates will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by DTC, Euroclear and Clearstream, Luxembourg (as the case may be) to appoint appropriate proxies. The Group cannot guarantee that procedures implemented for the granting of such proxies will be sufficient to enable Noteholders to vote on any requested actions or to take any other action on a timely basis.

Transfer of investments in the Notes and Guarantees will be subject to certain restrictions

The Notes and the Guarantees have not been and will not be registered under the Securities Act or under any other national, state or local securities laws of the United States. Prospective investors may not offer or sell the Notes and the Guarantees, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other national, state or local securities laws of the United States. Similar restrictions will apply in other jurisdictions. Prospective investors should read the discussion under "*Selling and Transfer Restrictions*" for further information about these transfer restrictions. It is Noteholders' obligation to ensure that their offers and sales of the Notes and the Guarantees within the United States and other countries comply with any applicable securities laws.

The Conditions and the Trust Deed contain provisions which may permit their modification without the consent of all, or even a majority of, Noteholders and in certain limited circumstances without the consent of any Noteholders and without regard to the individual interests of particular Noteholders

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities (which, under certain circumstances, may even amount to a minority of holders of the face amount of the Notes for the time being outstanding) to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority (or, as the case may be, in certain circumstances, the minority).

The Conditions and the Trust Deed also provide that the Trustee may, without the consent of the Noteholders, agree to: (i) any modification of any of the provisions of the Notes Documents (including, without limitation, the Trust Deed and the Conditions) which is in its opinion of a formal, minor or technical nature or is made to

correct a manifest error or an error which in the opinion of the Trustee is proven; and (ii) any other modification (other than as mentioned in the Trust Deed) of the Conditions or the Notes Documents, or the waiver or authorisation of any breach or proposed breach of, any of the Conditions or any of the provisions of the Notes Documents or determine that any Event of Default or Potential Event of Default shall not be treated as such if, in the opinion of the Trustee, the interests of the Noteholders would not be materially prejudiced thereby, provided that the Trustee shall not do so in contravention of an express direction given by an Extraordinary Resolution or a request made pursuant to Condition 9 (*Events of Default*).

The Issuer may create and issue further Notes

The Issuer may from time to time without the consent of the Noteholders create and issue further Notes having terms and conditions that are the same as those of the Notes, or the same except for the amount of the first payment of interest, which new Notes may be consolidated and form a single series with the outstanding Notes even if doing so may adversely affect the value of the original Notes.

The Notes may not be a suitable investment for all investors seeking exposure to sustainable assets

Pursuant to the recommendation in ICMA's Green Bond Principles that issuers use external review to confirm their alignment with key features of the Green Bond Principles, at the Issuer's request, ISS has issued the Opinion in relation to the Issuer's green financing framework (the "**Green Framework**").

The Green Framework and the Opinion are not incorporated into and do not form part of this Offering Memorandum. There is currently no market consensus on what precise attributes are required for a particular project to be defined as 'green' or 'sustainable', and therefore no assurance can be provided to investors that the projects set out in the Green Framework will meet all investor expectations regarding sustainability performance or continue to meet the eligibility criteria set out in the Green Framework. Although the underlying Eligible Green Projects (as defined in the Green Framework) have been selected based on their general alignment with the green project categories recognised by the Green Bond Principles and will be developed in accordance with relevant guidelines and standards, there can be no guarantee that adverse environmental and/or social impacts will not occur during the design, construction, commissioning and/or operating of the projects. In addition, where any negative impacts are insufficiently mitigated, the Eligible Green Projects may become controversial, and/or may be criticised by activist groups or other stakeholders.

None of the Issuer, the Guarantors or the Joint Lead Managers makes any representation as to the suitability of the Opinion or the Notes to fulfil such environmental and sustainability criteria. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in the Green Framework and its purchase of the Notes should be based upon such investigation as it deems necessary.

No request has been made for the Notes to be listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of any trading venue or securities market (whether or not regulated). In the event that the Notes were to be listed or admitted to trading on such a segment of a trading venue or securities market, this listing or admission to trading may not satisfy, in whole or in part, any present or future investor expectations or requirements with respect to "green" or other criteria. Furthermore, the criteria for any such listing or admission to trading may vary from one trading venue or securities market to another. No representation or assurance is given or made by Issuer, the Guarantors, the Joint Lead Managers or any other person that any such listing or admission to trading will be obtained in respect of the Notes or, if obtained, that any such listing or admission will be maintained during the life of the Notes.

Furthermore, the Opinion may not reflect the potential impact of all risks related to the structure, the market for sustainable bonds, the additional risks discussed above or any other factors that may affect the value of the Notes. The Opinion is not a recommendation to buy, sell or hold the Notes and is only current as of the date that the Opinion was initially issued. Prospective investors must determine for themselves the relevance of the Opinion and/or the information contained therein and/or the provider of such Opinion for the purpose of any investment in the Notes. In addition, although the Group has agreed to certain reporting requirements and to allocate an amount equivalent to the net proceeds from the issue of the Notes to finance or refinance certain Eligible Green Projects as described in "*Use of Proceeds*", it will not be an event of default under the Conditions

if the Group fails to comply with such obligations. A withdrawal of the Opinion or any failure by the Issuer to allocate an amount equivalent to the net proceeds from the Notes to fund Eligible Green Projects or to meet or continue to meet the investment requirements of certain environmentally focused investors with respect to the Notes may affect the value of the Notes and/or may have consequences for certain investors with portfolio mandates to invest in green assets.

There is no current market consensus on what constitutes a ‘green’ or ‘sustainable’ project

There is no current market consensus on what precise attributes are required for a particular project to be defined as ‘green’ or ‘sustainable’ and therefore the Opinion, or any third-party opinion, certification or rating (whether or not solicited by the Issuer) regarding the Green Framework, the Notes or any Eligible Green Project may not meet the criteria and expectations of investors regarding environmental impact and sustainability performance. The Group may not meet the investment requirements of certain environmentally focused investors with respect to the Notes, which may also have consequences for certain investors with portfolio mandates to invest in green assets. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in this Offering Memorandum regarding the use of proceeds of the Notes.

While it is the intention of the Group to apply an amount equivalent to the net proceeds of the Notes so specified for Eligible Green Projects in, or substantially in, the manner described in the Green Framework, there can be no assurance that the relevant projects the subject of, or related to, any Eligible Green Projects will be capable of being implemented in or substantially in such manner and/or accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such Eligible Green Projects. There also cannot be any assurance that such projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Group.

Any such event or failure by the Group will not: (i) give rise to any claim of a Noteholder against the Issuer (or the Joint Lead Managers); (ii) constitute an event of default under the Conditions or a breach or violation of the Issuer of any term thereof, or constitute a default of the Issuer for any purpose; or (iii) lead to a right or obligation of the Issuer to redeem the Notes or be a relevant factor for the Issuer in determining whether or not to exercise any optional redemption rights in respect of the Notes or give any Noteholder the right to require redemption of its Notes. Any such event or failure to allocate an amount equivalent to the net proceeds of the Notes for any Eligible Green Projects as aforesaid and/or withdrawal of the Opinion or any such other opinion or certification or any such opinion or certification attesting that the Group is not complying in whole or in part with any matters for which such opinion or certification is sought may have a material adverse effect on the value of the Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

There can be no assurance as to the suitability or reliability of the ESG rating assigned to the Issuer, as well as the accuracy and/or completeness of the underlying methodology applied in assigning such rating

In June 2023, the Issuer received an “A” grade ESG rating from ISS Corporate Solutions. As at the date of this Offering Memorandum, ESG rating organisations are not regulated or monitored in a similar manner to corporate credit rating organisations and so prospective investors must determine for themselves the relevance, suitability and reliability of such information for the purpose of any investment in the Notes together with any other investigation such investor deems necessary. Among other things, an ESG rating is primarily based on publicly available information and an underlying rating methodology that is not uniformly applied by other ESG rating organisations or at an industry level. The ESG rating, therefore, may not reflect or otherwise address the potential impact of all relevant ESG risks related to, and factors that may affect, the Group’s operations. Such ESG rating should not be regarded as a conclusive analysis of the Group’s operations and does not represent a recommendation to buy, sell or hold securities, particularly as it may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any such rating of any third party which may or may not be made available in connection with the Group’s operations and their ability to fulfil any environmental, sustainability, social and/or other criteria employed by such ESG rating organisation.

No assurance is given by the Issuer or any Joint Lead Manager that the ESG rating will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or

guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of the Group's operations. Further, none of the Issuer or any Joint Lead Manager makes any representation as to the suitability or reliability of such ESG rating, as well as the accuracy and/or completeness of the underlying methodology applied by the relevant rating organisation in assigning such ESG rating. Any change in the Issuer's existing ESG rating, or the issuance of a materially different ESG rating by an alternative rating organisation, could adversely affect the price that a subsequent purchaser will be willing to pay for investments in the Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

The Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Memorandum;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- understand thoroughly the terms of the Notes; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Notes, which are complex financial instruments, unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Credit ratings may not reflect all risks

The Notes are expected to be assigned a rating of "BB" by Fitch and a rating of "B+" by S&P. Fitch is established in the UK and is registered under the UK CRA Regulation. Fitch appears on the latest update of the list of registered credit rating agencies (as of the date of this Offering Memorandum) on the FCA's Financial Services Register. The rating issued by Fitch has been endorsed by Fitch Ratings Ireland Limited. Fitch Ratings Ireland Limited is established in the EEA and registered under the EU CRA Regulation. S&P is not established in the EEA or in the UK and has not applied for registration under either of the EU CRA Regulation or the UK CRA Regulation. However, S&P Global Ratings Europe Limited has endorsed the rating of S&P. S&P Global Ratings Europe Limited is established in the EEA and is registered under the EU CRA Regulation. Standard & Poor's Global Ratings UK Limited has endorsed the ratings of S&P. Standard & Poor's Global Ratings UK Limited is established in the UK and is registered under the UK CRA Regulation.

In general, European regulated investors are restricted under the EU CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("ESMA") on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain

supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use, for UK regulatory purposes, ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances.

The foregoing credit ratings do not mean that the Notes are a suitable investment. The credit ratings assigned to the Notes at any time may not reflect the potential impact of all risks related to structure, market, the factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating organisation at any time. A credit rating reflects only the views of the assigning rating organisation. Investors must conduct their own assessments of the Group and its business, operations, assets and financial position, and are strongly cautioned not to place undue emphasis on any particular rating that has been assigned to the Notes.

There is no public trading market for the Notes and an active trading market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell their Notes

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. If investments in the Notes are traded after their initial issuance, then they might trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the Issuer's financial condition. Although applications have been made for the Notes to be admitted to the DFSA Official List and for the Notes to be admitted to trading on Nasdaq Dubai and on the ISM, there can be no assurance that such applications will be accepted, that an active trading market will develop or, if developed, that it can be sustained. If an active trading market for investments in the Notes is not developed or maintained, then the market or trading price and liquidity of investments in the Notes may be adversely affected.

The Issuer may be found to not be in compliance with economic substance legislation in the BVI

In recent years, the BVI has enacted various legislation, including the Economic Substance (Companies and Limited Partnerships) Act (As Revised), which requires certain entities incorporated, formed or registered in the BVI to either (a) be a tax resident in an approved foreign jurisdiction or (b) have adequate economic substance in the BVI in respect of 9 specified activities, should any such entity carry on such an activity. The legislation is still relatively new and has not been tested in the BVI courts and, accordingly, there is no judicial guidance available on what constitutes "adequate" substance. As the Issuer is incorporated in the BVI, if the Issuer is found to be in breach of the legislation, it may be subjected to fines and potentially struck off the register of companies in the BVI.

Risks relating to the Collateral

For the purposes of this section, capitalised terms not defined here shall have the meanings given to them in the section entitled "*Description of Certain Financing Arrangements, the Intercreditor Agreement and the Common Security*".

The Noteholders will be secured only to the extent of the value of the Collateral, and such Collateral may not be sufficient to satisfy the Issuer's and Guarantors' obligations under the Notes and Guarantees, respectively

The Noteholders will be secured only to the extent of their share of the value of the proceeds of the Collateral in respect of which security has been granted for the benefit of the Notes and the Guarantees. The Collateral also secures, on an equal and rateable basis, the obligations under the Revolving Capital Facility Agreement. The Collateral may also secure additional debt ranking *pari passu* with the Notes and the Guarantees to the extent permitted by the Conditions and the Revolving Credit Facility Agreement. There is no requirement for the Group to provide funds to enhance the value of the Collateral if it is insufficient to discharge the liabilities owed by the Issuer and the Guarantors to the Noteholders. The proceeds of any sale of the Collateral following an Acceleration Event will be shared between the Noteholders and all of our other senior secured creditors in accordance with the terms of the Intercreditor Agreement, and the Noteholders' share of such proceeds may not be sufficient to satisfy, and may be substantially less than, the amount owed by the Issuer and the Guarantors in respect of the Notes and the Guarantees.

In addition, not all of the Group's assets will secure the Notes and the Guarantees, and the Conditions will allow the Issuer and its Restricted Subsidiaries to secure certain types of debt permitted to be incurred under the Conditions (which may be structurally senior to the Notes) with the property and assets of the restricted Subsidiaries that do not secure the Notes. The value of such assets and property could be significant. If an event of default occurs and the obligations under the Notes are accelerated, the Notes will not benefit from the assets securing such secured debt and will rank equally with the holders of unsecured debt of the Issuer and its Restricted Subsidiaries with respect to any property or assets that are excluded from the Collateral securing the Notes (see also "*The Notes and the Guarantees will be effectively subordinated to claims of secured creditors that are secured by property or assets that do not secure the Notes*").

The amount of the proceeds realised upon the enforcement of the Collateral will depend upon many factors, including, among others, the availability of buyers and the condition and nature of the Collateral. The book value of the Collateral should not be relied on as a measure of realisable value for the Collateral. By its nature, some or all of the Collateral may be illiquid and may not have a readily ascertainable market value or may not be saleable or, if saleable, there may be substantial delays in its disposal. In addition, the share pledges over the shares of an entity may be of limited or no value if that entity is subject to an insolvency or bankruptcy proceeding because all of the obligations of the entity whose shares have been pledged must first be satisfied, which may leave little or no remaining assets in the pledged entity. As a result, the creditors secured by a pledge of the shares of these entities may not recover anything of value in the case of an enforcement sale.

In addition, the Group's business requires a variety of licences and permits. In the event that the Common Security is enforced, the grant of licences and permits may be revoked, the transfer of such licences and permits may be prohibited or may require the Group to incur significant costs and expenses. Further, the Group cannot assure Noteholders that the applicable governmental authorities will consent to the transfer of all such licences and permits. If the regulatory approvals required for such transfers are not obtained, are delayed or are economically prevented, the enforcement of the Common Security may be delayed and the value of the Collateral may be significantly reduced. For example, it may be difficult or impossible for the Security Agent to enforce the Common Security over certain of the assets comprising the Collateral under the laws of the UAE. In particular, in relation to enforcement of the Mortgages, some of the assets subject to those security interests may only be sold to a small pool of buyers made up of Emirati nationals or nationals of other countries that are members of the GCC. In addition, the share pledges over the shares of an entity may be of no value if that entity is subject to an insolvency or bankruptcy proceeding.

If the proceeds of any sale of Collateral are not sufficient to repay all amounts due on the Notes and the Guarantees, the Noteholders (to the extent not repaid from the proceeds of the sale of the Collateral) would only have only an unsecured claim against the Issuer and the Guarantors.

The obligations of the Issuer and the Guarantors under the Revolving Credit Facility are also secured by the Common Security, and the Noteholders are subject to certain limitations on their ability to enforce the Common Security

The obligations of the Issuer under the Notes and the obligations of the Guarantor under the Guarantees will be secured on a *pari passu* basis by the same security that secures the obligations of the Issuer and the Guarantors under the RCF Lender Liabilities and the Permitted Senior Financing Arranger Liabilities (each as defined in the Intercreditor Agreement). The rights of the Noteholders with respect to the Collateral will be subject to the Intercreditor Agreement, which provides that the Security Agent will serve as a common security agent for the Secured Parties. Subject to certain limited exceptions, the Security Agent will act with respect to the Common Security only at the direction of the Instructing Group (which shall mean, at any time, those Senior Creditors whose Senior Credit Participations at that time aggregate more than 50 per cent. of the total Senior Credit Participations at that time (acting through the relevant RCF Agent in accordance with the terms of the applicable RCF Agreement, the relevant Senior Notes Trustee in accordance with the terms of the applicable Senior Notes Trust Deed and/or the relevant Senior Creditor Representative in accordance with the terms of the Permitted Senior Financing Documents, as applicable), see also “*Description of Certain Financing Arrangements, the Intercreditor Agreement and the Common Security*”). Accordingly, actions relating to enforcement of the Common Security may not be controlled by the Noteholders. The RCF Lenders may have interests that are different from the Noteholders and they may, subject to the terms of the Intercreditor Agreement, elect to pursue their remedies under the Security Documents at a time when it would be disadvantageous for the Noteholders to do so. Further, an enforcement of the Common Security by the RCF Lenders or a disposal of any of the Collateral as a consequence of an acceleration under the Revolving Credit Facility would lead to a reduction in the Collateral available to secure the Notes.

The Intercreditor Agreement provides that any proceeds from an enforcement of the Common Security which are available to satisfy the obligations under the Notes and the Guarantees will be paid *pro rata* in repayment of the Issuer’s and the Guarantors’ obligations under the Notes and the RCF Lender Liabilities and the Permitted Senior Financing Arranger Liabilities on a *pari passu* basis. In addition, the Conditions permit the Issuer to incur additional debt by way of further issuances of Notes, which will also be secured by the Common Security. The Issuer’s ability to incur additional debt in the future secured by the Common Security may have the effect of diluting the ratio of the value of such Common Security to the aggregate amount of the obligations secured by the Common Security. The security interests in the Collateral that will secure the Issuer’s obligations under the Notes and the Guarantors’ obligations under the Guarantees will also not be granted directly to the Noteholders but will be granted only in favour of the Security Agent. The Intercreditor Agreement provides that only the Security Agent have the right to enforce the Common Security. As a consequence, the Noteholders will not have direct security interests and will not be entitled to take enforcement action in respect of the Common Security, except through the Trustee, who will (subject to the Conditions and provisions of the Intercreditor Agreement and the Trust Deed) provide instructions to the Security Agent. See also “*Description of Certain Financing Arrangements, the Intercreditor Agreement and the Common Security*”.

The Security Providers will have control over the Collateral, and the sale of particular assets could reduce the pool of assets securing the Notes and the Guarantees

The Security Documents allow the Security Providers to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, the Collateral securing the Notes and the Guarantees. Except under limited circumstances specified in the relevant Security Documents, the Security Providers may, among other things, without any release or consent by the Trustee or the Security Agent, conduct ordinary course activities with respect to the Collateral and make ordinary course cash payments, including repayments of indebtedness. Any of these activities could reduce the value of the Collateral, which could reduce the amounts payable to Noteholders from the proceeds of any sale of the Collateral in the case of the enforcement thereof.

The Common Security might be challenged or voidable in insolvency proceedings

The Common Security may be voidable by a Security Provider or by a liquidator, receiver or administrator or by other creditors, or may be otherwise set aside by a court, if certain events or circumstances exist or occur,

including, among others, if the relevant Security Provider is deemed to be insolvent at the time of the grant, or if the grant permits the secured parties to receive a greater recovery than if the grant had not been given and an insolvency proceeding in respect of such Security Provider is commenced within a legally specified “clawback” period following the grant. At each time, if the Common Security granted, perfected or recreated were to be enforced before the end of the respective clawback period applicable in such jurisdiction, it may be declared void. To the extent that the creation of the Common Security is voided, the Secured Parties would lose the benefit of such Common Security and therefore benefit only from any remaining Common Security. The Secured Parties may also be required to repay any amounts received with respect to such Common Security.

There are limitations on the creation, perfection and enforcement of security interests that could affect the Noteholders’ rights

The Collateral securing the Notes and the Guarantees will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Security Documents and the Intercreditor Agreement and accepted by other creditors that have the benefit of the security interests in the Collateral from time to time, whether on or after the Issue Date. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral securing the Notes and the Guarantees, as well as the ability of the Security Agent to realise or foreclose on such Collateral. Furthermore, the ranking of the Common Security can be affected by a variety of factors, including, among other things, the timely satisfaction of perfection requirements, statutory liens or re-characterisation under the laws of the relevant jurisdictions.

Enforcement of the Common Security by the Security Agent will be subject to practical problems generally associated with the realisation of security interests in collateral. The Security Agent may also need to obtain the consent of a third party to enforce a security interest. We cannot assure you that the Security Agent will be able to obtain any such contents when required to facilitate a sale of, or appropriate or otherwise foreclose on, the Collateral. In any such case, the value of the Collateral may significantly decrease.

The multi-jurisdictional nature of any foreclosure on the Collateral may limit the realisable value of the Collateral. For example, the bankruptcy, insolvency, administrative and other laws of the various jurisdictions may be materially different from, or conflict with, each other, including in the areas of rights of creditors, priority of government and other creditors, ability to obtain post-petition interest and duration of the proceedings.

In addition, upon the satisfaction and discharge of the CBD Facilities on or around the Issue Date, existing security interests will be released (see “*Use of Proceeds*”). The release of the existing security is required to be lodged with the DLD in Dubai so that the security is removed from the security register maintained with the DLD. This process is required before the security in favour of the Secured Parties over those assets may be registered with the DLD in order to create valid and enforceable security interests and to ensure that such security has first ranking priority over other creditors of the Issuer and the Guarantors in accordance with Dubai law.

The Security Providers are also required to create and perfect the various security interests granted under the Security Documents by registration with the relevant authorities in the United Arab Emirates (including certain free zones therein) and in the Cayman Islands within 90 days from the Issue Date, other than the FIVE Luxe Mortgage, which will be perfected by 31 March 2024. Where such registration requires the confirmation of the relevant authorities in such jurisdictions, the Issuer and the Guarantors provide no assurance that such documents will be registered within the permitted timeframe or at all.

Certain Collateral securing the Notes may not be in place as of the Issue Date

Pursuant to the terms of the Security Documents, not all of the Mortgages will be registered as of the Issue Date. Accordingly, the relevant Security Providers have undertaken, *inter alia*, at their own expense, to take all actions required to perfect the Mortgages created or intended to be created under or evidenced by the Security Documents as soon as practicable and in any event on or before 90 days following the Issue Date, other than the FIVE Luxe Mortgage which will be perfected by 31 March 2024. One or more of the Mortgages may constitute a significant portion of the value of the Common Security. Registration of the Mortgages after the

Issue Date increases the risk that the relevant security interests could be avoided or may not have the expected priority. If the relevant Issuer or the Guarantors were to become subject to insolvency proceedings after the Issue Date, any Mortgage registered after the Issue Date would face a greater risk than security interests in place on the Issue Date of being avoided in bankruptcy as a preference under applicable bankruptcy laws in certain circumstances.

The Mortgages and the UAE Share Pledges may not be enforced without a court order and any enforcement thereof by the Security Agent would be subject to the discretion of the UAE courts

Any mortgage or pledge effected under UAE law will only be effective in relation to assets and rights which are specifically identified and existing at the time of such mortgage or pledge. In relation to the Common Security, future assets and rights are secured through the relevant Security Provider executing addenda to such mortgages or pledges that identify such assets and rights. In the case of mortgages or pledges that are registered, such addenda would also have to be registered. If the relevant Security Provider has granted to any third party security over any such assets and rights prior to the execution and, if applicable, registration of the addenda to the mortgages or pledges, the security created pursuant to the addenda will be subject to such third-party security interests.

Unlike in the DIFC where secured creditors may, among other things, appoint a receiver to coordinate the disposal of the relevant secured assets which are subject to DIFC law security, judicial sale is the only remedy (over and above normal remedies for breach of contract) available to a mortgagee or pledgee of assets in the UAE, and it is a discretionary remedy. In the case of the Mortgages, a judicial sale of the properties subject to the Mortgages would involve a court-supervised public auction. Under the Mortgage Law of Dubai (Law No. 14 of 2008) (the “**Dubai Mortgage Law**”), a mortgagee is required to provide the mortgagor with 30 days’ prior written notice through the notary public before commencing foreclosure proceedings. In addition, Article 27 of the Dubai Mortgage Law provides a mortgagor with the ability to request the execution judge to postpone the sale by public auction for a single period of up to 60 days if the enforcement judge finds that the mortgagor will be able to satisfy the secured liabilities if granted an extension and provided that the sale of the mortgaged property would cause significant harm to the mortgagor.

To the extent that the Mortgages and the UAE Share Pledges provide for additional remedies in the nature of step-in/cure rights, receivership, the use of powers of attorney or otherwise, these will be considered contractual provisions only and would require an order of a UAE court in order to be enforced. There can be no assurances therefore that upon an application by the mortgagee or a pledgee for enforcement of any of the Mortgages or the UAE Share Pledges (as the case may be), a UAE court will order the sale of the mortgaged properties at all or in the manner sought by the mortgagee or allow any other additional remedies to be enforced.

There are limitations on the creation, perfection and enforcement of security interests in the UAE

In 2016, the UAE introduced UAE Federal Law No. 20 of 2016 concerning security over moveable assets (the “**Movables Mortgage Law**”) which provided a basis for registerable security to be created over certain moveable assets. There is also provision for such security to extend to future assets and rights and for limited self-help remedies on enforcement without the involvement of the UAE courts. The Movables Mortgage Law was replaced by Law No. 4 of 2020 (the “**New Movables Mortgage Law**”) which retained many of the pertinent provisions of the Movables Mortgage Law, in addition to introducing several important developments. The New Movables Mortgage Law includes the ability to secure certain present and future tangible and intangible assets of a company, including fixtures to real property, accounts receivable (under contracts and policies of insurance), and credit balances on bank accounts, and expressly allows certain limited self-help remedies outside of the usual court process. However, the New Movables Mortgage Law is relatively new and untested and there can be no assurance that the moveable assets comprising the Collateral held by the Security Agent would benefit from the provisions of the New Movables Mortgage Law, including the self-help remedies or in relation to the creation or perfection of such security, without the need for a court order. Any enforcement of the security by the Security Agent may therefore be subject to the discretion of the UAE courts. Security created outside the scope of the New Movables Mortgage Law, under alternative provisions of UAE law, will be effective only in

relation to assets and rights which are specifically identified and existing at the time of creation of such security and will require an order of a UAE court to be enforced.

The Notes and the Guarantees will be effectively subordinated to claims of secured creditors that are secured by property or assets that do not secure the Notes

The Notes and the Guarantees are effectively subordinated to, respectively, all of the Issuer's and the Guarantors' existing or future obligations that are secured by security interests senior to the security interests securing the Notes and the Guarantees, or secured by property or assets that do not secure the Notes and the Guarantees, to the extent of the value of the property or assets securing such secured indebtedness, such as the Spanish Security, which will be granted by certain entities in the Target Perimeter Group only for the benefit of the relevant finance parties under the Revolving Credit Facility Agreement to secure the obligations of the Issuer (as borrower) and the Guarantors and the Target (as a guarantor) under Facility A of the Revolving Credit Facility. Accordingly, the secured creditors under such indebtedness will have claims that are superior to the claims of the Noteholders to the extent of the value of the property and assets securing such other indebtedness. In any foreclosure, dissolution, winding-up, liquidation, reorganisation, bankruptcy or similar proceeding, such secured creditors will have a superior claim to their respective collateral and to the exclusion of Noteholder, even if an Event of Default exists at such time under the Conditions.

Furthermore, if the holders of such indebtedness enforce and sell any equity interests in any Guarantor which the Issuer may have pledged to such lenders, then that Guarantor will be released from its Guarantee of the Notes automatically and immediately upon such sale. In any such event, because the Notes are not secured by such assets or equity interests in the Guarantors, it is possible that there would be no assets remaining from which the claims of Noteholders could be satisfied or, if any assets remained, they might be insufficient to satisfy those claims fully. In addition, the Conditions permit the Group to incur additional indebtedness that ranks equally with the Notes. Any such indebtedness may further limit the recovery from the realisation of the Group's assets available to satisfy Noteholders' claims

In the event of any realisation or enforcement of such collateral, the Noteholders may not be able to recover on any of such collateral if the then outstanding claims under the indebtedness secured by such collateral are greater than the proceeds realised.

Risks Relating to Enforcement

The Guarantees are subject or will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defences that may limit their validity and enforceability

The enforcement of any of the Guarantees against any Guarantor are or will be subject to certain defences available to Guarantors in the relevant jurisdiction. The Guarantors are incorporated in a number of different jurisdictions, including the UAE (the "**UAE Guarantors**"), which also includes the DIFC (the "**DIFC Guarantors**") and the Cayman Islands ("**Cayman Guarantors**"). Although laws differ among these jurisdictions, these laws and defences generally include those that relate to corporate purpose or benefit, fraudulent conveyance or transfer, voidable preference, insolvency or bankruptcy challenges, financial assistance, preservation of share capital, thin capitalisation, capital maintenance, set-off counter-claim and prescription (time bar) or similar laws, regulations or defences affecting the rights of creditors generally. If one or more of these laws and defences are applicable, a Guarantor may have no liability or decreased liability under its Guarantee, depending on the amount of its other obligations and applicable law.

Although laws differ among various jurisdictions, in general, under bankruptcy or insolvency law and other laws, a court could (i) subordinate or void any Guarantee, (ii) direct that Noteholders return any amounts paid under a Guarantee to the relevant Guarantor, or to a fund for the benefit of that Guarantor's creditors or (iii) take other action that is detrimental to holders of the Notes, typically if the court found that:

- the Guarantee was granted with actual intent to hinder, delay or defraud creditors or shareholders of the Guarantor or, in certain jurisdictions, even when the recipient was merely aware that the Guarantor was insolvent when it granted the relevant Guarantee;

- the Guarantor did not receive fair consideration or reasonably equivalent value for the granting of the Guarantee and the Guarantor: (i) was insolvent or was rendered insolvent as a result of having granted the relevant Guarantee; (ii) was under-capitalised or became under-capitalised because of the relevant Guarantee; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;
- the granting of the relevant Guarantee was held not to be in the best interests or not to be for the corporate benefit of the Guarantor or was held to exceed the corporate objects of the Guarantor; or
- the aggregate amounts paid or payable under the relevant Guarantee were in excess of the maximum amount permitted under applicable law.

These or similar laws may also apply to any future guarantee granted by any of the Issuer’s Subsidiaries under the Trust Deed. In addition, for other circumstances contemplated in relation to certain jurisdictions, see “*Certain Insolvency and Enforceability Considerations*”.

The measures of insolvency for purposes of fraudulent transfer laws vary depending upon applicable governing law. Generally, an entity would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair value of all its assets;
- the present fair value of its assets was less than the amount required to pay its existing debts and liabilities, including contingent liabilities, as they became due; or
- it could not pay its debts as they became due.

The liability of each Guarantor under its Guarantee will be limited to the amount that will result in such Guarantee not constituting a fraudulent preference or conveyance or improper corporate distribution or otherwise being set aside. However, there can be no assurances as to what standard a court will apply in making a determination of the maximum liability of each Guarantor. There is a possibility that the entire Guarantee may be set aside, in which case the entire liability may be extinguished.

If a court were to find that the issuance of the Notes or a Guarantee was a fraudulent preference or conveyance or unenforceable for any other reason, the court could hold that the payment obligations under the Notes or such Guarantee are ineffective, or could require the holders of the relevant Notes to repay any amounts received with respect to the Notes or such Guarantee. In the event of a finding that a fraudulent preference conveyance occurred, or that one of the other instances referred to above has occurred, Noteholders may cease to have any claim in respect of the relevant Guarantor and would be a creditor solely of the Issuer or any other Guarantor, under any Guarantees that have not been declared void.

In order to enforce a guarantee given by any of the UAE Guarantors in the UAE courts, the underlying debt obligation may need to be proved before the UAE courts. Under the laws of the UAE, the obligations of a guarantor are incidental to the obligations of the principal debtor. Accordingly, the obligations of a guarantor will only be valid to the extent of the continuing obligations of the principal debtor. UAE law does not contemplate a guarantee by way of indemnity of the obligations of the debtor by the guarantor and instead contemplates a guarantee by way of suretyship. Accordingly, it is not possible to state with any certainty whether a guarantor could be obliged by the UAE courts to pay a greater sum than the debtor is obliged to pay or to perform an obligation that the debtor is not obligated to perform.

There is a risk that a UAE court may apply UAE law provisions applicable to guarantees of civil obligations to guarantees of commercial obligations, including guarantees of commercial loans. If a UAE court were to do so, a guarantor may be released from its obligations under a guarantee if the creditor fails to make a claim against the guarantor within 6 months of the date that the underlying debt obligation became due in accordance with Article 1092 of Federal Law No. 5 of 1985 (the “**UAE Civil Code**”). In a number of cases before it, the Dubai Court of Cassation has held that it is permissible for a guarantor to agree to extend its obligation under the guarantee for longer than 6 months from the date that the underlying debt obligation became due. However, these decisions are not binding on courts in the UAE, and a UAE court may well reach a different conclusion in any future proceedings. See “*Certain Insolvency and Enforceability Considerations—The United Arab Emirates*”.

In the case of the DIFC Guarantors, DIFC law is protective of the rights of guarantors and similar persons who undertake to make a payment if a principal debtor fails to make a payment. Their liability may be reduced, discharged or extinguished notwithstanding the express terms of the guarantee or other payment undertaking to the contrary, including as a result of the invalidity of, or inability to enforce, the primary obligation for any reason, the alteration of the primary obligation or any failure to take (or the release of or any alteration to) guarantees, security or other credit support given by the principal debtor or any other person (including other guarantors). Further, a guarantee given by a company in respect of the obligations of a company which is its direct or indirect parent (or a subsidiary of its direct or indirect parent which is not also its subsidiary) may be unenforceable if the giving of that guarantee amounts to an unlawful distribution to its shareholders or a reduction in its capital.

Generally, the legal framework applicable in the DIFC remains largely untested and there is little precedent to predict how a claim against any of the DIFC Guarantors upon their insolvency would be resolved. These uncertainties and lack of precedent make it difficult to predict the exact outcome with respect to possible contractual and payment issues and may materially adversely affect Noteholders' ability to enforce their rights with respect to the Guarantees given by the DIFC Guarantors and any other contractual or performance related remedies that might otherwise be available. In addition, the insolvency laws of the DIFC may not be as favourable to Noteholders' interests as creditors as other jurisdictions with which they may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and the duration of the proceeding. See "*Certain Insolvency and Enforceability Considerations—The Dubai International Financial Centre*".

Noteholders may experience difficulty enforcing their rights as holders of the Notes, and the rights of Noteholders may be adversely affected by bankruptcy, insolvency or similar proceedings

The Issuer is incorporated in the BVI and the Guarantors are incorporated in a number of different jurisdictions, including the UAE, the DIFC and the Cayman Islands. The bankruptcy, insolvency, administrative and other laws of these jurisdictions may be materially different from, or in conflict with, each other and those of the United Kingdom, the United States or elsewhere, including in the areas of rights of creditors, priority of governmental and other creditors, the ability to obtain post-petition interest and the duration of the proceeding.

In the event that the Issuer, the Guarantors or any of the Issuer's other Subsidiaries experienced financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. The insolvency and other laws of each of these jurisdictions may be materially different from, or in conflict with, each other, including in the areas of rights of secured and other creditors, the ability to void preferential transfer, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding and are subject to change from time to time.

The application of these laws, or any conflict among them, could call into question whether the law of any particular jurisdiction should apply, and may adversely affect Noteholders' ability to enforce their rights under the Notes in such jurisdiction or limit any amounts that they may receive. See also "*Certain Insolvency and Enforceability Considerations*" for additional information on the insolvency laws of the BVI, the Cayman Islands, the UAE and the DIFC.

The insolvency laws in the Cayman Islands may provide less protection than the laws of other jurisdictions

Each of the Cayman Guarantors is incorporated under the laws of the Cayman Islands. Accordingly, insolvency proceedings with respect to the Cayman Guarantors may proceed under, and be governed by, Cayman Islands insolvency law. In the Cayman Islands, insolvency laws may not be as favourable as the laws of other jurisdictions. As a consequence, enforcement of rights under the Guarantees in an insolvency situation will be subject to the applicable rules of the Cayman Islands and may be delayed and be complex and costly. In the event that the Cayman Guarantors experience financial difficulty, it is not possible to predict with certainty in which jurisdiction insolvency or similar proceedings would be commenced, or the outcome of such proceedings. The insolvency and other laws of the Cayman Islands may be materially different from, or in conflict with, the laws of other jurisdictions, including in the areas of rights of secured and other creditors, the ability to void

preferential transfers, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect Noteholders' ability to enforce the rights of the Trustee under the Guarantees. See "*Certain Insolvency and Enforceability Considerations – The Cayman Islands*".

There may be limitations on the enforcement of arbitral awards and foreign judgments against the Issuer and the Guarantors

The payments under the Notes are dependent upon the Issuer (failing whom, the Guarantors) making payments to investors in the manner contemplated under the Notes and the Guarantees (as applicable). If the Issuer (failing whom, the Guarantors) fails to do so, it may be necessary for an investor to bring an action against the Issuer or the Guarantors to enforce its or their obligations and/or to claim damages, as appropriate, which could be both time consuming and costly. Since substantially all of the assets of the Group are located within the UAE and the DIFC, any arbitral award or judgment obtained in the United Kingdom in connection with the Notes or the Guarantees against the Issuer or any Guarantor, would ultimately need to be recognised and enforced by the courts of the UAE or the DIFC, as the case may be.

Limitations on the enforcement of arbitral awards

The Notes and the Notes Documents will be governed by English law and the Issuer and the Guarantors have agreed that any dispute arising from the Notes or the Notes Documents will, unless the option to litigate is exercised, be referred to arbitration under the LCIA Rules. The seat of such arbitration shall be London, England.

With respect to the enforcement of an arbitral award against any of the UAE Guarantors, the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the "**New York Convention**") entered into force in the UAE on 19 November 2006. Any arbitral award rendered in London should therefore be enforceable in the UAE in accordance with the terms of the New York Convention. Under the New York Convention, the UAE has an obligation to recognise and enforce foreign arbitral awards, unless the party opposing enforcement can prove one of the grounds under Article V of the New York Convention to refuse enforcement, or the UAE courts find that the subject matter of the dispute is not capable of settlement by arbitration or enforcement would be contrary to the public policy of the UAE. There have been limited instances where the UAE courts have ratified or ordered the recognition and enforcement of foreign arbitral awards under the New York Convention.

However, how the New York Convention provisions would be interpreted and applied by the UAE courts in practice and whether the UAE courts will enforce a foreign arbitral award in accordance with the New York Convention (or any other multilateral or bilateral enforcement convention), remains largely untested. This is reinforced by the lack of a system of binding judicial precedent in the UAE. Accordingly, there is a risk that a non-UAE arbitral award will be refused enforcement by the UAE courts.

Enforcement of foreign arbitral awards pursuant to the New York Convention occur in the UAE in accordance with Federal Decree-Law No. 42 of 2022 promulgating the Civil Procedure Law (the "**UAE Civil Procedure Law**") and are commenced before an execution judge under the same conditions prescribed in the law of that foreign state for the enforcement of arbitral awards or through the direct application of the New York Convention. The arbitral award must have been issued on matter for which arbitration is permissible in accordance with UAE law and be enforceable in the jurisdiction wherein it has been issued. However, an enforcement of a foreign award not under the auspices of the New York Convention or another jurisdiction with which the UAE has a treaty may only be ordered after the requirements set out in the UAE Civil Procedure Law are satisfied, failing which it is unlikely an order for an enforcement will be granted.

There remains a risk that notwithstanding the UAE Civil Procedure Law or the terms of an applicable multilateral or bilateral enforcement convention, the UAE courts may in practice still consider and apply the grounds set out in Federal Law No. 6 of 2018 (the "**UAE Arbitration Law**") related to the enforcement of non-UAE seated arbitral awards (as provided in Articles 52 to 57 of the UAE Arbitration Law) to the enforcement of any non-UAE arbitral award. The UAE Arbitration Law and the UAE Civil Procedure Law are both still

relatively new laws and it is unclear how they will be applied by the UAE courts in practice. Accordingly, there is a risk that a non-UAE arbitral award will be refused enforcement by the UAE courts. See “*Certain Insolvency and Enforceability Considerations—The United Arab Emirates*”.

With respect to the enforcement of an arbitral award against any of the DIFC Guarantors, notwithstanding that the UAE acceded to the New York Convention in 2006 (which is applicable in the DIFC), and while there have been recent cases of successful enforcement of foreign arbitral awards under the New York Convention in the DIFC, Noteholders may have difficulties in enforcing arbitral awards ratified by DIFC courts (the “**DIFC Courts**”) against the DIFC Guarantors because the mechanism for enforcement of arbitral awards ratified by the DIFC Courts has yet to develop as common practice. The DIFC has its own arbitration law (DIFC Law No. 1 of 2008, as amended, the “**DIFC Arbitration Law**”) modelled on the UNCITRAL Model Arbitration Law. Until recently, the DIFC also contained its own arbitration forum; the DIFC-LCIA Arbitration Centre, whose rules were closely modelled on the LCIA Arbitration Rules. The DIFC-LCIA Arbitration Centre was abolished on 20 September 2021 pursuant to Decree No. 34 of 2021, with the DIFC-LCIA Arbitration Centre’s property and assets transferred ‘onshore’ to the Dubai International Arbitration Centre. See “*Certain Insolvency and Enforceability Considerations—The Dubai International Financial Centre*”.

The New York Convention was implemented in the Cayman Islands in 1975 by the Foreign Arbitral Awards Enforcement Act (As Revised) of the Cayman Islands. The Foreign Arbitral Awards Enforcement Act (As Revised) of the Cayman Islands provides for the enforcement of an award made in pursuance of an arbitration agreement in the territory of a state, other than the Cayman Islands, that is a party to the New York Convention (a “**Convention Award**”) in the Cayman Islands. However, a Convention Award may not be enforced in the Cayman Islands if the party against whom enforcement or recognition is sought establishes certain defences, including the following: (a) that the arbitration agreement was not valid under the law to which the parties subjected it or, failing any indication thereon, under the law of the country where the award was made; (b) that it was not given proper notice of the appointment of the arbitrator or of the arbitration proceedings or was otherwise unable to present its case; (c) that the award deals with a difference not contemplated by, or not falling within, the terms of the submission to arbitration or contains decisions on matters beyond the scope of the submission to arbitration; (d) that the composition of the arbitral authority or the arbitral procedure was not in accordance with the agreement of the parties or, failing such agreement, with the law of the country in which the arbitration took place; or (e) that the award has not yet become binding on the parties, or has been set aside or suspended by a competent authority of the country in which, or under the law of which, it was made. The Cayman Islands court has held that the words “suspended by a competent authority” mean suspended by a decision of a court, tribunal or other body having jurisdiction to make such decisions in the country where the arbitration took place.

Limitations on the enforcement of foreign laws and foreign judgments

Under the Conditions and the Trust Deed, at the option of the Trustee, any dispute may also be referred to the courts in England (the “**English Courts**”) (which shall have exclusive jurisdiction to settle any dispute arising from the Conditions and the Trust Deed in certain circumstances or such other court of competent jurisdiction which the Trustee may elect).

For the purposes of the enforcement of any English Court judgment obtained against any of the UAE Guarantors, under current UAE law, the UAE courts are unlikely to enforce an English Court judgment without re-examining the merits of the claim and may not observe the choice by the parties of English law as the governing law of the transaction. In the UAE, foreign law is required to be established as a question of fact and the interpretation of English law, by a court in the UAE, may not accord with the interpretation by an English Court. In principle, courts in the UAE recognise the choice of foreign law if they are satisfied that an appropriate connection exists between the relevant transaction agreement and the foreign law which has been chosen, they have no jurisdiction in the dispute, the party against which judgment was issued was given due notice of the proceeding and was represented and the judgment is final. They will not, however, honour any provision of foreign law which is contrary to public policy, order or morals in the UAE, or to any mandatory law of, or applicable in, the UAE.

If the UAE courts refuse to order enforcement of a judgment or order of a foreign court in the UAE, the UAE courts will likely re-examine the merits of the claim, including the validity of the obligations of the parties contained in the underlying documentation. If a UAE court were to re-examine the merits of a claim made

against a Guarantor located in the UAE for payment under the Guarantees, notwithstanding that the Guarantees are governed by foreign law, the UAE court may interpret such Guarantees in light of UAE law principles rather than the principles of the foreign law and there can therefore be no certainty that in those circumstances the UAE courts would give effect to such documents in the same manner as the parties may intend.

Historically, the UAE courts have ruled that foreign judgments cannot be enforced in the UAE based on reciprocity and jurisdiction of the UAE courts, under the UAE Civil Procedure Law a judgment or order of a foreign court may be ordered to be enforced in a UAE court under the same conditions prescribed in the law of that foreign state for the enforcement of judgments and orders issued in the UAE. Reciprocity continues to be a requirement, however, under the UAE Civil Procedure Law it should be sufficient to provide evidence of reciprocity in the relevant jurisdiction (i.e. evidence UAE judgments have been recognised) as opposed to a formal reciprocal arrangement for the enforcement of foreign judgments between the UAE and that jurisdiction.

This principle is supported by the directive issued by the UAE Ministry of Justice on 13 September 2022 (the “**Directive**”) following the High Court of Justice in England’s ruling in the case of *Lenkor Energy Trading DMCC v Puri* (2020) EWHC 75 (QB) which confirms that judgments issued by the English Courts can be enforced by the UAE courts under the principle of reciprocity. However, although the Directive confirms that the principle of reciprocity is established as between the UAE and the United Kingdom, any foreign judgment being enforced in the UAE must still comply with the other requirements set out in Article 222 of the UAE Civil Procedure Law. In addition, whilst the Directive will be considered persuasive, it does not bind the UAE and Dubai Courts and, as such, it will be at the discretion of such Courts to determine whether reciprocity in fact applies between the UAE and the United Kingdom. Moreover, unlike the English Courts, the UAE courts do not have a binding system of judicial precedent. Consequently, there is no certainty that a UAE court would agree to follow a previous ruling of the UAE courts with respect to the enforcement of an English Court judgment in the future. See “*Certain Insolvency and Enforceability Considerations—The United Arab Emirates*”.

For the purposes of the enforcement of any English Court judgment obtained against any of the DIFC Guarantors, Article 13(1) of DIFC Law No. 10 of 2005 (as amended and restated) (the “**Application Law**”) provides that any express submission in a contract to the courts of a jurisdiction shall be effective, subject to, in practice, certain exceptions (such as any argument of inconvenient forum being successfully raised). Investors should however note that Article 5A(1) of Dubai Law No. 12 of 2004 (as amended, the “**Judicial Authority Law**”) provides that the DIFC Court of First Instance will have exclusive jurisdiction over certain matters (such as civil, commercial or labour actions and claims to which the DIFC or any of the DIFC’s bodies, any of the DIFC establishments or any of the licensed DIFC establishments, are party).

Pursuant to Article 24 of DIFC Law No. 10 of 2004 (the “**DIFC Court Law**”), the DIFC Court of First Instance has jurisdiction to ratify, *inter alia*, a judgment, order or award of any recognised “foreign court”. Whilst there is no clear guidance on what constitutes a “recognised foreign court”, the Chief Justice of the DIFC Courts and the Judge in Charge of the United Kingdom’s Commercial Court of the Queen’s Bench Division, England and Wales (the “**Commercial Court**”) have entered into a Memorandum of Guidance (the “**Memorandum of Guidance**”) setting out the parties’ understanding of the procedures for the enforcement of each party’s money judgments in the other party’s courts. The Memorandum of Guidance is expressed to have no binding legal effect and does not constitute a bilateral enforcement treaty or legislation (and therefore is not binding on the judges of either party and does not supersede any existing laws, judicial decisions or court rules) but it may provide useful insight into the position that is likely to be adopted by the DIFC Courts when considering whether to enforce monetary judgments issued by the Commercial Court. The Memorandum of Guidance includes a list of requirements for enforcing a Commercial Court judgment in the DIFC Courts and a non-exhaustive list of grounds upon which the enforcement of such judgments may be challenged in the DIFC Courts. In theory, therefore, an English Court judgment could be enforced within the DIFC against the DIFC Guarantors. However, this is relatively untested and it remains to be seen in practice whether any additional hurdles will need to be satisfied before the DIFC Court will ratify and enforce an English Court judgment. See “*Certain Insolvency and Enforceability Considerations—The Dubai International Financial Centre*”.

The Cayman Guarantors are incorporated under the laws of the Cayman Islands. Some foreign judgements may not be capable of enforcement in the Cayman Islands and may only be recognised by the Cayman Islands courts.

In the Cayman Islands, the enforcement of foreign money judgments is based upon the principle that the judgment of a foreign court of competent jurisdiction imposes upon the judgment debtor (i.e. the unsuccessful litigant) an obligation to pay the sum for which judgment has been given. A foreign money judgment may only be enforced by action at common law provided that it meets the following criteria: (a) it must be made by a court of competent jurisdiction; (b) it must be for a debt or definite sum of money; (c) it must not be a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty; (d) it must be final and conclusive; (e) it must not be impeachable on the grounds of fraud; (f) it must not offend natural justice; and (g) it must not be contrary to public policy.

USE OF PROCEEDS

The aggregate gross proceeds from the issue of the Notes is expected to be U.S.\$346.6 million.

The Issuer intends to use the proceeds from the issue of the Notes to (i) repay, on or around the Issue Date, a portion of the outstanding indebtedness of the Group under the CBD Corporate Facilities including the accrued and unpaid interest as at the expected date of payment, (ii) repay, on or around the Issue Date, a portion of the outstanding indebtedness including the accrued and unpaid interest as at the expected date of payment under the CBD Business Facilities obtained by the Controlling Shareholder solely for the purpose of meeting the Group's needs, (iii) finance a portion of the Acquisition Cost (which is expected to be approximately U.S.\$286 million in total, after adjusting the Initial Deposit (U.S.\$33 million) and the scheduled principal and interest payments of outstanding borrowings of the Target Perimeter and excluding the transaction costs related to the Acquisition) or otherwise to potentially acquire or develop additional properties and/or for general corporate purposes, and (iv) pay various fees and expenses incurred in connection with the Transactions (including the estimated fees and expenses to be incurred in connection with the Offering) and/or for general corporate purposes.

On 27 September 2023, the Issuer entered into the Revolving Credit Facility Agreement to obtain financing of U.S.\$200 million, which will be used, together with the proceeds from the issue of the Notes, to repay, on or around the Issue Date, a portion of the outstanding indebtedness of the Group under the CBD Facilities (see "*Description of Certain Financing Arrangements and The Common Security—Revolving Credit Facility*") and to finance a portion of the Acquisition Cost (which is expected to be approximately U.S.\$286 million in total, after adjusting the Initial Deposit (U.S.\$33 million) and the scheduled principal and interest payments of outstanding borrowings of the Target Perimeter and excluding the transaction costs related to the Acquisition). See "*Description of Certain Financing Arrangements, the Intercreditor Agreement and the Common Security—Revolving Credit Facility—Use of Proceeds*".

The following table shows the expected estimated sources and uses of funds related to the issuance of the Notes and related to the amounts drawn under the Revolving Credit Facility, assuming the Offering is completed and the Revolving Credit Facility is drawn on the Issue Date. Actual amounts will vary from estimated amounts depending on several factors, including fluctuations in exchange rates, difference from the Issuer's estimate of fees and expenses, the actual amounts of accrued interest payable under the CBD Facilities, the actual fees and expenses payable as at the completion date of any potential acquisition (including the consummation of the Acquisition) and the ultimate timing of such refinancing and/or potential acquisition.

Sources of Funds	(in U.S.\$ millions)		Uses of Funds
Notes offered hereby ⁽¹⁾	347	Repayment of CBD Facilities ⁽³⁾	230
		Acquisition of share capital of the Target ⁽⁴⁾ or any other one or more potential acquisition and/or for general corporate purposes	286
Revolving Credit Facility ⁽²⁾	200	Transaction fees and expenses ⁽⁵⁾ and/or for general corporate purposes	31
Total sources	547	Total uses	547

Notes:

- (1) Represents the aggregate amount of gross proceeds from the Notes having principal amount of U.S.\$350 million proposed to be issued in connection with the Offering, at an issue price of 99.026 per cent.
- (2) Represents the aggregate principal amount that is expected to be drawn under the Revolving Credit Facility under the Revolving Credit Facility Agreement that is expected to be obtained by the Issuer to repay a portion of the outstanding indebtedness of the Group under the CBD Facilities and to finance a portion of the Acquisition Cost.
- (3) Represents the aggregate estimated outstanding amount of U.S.\$230 million as at 3 October 2023 (including estimated accrued and unpaid interest of approximately U.S.\$1.82 million until 3 October 2023) under the CBD Facilities. Approximately U.S.\$100 million portion of the aggregate outstanding amount under the CBD Facilities is expected to be repaid through the proceeds from the issue of the Notes. Approximately U.S.\$130 million portion of the aggregate outstanding amount under the CBD Facilities is expected to be repaid through the amounts drawn under the Revolving Credit Facility.
- (4) Represents a portion of the aggregate purchase consideration payable under the Acquisition Agreement (i.e. EUR 302.5 million converted into USD using the exchange rate EUR 1.00 = U.S.\$1.1028 as of the date of 4 August 2023) after adjusting the Initial Deposit (U.S.\$33 million) and the scheduled principal and interest payments of outstanding borrowings of the Target Perimeter and excluding the transaction costs related to the Acquisition. Approximately U.S.\$216 million portion of the aggregate purchase

consideration payable under the Acquisition Agreement is expected to be repaid through the proceeds from the issue of the Notes. Approximately U.S.\$70 million portion of the aggregate purchase consideration payable under the Acquisition Agreement is expected to be repaid through the amounts drawn under the Revolving Credit Facility.

- (5) Represents the estimated fees and expenses in connection with the Transactions, including break fees, prepayment fees, underwriting fees and commissions, professional and legal fees, rating agency fees and other transaction costs, expected to be in the amount of approximately U.S.\$20 million in total. Actual fees and expenses may differ.

The Issuer intends to allocate an amount equivalent to the net proceeds of the Notes to finance or re-finance, in whole or in part, Eligible Green Projects (as defined in the Issuer's Green Framework) in accordance with the use of proceeds criteria and selection process described in the Issuer's Green Framework (available to view on the Issuer's website at <https://www.fiveglobalholdings.com/wp-content/uploads/2023/07/FIVE-Green-Financing-Framework.pdf>, as updated from time to time).

The Issuer may amend or update its Green Framework in the future. Any changes to the Issuer's Green Framework will be published and available on the Issuer's website. The Issuer has obtained an Opinion from ISS for its Green Framework. This Opinion can be found on the Issuer's website at <https://www.fiveglobalholdings.com/wp-content/uploads/2023/07/FIVE-ISS-Second-Party-Opinion-SPO.pdf>.

For the avoidance of doubt, information (including the Issuer's Green Framework and the Opinion) contained on the Issuer's website does not form part of, or be deemed to be incorporated in, this Offering Memorandum.

See “Risk Factors—Risks Relating to the Notes and the Guarantees—The Notes may not be a suitable investment for all investors seeking exposure to sustainable assets”, “Risk Factors—Risks Relating to the Notes and the Guarantees—There is no current market consensus on what constitutes a ‘green’ or ‘sustainable’ project” and “Risk Factors—Risks Relating to the Notes and the Guarantees—There can be no assurance as to the suitability or reliability of the ESG rating assigned to the Issuer, as well as the accuracy and/or completeness of the underlying methodology applied in assigning such rating” for further details.

CAPITALISATION

The following table sets forth, in each case, as at 30 June 2023, the cash and cash equivalents and capitalisation of the Issuer and its consolidated subsidiaries:

- on a historical basis as at 30 June 2023; and
- on an as adjusted basis to give effect to: (i) the Offering; (ii) the repayment, on or around the Issue Date, of the outstanding indebtedness of the Group under the CBD Facilities with a portion of the proceeds from the issue of the Notes, together with the amounts drawn under the Revolving Credit Facility; (iii) various fees and expenses incurred in connection with the Transactions and (iv) payment of the Acquisition Cost as described in “*Summary*” “*Use of Proceeds*” and “*Business of the Group—Recent Developments*”, as if these events had occurred on 30 June 2023.

The adjusted information below is illustrative only and does not purport to be indicative of the capitalisation following the transactions described in “*Summary*”, “*Use of Proceeds*” and “*Business of the Group—Recent Developments*”, including indebtedness of entities in the Target Perimeter Group. The below adjustments are based on available information and contains assumptions made by the management of the Group.

This table should be read in conjunction with “*Selected Financial Information*”, “*Use of Proceeds*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and the Financial Statements of the Issuer and related notes thereto included elsewhere in this Offering Memorandum.

	As at 30 June 2023	
	Historical	As adjusted
	<i>(in U.S.\$ million)</i>	
	<i>(unaudited)</i>	
Cash and cash equivalents ⁽¹⁾	204	218
Secured financial indebtedness	282	612
<i>Notes offered hereby</i> ⁽²⁾	—	350
<i>Revolving Credit Facility</i> ⁽³⁾	—	200
<i>CBD Facilities</i> ⁽⁴⁾	220	—
<i>Swiss Facilities</i> ⁽⁵⁾	62	62
Unsecured financial indebtedness ⁽⁶⁾	398	398
Other financial indebtedness ⁽⁷⁾	202	202
Total financial indebtedness	882	1,212
Total Equity	1,544	1,544
Total capitalisation ⁽⁸⁾	2,426	2,756

Notes:

- (1) The adjusted cash and cash equivalents reflects the adjustments of (i) gross proceeds from the issue of the Notes in the amount of approximately U.S.\$347 million, (ii) drawing of the Revolving Credit Facility in an amount of U.S.\$200 million, (iii) repayment of the outstanding indebtedness of the Group under the CBD Facilities in the amount of U.S.\$227 million as at 30 June 2023, (iv) repayment of the outstanding Acquisition Cost, which is expected to be approximately U.S.\$286 million in total after adjusting the Initial Deposit (U.S.\$33 million) and the scheduled principal and interest payments of outstanding borrowings of the Target Perimeter and excluding the transaction costs related to the Acquisition and (v) payment of various fees and expenses incurred in connection with the Transactions (including the estimated fees and expenses to be incurred in connection with the Offering) in the amount of approximately U.S.\$20 million in total.
- (2) The adjusted figure reflects the aggregate principal amount of the Notes amounting to U.S.\$350 million, which would be recorded in the Issuer’s balance sheet at the amount of the gross proceeds (approximately U.S.\$347 million) net of discounts (approximately U.S.\$3 million) and expenses incurred in relation to the Offering.
- (3) The adjusted figure reflects the drawing of the Revolving Credit Facility in an amount of U.S.\$200 million before deduction of expected costs and expenses incurred in relation to the Revolving Credit Facility, see “*Description of Certain Financing Arrangements, the Intercreditor Agreement and the Common Security*”.
- (4) The adjusted figure reflects the prepayment of U.S.\$220 million outstanding under the CBD Facilities as at 30 June 2023 (which is U.S.\$227 million excluding unamortised cost of U.S.\$6 million and excluding accrued interest of U.S.\$1.52 million). On account of the additional drawdown and certain instalment payments subsequent to 30 June 2023, outstanding balance of the CBD Facilities excluding unamortised cost of U.S.\$6 million and including accrued interest of approximately U.S.\$1.82 million as at 3 October 2023 is expected to be U.S.\$230 million.
- (5) Comprises the outstanding amount under the Swiss Facilities as at 30 June 2023 see “*Description of Certain Financing Arrangements, the Intercreditor Agreement and the Common Security—Swiss Facilities*”.
- (6) Comprises trade and other payables, retention payables, contract liabilities, provision for employees’ end of service benefits, deferred gain and deferred tax liabilities.
- (7) Comprises financial liabilities due to related parties, lease liabilities and finance liabilities.
- (8) Total capitalisation is calculated as a sum of total financial indebtedness and total equity.

BUSINESS OF THE GROUP

Investors should read this section of this Offering Memorandum in conjunction with the more detailed information contained in this Offering Memorandum, including the financial and other information appearing in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in the Financial Statements, including the related notes, included elsewhere in this Offering Memorandum.

Overview

The Group is a vertically integrated hospitality group, operating luxury hotels primarily in Dubai and, more recently, in Switzerland. The Group operates 2 main business segments, primarily, the Hospitality Business, and the Real Estate Development Business which is complementary to the main Hospitality Business.

The Group has an international Hospitality Business that owns, operates and manages luxury hotels with a strong focus on entertainment and F&B. The Group’s focus on entertainment was driven by the guests’ expectations, preferences and spending patterns. The Group organises experiential events in accordance with its guests’ preferences and focuses its efforts on “EATertainment”, the integration of high-energy entertainment with F&B and event experiences, resulting in a distinctive guest experience. The Group’s current portfolio includes 2 luxury hotels in Dubai, FIVE Palm Jumeirah and FIVE Jumeirah Village; 1 hotel in Zurich, FIVE Zurich; and 1 hotel under development in Dubai, FIVE Luxe, which is expected to be fully operational in 2024.

The Group’s hotels are located in Dubai and Zurich and the F&B venues within the hotels are positioned as the desired destinations for day-life and nightlife events and parties. The hotels’ locations and views make them attractive to international Millennials and Gen-Z affluent customers. The Group has created strong brand equity, particularly due to its hosting of popular events and in-house management expertise. In total, the Group operates 30 F&B venues, including 15 venues in FIVE Palm Jumeirah, 7 venues in FIVE Jumeirah Village, 8 venues in FIVE Zurich and is expected to operate 10 F&B venues in FIVE Luxe. As at 30 June 2023, the Group had an aggregate total of 1,500 Keys, including 525 Keys at FIVE Palm Jumeirah, 444 Keys at FIVE Jumeirah Village and 149 Keys at FIVE Zurich. The construction of FIVE Luxe is scheduled to be completed during the last quarter of 2023 and FIVE Luxe is expected to have a soft opening during early 2024. The Group is expected to have 382 Keys at FIVE Luxe, see “*Business of the Group—Real Estate Development Business—Property Portfolio—FIVE Luxe*”.

The Group’s operational hotels in Dubai have achieved higher Occupancy, with FIVE Palm Jumeirah and FIVE Jumeirah Village reporting an Occupancy of 91.2 per cent. and 94.4 per cent., respectively, for the year ended 31 December 2022, compared to 73 per cent. Occupancy in the Dubai hospitality market in 2022, according to CBRE.

The ADR for FIVE Palm Jumeirah was AED 1,533 for the year ended 31 December 2022, while for FIVE Jumeirah Village it was AED 879, which were higher than the ADR in the Dubai hospitality market, which was AED 693 in 2022, according to CBRE. For the same period, RevPAR was AED 1,398 and AED 830 for FIVE Palm Jumeirah and FIVE Jumeirah Village, respectively, higher than the RevPAR in the Dubai hospitality market, which was AED 505 in 2022, according to CBRE. As at 30 June 2023, the Group had served approximately 7.1 million covers through its hospitality services, since the opening of the Group’s first hotel, FIVE Palm Jumeirah.

The Group’s Real Estate Development Business is focused on the development of high-quality properties including hotel rooms, hotel apartments, residential units and experiential outlets, such as restaurants, bars, cafes and night-clubs. As at the date of this Offering Memorandum, the Group had completed 2 hotel real estate development projects, FIVE Palm Jumeirah and FIVE Jumeirah Village, and had 1 ongoing development project, FIVE Luxe.

Upon completion of the development projects, the Group either sells the residences to third-parties, disposes of the hotel rooms and hotel apartments through the PLF Arrangement or leases the hotel apartments under short-term lease arrangement. Under the PLF Arrangement, the Group disposes its hotel rooms and hotel apartments to third-party investors who lease the hotel rooms and hotel apartments back to the Group. The PLF Arrangement has several benefits for the Group as well as for the investors investing in the Group’s real estate

development projects. The Group uses the proceeds from the disposal of the hotel rooms and hotel apartments to offset capital expenditure, while the leaseback option provides the Group with access to and control of the hotel rooms and hotel apartments, limited to 30 years from the date of the commencement of hotel operations for FIVE Palm Jumeirah (including the leases with a term of 1 year, which are expected to be renewed for the majority of the useful life of the unit, i.e. 30 years) and FIVE Jumeirah Village, and 50 years from the date of the commencement of hotel operations for FIVE Luxe (which is currently under development), which are rented out to the guests of the hotels. Furthermore, it allows for a flexible financing model for the Group with no principal repayment required, whereby the disposal proceeds are utilised to meet capital expenditure requirements and to repay the loans obtained for real estate development, which reduces the financial risk. The lack of commercial debt financing and associated covenant restrictions also ensures that the Group has more flexibility in its business operations and to pursue its growth strategies. The Group employs the PLF Arrangement for FIVE Palm Jumeirah, FIVE Jumeirah Village and FIVE Luxe (under development) and as at the date of this Offering Memorandum, out of 1,500 Keys, the Group has disposed of 877 Keys through the PLF Arrangement, see also “*Business of the Group—Hospitality Business—Business Model—Perpetual-like Financial Arrangement*”. Furthermore, the Group utilises software for real-time tracking of revenues for its F&B (non-entertainment) services and EATertainment services, allowing management to monitor guests’ spending patterns, with a focus on developing new experiences to attract its target market, see “*Business of the Group—Hospitality Business—Rates and Revenue Management*”. Despite the challenges posed by the COVID-19 pandemic, the Group has consistently outperformed its competitors, both pre- and post-pandemic. See “*Business of the Group—Competitive Strengths and Strategies—The Group has a resilient business model with strong financial track record, despite the challenges posed by the COVID-19 pandemic*”.

The Group recorded revenues of AED 1,236,949 thousand and EBITDA of AED 523,927 thousand for the year ended 31 December 2022 and revenues of AED 807,794 thousand and EBITDA of AED 335,298 thousand for the six-month period ended 30 June 2023.

Hospitality Business

As at the date of this Offering Memorandum, the Group operated 3 hospitality properties, namely FIVE Palm Jumeirah, FIVE Jumeirah Village and FIVE Zurich. In Dubai, FIVE Palm Jumeirah and FIVE Jumeirah Village are hotels in the luxury segment, offering rooms and suites, pools and hot tubs, green terraces, award-winning night-clubs and restaurants. FIVE Zurich, comprising 2 structures, the “West Wing” (main building) and the “East Wing”, offers guests prime views of Zurich. These properties also host live music events and seasonal special events. The Group’s night-clubs and restaurants cater to multiple dining and nightlife genres. The Group also has 1 hotel under development in Dubai, FIVE Luxe, see “*Business of the Group—Hospitality Business*” and “*—Real Estate Development Business—Property Portfolio*”.

The Group employs the PLF Arrangement for FIVE Palm Jumeirah, FIVE Jumeirah Village and FIVE Luxe. The Group has become a ‘capital-light’ business following the disposal of hotel rooms and apartments to third-party investors and has demonstrated the profitability and success of the PLF Arrangement through effective and efficient management of the hotels, see “*Business of the Group—Hospitality Business—Business Model—Perpetual-like Financial Arrangement*”.

The Group’s Hospitality Business segments comprise rooms, traditional F&B (non-entertainment), EATertainment, and others, including MOD, rental and miscellaneous services. See “*Business of the Group—Hospitality Business*”.

For the six-month periods ended 30 June 2023 and 2022, the Hospitality Business of the Group recorded revenue of AED 463,262 thousand and AED 474,228 thousand, and EBITDA of AED 196,570 thousand and AED 249,847 thousand, respectively. For the years ended 31 December 2022, 2021 and 2020, the Hospitality Business of the Group recorded revenue of AED 918,273 thousand, AED 759,130 thousand and AED 454,964 thousand, respectively, and EBITDA of AED 424,023 thousand, AED 382,520 thousand and AED 195,607 thousand, respectively.

Real Estate Development Business

As part of its Real Estate Development Business, the Group oversees the complete project management cycle, including site supervision, procurement and accounting, and cost control. This enables the Group to reduce inefficiencies in the value chain. The Group has a strong track-record of delivering high-quality properties for over a decade. It strives to meet the evolving needs of its customers by providing attention to detail, design and luxury services. As at the date of this Offering Memorandum, the Group had completed 2 hotel real estate development projects in the UAE, FIVE Palm Jumeirah and FIVE Jumeirah Village, and has 1 ongoing development project, FIVE Luxe in Dubai. The Group's properties provide a luxury hospitality offering and each property has its own features that set it apart from its competitors, such as the beachfront location of FIVE Palm Jumeirah, the private pool at FIVE Jumeirah Village and the plunge pool at FIVE Luxe. This approach has led to the success of the Group's Real Estate Development Business, as demonstrated by a total disposal and sales value of AED 6,114,736 thousand from the launch of FIVE Palm Jumeirah to 30 June 2023. This includes the disposal of approximately 729 thousand sqft in total at a total disposal value of AED 1,759,841 thousand through the PLF Arrangement for the same period.

For the six-month periods ended 30 June 2023 and 2022, the Real Estate Development Business of the Group recorded revenue of AED 344,532 thousand and AED 100,636 thousand, and EBITDA of AED 174,353 thousand and AED 40,026 thousand, respectively. For the years ended 31 December 2022, 2021 and 2020, the Real Estate Development Business of the Group recorded revenue of AED 318,676 thousand, AED 649,743 thousand and AED 2,606 thousand, respectively. For the years ended 31 December 2022 and 2021, the Real Estate Development Business of the Group recorded EBITDA of AED 141,675 thousand and EBITDA of AED 329,121 thousand, respectively, while it recorded EBITDA of AED 2,359 thousand for the year ended 31 December 2020, which was lower than the EBITDA levels of 2021 and 2022 as the Group continued to incur costs in relation to the variations on the development project of FIVE Jumeirah Village in 2020 and did not have any ongoing real estate development projects in 2020.

History

An overview of the principal events in connection with the history and growth of the Group's business is set out below.

- **2010-2013:** The Group acquired and invested in distressed projects across Dubai, such as SKAI Residency, Villa Pera, Villa Myra and Cappadocia, which were subsequently sold.
- **2013:** The Group acquired the land plot for the FIVE Palm Jumeirah.
- **2014:** The Group acquired another land plot for the FIVE Jumeirah Village development.
- **2017:** The Group rebranded as FIVE, and FIVE Palm Jumeirah commenced operations.
- **2018:** The FIVE Palm Jumeirah became one of the leaders among its peers on the Palm Jumeirah Island in terms of TRevPAR.
- **2019:** The FIVE Jumeirah Village commenced operations.
- **2020:** The Group acquired a distressed hotel property in Zurich, Switzerland.
- **2021:** The Group continued its growth with the acquisition of a partially completed development project in the Jumeirah Beach Residence ("JBR") area in Dubai to build FIVE Luxe.
- **2022:** The Group expanded its operations internationally with the opening of FIVE Zurich, West Wing with 87 Keys. Furthermore, the Group received LEED Platinum certification (operations and maintenance) for FIVE Palm Jumeirah and FIVE Jumeirah Village. The Group also received the SPIRE Smart Building Rating for FIVE Palm Jumeirah and FIVE Jumeirah Village.

- **2023:** The Group received LEED Platinum certification (interior design and construction) for FIVE Zurich in February 2023 and in March 2023, FIVE Zurich launched the opening of East Wing with 62 Keys. The Group expects the construction of FIVE Luxe to be completed during the last quarter of 2023. Furthermore, on 30 June 2023, the Issuer entered into the Acquisition Agreement with the Sellers for the acquisition of certain identified subsidiaries, assets and trademarks of Universo Pacha, S.A., see “— *Recent Developments*”.

Corporate Structure

The holding company of the Group, FIVE Holdings (BVI) Limited, is a BVI Business Company incorporated under the laws of the BVI. The Company was registered on 30 August 2013 with the Registrar of Corporate Affairs in the BVI and its registered address is P.O. Box 2221, Road Town, Tortola, British Virgin Islands with the Company telephone number of (+971) 4 247 5252. FIVE Holdings (BVI) Limited and the other companies under the Group are licensed to conduct a wide range of activities, including holding company activities, hotel management, real estate development, investment in commercial enterprises and management. The business address of the Company is FIVE Palm Jumeirah, 13th floor, P.O. Box 118561, Dubai, UAE.

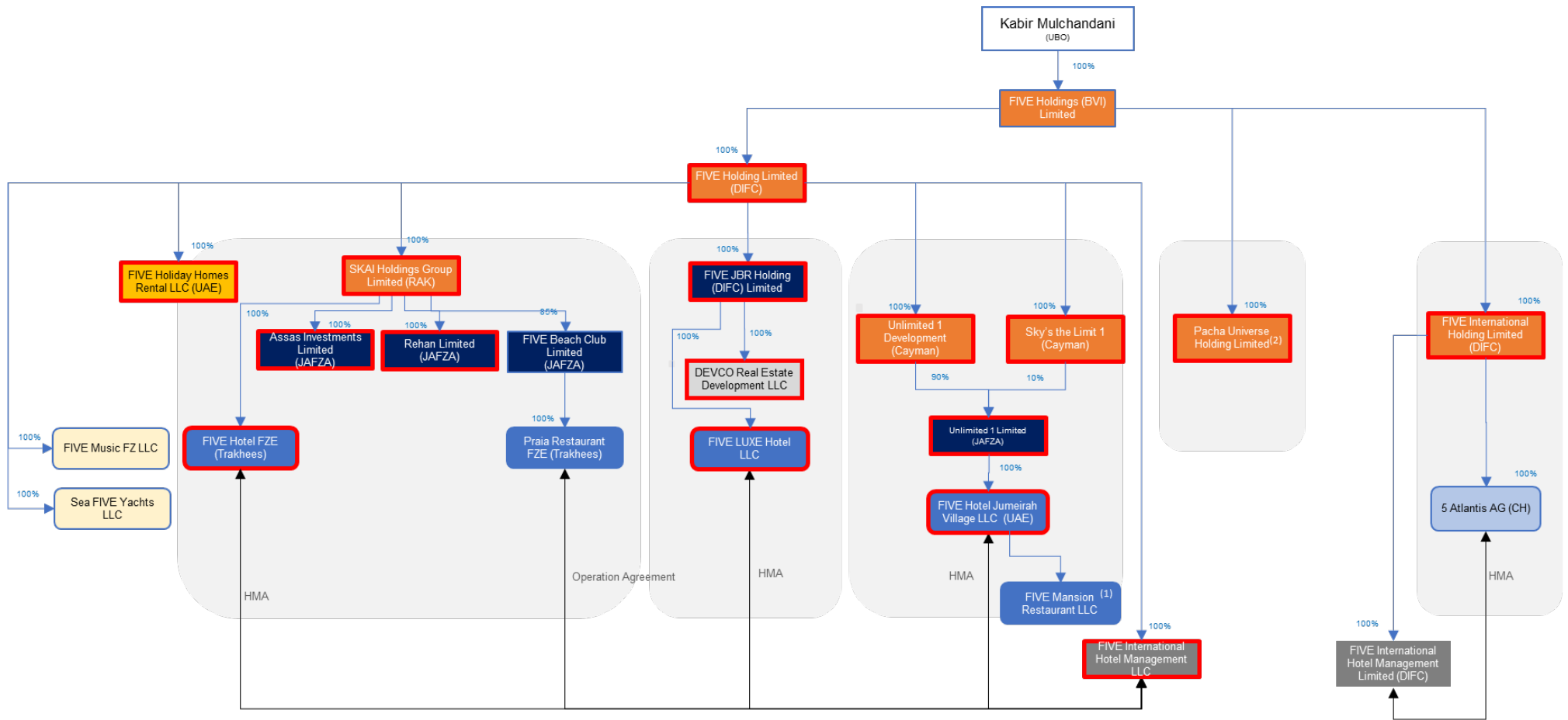
As of the date of this Offering Memorandum, Mr. Kabir Mulchandani is the sole ultimate beneficial owner of the Company. The Company holds a 100 per cent. equity stake in FIVE Holding Limited, a structured entity incorporated in the DIFC in Dubai, UAE. The Company, through FIVE Holding Limited and its other intermediate holding subsidiaries, acts as an investment vehicle holding interests in several operating subsidiaries.

In 2023, in order to achieve further operational and managerial efficiencies and to streamline the corporate structure of the Group, the Issuer resolved to complete the Corporate Reorganisation. As part of the Corporate Reorganisation, the Group took the following steps to exclude the Excluded Entities from the Group structure within the scope of the Corporate Reorganisation:

- On 1 May 2023, Ananda Investments Limited was de-registered from JAFZA with effect from 28 March 2023.
- On 31 March 2023, the shares of FIVE Investment LLC were sold to the Controlling Shareholder, pursuant to a share purchase agreement dated 31 March 2023 and the transfer of shares was completed as of June 2023. As part of such share transfer all the assets and liabilities of FIVE Investment LLC were transferred to the Controlling Shareholder at their book values.
- Furthermore, in June 2023, the shares of FIVE Development LLC and FIVE Hospitality LLC were transferred to the Controlling Shareholder, in accordance with the relevant corporate resolutions adopted by the relevant entities. As part of such share transfer, all the assets and liabilities of FIVE Development LLC and FIVE Hospitality LLC were transferred to the Controlling Shareholder at their book values.
- As a result of the transfer of the shares of FIVE Investment LLC and FIVE Development LLC, FIVE Real Estate Development LLC was also excluded from the Group structure, as it was a subsidiary of FIVE Investment LLC and FIVE Development LLC.

All the assets and liabilities of the Excluded Entities were transferred to Mr. Kabir Mulchandani at their book values. Since the Excluded Entities, other than FIVE Real Estate Development LLC, did not have any material assets and liabilities, the Corporate Reorganisation did not result in a material change in the Group’s financial statements.

The below chart shows the corporate structure of the Group following the Corporate Reorganisation.



Note:
 (1) FIVE Mansion Restaurant LLC is under closure and is expected to be closed by September 2023.
 (2) Pacha Universe Holding Limited will be the holding company of the Target Perimeter Group, following the successful completion of the Acquisition

Source: Company information



Competitive Strengths and Strategies

The Group's key credit strengths and business strategies include the following:

The Group operates in the attractive tourism and hospitality markets of Dubai & Zurich

Strong momentum in the hospitality industry

The Group operates within the attractive high growth luxury hospitality market. The luxury travel market is expected to witness extremely high growth in the next decade with a CAR of 8.7 per cent. from 2022 to 2032. Since the lifting of COVID-19 imposed lockdown measures, the travel industry has recovered to \$1.1 trillion in 2022 and now is expected to expand to \$2.5 trillion in 2032, according to Yahoo's Luxury Travel Market and Luggage Market Demands 2023 report.

The Group operates in the hospitality sector in Dubai and Zurich, each of which demonstrated a strong recovery in 2021 and 2022 following the lifting of COVID-19 imposed lockdown measures which had led to the challenging operating conditions experienced in the travel and hospitality sector in 2020, as well as increasing demand for destination travelling.

The Group's target customers primarily include Millennials and Gen-Z. Millennials travel 2.2 times more than older generations such as Gen-X and Baby Boomers (Source: 2023: The rise of luxury travel, Connecting Travel), where they spend on average U.S.\$600 per day during their travel (Source: Luxury Travel Market and Luggage Market Demands 2023, Yahoo Finance). Also, this propensity to consume is so high that 75 per cent. claim to prefer to limit physical purchases to increase travel spending (Source: Over 60 Millennial Travel Statistics 2022, Stratos Jet Charters Inc). 97 per cent. of Millennials and Gen-Z also share these trips with their friends on social media (Source: Vital Millennial Travel Trend Statistics, Condor Ferries) increasing the Group's focus within the global travel and hospitality markets.

Dubai and UAE hold a very strong position for the travel industry

The Group's primary business is in Dubai, with 2 hotels in operation and 1 hotel under development. Dubai has been an increasingly popular destination for international visitors in recent years. Dubai has grown to become a truly global hub boasting the world's busiest airport and is the first global destination according to Tripadvisor. With 14.4 million international visitors in 2022, Dubai now dwarfs other cities by international travel spend by recording travel related spending in 2022 of U.S.\$29.4 billion versus the second and third largest, London and New York, respectively, at only U.S.\$16.1 billion and U.S.\$12.5 billion, respectively, according to WTTC Cities Economic Impact Report.

The UAE Tourism Strategy 2031 aims to welcome 40 million guests, raise the tourism sector's GDP contribution by AED 27 billion annually, and attract additional tourism investments of AED 100 billion. Furthermore, the 2040 Urban Master Plan aims to enlarge the land used for hotels and tourist activities in Dubai as well as the length of public beaches by 134 per cent. and 400 per cent., respectively.

Moreover, being home to over 70,000 millionaires and at a population of 3.55 million in 2022, Dubai has been further facilitating long term opportunities for business with long-term residence visas, Golden visas and 100 per cent. foreign company ownership. These drivers provide resilient and favourable environment for the luxury hospitality industry, where we operate.

According to the Group's analysis based on publicly available data at Booking.com, as at 17 September 2023, across key global cities, Dubai had the largest number of 5-star hotels at 190 compared to London, New York and Las Vegas at second, third and fourth with 174, 64 and 26, respectively. According to an article published on 15 May 2023 on Hotel Chantelle's website Dubai has one of the highest number of total available rooms at approximately 155 thousand, with Las Vegas, London and New York at approximately 150 thousand rooms, approximately 150 thousand rooms and approximately 130 thousand rooms, respectively.

In 2022, Dubai's hospitality market made significant strides recovering from the COVID-19 pandemic, with the RevPAR in 2022 recording a 24 per cent. increase compared to 2019, according to CBRE. This RevPAR growth

is driven by strong increase in the underlying ADR, despite occupancy reducing from 74 per cent. in 2019 to 73 per cent. in 2022.

Zurich was increasingly popular in 2022

The Group operates 1 hotel in Zurich, FIVE Zurich. Zurich is a key national and international business and finance hub, with close to 0.5 million employees, of which 94.5 per cent. are employed in the service sector. Prior to the outbreak of the COVID-19 pandemic, both supply and demand in Zurich recorded a continuous positive trend. As demand in Zurich is heavily influenced by corporate demand, with the people looking to return to face to face meetings and networking, business demand is expected to return to 2019 levels.

Zurich Airport's passenger numbers stood at 24.6 million in 2022, still 26.6 per cent. lower than 2019 levels, demonstrating significant room for recovery with the pick-up in travel demand. The city of Zurich attracts the highest number of overnight stays of any destination in Switzerland. Zurich registered 5.9 million overnight stays in 2022, which represented an 89 per cent. year-on-year growth, with the majority of these visitors coming from Germany, Italy and France. Furthermore, Zurich is a transport hub for railways, roads and air traffic while also being one of the world's largest financial centres. In 2022, the 5-star segment of the Zurich's hospitality market made a strong recovery from the COVID-19 pandemic, with the RevPAR in 2022 recorded at CHF 381, compared to CHF 335 in 2019. Occupancy has been historically between 71 per cent. and 75 per cent. from 2014 to 2019, whereas 2022 occupancy was only 72 per cent., demonstrating further recovery potential.

Best-in-Class Award-Winning Luxury Hotels Offering Unique Entertainment

The Group operates 3 state-of-the-art luxury hotels and 1 hotel under development across 2 countries under 1 globally renowned luxury brand. The Group operates FIVE Palm Jumeirah, FIVE Jumeirah Village and FIVE Zurich and FIVE Luxe is under development.

The Group operates and manages best-in class luxury hotels with a strong focus on unique entertainment and F&B experience

The Group's Hospitality Business in the UAE has demonstrated strong performance, with an average Occupancy of around 90.0 per cent. between 2021, 2022, and for the six-month period ended 30 June 2023, and achieving exponential growth within 18-24 months of opening each hotel. This has been due to the focus on delivering an award-winning entertainment, nightlife and F&B experience, such as one of the Group's night-clubs, The Penthouse, which was recognised as the "#42 Best Club in the World" and "#1 Club in the Middle East region" by DJ Mag's Top 100 Clubs List 2023. The Group's strong performances was also due to offerings tailored to the Group's target market and the Group's revenue management approach, which involve monitoring F&B (non-entertainment) revenue and EATertainment revenue for each venue in real-time to gain insights into guest spending patterns and their relationship to the musical experience, see "*—Hospitality Business—Rates and Revenue Management*". The Group's focus on delivering a differentiated experience and a high-quality product has been the cornerstone of its success in the hospitality industry.

FIVE Palm Jumeirah

FIVE Palm Jumeirah is a luxury hotel located in Palm Jumeirah, Dubai. FIVE Palm Jumeirah comprises 525 Keys in total which includes 436 hotel room Keys, 39 hotel apartment Keys and 50 holiday home Keys, consisting of 1 to 4 bedrooms. FIVE Palm Jumeirah has a total of 15 F&B venues, where the Group provides F&B (non-entertainment) services and entertainment services, namely EATertainment.

For the six-month period ended 30 June 2023, FIVE Palm Jumeirah reported 85,975 Available Room Nights, with an Occupancy of 91.1 per cent. For the year ended 31 December 2022, FIVE Palm Jumeirah reported 173,150 Available Room Nights, with an Occupancy of 91.2 per cent., indicating a high demand for the property's available inventory.

According to the Valuation Report dated 18 August 2023 prepared by CBRE (together with the Valuation Report prepared by CBRE dated 10 May 2023, the "**CBRE Valuation Reports**"), FIVE Palm Jumeirah had an aggregate fair market value of AED 4,208,200 thousand and AED 4,208,100 thousand as at 31 December 2022 and 30 June 2023, respectively. The Group's management made certain downward adjustments for accounting

purposes, which resulted in an aggregate fair value of AED 4,114,600 thousand and AED 4,136,783 thousand as at 31 December 2022 and 30 June 2023, respectively.

FIVE Jumeirah Village

FIVE Jumeirah Village is a luxury hotel located in Jumeirah Village, Dubai. FIVE Jumeirah Village comprises 444 Keys in total which includes 247 hotel room Keys and 197 hotel apartment Keys, each of which is designed to offer a premium and comfortable experience to guests. FIVE Jumeirah Village has a total of 7 F&B venues, where the Group provides traditional F&B (non-entertainment) services and entertainment services, namely EATertainment. For the six-month period ended 30 June 2023, FIVE Jumeirah Village reported 79,683 Available Room Nights, with an Occupancy of 91.5 per cent.

For the year ended 31 December 2022, FIVE Jumeirah Village reported 161,939 Available Room Nights, with an Occupancy of 94.4 per cent., indicating high demand for the property's available inventory.

According to the CBRE Condensed Valuation Report, FIVE Jumeirah Village had an aggregate fair market value of AED 1,389,800 thousand and AED 1,394,105 thousand as at 31 December 2022 and 30 June 2023, respectively. The Group's management made certain downward adjustments for accounting purposes, which resulted in an aggregate fair value of AED 854,143 thousand and AED 857,434 thousand as at 31 December 2022 and 30 June 2023, respectively.

FIVE Zurich

FIVE Zurich is a luxury resort in Zurich, which commenced its operation in June 2022. FIVE Zurich comprises 2 structures, the "West Wing" and the "East Wing", which are connected via an underground tunnel and 8 F&B venues. The West Wing, which includes 87 Keys is fully owned by the Group. The East Wing, however, with 62 Keys, is leased to the Group by a third-party.

For the six-month period ended 30 June 2023, FIVE Zurich reported 22,381 Available Room Nights, with an Occupancy of 58.4 per cent. For the year ended 31 December 2022, during the period that the hotel was operational, FIVE Zurich reported 16,095 Available Room Nights, with an Occupancy of 71.0 per cent. The West Wing started its operations in June 2022 and the East Wing was opened in March 2023.

According to the valuation report prepared by an external independent valuer, FIVE Zurich had an aggregate fair market value of CHF 149,800 thousand (AED 595,081 thousand) and CHF 138,600 thousand (AED 568,717 thousand) as at 31 December 2022 and 30 June 2023, respectively.

FIVE Luxe

FIVE Luxe is a new mixed-use luxury development project undertaken by the Group in one of Dubai's prime locations, the JBR area. FIVE Luxe comprises a hotel complex, 2 residential towers, including FIVE Luxe Residences and Sensoria Tower and 10 F&B venues. Construction of the hotel complex in FIVE Luxe is scheduled to be completed during the last quarter of 2023, followed by a soft opening during early 2024. FIVE Luxe will comprise a total of 222 hotel room Keys, of which 134 are owned by the Group and 88 have been disposed of through the PLF Arrangement as at 30 June 2023. FIVE Luxe also includes 160 holiday home Keys. The FIVE Luxe development project is funded through a mix of equity, debt, sale of residences and cash from hotel operations.

According to the CBRE Condensed Valuation Report, FIVE Luxe had a fair market value of AED 2,294,115 thousand and AED 2,461,100 thousand as at 31 December 2022 and 30 June 2023, respectively. The Group's management made certain downward adjustments for accounting purposes, which resulted in an aggregate fair value of AED 1,366,310 thousand and AED 1,601,488 thousand as at 31 December 2022 and 30 June 2023, respectively. See also "*—Hospitality Business*".

The Group employs the PLF Arrangement (see also "*—Hospitality Business—Business Model—Perpetual-like Financial Arrangement*"), for FIVE Palm Jumeirah, FIVE Jumeirah Village and FIVE Luxe (under development), which has proven to be a successful and stable financing model. The structure involves the disposal of hotel rooms and hotel apartments to third-party investors who receive monthly payments as a

percentage of room revenue less deductible expenses based on the revenue-sharing model. Under this structure, the Group undertakes to leaseback the hotel rooms and hotel apartments disposed for a period of 30 to 50 years from the date of the commencement of the relevant hotel operations, depending on the unit type and the location, in accordance with a leaseback agreement entered into with the individual investors.

While the Group adopts the PLF Arrangement for the hotel rooms and hotel apartments, the Group owns all the common areas and the F&B venues in the hotels. Across the 4 properties, the Group will have 40 F&B venues operational when FIVE Luxe is opened. The F&B venues include award-winning and critically acclaimed restaurants, which have featured in several media publications across television, magazine and online streaming platforms.

The Group's Hospitality Business in the UAE has demonstrated strong performance, with an average Occupancy of around 90.0 per cent. between 2021, 2022, and for the six-month period ended 30 June 2023, and achieving exponential growth within 18-24 months of opening each hotel. This has been due to the focus on delivering an award-winning entertainment, nightlife and F&B experience, such as one of the Group's night-clubs, The Penthouse was recognised as number 1 club in the Middle East and number 42 in the world by the "Top 100 Clubs 2023" awards, as well as offerings tailored to the Group's target market and the Group's revenue management approach, which involve monitoring F&B (non-entertainment) revenue and EATertainment revenue for each venue in real-time to gain insights into guest spending patterns and their relationship to the musical experience, see "*Hospitality Business—Rates and Revenue Management*". The Group's focus on delivering a differentiated experience and a high-quality product has been the cornerstone of its success in the hospitality industry.

The Group has grown an iconic brand targeting loyal and affluent customers

The Group's events and entertainment services are a cornerstone of the 'FIVE' brand and an integral part of the Group's overall business strategy. The Group has a focus on providing high-energy experiences that revolve around music, food, art and fashion. Since 2022, the Group's operational hotels in Dubai have held more than 35 events per week, and each event is conceptualised in-house by the Group's event and entertainment team, with a strong emphasis on analysing consumer demand, gaps in the market and evolving trends.

The Group has strategically positioned itself to capitalise on the burgeoning market of Millennial and Gen-Z consumers, who represent the majority of its guests. According to an article published on 29 May 2019 on Forbes's website, Millennials, who represented 32 per cent. of the personal luxury market as at the date of the article, are projected to represent 50 per cent. of the personal luxury market by 2025 (Source: "3 Ways Millennials And Gen-Z Consumers Are Radically Transforming The Luxury Market", Forbes). Similarly, according to an article published on 17 January 2023 on CNBC's website, Gen-Z and the younger generation, who are driving the luxury shopping trend as younger demographics grow wealthier, are expected to account for 33 per cent. of the luxury market through 2030. The Group's focus on meeting the evolving needs and preferences of these tech-savvy consumers has led to its sustained growth and success in the hospitality industry. The Group's ability to attract and retain customers, who exhibit high spending capacity and propensity for repeat visits, is a testament to the strength of its brand and customer-centric ethos.

As at 30 June 2023 and since the opening of the Group's first hotel, FIVE Palm Jumeirah, the Group had served guests from across the world and had served approximately 7.1 million covers through its hospitality services. In the last 3 years, the Group has hosted more than 4,500 events at its F&B venues. The Group has a diversified customer base, with 17 per cent. of the occupants of the Group's operating hotels comprising UAE residents, 12 per cent. comprising visitors from Great Britain, 12 per cent. comprising visitors from Saudi Arabia, 6 per cent. comprising visitors from the USA, and the remaining 53 per cent. comprising visitors from other nationalities for the year ended 31 December 2022. In view of its customer acquisition and retention strategy, the Group has consistently identified and targeted a specific age profile that aligns with its brand values and growth vision. As a result of this targeted approach, the Group has established a loyal and engaged customer base. The majority of the Group's customer base is under the age of 35. The Group's commitment to excellent customer service and hospitality has led to positive customer feedback, with each of FIVE Palm Jumeirah and FIVE Jumeirah Village achieving an average rating of 9.1 and FIVE Zurich achieving an average rating of 9.0 on Booking.com as at 30 June 2023. See also "*Hospitality Business—Customer Base and Branding*".

The Group has a strong presence across major social media platforms, such as Instagram, Tik-Tok, Twitter and Facebook, with a consistent following that has grown over time. By tailoring its social media content and brand to different platforms, the Group has been able to effectively reach and engage with its target audiences. As at 25 August 2023, the Group's Instagram accounts in aggregate had more than 788,000 followers and as at the same date, the Group's TikTok accounts had more than 222 million views on FIVE's hashtags. See also "*Hospitality Business—Marketing and Social Media*".

The Group's brand has been consistently winning awards across the markets that the Group operates. FIVE Palm Jumeirah and FIVE Jumeirah Village are both renowned for their award-winning night-clubs and restaurants offering guests a diverse range of culinary and nightlife experiences. Each hotel hosts regular live music and entertainment events and periodic special events that have become part of the Group's offerings. See also "*Hospitality Business—FIVE Palm Jumeirah—F&B and EATertainment*" and "*Hospitality Business—FIVE Jumeirah Village—F&B and EATertainment*".

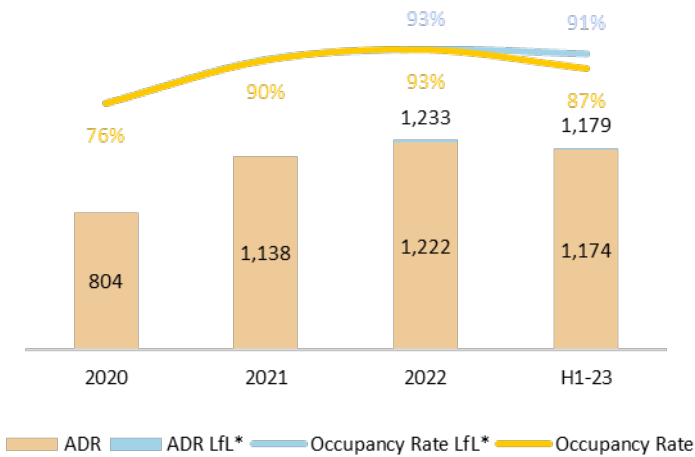
The Group has a resilient business model with a strong financial track record, despite the challenges posed by the COVID-19 pandemic

The Group's Hospitality Business in the UAE has demonstrated strong performance, with an average Occupancy of around 90.0 per cent. between 2021, 2022, and for the six-month period ended 30 June 2023, and achieving exponential growth within 18-24 months of opening each hotel. The Group's focus on delivering a differentiated experience and a high-quality product has been the cornerstone of its success in the hospitality industry and this has resulted in making the Hospitality Business the largest revenue contributor of the Group.

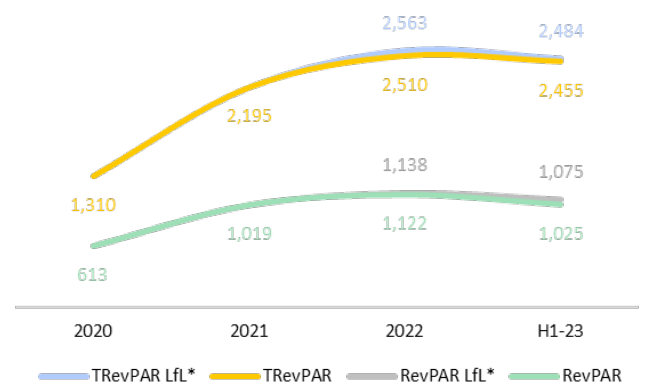
The Group's Real Estate Development Business has also demonstrated strong performance, and has been a significant contributor to the growth and success of the Group. Its track record of successful project development and delivery has enabled the Group to establish a strong reputation in the industry. As at the date of this Offering Memorandum, the Group had completed 2 hotel real estate development projects, FIVE Palm Jumeirah and FIVE Jumeirah Village, and has an ongoing development project, FIVE Luxe. The Group had a total disposal and sales value of AED 6,114,736 thousand from the launch of FIVE Palm Jumeirah to 30 June 2023. See also "*Real Estate Development Business*".

The hospitality sector faced unprecedented challenges in 2020 due to the severe impact of the COVID-19 pandemic and the COVID-19 related lockdown measures and restrictions on international and domestic travel and transport. However, despite the uncertainties and challenges caused by the COVID-19 pandemic, the Group demonstrated a resilient performance and its business operations remained robust during the pandemic. The charts below set forth the Group's operating performance through the COVID-19 pandemic.

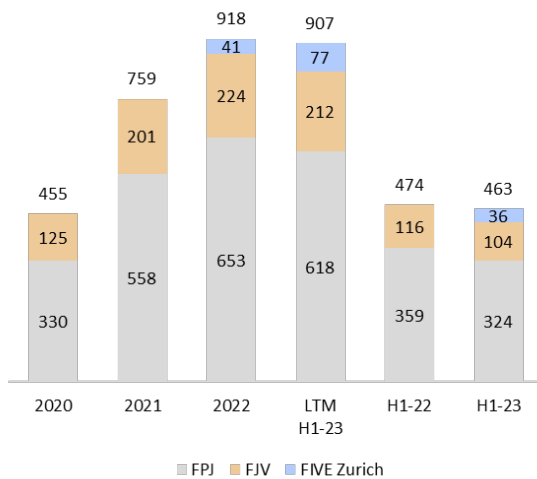
ADR (AED)



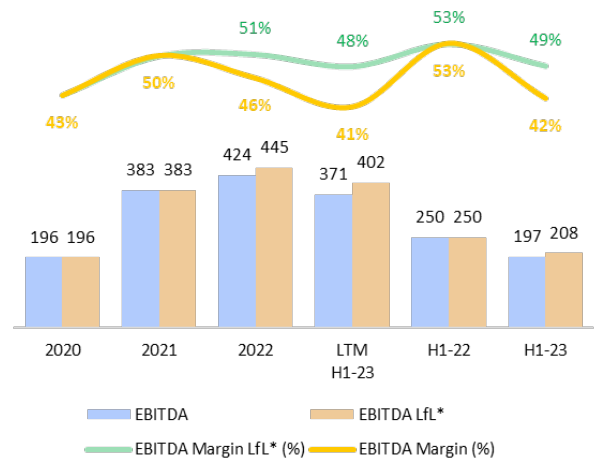
Total TRevPAR / F&BRevPAR / RevPAR (AED)



Hospitality Revenue (AED million)

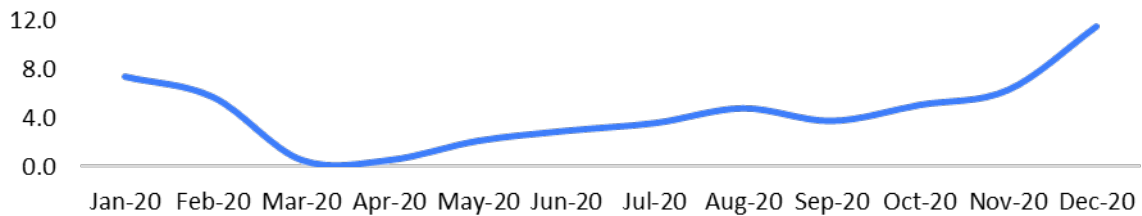


Hospitality EBITDA (AED million)



* LfL; like-for-like refers to figures combined for FIVE Palm Jumeirah and FIVE Jumeirah Village and excludes FIVE Zurich for 2022 and H1 2023 figures.

The PLF Arrangement played a critical role in the Group's resilience during the pandemic. The PLF Arrangement, which involves the disposal of hotel rooms and hotel apartments to third-party investors with monthly rent being paid as a percentage of room revenue, less deductible expenses, enabled the Group to maintain financial stability during the pandemic, with no rents paid when the Group was not allowed to host guests in its hotels due to regulatory restrictions and did not generate any room revenue between March 2020 and April 2020. This provided the Group with greater flexibility in navigating the pandemic and minimising its negative impact on its business operations. The chart below sets forth the amounts paid to the investors through the COVID-19 pandemic.



In addition to the PLF Arrangement, the Group’s management team responded quickly and decisively to the pandemic, implementing multiple proactive measures. Firstly, the Group implemented COVID-19 budgeting and effective scenario planning, which enabled FIVE Palm Jumeirah and FIVE Jumeirah Village to remain open and eliminate any re-opening lag, which allowed the Group to ensure continued revenue generation during a time of uncertainty. Secondly, the Group implemented tailored marketing efforts that sustained occupancy levels despite the challenges posed by the COVID-19 pandemic. These efforts were targeted towards the Group’s core demographic and utilised social media and other digital channels to reach guests effectively, resulting in a positive financial impact on the Group’s revenue generation. Before 2020, the Group incurred a 15 per cent. base fee and an additional commission fee of 5 per cent. for ‘Thumbs up’ icon on its Booking.com listings. From 2020 onwards, the Group decided to remove the ‘Thumbs up’ icon and thus was able to save the 5 per cent. commission fee charged by Booking.com without impacting the bookings. The Group also renegotiated some of its supplier contracts on favourable terms, resulting in savings, including, for instance, achieving a reduction of approximately 20 per cent. per year on employee housing costs through 2026.

The Group’s ability to rapidly return to full operations following the COVID-19 pandemic demonstrated its resilient business operations. FIVE Jumeirah Village achieved Occupancy of 64 per cent. in April 2020 and 76 per cent. in May 2020.

The Group is a pioneer in the field of sustainability, with “A” grade ESG rating from ISS and all of its hotels certified top rated smart and sustainable buildings

As part of its commitment to sustainability, the Group places a strong focus on best-in-class LEED Platinum level sustainable construction specifications. LEED certification is a globally recognised symbol of sustainability achievement granted by the U.S. Green Building Council and LEED Platinum level is the highest level of LEED certification. The Group maintains LEED Platinum certification for all of its operational hotels as of May 2023 and according to the records available under the U.S. Green Building Council’s website, FIVE Zurich is the only LEED Platinum hotel in Switzerland. Furthermore, according to the website of UL Solutions, which is the authority that provides the SPIRE Smart Building Rating, the Group is the first hotel group to receive the SPIRE Smart Building Rating. This internationally recognised certification reflects the Group’s innovative building practices and its focus on sustainability, technology and energy efficiency.

The Group supports the United Nations Sustainable Development Goals (“UN SDGs”) and global actions to realise its ambitions. The Group recognises that its material topics align with limited aspects of and the broader pursuit of certain UN SDGs in striving towards a sustainable future. To contribute to the UN SDGs, the Group has developed the Green Framework in alignment with the latest Green Bond Principles, administered by the International Capital Market Association and the Green Loan Principles, administered by the Loan Market Association. Under the Green Framework, the Group can issue green financing instruments, proceeds of which will be exclusively allocated to finance or refinance, in part or in full, eligible green projects that meet the eligibility criteria set out in the Framework. Furthermore, the Group commits to publish on its website an allocation and impact report annually, starting 1 year after issuance for the life of the green financing instrument(s). In June 2023, the Group received an “A” grade ESG rating from ISS Corporate Solutions, which became the highest ESG rating provided by ISS and secured ‘Prime Status’ within the leisure sector.

As a result of its sustainability initiatives, in 2022 the Group achieved a 76.2 per cent. reduction in carbon use intensity (MtCO₂eq/AED m), a 35.3 per cent. reduction in electricity consumed per capita (kWh/Cover), a 36.2 per cent. reduction in water consumed per capita (litres/cover), 18.6 per cent. reduction in waste generated per capita and a 49.1 per cent. reduction in electricity use intensity (kWh/AED mn), compared to its use and consumption levels in 2020. See also “—Sustainability.”

The Group has also been involved with several community initiatives in recent years, including funding 449 life-saving heart and face surgeries as at 30 June 2023, donation of more than 3,800 meals for workers at the Group’s construction site. The Group has been recognised by Great Place to Work® since 2018 and, in 2023, the Group was recognised as one of the top 10 large organisations in the “Best Workplaces in the UAE” category.

Strong cash generation and robust downside protection

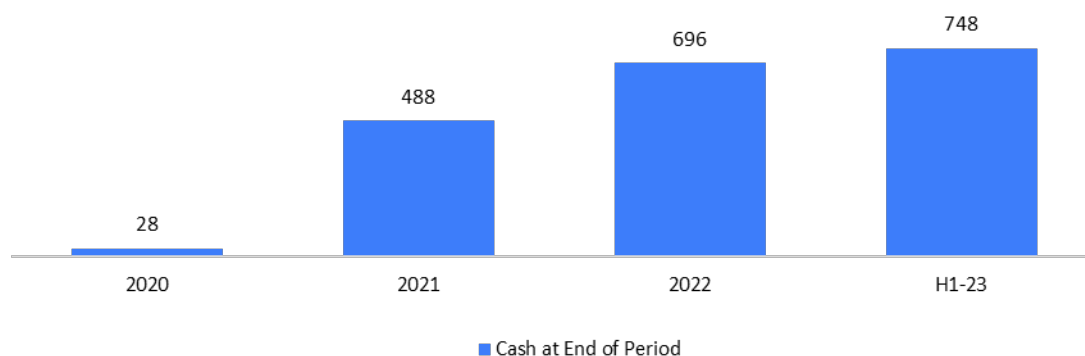
The Group has experienced strong growth, consistent industry-leading margins, high cash accumulation and prudent leverage levels over the past 3 years.

For the six-month periods ended 30 June 2023 and 2022, the Hospitality Business of the Group recorded revenue of AED 463,262 thousand and AED 474,228 thousand, and EBITDA of AED 196,570 thousand and AED 249,847 thousand, respectively. For the years ended 31 December 2022, 2021 and 2020, the Hospitality Business of the Group recorded revenue of AED 918,273 thousand, AED 759,130 thousand and AED 454,964 thousand, respectively, and EBITDA of AED 424,023 thousand, AED 382,520 thousand and AED 195,607 thousand, respectively.

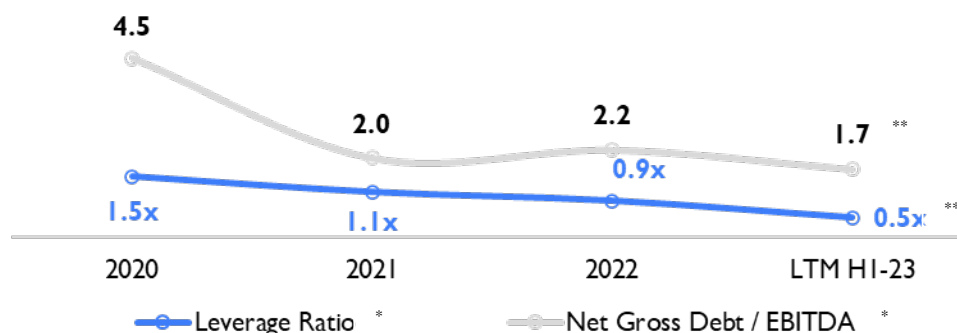
For the six-month periods ended 30 June 2023 and 2022, the Real Estate Development Business of the Group recorded revenue of AED 344,532 thousand and AED 100,636 thousand, and EBITDA of AED 174,353 thousand and AED 40,026 thousand, respectively. For the years ended 31 December 2022, 2021 and 2020, the Real Estate Development Business of the Group recorded revenue of AED 318,676 thousand, AED 649,743 thousand and AED 2,606 thousand, respectively. For the years ended 31 December 2022 and 2021, the Real Estate Development Business of the Group recorded EBITDA of AED 141,675 thousand and AED 329,121 thousand, respectively, while it recorded EBITDA of AED 2,359 thousand for the year ended 31 December 2020, which was lower than the EBITDA levels of 2021 and 2022 as the Group continued to incur costs in relation to the variations on the development project of FIVE Jumeirah Village in 2020 and did not have any ongoing real estate development projects in 2020.

Furthermore, the following charts set forth the Group’s total cash balance, Net Gross Debt / EBITDA, Leverage Ratio and EBITDA / Bank Interest from 31 December 2020 to 30 June 2023. The Group’s intention is to maintain its Net Gross Debt / EBITDA ratio below 3.5 and high interest rate coverage (EBITDA / Bank Interest). The Group’s total cash and cash equivalent increased from AED 28,361 thousand as at 31 December 2020 to AED 696,200 thousand as at 31 December 2022 and to AED 748,084 thousand as at 30 June 2023.

Cash and cash equivalents, end of the period (AED million)



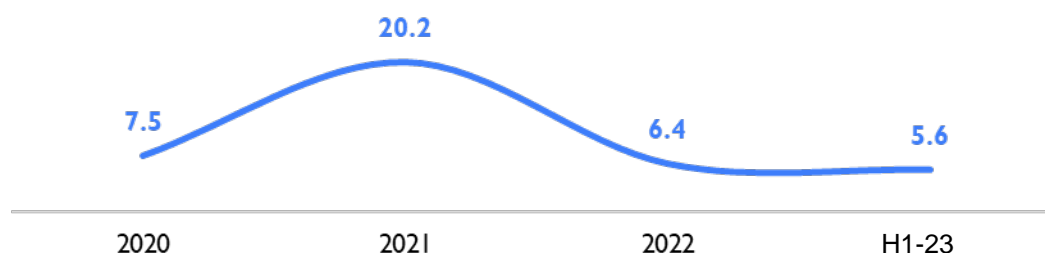
Net Gross Debt / EBITDA and Leverage Ratio



* To compute the Leverage Ratio and Net Gross Debt / EBITDA, the EBITDA is calculated for the last twelve-month period ended 30 June 2023, which has been calculated by adding the Group's EBITDA for the six-month period ended 30 June 2023 to the Group's EBITDA for the year ended 31 December 2022 and subtracting the Group's EBITDA for the six-month period ended 30 June 2022.

** After adjusting (i) gross proceeds from the issue of the Notes in the amount of approximately U.S.\$347 million, (ii) drawing of the Revolving Credit Facility in an amount of U.S.\$200 million, and (iii) repayment of the outstanding indebtedness of the Group under the CBD Facilities in the amount of U.S.\$227 million as at 30 June 2023; the Leverage Ratio would be 2.4x and Net Gross Debt / EBITDA would be 3.7x.

EBITDA / Bank Interest



Despite significant investments in the acquisition of FIVE Zurich in 2020 and FIVE Luxe in 2021, the Group has continued to generate cash flow, and demonstrating that the Group is fully focused on improving efficiency to improve its profitability. See also “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Cash Flows*”.

The Group has a capital-light expansion model, with the proceeds from sales of residences and proceeds from the disposal of hotel rooms and hotel apartments through the PLF Arrangement covering construction costs and leaving surplus cash for hotel operations and further investments. As part of its Real Estate Development Business, the Group has completed 2 hotel real estate development projects in the UAE, FIVE Palm Jumeirah and FIVE Jumeirah Village, both of which have demonstrated the Group’s capital-light expansion model. The acquisition of the land and the construction of FIVE Palm Jumeirah were financed through a mix of equity and debt. As a result of the Group’s ability to generate cash flows during the course of FIVE Palm Jumeirah’s development, the Group was able to repay the debt in August 2017, without any need for refinancing, whereas the original scheduled repayment date was in August 2018. Similarly, the acquisition of the land and the construction of FIVE Jumeirah Village were financed through a mix of equity and debt, and the Group managed to generate cash flows during the course of FIVE Jumeirah Village’s development.

The Group has a founder-led management and a strong corporate governance with balanced dividend policy

The Group has an experienced and proven management team, which is led by its founder, Mr. Kabir Mulchandani. Mr. Kabir Mulchandani is also the chairman of the Board and has 27 years of experience across hospitality and real estate development. The Group's CFO and COO, Mr. Jaydeep Anand also has 27 years of experience in real estate development and hospitality. The Group's Hospitality Business is managed by Alok Pavan Batra, the Hospitality Business CEO, who has more than 17 years of experience in hospitality, food and beverage, entertainment, e-commerce, marketing, real estate sales and brand building. The Group's Real Estate Development Business is managed by Nabil Akiki, the Real Estate Development Business CEO, who has 29 years of experience in international design and development.

The Issuer's Board is composed of a chairman and 5 directors, 3 of which are independent non-executive directors. The Issuer's Board is supported by 3 corporate governance committees, including the Audit and Risk Committee, the Sustainability Committee, the Nomination and Remuneration Committee. The Group developed risk and control measures to ensure compliance with applicable laws and regulations and internal policies and procedures. In addition to its independent auditors, the Group also works with a third-party internal auditor, ESG consultants and a third-party consultant providing concurrent audit services. See also "*Sole Shareholder and Management—Board of Directors*" and "*Sole Shareholder and Management—Committees of the Board of Directors*".

The Group's value creation proposition for its shareholders is not solely based on the distribution of dividends. The Group considers dividends as secondary to its debt repayment and long-term growth strategy. In determining the distribution of any dividends to its shareholders, the Group assesses the strength of its balance sheet and potential investment opportunities and takes into account its dividend policy which is to distribute no more than 50 per cent. of its net income in a given year.

Recent Developments

The Acquisition

On 30 June 2023, the Issuer entered into an Acquisition Agreement with the Sellers to acquire the entire share capital of the Target in order to obtain control of and invest in the Target Perimeter. Upon signing the Acquisition Agreement, the Issuer placed the Initial Deposit into escrow as a guarantee for its obligations under the Acquisition Agreement, which will be adjusted against the purchase consideration payable upon completion of the Acquisition. The Target Perimeter comprises several entities, namely Fundación Pachá and each Target Perimeter Subsidiary, which own a range of assets that include Pacha Nightclub (Ibiza), Destino Pacha Hotel (Ibiza), El Hotel Pacha (Ibiza), Toy Room Club (Malta, Sardinia, Mykonos, Mumbai, Delhi, Calcutta, Rome, Athens, Madrid) and WooMoon Storytellers (Globally) as well as registered trademarks such as the brand name "Pacha" (Globally) and its distinctive logo design featuring cherries (Globally), amongst others. As at the date of this Offering Memorandum, the Target owns not only the Target Perimeter but also other companies, assets and trademarks, which will remain under the ownership of the Sellers. As a result, the Sellers will implement the Carve-out Plan to extract and segregate these companies, assets and trademarks from the Target. This process of separation will be completed before the Acquisition is concluded, ensuring that the Target solely comprises the Target Perimeter at the time of the Share Purchase by the Issuer and/or its affiliates. The consummation of the Acquisition is subject to certain conditions precedent being met including, among others, the successful implementation of the Carve-out Plan and, if required, obtaining the Regulatory Approval. It is also expected that necessary consents will be obtained from facilities lenders and other creditors involved in the existing financing arrangements of the Pacha Group, which will be repaid prior to or simultaneously upon completion of the Acquisition, along with the removal of any existing encumbrances over the share capital or assets of the Target and/or the Target Perimeter.

Based on the Target Perimeter Financials provided by the Sellers, the consolidated EBITDA and revenue of the Target Perimeter Group for the year ended 31 December 2022 amounted to EUR 25.2 million and EUR 85.8 million, respectively. According to the Sellers, the consolidated EBITDA of the Target Perimeter Group incorporates all expenses, including the headquarter costs which amounted to EUR 4.5 million for the year ended 31 December 2022. According to the information provided by the Sellers, in 2022, Pacha Nightclub

(Ibiza) served 2,961 clients per day, Destino Pacha Hotel (Ibiza) had 168 keys with an occupancy of 76.8 per cent. and El Hotel Pacha (Ibiza) had 56 keys with an occupancy of 70.5 per cent. Following the completion of the Acquisition, the Target will not have any outstanding bank debt that will rollover to the Group's balance sheet.

The consideration for the Share Purchase under the Acquisition Agreement is approximately U.S.\$334 million (being EUR 303 million converted into USD using the exchange rate EUR 1.00 = U.S.\$1.1028). This consideration may be adjusted in accordance with the terms of the Acquisition Agreement. The Acquisition Cost projected to be payable by the Issuer in connection with the Acquisition, including the purchase consideration and transaction costs, is expected to be approximately U.S.\$339 million (being approximately EUR 307.5 million converted into USD using the exchange rate EUR 1.00 = U.S.\$1.1028). The projected total amount payable by the Issuer in connection with the Acquisition after adjusting the Initial Deposit (U.S.\$33 million) and the scheduled principal and interest payments of outstanding borrowings of the Target Perimeter, and excluding the transaction costs related to the Acquisition is expected to be approximately U.S.\$286 million. The completion of the Acquisition is expected to occur by the Scheduled Completion Date. However, if the Carve-out Plan has not been fully implemented by the Sellers by the Scheduled Completion Date, the completion will occur 5 business days after the implementation of the Carve-out Plan, which is required to be concluded no later than the Long Stop Date and under no circumstances later than 31 March 2024. The Issuer will use a portion of the proceeds from the Offering, together with the amounts drawn under the Revolving Credit Facility, to fund the Acquisition Cost. The Issuer may also use cash flows from its operations to fund a portion of the Acquisition Cost.

The Offering is not conditional on the completion of the Acquisition. In the event that the Acquisition is not consummated, the Issuer may use the portion of the net proceeds from the Offering that it would otherwise have allocated towards the Acquisition to potentially acquire or develop additional properties and/or for general corporate purposes. Accordingly, investors should make their investment decision based solely on the results of operations and creditworthiness of the Group.

Rationale for the Acquisition

The Issuer believes that the Acquisition strategically aligns with the existing platform of the Group. The Acquisition will provide access to a portfolio of globally recognised entertainment brands with a reputable history, which is expected to yield several potential benefits, including operational and financial synergies. The complementary customer base and business operations of the Target Perimeter are expected to generate potential revenue, operational and cost synergies through economies of scale, alcohol procurement, merchandising, talent optimisation, and knowledge sharing by centralising key functions, back-office rationalised functions and cross-utilising talent between Ibiza and Dubai during their respective off-seasons. In particular, revenue synergies are expected to arise from geographic expansion, the introduction of new events, the establishment of new F&B venues, or potential franchising opportunities. Similarly, cost synergies are projected to stem from hotel bookings, merchandise-related initiatives and optimisation of payment systems and entertainment expenses (in 2022, entertainment expenses of the Target Perimeter, which solely operates a hospitality business, was EUR 21.1 million (being approximately U.S.\$23 million converted into USD using the exchange rate EUR 1.00 = U.S.\$1.0866) whereas entertainment expenses of the Group were AED 24.3 million (being approximately U.S.\$6.6 million converted into USD using the exchange rate U.S.\$1.00 = AED 3.6725)).

The Issuer believes that the Acquisition will enhance the Group's offering as it will be able to integrate globally recognised experiences associated with the renowned "Pacha" brand while introducing new entertainment concepts at its existing properties. This integration will also strengthen the Group's brand equity through the brand value of Pacha and its distinctive logo design featuring cherries, which has a well-established reputation in the entertainment industry. Additionally, the Acquisition is expected to enhance the Group's bargaining power with content providers, contributing to a more robust combined entertainment offering. With a shared emphasis on music, the Acquisition presents the potential for the Group to establish a strong presence in the realm of music by combining their shared expertise and harnessing their respective strengths. The Acquisition will also allow the Group to introduce its acclaimed restaurant concepts at the iconic entertainment brands of

the Target Perimeter. Moreover, the Acquisition is expected to generate a significant increase in the Group's social media presence. As at 25 August 2023, the Group's and the Target Perimeter's Instagram accounts combined had 1.4 million followers, and the Group and Target Perimeter combined had more than 479 million views on hashtags on TikTok.

The Acquisition is also expected to provide significant credibility to the Group's international ambitions and offer potential for further value creation. It will also expand the Group's global footprint (with the Target Perimeter having its hotels in Spain and night club franchises in Greece, Brazil, United Kingdom, Germany, Italy, India and UAE) and further contribute to the Group's international expansion strategy. In addition, diversification into a prominent hospitality market with contrasting peak seasons will serve a natural hedge against seasonal demand volatility. The Group anticipates that the contrasting seasons of the Dubai and Ibiza hospitality markets will allow for optimal resource allocation and minimise exposure to fluctuations in demand.

Investors should note that the above forward-looking statements are subject to inherent risks and uncertainties, and actual results may differ materially from those anticipated due to various factors, including market conditions, execution risks associated with integrating the Acquisition and other factors outside of the Group's control. See "*Risk Factors—Risks Relating to the Acquisition*".

Revolving Credit Facility

On 27 September 2023, the Issuer (as borrower) entered into the Revolving Credit Facility Agreement, under which an aggregate total commitment of U.S.\$200 million will be made available to the Issuer to repay a portion of the outstanding indebtedness of the Group under the CBD Facilities and to finance a portion of the Acquisition Cost. The Revolving Credit Facility will be guaranteed on a senior basis by each of the Guarantors and the Controlling Shareholder (as personal guarantor) and, following completion of the Acquisition, by the Target, and will be secured on a first-priority basis by the Common Security and the Spanish Security for Facility A and Facility B (other than the amounts drawn under Facility B which are used to pay to the vendors the purchase price of the shares of the Target in connection with the Acquisition). See "*Description of Certain Financing Arrangements, the Intercreditor Agreement and The Common Security—Revolving Credit Facility*".

Dividend Payment

In July 2023, the Group made a dividend payment to the Controlling Shareholder in the amount of AED 11,892 thousand.

Additional Services

In July 2023, the Group established a new entity, Sea FIVE Yachts LLC, started operations as of the beginning of September 2023. Sea FIVE Yachts LLC provides water sports rental services, and boats and yachts charter services for guests of FIVE Palm Jumeirah. The Group also expects to provide such services in FIVE Luxe, as soon as it becomes operational.

Hospitality Business

Overview of Hospitality Business

As at the date of this Offering Memorandum, the Group provides hospitality services through 3 of its operational hotels, namely FIVE Palm Jumeirah, FIVE Jumeirah Village and FIVE Zurich. The Group's Hospitality Business comprises 4 sub-business segments namely rooms, traditional F&B (non-entertainment), EATertainment and others, including MOD, rental and miscellaneous services. The table below sets out a breakdown of the Group's Hospitality Business revenue by each operational hotel for the periods indicated.

	For the year ended 31 December			For the six-month period ended 30 June	
	2020 (restated) ¹	2021 (restated) ¹	2022	2022 (restated) ¹	2023
Hospitality Business Revenue:	<i>(AED thousand)</i>				
FIVE Palm Jumeirah	330,318	557,759	653,004	358,580	323,814
FIVE Jumeirah Village	124,646	201,371	224,103	115,648	103,779
FIVE Zurich	n/a	n/a	41,166	n/a	35,670
Total	454,964	759,130	918,273	474,228	463,262

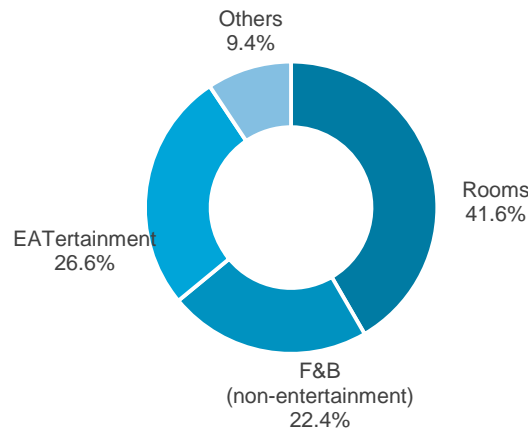
Note:

¹ See Note 34 to the 2021 Financial Statements and Note 25 to the Interim Financial Statements for details related to restatement of prior periods.

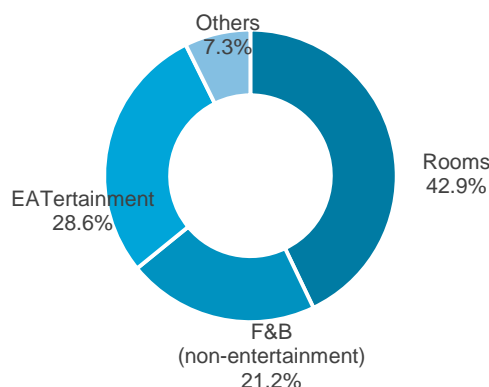
FIVE Palm Jumeirah and FIVE Jumeirah Village are both renowned for their award-winning night-clubs and restaurants offering guests a diverse range of culinary and nightlife experiences. Each hotel hosts regular live music and entertainment events and periodic special events that have become part of the Group's offerings.

The Group's Hospitality Business had a total of 30 operational F&B venues and employed 1,491 employees as at 30 June 2023. In 2022, the Hospitality Business generated more than 1.67 million F&B covers. As at 30 June 2023, since the opening of the Group's first hotel, FIVE Palm Jumeirah, the Group had served approximately 7.1 million covers through its hospitality services. Furthermore, the Group has hosted over 4,500 events during the last 3 years at its F&B venues.

The chart below sets out a breakdown of the Group's Hospitality Business revenue by each sub-business segment for the six-month period ended 30 June 2023:



The chart below sets out a breakdown of the Group's Hospitality Business revenue by each sub-business segment for the year ended 31 December 2022:



Furthermore, the table below sets forth certain KPIs of the Hospitality Business of the Group, for the periods indicated.

KPIs:	For the year ended 31 December			For the six-month period ended 30 June	
	2020	2021	2022	2022	2023
<i>ADR (AED)</i>	804	1,138	1,222	1,309	1,174
<i>Occupancy (%)</i>	76.3	89.6	92.8	94.3	87.4
<i>RevPAR (AED)</i>	613	1,019	1,122	1,234	1,025
<i>Number of covers</i>	977,594	1,430,365	1,668,180	867,207	844,176
<i>F&B spend per cover (AED)</i>	215	254	274	273	268
<i>F&BRevPAR (AED)</i>	627	1,088	1,302	1,423	1,204
<i>TRevPAR (AED)</i>	1,310	2,195	2,510	2,841	2,455

Business model

In the case of the Hospitality Business, the Group mainly operates the Keys through 3 different arrangements, namely: (i) PLF Arrangement, (ii) holiday home management arrangement and (iii) short-term lease arrangement.

Under the PLF Arrangement and short-term lease arrangement, the Group employs a revenue sharing model. The revenue-sharing model allows the investors to participate in the growth of the Group's Hospitality Business. The revenue-sharing model also provides the Group with a beneficial revenue and cost model, where the leases of disposed and sold hotel rooms and hotel apartments are subject to a variable lease payment for the majority of the term of the leases, providing operational leverage and protection during downturns. Where the hotel rooms and hotel apartments are subject to a variable lease payment, the Group's payment obligation is variable in nature, such that the Group has no payment obligation if the Group does not receive any revenues from the hotel rooms and hotel apartments in respect of the relevant period.

Under the revenue-sharing model applicable to hotel rooms and hotel apartments in FIVE Palm Jumeirah, lease payments are variable for the full term of the lease. However, in the case of the hotel rooms and hotel apartments in FIVE Jumeirah Village, the majority of the lease payments are variable for the full term of the lease, with the exception of 98 hotel rooms and hotel apartments that are leased on the basis of a fixed variable structure, whereby a fixed lease payment is made for the initial few years of the lease, following which it reverts to a variable structure for the rest of the life of the lease. In the case of FIVE Luxe, all of the hotel rooms that have been disposed of through the revenue-sharing model are subject to a fixed variable structure, pursuant to which the lease payments are fixed for the first 10 of the lease, following which it reverts to a variable structure for the remaining period of the lease.

The table below set forth the number of Keys by arrangement type at FIVE Palm Jumeirah, FIVE Jumeirah Village, FIVE Luxe and FIVE Zurich as at 30 June 2023:

	<u>Disposed of through PLF Arrangement</u>	<u>Short-term Lease Arrangement</u>	<u>Holiday Home Management Arrangement</u>	<u>Owned by the Group</u>	<u>Leased from Third- Parties</u>
FIVE Palm Jumeirah					
Hotel rooms	436	0	n/a	0	n/a
Hotel apartments.....	39	0	n/a	0	n/a
Residences	n/a	n/a	49	1	n/a
FIVE Jumeirah Village					
Hotel rooms	247	0	n/a	0	n/a
Hotel apartments.....	67	70	n/a	60	n/a
FIVE Luxe					
Hotel rooms	88	0	n/a	134	n/a
FIVE Luxe residences.....	n/a	n/a	160	0	n/a
FIVE Zurich					
Hotel rooms and suites.....	0	0	n/a	87	62

As at the date of this Offering Memorandum, the Group continues to sell and dispose of the units that are owned by the Group through 3 different arrangements, as described below.

Perpetual-like Financial Arrangement

The Group has a resilient business model utilising the PLF Arrangement. The Group employs the PLF Arrangement for the hotel rooms and hotel apartments in FIVE Palm Jumeirah, FIVE Jumeirah Village and FIVE Luxe (under development), which has proven to be a successful and stable financing model. Under the PLF Arrangement, the Group undertakes to leaseback the hotel rooms and hotel apartments disposed for a period of 30 to 50 years from the date of the commencement of the relevant hotel operations in accordance with a leaseback agreement entered into with the individual investors. Under the PLF Arrangement, the investors receive either (i) a fixed lease payment for a part of the term of the relevant lease, followed by a variable lease payment for the remaining part of the lease, based on the revenue-sharing model or (ii) a variable lease payment based on the revenue-sharing model for the full term of the relevant lease. As at 30 June 2023, the total amount of fixed lease obligations was AED 67,743 thousand and the total amount of variable lease obligations was AED 560,243 thousand. See “—Material Agreements—PLF, Short-term Lease and Management Arrangements—FIVE Palm Jumeirah”, “—Material Agreements—PLF, Short-term Lease and Management Arrangements—FIVE Jumeirah Village” and “—Material Agreements—PLF, Short-term Lease and Management Arrangements—FIVE Luxe”.

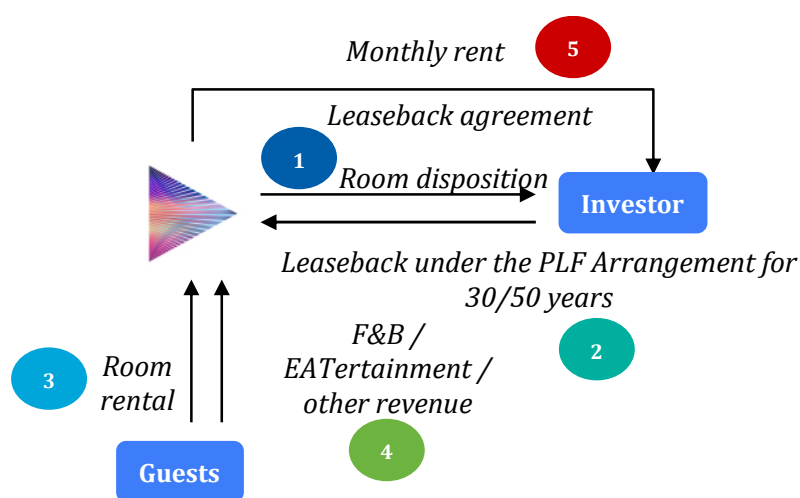
The PLF Arrangement has several benefits for the Group as well as for the investors investing in the Group’s real estate development projects. The Group uses the proceeds from the disposal of the hotel rooms and hotel apartments to offset capital expenditure, while the leaseback option provides the Group with access to and control of the hotel rooms and hotel apartments, limited to 30 years from the date of the commencement of hotel operations for FIVE Palm Jumeirah (including the leases with a term of 1 year, which are expected to be renewed for the majority of the useful life of the unit, i.e. 30 years) and FIVE Jumeirah Village, and 50 years from the date of the commencement of hotel operations for FIVE Luxe (which is currently under development), which are rented out to the guests of the hotels. Furthermore, it allows for a flexible financing model for the Group with no principal repayment required, whereby the disposal proceeds are utilised to meet capital expenditure requirements and to repay the loans obtained for real estate development, which reduces the financial risk. The lack of commercial debt financing and associated covenant restrictions also ensures that the Group has more flexibility in its business operations and to pursue its growth strategies.

The Group intends to incorporate the PLF Arrangement into all of its operational hotels in the future, where it is economically viable. In the case of FIVE Zurich, the Group has not applied the PLF Arrangement as the Group was able to benefit from favourable debt financing terms, including the low interest rate based on Swiss Average Rate Overnight (“SARON”) plus 1.25 per cent. per annum or if SARON is negative, 0 per cent. plus 1.25 per cent. per annum, until the end of the loan’s maturity for one of the facilities and SARON plus 1.55 per

cent. per annum or if SARON is negative, 0 per cent. plus 1.55 per cent. per annum, until the loan’s maturity for the other facility, which is due in 2024 with an option to extend for an additional term of 2 years with the lender’s consent. The Group will continue to assess the financing terms available to it and apply the PLF Arrangement where it is economically more beneficial to the Group. This will provide additional stability to the Group’s cash flows and ensure greater flexibility for business operations.

The Group uses FIVE RE, a company that does not form part of the Group, to manage the disposal of all the Group’s real estate assets. FIVE RE works exclusively for the Group and has a dedicated sales team that identifies, builds and maintains relationships with external brokers. The FIVE RE sales team is responsible for preparing marketing materials and updating external brokers who identify potential leads and sources interested buyers. The external brokers serve as an additional sales channel, increasing the potential reach and visibility of the Group’s properties. FIVE RE’s sales team is also responsible for updating investors about the relevant project and negotiates the price and payment terms of each unit. In consideration of the services provided by FIVE RE, the Group pays a commission to FIVE RE on an arm’s-length basis of between 3.0 and 6.0 per cent. in accordance with market practice.

The diagram below illustrates the Group’s PLF Arrangement applicable to hotel rooms and hotel apartments:



- (1) The hotel rooms and hotel apartments are disposed to individual investors offsetting upfront construction costs.
- (2) Leaseback on hotel rooms and hotel apartments allows the Group to retain full control of the hotel rooms / hotel apartments under the hotel pool.
- (3) Guests rent out the hotel rooms / hotel apartments from the Group.
- (4) High margin F&B (non-entertainment) / EATertainment / other revenue is captured solely by the Group.
- (5) Monthly lease payment is paid to the investor as (i) a fixed lease payment for a part of the term of the relevant lease, followed by a variable lease payment for the remaining part of the lease, based on the revenue-sharing model or (ii) a variable lease payment based on the revenue-sharing model for the full term of the relevant lease.

Holiday Home Management Arrangement

Under the holiday home management arrangement, the Group sells residences to third-parties and subsequently executes a holiday home management agreement with the owners, with respect to management, marketing and operation of the holiday home unit of the owners by the Group. The payment structure under the holiday home management arrangement differs from the revenue-sharing model applicable to hotel rooms and hotel apartments, as the Group acts as an agent to the holiday home owners in managing, marketing and operating the holiday home unit of the owners, and receives a management fee, which is calculated based on the revenue generated from the relevant holiday home unit. According to the holiday home management arrangement, 75 per cent. of the revenue generated from the relevant holiday home less deductible expenses is paid to the owner and 25 per cent. is payable to the Group. See “—Material Agreements—PLF, Short-term Lease and Management Arrangements —FIVE Palm Jumeirah”.

Short-term Lease Arrangement

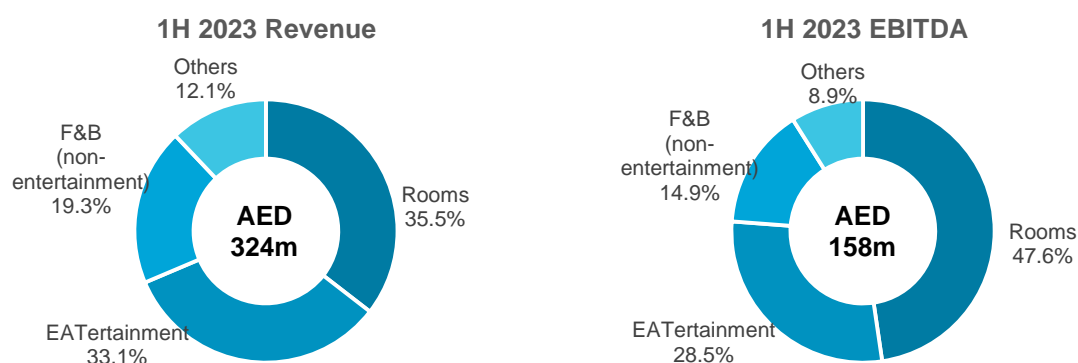
Under the short-term lease arrangement, the Group sells hotel apartments to third-parties and subsequently executes a short-term lease agreement with the owners for a period of up to 5 years for the lease of the hotel apartment to the Group. According to the short-term lease arrangement, the lease payments to investors are calculated based on a revenue-sharing model, where the investors receive 40 per cent. of room revenue less deductible expenses distributed proportionately (approximately 32 per cent. of the revenue for FIVE Palm Jumeirah and 23 per cent. of the revenue for FIVE Jumeirah Village after deducting the expenses) as per the unit area and the balance is payable to the Group. See “—Material Agreements—PLF, Short-term Lease and Management Arrangements—FIVE Palm Jumeirah”, “—Material Agreements—PLF, Short-term Lease and Management Arrangements—FIVE Jumeirah Village”.

FIVE Palm Jumeirah

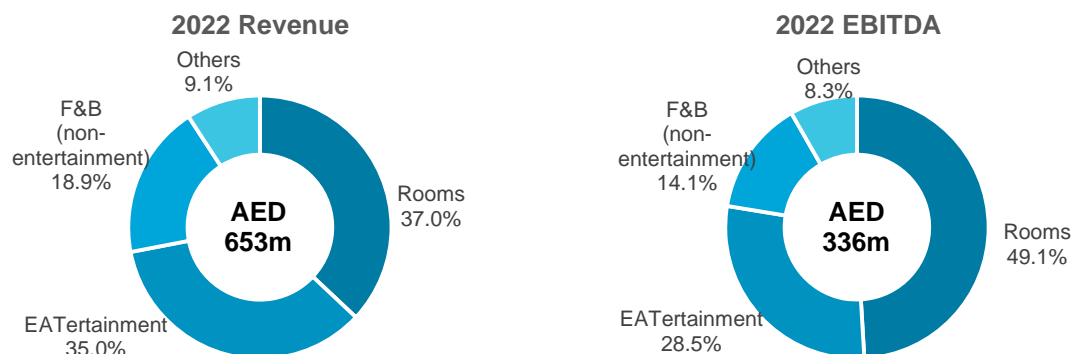
Overview

FIVE Palm Jumeirah is a luxury hotel located in Palm Jumeirah, Dubai and comprises 525 Keys in total. The central portion of FIVE Palm Jumeirah comprises 436 hotel room Keys, 39 hotel apartment Keys and 50 holiday home Keys, consisting of 1 to 4 bedrooms. FIVE Palm Jumeirah has a total of 15 F&B venues, where the Group provides traditional F&B (non-entertainment) services and entertainment services, namely EATertainment.

FIVE Palm Jumeirah’s Hospitality Business is operated under 4 sub-business segments, namely rooms, EATertainment, traditional F&B (non-entertainment) services and others. The charts below set out a breakdown of FIVE Palm Jumeirah’s Hospitality Business revenue and EBITDA by each sub-business segment for the six-month period ended 30 June 2023:



The charts below set out a breakdown of the FIVE Palm Jumeirah's Hospitality Business revenue and EBITDA by each sub-business segment for the year ended 31 December 2022:



For the six-month period ended 30 June 2023, FIVE Palm Jumeirah reported 85,975 Available Room Nights, with an Occupancy of 91.1 per cent. For the year ended 31 December 2022, FIVE Palm Jumeirah reported 173,150 Available Room Nights, with an Occupancy of 91.2 per cent., indicating a high demand for the property's available inventory.

FIVE Palm Jumeirah's RevPAR was AED 1,398 for the year ended 31 December 2022 and AED 1,342 for the six-month period ended 30 June 2023. FIVE Palm Jumeirah's TRevPAR was AED 3,559 for the year ended 31 December 2022 and AED 3,482 for the six-month period ended 30 June 2023. Furthermore, FIVE Palm Jumeirah's ADR was AED 1,533 for the year ended 31 December 2022 and AED 1,473 for the six-month period ended 30 June 2023.

The table below sets forth certain KPIs of the Hospitality Business of FIVE Palm Jumeirah, for the periods indicated.

	For the year ended 31 December			For the six-month period ended 30 June	
	2020 (restated) ¹	2021 (restated) ¹	2022	2022 (restated) ¹	2023
FIVE Palm Jumeirah					
Financials:					
Revenue					
Room (AED thousand).....	116,279	214,762	241,882	133,433	114,951
F&B (non-entertainment) (AED thousand)	73,423	156,267	123,229	69,128	62,576
EATertainment (AED thousand)	106,933	144,983	228,280	126,620	107,225
Others (AED thousand)	33,683	41,747	59,612	29,399	39,062
Total Hospitality Revenue	330,318	557,759	653,004	358,580	323,814
EBITDA					
Room (AED thousand).....	63,399	146,995	165,063	97,018	75,270
F&B (non-entertainment) (AED thousand)	17,240	67,685	47,436	29,599	23,571
EATertainment (AED thousand)	51,769	65,539	95,869	58,525	45,093
Others (AED thousand)	16,487	6,583	27,882	12,203	14,031
Total Hospitality EBITDA.....	148,896	286,802	336,250	197,345	157,964
EBITDA Margin (%)					
Room	54.5	68.4	68.2	72.7	65.5
F&B (non-entertainment).....	23.5	43.3	38.5	42.8	37.7
EATertainment	48.4	45.2	42.0	46.2	42.1
Others	48.9	15.8	46.8	41.5	35.9

	For the year ended 31 December			For the six-month period ended 30 June	
	2020	2021	2022	2022	2023
	(restated) ¹	(restated) ¹		(restated) ¹	
<u>KPIs:</u>					
ADR (AED)	967	1,429	1,533	1,667	1,473
Occupancy (%).....	69.8	87.5	91.2	93.4	91.1
RevPAR (AED)	675	1,250	1,398	1,556	1,342
Number of covers.....	699,089	995,700	1,076,953	600,533	557,913
F&B Spend per Cover (AED).....	257	303	326	326	305
F&BRevPAR (AED)	1,043	1,753	2,030	2,283	1,977
TRevPAR (AED)	1,823	3,103	3,559	3,965	3,482

Note:

¹ See Note 34 to the 2021 Financial Statements and Note 25 to the Interim Financial Statements for details related to restatement of prior periods.

Hotel Rooms and Hotel Apartments

FIVE Palm Jumeirah includes 436 hotel room Keys, all of which having been disposed of through the PLF Arrangement as at 30 June 2023 which are sold to third parties with a mandatory leaseback period of 30 years from the date of the commencement of hotel operations.

Among 39 hotel apartment Keys, all are operated under the PLF Arrangement. Of these 39 hotel apartment Keys, 3 are leased for a period of 30 years from the date of the commencement of hotel operations and 36 are leased for a period of 1 year or less, which are automatically renewable for a full calendar year, on a year by year basis (and are expected to be renewed for the majority of the useful life of the unit, i.e. 30 years), unless the agreement is terminated by the investor. For both of the hotel rooms and hotel apartments that are operated under the PLF Arrangement, the investors receive a monthly variable rent amount that is calculated based on a percentage of the total revenue generated by the hotel which is reviewed by a third party on a monthly basis in order to avoid any conflicts between the Group and the investors. Investors receive 40 per cent. of room revenue net of deductible expenses distributed proportionately in accordance with the unit area. See “—*Material Agreements—PLF, Short-term Lease and Management Arrangements—FIVE Palm Jumeirah*”.

FIVE Palm Jumeirah’s RevPAR was AED 1,342 for the six-month period ended 30 June 2023 with an Occupancy of 91.1 per cent. and was AED 1,398 for the year ended 31 December 2022 with an Occupancy of 91.2 per cent.

Holiday Homes

FIVE Palm Jumeirah has 50 holiday home Keys, with 1 owned by the Group and 49 holiday homes managed and operated by the Group under the holiday home management arrangement. According to the holiday home management agreements executed with the investors, 75 per cent. of the revenue generated from the relevant holiday home less deductible expenses is paid to the investor and 25 per cent. is paid to the Group. This model ensures that both the Group and owners benefit from the success of the hotel, creating a mutually beneficial relationship. See “—*Material Agreements—PLF, Short-term Lease and Management Arrangements—FIVE Palm Jumeirah*”.

F&B and EATertainment

FIVE Palm Jumeirah’s F&B venues have established a reputation as one of Dubai’s premier destinations for a dining and entertainment experience. FIVE Palm Jumeirah has a total of 15 F&B venues, all of which are owned and operated by the Group. FIVE Palm Jumeirah’s F&B venues are key components of the Group’s revenue stream and they contribute significantly to the Group’s overall business. These venues offer guests a diverse range of cuisines and ambience that cater to different tastes and preferences. FIVE Palm Jumeirah’s F&BRevPAR was AED 2,030 for the year ended 31 December 2022 and AED 1,977 for the six-month period ended 30 June 2023.

FIVE Palm Jumeirah has a strong offering in the F&B segment, with over 1 million F&B covers served for the year ended 31 December 2022 and 557,913 covers served for the six-month period ended 30 June 2023. These figures demonstrate the property's ability to attract both hotel guests and local residents to its diverse range of F&B venues. In terms of F&B performance, FIVE Palm Jumeirah's average F&B spend per cover was AED 326 for the year ended 31 December 2022 and AED 305 for the six-month period ended 30 June 2023.

Set out below is a description of the main F&B venues at FIVE Palm Jumeirah:

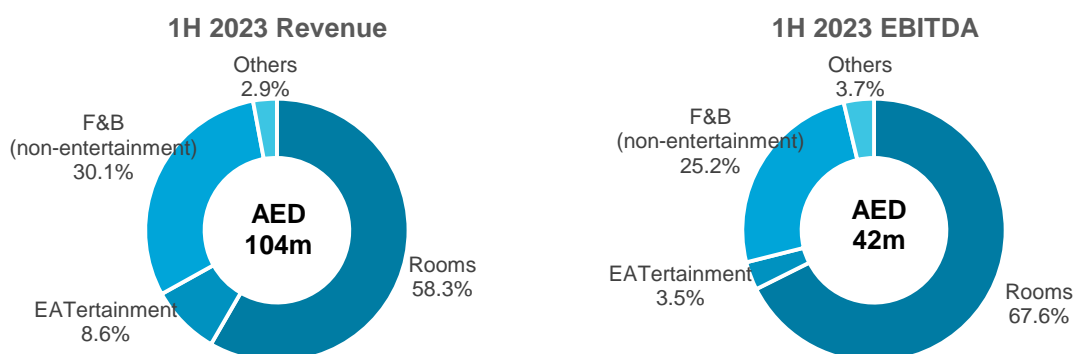
- *The Penthouse*: Located on the 16th floor of FIVE Palm Jumeirah, The Penthouse is an award winning adults-only rooftop club and evening lounge that offers prime views of the Dubai skyline and 1 glass-lined swimming pools, which is popular among both tourists and residents due to its unique ambience. The Penthouse changes theme every few months and offers themed nights and events and performances by leading international artists. The venue hosts a broad range of events across various themes, including "Skyline Thursdays", "James Bond", "Alice in Wonderland", "Jungle", "Pop Art Barbie", "Fashion Shows", "Charlie Sloth Saturday Brunch", "Urban Beats", "Ladies Night" and "Sunset Sessions". For the year ended 31 December 2022, The Penthouse generated more than 159,000 F&B covers. In 2023, The Penthouse was recognised as number 1 club in the Middle East and number 42 in the world by the "Top 100 Clubs 2023" awards.
- *Social Pool*: The Social Pool hosts several pool parties throughout the year, each with a unique theme, such as "Ibiza-Miami", "Summer Ice" and "Some Like It Hot". The venue offers classic cocktails, live music and DJs. In 2022, the Social Pool generated more than 106,000 F&B covers.
- *Beach by FIVE*: Beach by FIVE is an exclusive 143-metre private beach providing prime views of the Dubai Marina skyline and Ain Dubai with a luxurious and spacious setting, featuring a glass-lined pool, double-width sun loungers, cabanas and hot tubs. Beach by FIVE offers its guests weekly live music events, Bohemia and seasonal special events such as "LUVYA" and "Anjunadeep 12". In 2022, Beach by FIVE was awarded the title of "Best Beach and Pool Day Access" in Dubai at the 'Fact Spa and Wellness' UAE Awards. In 2022, Beach by FIVE generated approximately 100,000 F&B covers.
- *Bling*: Bling (previously named The Secret Room), which opened in 2018, is a Hip Hop and R&B nightclub that has become renowned for allowing its highest spenders to drive their supercars into the club. In 2022, Bling generated approximately 15,424 F&B covers.
- *Maiden Shanghai*: Maiden Shanghai offers an authentic Chinese culinary experience by an award-winning chef, with 1920s Shanghai-inspired interior design and prime views of the Dubai skyline. The restaurant is spread over 3 floors, including an outdoor terrace lounge, private dining rooms and a bar. The restaurant hosts weekly events such as "Crazy Rich Ladies Nights" and "Naughty Noodles". In 2022, Maiden Shanghai generated more than 47,000 F&B covers. In 2023, Maiden Shanghai was recognised as the "Favourite Asian Restaurant" by What's On Dubai Awards.
- *BLVD On One*: BLVD On One is an all-day dining restaurant with outdoor seating serving breakfast, poolside lunches, and dinner with the theme of "Beirut Night". In 2022, BLVD On One generated more than 170,000 F&B covers.
- *Cinque*: Cinque is a modern Italian restaurant serving a fusion of classic Amalfi coast dishes that features a sharing style menu created by its chef. In 2022, Cinque generated more than 39,000 F&B covers. In 2021, Cinque was recognised as the "Best Italian Restaurant" by BBC Good Food Middle East Awards.
- *The Delisserie*: The Delisserie is a home-grown eatery offering a bistro menu of international café classics, from sandwiches to pastries and an artisan wood-oven pizza menu. In 2022, The Delisserie generated more than 69,000 F&B covers.
- *FIVE in-Room Dining*: FIVE in-Room Dining offers a personalised in-room dining experience, with a wide selection of dishes and beverages catering to guests staying at FIVE Palm Jumeirah. In 2022, FIVE in-Room Dining generated more than 118,000 F&B covers.

FIVE Jumeirah Village

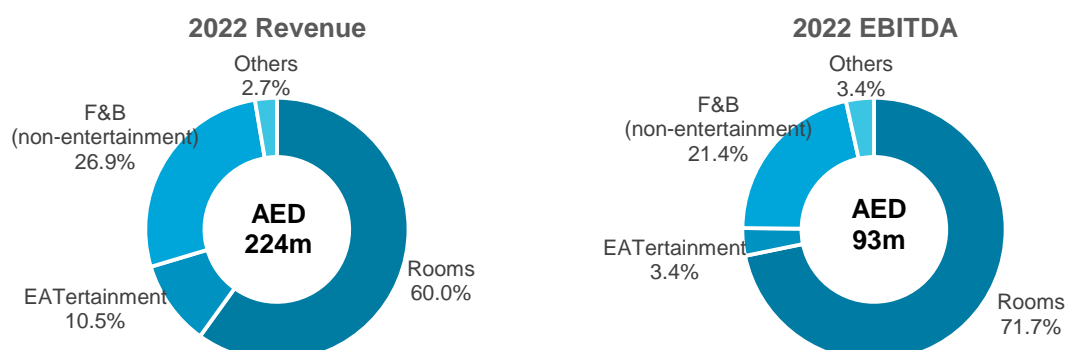
Overview

FIVE Jumeirah Village comprises 444 Keys which include 247 hotel room Keys and 197 hotel apartment Keys, each of which is designed to offer a premium and comfortable experience to guests. FIVE Jumeirah Village has a total of 7 F&B venues, where the Group provides traditional F&B (non-entertainment) services and entertainment services, namely EATertainment. FIVE Jumeirah Village's Hospitality Business is operated under 4 sub-business segments, namely rooms, EATertainment, traditional F&B (non-entertainment) services and others.

The charts below set out a breakdown of the FIVE Jumeirah Village's Hospitality Business revenue and EBITDA by each sub-business segment for the six-month period ended 30 June 2023:



The charts below set out a breakdown of the FIVE Jumeirah Village's Hospitality Business revenue and EBITDA by each sub-business segment for the year ended 31 December 2022:



For the six-month period ended 30 June 2023, FIVE Jumeirah Village reported 79,683 Available Room Nights, with an Occupancy of 91.5 per cent. For the year ended 31 December 2022, FIVE Jumeirah Village reported 161,939 Available Room Nights, with an Occupancy of 94.4 per cent., indicating high demand for the property's available inventory.

FIVE Jumeirah Village's RevPAR was AED 830 for the year ended 31 December 2022 and AED 760 for the six-month period ended 30 June 2023. FIVE Jumeirah Village's TRevPAR was AED 1,385 for the year ended 31 December 2022 and AED 1,304 for the six-month period ended 30 June 2023. Furthermore, FIVE Jumeirah Village's ADR was AED 879 for the year ended 31 December 2022 and AED 831 for the six-month period ended 30 June 2023.

The table below sets forth certain KPIs of the Hospitality Business of FIVE Jumeirah Village, for the periods indicated.

	For the year ended 31 December			For the six-month period ended 30 June	
	2020	2021	2022	2022	2023
	(restated) ¹	(restated) ¹		(restated) ¹	
FIVE Jumeirah Village					
Financials:					
Revenue					
Room (AED thousand) ⁽¹⁾	88,793	126,411	134,383	71,751	60,546
F&B (non-entertainment) (AED thousand)	24,161	46,624	60,254	30,024	31,288
EATertainment (AED thousand)	6,228	16,150	23,462	10,848	8,936
Others (AED thousand)	5,464	12,186	6,004	3,026	3,009
Total Hospitality Revenue	124,646	201,371	224,103	115,648	103,779
EBITDA					
Room (AED thousand)	39,403	67,666	66,987	38,210	28,098
F&B (non-entertainment) (AED thousand)	2,501	12,620	20,020	9,634	10,487
EATertainment (AED thousand)	1,080	5,044	3,217	2,361	1,443
Others (AED thousand)	3,727	9,528	3,165	1,596	1,559
Total Hospitality EBITDA	46,711	94,858	93,388	51,801	41,587
EBITDA Margin (%)					
Room	44.4	53.5	49.8	53.3	46.4
F&B (non-entertainment)	10.4	27.1	33.2	32.1	33.5
EATertainment	17.3	31.2	13.7	21.8	16.1
Others	68.2	78.2	52.7	52.8	51.8
KPIs:					
ADR (AED)	658	845	879	936	831
Occupancy (%)	83.1	91.8	94.4	95.2	91.5
RevPAR (AED)	547	776	830	892	760
Number of covers	278,505	434,665	522,092	266,674	232,447
F&B Spend per Cover (AED)	109	144	160	153	173
F&BRevPAR (AED)	187	385	517	508	505
TRevPAR (AED)	768	1,238	1,385	1,439	1,304

Note:

¹ See Note 34 to the 2021 Financial Statements and Note 25 to the Interim Financial Statements for details related to restatement of prior periods

Hotel Rooms and Hotel Apartments

FIVE Jumeirah Village includes 247 hotel room Keys, all of which have been disposed of through the PLF Arrangement as at 30 June 2023. The hotel rooms are disposed to third parties with a leaseback period of 30 years from the date of the commencement of hotel operations.

FIVE Jumeirah Village also has 197 hotel apartment Keys, of which 60 are owned by the Group, 67 have been disposed of through the PLF Arrangement for a leaseback period of 30 years from the date of the commencement of hotel operations, and 70 having been leased according to the short-term lease arrangement for a period of up to 5 years as at 30 June 2023.

For the hotel room and hotel apartments that are operated under the PLF Arrangement and short-term lease arrangement, the investors receive a monthly variable rent amount that is calculated based on a percentage of the total revenue generated by the hotel which is reviewed by a third party on a monthly basis in order to avoid any conflicts between the Group and the investors. Investors receive 40 per cent. of room revenue less deductible expenses distributed proportionately in accordance with the unit area. However, there are 98 hotel rooms and hotel apartments that are leased on the basis of a fixed interest rate for a period of 10 years. At the end of the 10-year fixed rental period, these hotel rooms and hotel apartments will convert to a variable rental structure for the rest of the life of the lease. See “—Material Agreements—PLF, Short-term Lease and Management Arrangements—FIVE Jumeirah Village”.

F&B and EATertainment

FIVE Jumeirah Village has a total of 7 F&B venues including 3 award-winning venues. The Group owns the public areas and 7 F&B venues, which are designed to offer a premium and comfortable experience for all guests. FIVE Jumeirah Village reported an F&B RevPAR of AED 517 for the year ended 31 December 2022 and AED 505 for the six-month period ended 30 June 2023. For the six-month period ended 30 June 2023 and the year ended 31 December 2022, 232,447 and 522,092 F&B covers, respectively, were served at FIVE Jumeirah Village and the hotel's average F&B spend per cover was AED 173 and AED 160 for the same period, respectively.

Set out below is a description of the main F&B venues at FIVE Jumeirah Village:

- *Goose Island Tap House* (the “**Tap House**”): Tap House is a Chicago brewery providing an exclusive craft beer experience. The Tap House is a popular spot for sports enthusiasts and for guests attending on weeknights and weekends, featuring several screens airing live sporting events. The establishment offers a broad range of artisanal ales, including a barrel-tasting room for enthusiasts. In 2022, Tap House generated more than 118,300 F&B covers. In 2023, Tap House was recognised as the “Favourite Pub Grub” by What’s On Dubai Awards and awarded the “Best Pub / Sports Bar Food” by What’s On Dubai Awards.
- *Mansion*: Mansion is a night-club with a platform for music, fashion, and culinary experiences, which commenced operations in May 2022. In 2022, Mansion generated more than 13,100 F&B covers.
- *Soul St.*: Soul St. is a restaurant offering a street food menu inspired by Latin America, India, Levant, Europe and Asia as well as live music performances and street art by international artists. In 2022, Soul St. generated more than 94,800 F&B covers. In 2021, Soul St. was awarded the “Best Casual Brunch” by BBC Good Food Middle East Awards.
- *Trattoria by Cinque*: Trattoria by Cinque is an award winning restaurant with Italian inspired menu offerings. In 2022, Trattoria by Cinque generated more than 113,400 F&B covers.

FIVE Zurich

Overview

FIVE Zurich, formerly known as Atlantis, is a five-star luxury resort that represents the Group's first venture outside of Dubai. The Group acquired FIVE Zurich for CHF 83,600 thousand (excluding VAT) in September 2020, and the property was transferred to the Group in February 2021, and commenced operations in June 2022. The acquisition and refurbishment of FIVE Zurich was funded through a mix of debt and equity.

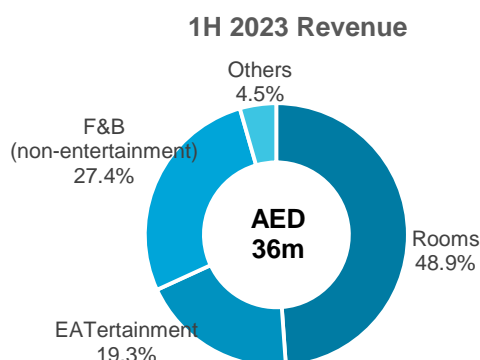
The refurbishment was completed on schedule and had a total cost of CHF 40,804 thousand. The resort has a built-up area of 328 thousand sqft (including landscape, pool and outdoor areas), offering its guests city and mountain views. In February 2023, FIVE Zurich received the LEED Platinum certification (interior design and construction) with 84 points, and according to the records available under the U.S. Green Building Council's website, which is the authority that issues LEED certifications, FIVE Zurich is the first and currently the only LEED Platinum hotel in Switzerland.

FIVE Zurich comprises 2 structures, the “West Wing” (main building) and the “East Wing”, which are connected via an underground tunnel. The West Wing, which includes 87 Keys, and 8 F&B venues, is fully owned by the Group. The East Wing, however, with 62 Keys, is leased to the Group (i.e. 5 Atlantis AG) as the lessee, by a third-party, for a fixed-term until 30 June 2056 (subject to extraordinary termination rights), whereby the Group has the right to extend the lease twice for another 5 years, corresponding to an additional 10 years in total. The lease agreement was entered into on 14 July 2021, and the lease term started on 15 September 2022. According to the relevant lease agreement, the Group pays a fixed rent fee in the first 3 years (with discounts in year 1 and year 2), which will be adjusted according to consumer price index starting from the fourth year and onwards. The East Wing of FIVE Zurich opened on schedule in March 2023. To secure all claims of the landlord under this lease agreement, 5 Atlantis AG must provide the landlord with a Swiss law

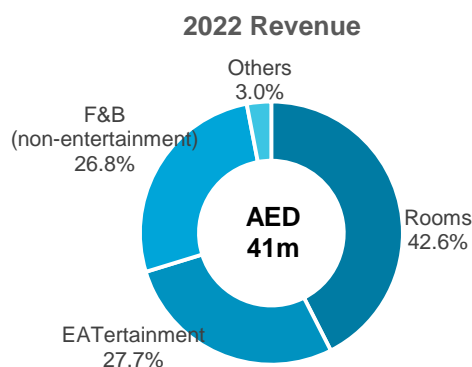
based security in the amount of CHF 600,000 for the entire lease term plus an additional period of six months. In addition, 5 Atlantis AG has established a subordinated mortgage in the amount of CHF 2,400,000 on the FIVE Zurich property to secure all claims of the landlord under the lease agreement in the event of its bankruptcy.

The Group believes that the location and aesthetic design features of FIVE Zurich will appeal to a wide range of guests and contribute to the Group’s international expansion strategy.

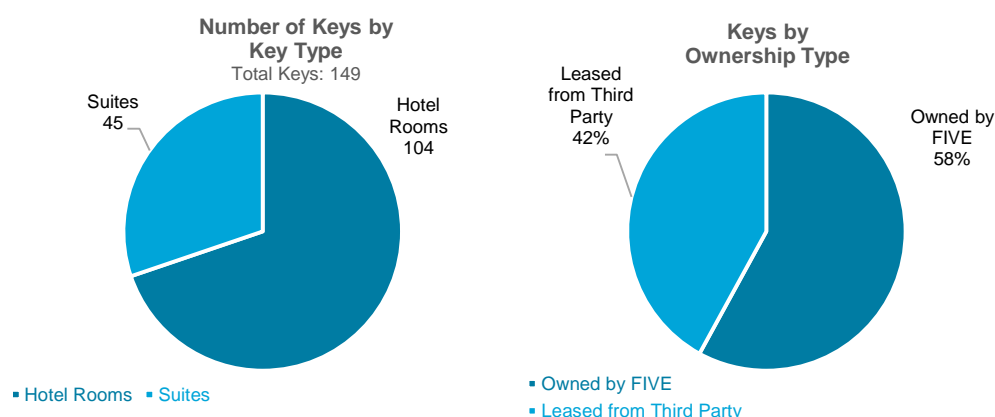
The chart below sets out a breakdown of the FIVE Zurich’s Hospitality Business revenue by each sub-business segment for the six-month period ended 30 June 2023:



The chart below sets out a breakdown of the FIVE Zurich’s Hospitality Business revenue by each sub-business segment for the year ended 31 December 2022:



FIVE Zurich offers 2 different Key types, hotel rooms and suites, each representing different types of accommodation experiences. The charts below set forth a breakdown of the different Key and ownership types at FIVE Zurich as at 30 June 2023:



For the six-month period ended 30 June 2023, FIVE Zurich reported 22,381 Available Room Nights, with an Occupancy of 58.4 per cent. For the year ended 31 December 2022, during the period that the hotel was operational, FIVE Zurich reported 16,095 Available Room Nights, with an Occupancy of 71.0 per cent. The West Wing started its operations in June 2022 and the East Wing was opened in March 2023.

FIVE Zurich's RevPAR was AED 1,089 for the year ended 31 December 2022 and AED 757 for the six-month period ended 30 June 2023. FIVE Zurich's TRevPAR was AED 2,552 for the year ended 31 December 2022 and AED 1,548 for the six-month period ended 30 June 2023. Furthermore, FIVE Zurich's ADR was reported at AED 1,534 for the year ended 31 December 2022 and AED 1,295 for the six-month period ended 30 June 2023.

The table below sets forth certain KPIs of the Hospitality Business of FIVE Zurich, for the periods indicated.

	For the year ended 31 December	For the six-month period ended 30 June
	2022	2023
FIVE Zurich		
Financials:		
Revenue		
Room (AED thousand)	17,528	17,427
F&B (non-entertainment) (AED thousand)	11,390	9,776
EATertainment (AED thousand)	11,031	6,874
Others (AED thousand)	1,218	1,593
Total Hospitality Revenue	41,166	35,670
EBITDA		
Room (AED thousand)	1,865	1,804
F&B (non-entertainment) (AED thousand)	(5,455)	(3,301)
EATertainment (AED thousand)	(1,386)	(1,430)
Others (AED thousand)	(638)	(54)
Total Hospitality EBITDA.....	(5,615)	(2,981)
EBITDA Margin (%)		
Room	10.6	10.4
F&B (non-entertainment)	(47.9)	(33.8)
EATertainment	(12.6)	(20.8)
Others	(52.4)	(3.4)
KPIs:		
ADR (AED)	1,534	1,295
Occupancy (%).....	71.0	58.4
RevPAR (AED)	1,089	757
Number of covers.....	69,135	53,816
F&B Spend per Cover (AED)	318	301
F&BRevPAR (AED)	1,365	723
TRevPAR (AED)	2,552	1,548

Hotel Rooms and Suites

The hotel rooms and suites at FIVE Zurich include 149 Keys, with the East Wing having 62 Keys and West Wing having 87 Keys.

F&B and EATertainment

FIVE Zurich has a total of 8 F&B venues, all of which are owned by the Group. FIVE Zurich reported an F&B RevPAR of AED 1,365 for the year ended 31 December 2022 and AED 723 for the six-month period ended 30 June 2023. For the six-month period ended 30 June 2023 and the year ended 31 December 2022, 53,816 and 69,135 F&B covers, respectively, were served at FIVE Zurich, and the hotel's average F&B spend per cover was AED 301 and AED 318, respectively, for the same periods.

- *The Penthouse*: The Penthouse offers an award-winning Japanese dining experience in Switzerland, followed with a night-club experience either with live music or DJ performances. In 2022, The Penthouse generated more than 21,800 F&B covers.
- *Maiden Shanghai*: Maiden Shanghai offers an authentic Chinese culinary experience by an award-winning chef, with a 1920s Shanghai-inspired interior design and prime views of the Zurich skyline. In 2022, Maiden Shanghai generated more than 5,500 F&B covers.
- *The Vault Wine Bar & Cigar Lounge*: The Vault Wine Bar & Cigar Lounge is a wine bar offering a variety of international and Swiss wines. In 2022, The Vault Wine Bar & Cigar Lounge generated more than 9,600 F&B covers.
- *The Social Pool*: The Social Pool hosts several pool parties throughout the year. The venue offers classic cocktails, live music and DJs. In 2022, The Social Pool generated more than 4,400 F&B covers.
- *The Tune In*: The Tune In is an artsy café and bar, and is the hub of FIVE Zurich. The venue offers coffee, snacks, drinks and cocktails. In 2022, The Tune In generated more than 8,700 F&B covers.

FIVE Luxe

FIVE Luxe will comprise a total of 10 F&B venues and a total of 222 hotel room Keys, of which 134 are owned by the Group and 88 have been disposed of through the PLF Arrangement as at 30 June 2023. These hotel rooms offer fixed lease payments between 7 per cent. to 8 per cent. of the original sales price per annum for the first 10 years of the lease and lease payments will revert to a variable structure for the remaining 40 years of the lease.

The 160 holiday home Keys will be operated under holiday home management arrangement whereby the Group sells the residences to third parties and subsequently executes a holiday home management agreement for a term of 1 year. For the first 5 years, 10 per cent. of the sales price is guaranteed as monthly income for these 160 holiday homes, providing investors with a steady stream of income. From year 6 onwards, 75 per cent. of the revenue generated from the relevant holiday home less deductible expenses is paid to the owner, while 25 per cent. is paid to the Group. The fixed lease payment for the first 5 years reflects the Group's commitment to providing value to its customers and investors, while the variable lease payment from year 6 onwards is designed to provide flexibility and maximise returns. See “—Material Agreements—PLF, Short-term Lease and Management Arrangements—FIVE Luxe”.

Events and Entertainment

The Group's events and entertainment services are a cornerstone of the 'FIVE' brand and an integral part of the Group's overall business strategy. The Group has a focus on providing high-energy experiences that revolve around music, food, art and fashion. Since 2022, FIVE Jumeirah Village and FIVE Palm Jumeirah have held more than 35 events per week and those events as well as the events held in FIVE Zurich are conceptualised in-house by the Group's event and entertainment team, with a strong emphasis on analysing consumer demand, gaps in the market and evolving trends.

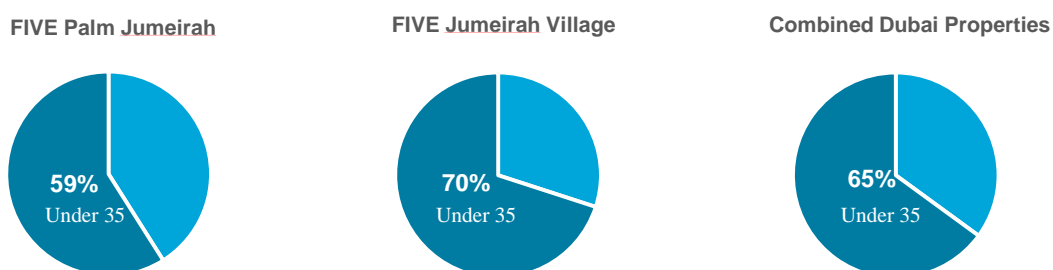
The Group has strong connections with the music industry, and partnerships with popular and in-demand artists and DJs, which have created a network that enables musicians to meet at the Group’s venues. For example, in 2022, the Group spent AED 27,575 thousand on performers for FIVE Jumeirah Village, FIVE Palm Jumeirah and FIVE Zurich. The Group’s ability to host some of the leading music performers for a relatively low cost is made possible through its attractive venues, connections with the music industry and the fact that it is an attractive customer for international performers. The opening of the FIVE Music Studio on 30 April 2023 is expected to further enhance the Group’s ability to attract major performers. The FIVE Music Studio is expected to attract international musicians and enable them to produce high-quality music in an attractive setting.

Customer Base and Branding

As at 30 June 2023 and since the opening of the Group’s first hotel, FIVE Palm Jumeirah, the Group had served guests from across the world and had served approximately 7.1 million covers through its hospitality services. In the last 3 years, the Group has hosted more than 4,500 events at its F&B venues.

In furtherance of its customer acquisition and retention strategy, the Group has consistently identified and targeted specific age profiles that aligns with its brand values and growth vision. As a result of this targeted approach, the Group has established a loyal and engaged customer base.

The charts below set out a breakdown of the Group’s customer base by age demographic as at 30 June 2023:



Furthermore, the Group’s ability to anticipate and respond to evolving market trends and its dynamic approach to revenue management has also contributed to its success. The Group has strategically pivoted from a wholesale booking strategy to a direct booking strategy, which has enabled it to cater to the needs of its customers, who tend to book rooms at the last minute.

The Group is committed to delivering an unparalleled guest experience that distinguishes it from its competitors. The Group’s KPIs are centred around guest experience and customer service. The Group’s bespoke service levels and unique experiences have earned high ratings on Booking.com and Tripadvisor.com, where FIVE Jumeirah Village and FIVE Palm Jumeirah rank among the highest-reviewed hotels from over 9,800 Dubai properties listed on Booking.com. In addition, as at the date of this Offering Memorandum, FIVE Jumeirah Village is one of the most-reviewed hotels in the world on Booking.com.

The Group’s commitment to excellent customer service and hospitality has led to positive customer feedback. The table below sets out a breakdown of the hospitality industry’s customer satisfaction ratings on Booking.com as at 27 August 2023:

Hotel	Number of Reviews	Booking.com Average Rating
FIVE Palm Jumeirah.....	21,770	9.1
FIVE Jumeirah Village.....	38,735	9.2
FIVE Zurich	1,782	9.0
For Seasons Resort Dubai at Jumeriah Village.....	780	9.2
Mandarin Oriental Jumeirah, Dubai.....	1,554	9.2
Burj Al Arab Jumeirah, Dubai	1,335	9.2
The Dolder Grand, Zurich.....	593	9.0

The table below sets out a breakdown of the Group’s operational hotels’ customer satisfaction ratings on Tripadvisor.com as at 30 June 2023:

Hotel	Tripadvisor Average Rating
FIVE Jumeirah Village	5.0
FIVE Palm Jumeirah	5.0

Marketing and Social Media

The Group places a high priority on marketing and social media, recognising the potential of these avenues to enhance brand visibility and customer engagement. The Group has taken a multi-pronged approach to marketing across various channels such as traditional marketing, data targeting, social media marketing, influencer marketing, digital advertising, content marketing and search engine optimisation. The Group’s marketing strategy and efforts are targeted at customers across specific categories and located in specific regions to increase its bookings. The Group’s marketing team continually monitors region specific hospitality and travel trends, and develops a focused marketing plan for each month and each region. For example, when the Euro and the GBP depreciated between May 2021 and September 2022, the Group concentrated its marketing plan on more buoyant markets such as the USA, Saudi Arabia, the UAE and Israel, as the economies in these jurisdictions were performing well, which resulted in increased bookings from these regions.

The room revenue generated from direct bookings improved at a CAGR of 16.8 per cent., between the year ended 31 December 2019 and the six-month period ended 30 June 2023, which increased from 25.5 per cent. in 2019 to 43.9 per cent. in the six-month period ended 30 June 2023, demonstrating the success of the Group’s digital marketing strategy in driving traffic and customer engagement. The Group has a strong presence across major social media platforms, such as Instagram, Tik-Tok, Twitter and Facebook, with a consistent following that has grown over time. By tailoring its social media content and brand to different platforms, the Group has been able to effectively reach and engage with its target audiences. As at 30 June 2023, the Group’s Instagram accounts in aggregate had more than 788,000 followers. The Group’s social media content is also organically generated by guests, with customers producing content and posting it online and tagging ‘FIVE’.

In addition to digital and social media marketing, the Group’s marketing strategy also includes traditional marketing channels such as affiliate programmes. Data targeting is also an integral part of the Group’s marketing strategy, encompassing SMS marketing and targeting, email marketing, newsletters and WhatsApp integration. The Group’s marketing support includes content creation and a brand blog, which enables the Group to effectively communicate its brand message and engage with customers. The Group’s brand is further enhanced through celebrity guests visiting F&B venues. The Group also utilises advertisements across its properties as well as in-flight advertising.

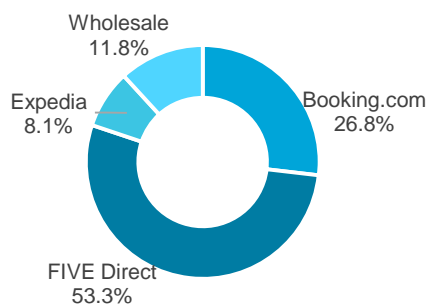
Bookings

The Group places a high priority on ensuring the satisfaction of its guests, and optimising its direct booking strategy has been one of the key steps towards this objective. The Group recognises that most of its guests are digital-savvy Gen-Z and Millennials. The Group has been successful in implementing a direct booking strategy to cater to such needs, which has resulted in room revenue generated from direct bookings to reach to 53.3 per

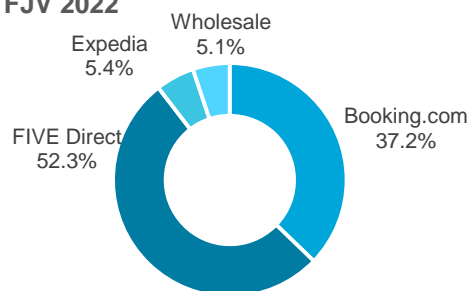
cent. and 52.3 per cent. for FIVE Palm Jumeirah and FIVE Jumeirah Village, respectively, for the year ended 31 December 2022. Room revenue generated from direct bookings was 43.3 per cent. and 44.5 per cent. for FIVE Palm Jumeirah and FIVE Jumeirah Village, respectively, for the six-month period ended 30 June 2023. The Group's room revenue generation from its direct bookings has improved from 25.5 per cent. in 2019 to 53.0 per cent. in 2022 as a result of its direct booking strategy. The Group recognises the importance of direct bookings for its future strategy and aims to achieve at least half of its total bookings for upcoming properties through direct channels.

The charts below set out a breakdown of FIVE Palm Jumeirah, FIVE Jumeirah Village and FIVE Zurich bookings for the periods indicated.

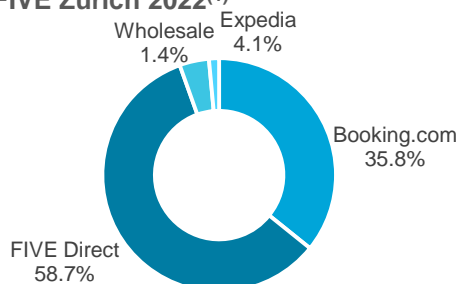
FPJ 2022



FJV 2022



FIVE Zurich 2022⁽¹⁾



Note:

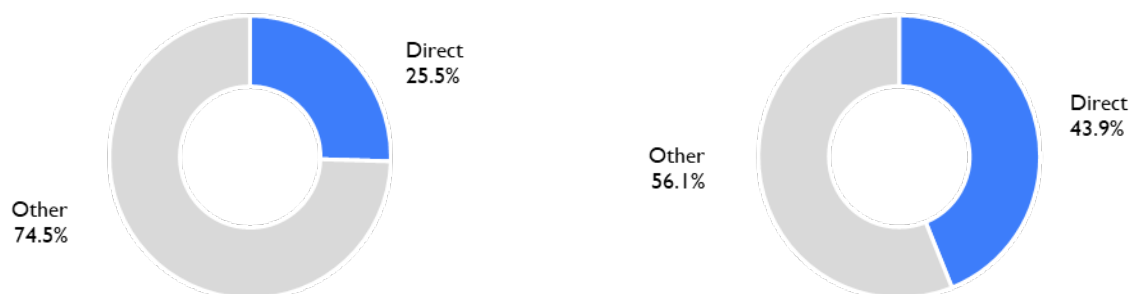
(1) From July 2022 to December 2022.

The graph below sets out the share of room revenue generated through direct bookings and booking commission expenses as a percentage of room revenue per each operational hotel of the Group for the periods indicated.

Room revenue generated through direct bookings

For the Year Ended 2019

For the 3-month Period Ended 30 June 2023



Rates and Revenue Management

The Group's commitment to effective rate and revenue management is an integral part of its strategy to drive profitability and maximise guest satisfaction. The Group's management team closely monitors key metrics such as revenue, competitors' data and overall pick-up analysis on an hourly basis. By doing so, the Group can make dynamic decisions that optimise occupancy, ADR and TRevPAR.

The Group's management team closely monitors F&B (non-entertainment) revenue and EA Entertainment revenue for each venue in real-time to gain insights into guest spending patterns and their relationship to the musical experience. This allows the Group to understand the trends in guest spending patterns, adapt to changing market conditions and make informed decisions to adapt sales strategies that maximise profitability and guest satisfaction. Additionally, the Group's entertainment department closely monitors events in real-time, ensuring that events are seamlessly executed and optimised for profitability.

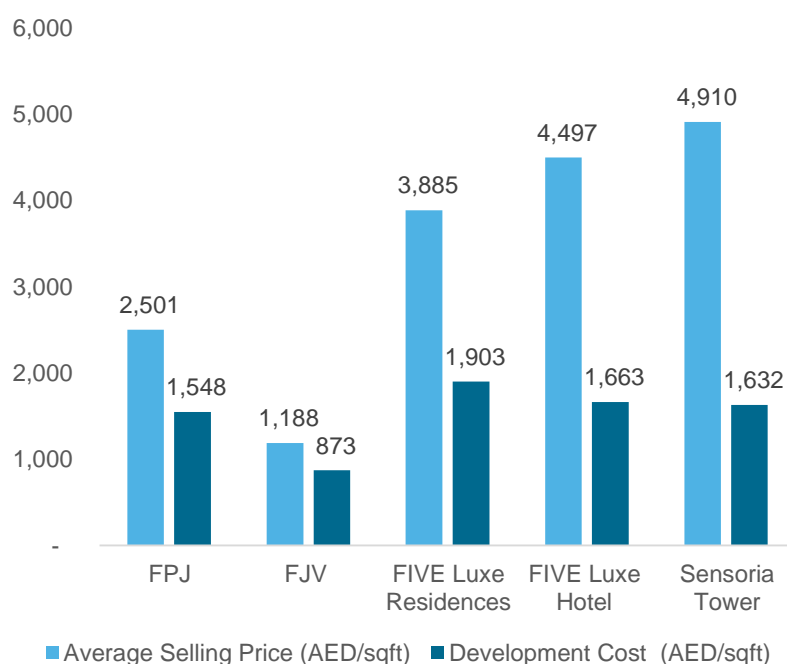
Real Estate Development Business

Overview of the Real Estate Development Business

The Real Estate Development Business of the Group, which encompasses the construction of hotels and the disposal and sale of hotel rooms, apartments and residences, has been a significant contributor to the growth and success of the Group. Its track record of successful project development and delivery has enabled the Group to establish a strong reputation in the industry.

The Group is renowned for its unique concept designs and features that set its properties apart from competitors', thus making them more attractive to customers. FIVE Palm Jumeirah has a premium beachfront location, while the majority of the hotel apartments in FIVE Jumeirah Village have a private pool, majority of the residences in FIVE Luxe and all residences in Sensoria Tower have a plunge pool. The Real Estate Development Business has demonstrated its ability to design and develop FIVE Palm Jumeirah and FIVE Jumeirah Village within budget and ahead of schedule thanks to the Group's experienced team and strong relationships with its contractors and suppliers.

As at the date of this Offering Memorandum, the Group had completed 2 hotel real estate development projects, FIVE Palm Jumeirah and FIVE Jumeirah Village. The Group also has an ongoing development project, FIVE Luxe. The Group had a total disposal and sales value of AED 6,114,736 thousand from the launch of FIVE Palm Jumeirah to 30 June 2023. The chart below sets out a breakdown of the average selling price per sqft and average development cost per sqft across each of the Group's properties, excluding FIVE Zurich, as at 30 June 2023:



For the six-month periods ended 30 June 2023 and 2022, the Real Estate Development Business of the Group recorded revenue of AED 344,532 thousand and AED 100,636 thousand, respectively, and cost of property held for development and sale of AED 140,736 thousand and AED 43,730 thousand, respectively. For the years ended 31 December 2022, 2021 and 2020, the Real Estate Development Business of the Group recorded revenue of AED 318,676 thousand, AED 649,743 thousand and AED 2,606 thousand, respectively, and cost of property held for development and sale of AED 143,146 thousand, AED 284,905 thousand and AED 7,664 thousand, respectively.

For the six-month periods ended 30 June 2023 and 2022, the Real Estate Development Business of the Group recorded EBITDA of AED 174,353 thousand and AED 40,026 thousand, respectively. For the years ended 31 December 2022 and 2021, the Real Estate Development Business of the Group recorded EBITDA of AED 141,675 thousand and AED 329,121 thousand, respectively, while it recorded EBITDA of AED 2,359 thousand for the year ended 31 December 2020, which was lower than the EBITDA levels of 2021 and 2022 as the Group continued to incur costs in relation to the variations on the development project of FIVE Jumeirah Village in 2020 and did not have any ongoing real estate development projects in 2020.

Property Portfolio

Including under-development properties, the Group’s property portfolio comprises a total of 1,845 units, including 1,500 Keys, and a combined total of 40 F&B venues, including 15 operational F&B venues at FIVE Palm Jumeirah, 7 operational F&B venues at FIVE Jumeirah Village, 8 operational F&B venues at FIVE Zurich and 10 F&B venues that are expected to be operational at FIVE Luxe. Below is a description of the properties that are developed and being developed by the Group. For a description of FIVE Zurich, which was acquired as a distressed property and refurbished by the Group, see “—*Hospitality Business—FIVE Zurich*”.

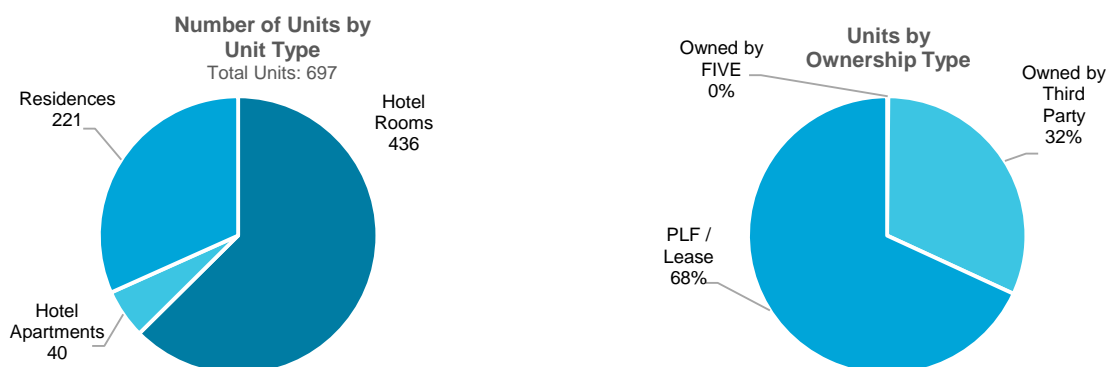
FIVE Palm Jumeirah

FIVE Palm Jumeirah is a luxury hotel in Palm Jumeirah, Dubai, UAE and is the flagship property of the Group. The construction of FIVE Palm Jumeirah was completed in 2016. The property was completed and delivered 47 days ahead of schedule, demonstrating the Group’s expertise in managing complex development projects.

FIVE Palm Jumeirah has a total of 697 units, with a total size of approximately 1 million sqft. FIVE Palm Jumeirah has 3 different unit types, hotel rooms, hotel apartments and residences, each representing different types of accommodation experiences. The central portion of FIVE Palm Jumeirah comprises 436 hotel rooms and 40 hotel apartments, and 2 sections located at both ends comprise 221 residences, which includes 50 holiday

homes, consisting of 1 to 4 bedrooms. FIVE Palm Jumeirah has a total of 15 F&B venues, where the Group provides traditional F&B (non-entertainment) and EATertainment services.

The charts below set forth a breakdown of the different unit and ownership types at FIVE Palm Jumeirah as at 30 June 2023:



FIVE Palm Jumeirah has a unique architectural design, luxurious accommodation and high-end amenities, demonstrating the Group’s passion for luxury hospitality and reputation for quality. One of the most notable design features of FIVE Palm Jumeirah is the glass cube located at the centre of the building, which houses a wooden sculpture inspired by the Islamic pointed arch and the structure of human DNA. The entrance to FIVE Palm Jumeirah is designed to welcome guests to the heart of the building and provide views of the swimming pool, Dubai Marina skyline, the Arabian Gulf and Ain Dubai.

In addition to its 143 metres of private beach, FIVE Palm Jumeirah is strategically designed to cater to the needs of various types of guests. Following the acquisition of the land, the Group, together with the architectural and design consultants, optimised the design of the project in accordance with the applicable development control regulations and designed the project in a cascading amphitheatre shape to maximise the outdoor areas, adding value to the indoor areas, and to improve the efficiency of the building and to make it commercially viable. With this optimised design, balconies with terrace pools were added to the project, the Group was able to increase the sellable area of the property. The terrace pools have also helped to enhance the experience of guests and residents, contributing to the property’s overall value proposition.

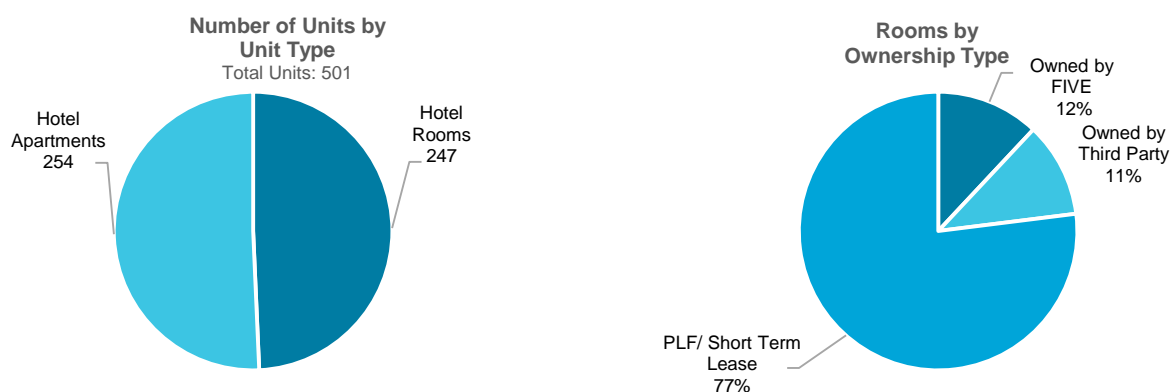
In 2022, FIVE Palm Jumeirah received the highest level of LEED certification (operations and maintenance), LEED Platinum with 85 points. FIVE Palm Jumeirah has also received a 3-star SPIRE Smart Building Rating in 2022, another internationally recognised certification that reflects the Group’s innovative and sustainable building practices. The SPIRE rating system evaluates a building’s performance across several categories, including energy efficiency, water conservation, air quality and waste management, among others. See also “—Sustainability”.

FIVE Jumeirah Village

FIVE Jumeirah Village is a luxury hotel located in Jumeirah Village, Dubai, UAE. The construction of FIVE Jumeirah Village was completed in 2019. Despite encountering challenges, such as a fire during the early construction stage, the project was delivered ahead of schedule.

FIVE Jumeirah Village has a total of 501 units with a total size of approximately 815 thousand sqft. FIVE Jumeirah Village offers 2 different unit types, hotel rooms and hotel apartments, each representing different types of accommodation experiences. FIVE Jumeirah Village comprises 247 hotel rooms and 254 hotel apartments. FIVE Jumeirah Village has a total of 7 F&B venues, where the Group provides traditional F&B (non-entertainment) and EATertainment services.

The charts below set forth a breakdown of the different unit and ownership types at FIVE Jumeirah Village as at 30 June 2023:



FIVE Jumeirah Village has a circular tower design (the “**FIVE Tower**”) and a 60-storey structure offering a panoramic view of the city’s skyline, and the unique design of the FIVE Tower is patented in 168 countries. The FIVE Tower is a unique aspect of the development, introducing a luxury concept of “villas in the sky”. The design of the FIVE Tower features rotating architecture that maximises natural daylight and creates energy-efficient spaces. The apartments in the FIVE Tower feature a landscaped garden and private swimming pool.

Following the acquisition of the land, the Group, together with the architectural and design consultants, optimised the height of the plot in accordance with the applicable development control regulations and designed the project’s typical floors layout, using the circular design, to maximise the outdoor areas, adding value to the indoor areas, and to improve the efficiency of the building and to make it commercially viable. With this optimised design, balconies with landscaped terraces and pools were added to the project, the Group was able to increase the sellable area of the property. The landscaped terraces and pools have also helped to enhance the overall experience of guests and residents, contributing to the property’s overall value proposition.

FIVE Jumeirah Village is a property that has been recognised for its sustainability and environmental stewardship. In 2022, FIVE Jumeirah Village received LEED Platinum certification (operations and maintenance) with 84 points and a 3-star SPIRE Smart Building Rating, reflecting the innovative and sustainable building practices employed in its development.

FIVE Luxe

FIVE Luxe is a new mixed-use development project undertaken by the Group in one of Dubai’s prime locations, the JBR area. FIVE Luxe comprises a hotel complex and 2 residential towers, the FIVE Luxe residences and Sensoria Tower, and 10 F&B venues. As at 30 June 2023, the Group had sold 364 units and had generated a total disposal and sales value of AED 2,842,783 thousand.

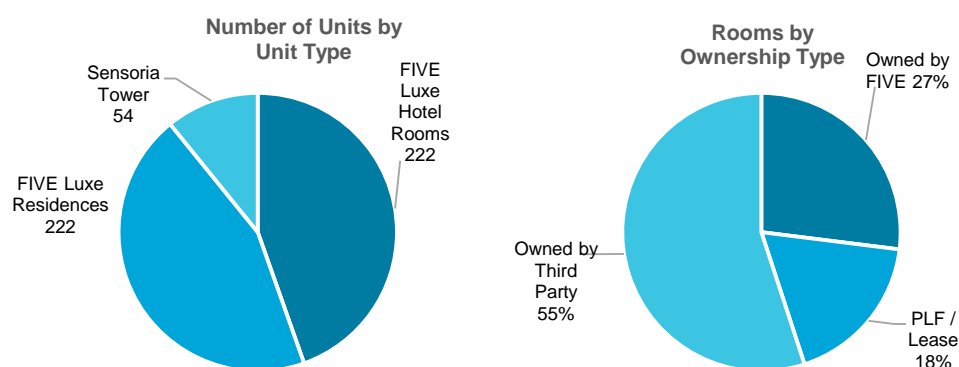
The FIVE Luxe hotel complex has 222 hotel room Keys, with a total size of approximately 266 thousand sqft. As at 30 June 2023, out of 222 hotels room Keys 88 of them had been disposed of and FIVE Luxe hotel complex has generated a total disposal and sales value of AED 376,857 thousand with an average sales price of AED 4,497 per sqft. Construction of the hotel complex in FIVE Luxe is scheduled to be completed during the last quarter of 2023, followed by a soft opening during early 2024. During the soft opening period, FIVE Luxe hotel complex is expected to operate at a reduced capacity, with only specific areas or sections of the hotel opened to guests, with certain amenities, such as the pool or spa, not being available during this period or being only partially operational during this time.

FIVE Luxe residences comprise 222 residences, with a total size of approximately 363 thousand sqft. As at 30 June 2023, all of the residences in FIVE Luxe had been sold and FIVE Luxe residences has generated a total disposal and sales value of AED 1,413,643 thousand with an average sales price of AED 3,885 per sqft. Construction of FIVE Luxe residences is scheduled to be completed during the last quarter of 2023, together with the hotel complex.

On 12 August 2021, the Group executed a contract agreement (as amended from time to time) with Fibrex Contracting LLC for construction of the FIVE Luxe hotel complex and FIVE Luxe residences, with a total contract amount of approximately AED 480,500 thousand (subject to adjustments based on the progress of the construction). The Group benefits from customary protective provisions under the contract agreement, such as indemnity of the Group by the contractor in case of any delay of the completion of the construction works.

FIVE Luxe also comprises the “Sensoria Tower”, which is expected to be completed in 2024. Sensoria Tower is expected to be a tower comprising 54 residences with a total size of approximately 215 thousand sqft. As at 30 June 2023, all residences in Sensoria Tower were sold, and Sensoria Tower has generated total disposal and sales value of AED 1,052,283 thousand, with an average sales price of AED 4,910 per sqft. On 17 March 2023, the Group executed a memorandum of agreement with Fibrex Contracting LLC relating to the construction of the Sensoria Tower, with a total contract amount of approximately AED 220 million (subject to adjustments based on the progress of the construction). The Group benefits from customary protective provisions of a construction agreement under the memorandum of agreement, such as indemnity of the Group by the contractor in case of any delay of the completion of the construction works.

The charts below set forth a breakdown of the different unit types that are expected to be available at FIVE Luxe (including Sensoria Tower) as at the date of this Offering Memorandum:



The Group’s decision to acquire the partially completed development project in August 2021 secured a location near several popular tourist attractions such as Ain Dubai, JBR drone shows, cruise ship terminals and Skydive Dubai. The Group further enhanced the design of the property by aligning the hotel and residential units towards the beachfront and Palm Jumeirah skyline views, which is one of the key selling points for the project. The enhanced redesign of the property has made significant improvements to the original construction plans, and the Group was able to increase the sellable area of the property. The Group added 206 plunge pools and an additional sellable area of 371,348 sqft. additional rooms, balconies with terrace pools and re-designing the spa, ballroom and all-day dining areas. The project is being funded through equity from the Group, debt facilities, sale of the residences in FIVE Luxe that are under development, with any deficit being funded from the cash flows of FIVE Palm Jumeirah.

FIVE Luxe and Sensoria Tower are built to meet LEED Platinum specifications and the Group aims to acquire a LEED Platinum Certification for building design and construction once the hotel starts operating.

Real Estate Development Philosophy

The Group’s real estate development philosophy centres on creating properties that embody the lifestyle values of its guests and investors and that are aligned with the needs and preferences of its clients.

Understanding market and customer needs is a crucial element in designing and developing properties. The Group understands its clients’ needs and their preferences which is instrumental in creating properties that are functional, aesthetically pleasing and provide an outstanding guest experience.

The Group's design philosophy evolves to combine the FIVE brand with a sense of place. The design of each property is tailored to create a space that takes into account both functionality and aesthetic appeal. The Group conceptualises design, carefully guides and manages the entire design phase, utilising talented in-house design/engineering team along with third-party designers/engineers. The Group invests significant efforts during the design development phase to ensure that the final product meets its high standards and aligns with its real estate development philosophy.

Designing With Purpose

The Group's approach to design is centred around creating functional and innovative spaces that provide value to its clients. One example of this approach is seen in the Group's use of terrace pools to add value to its properties. By recognising that balcony space is not included in the gross floor area ("GFA") allowance, the Group saw an opportunity to develop private pools and amenities on the terraces and balconies, creating a new premium sellable area. Through this innovative design and strategic planning, the Group has maximised its sellable areas, which has led FIVE Palm Jumeirah to achieve an enhanced efficiency, the Group was able to increase the sellable area of the property.

The Group's design philosophy is also evident in its award-winning tower, the FIVE Tower, located in FIVE Jumeirah Village. The FIVE Tower's circular design and creation of private swimming pools have resulted in the Group to increase the sellable area of the property. In addition to its innovative design, the Group's approach to architecture has certain functional benefits. For instance, the FIVE Tower's cork-screw architectural design maximises available terrace space and minimises heat absorption and solar radiation, allowing the Group to lower fuel consumption. The cool air circulation through the building allows for lower electricity consumption costs, contributing to the Group's commitment to sustainability. The Group's innovative design approach to FIVE Jumeirah Village has been recognised with awards, including the MIPIM Future Project 2016 and the CTBUH Tall Building 2021. These accolades demonstrate the Group's commitment to creating properties that provide a unique and memorable experience for its guests and investors while maximising efficiency and environmental impact.

The Group's approach to design with respect to FIVE Luxe is focused on optimising space and shareholder value, while also providing a luxurious and unique guest experience. This was achieved by measures such as moving the all-day dining restaurant to the beach, freeing up valuable space for additional hotel rooms and thereby creating a more profitable business model. Despite this, FIVE Luxe has maintained its luxurious spa experience, with 8 treatment rooms, a Turkish bath and a 20-metre indoor spa pool. In addition to creating a new hotel room area, the Group has also constructed a second luxurious beach club concept. The Group has also taken an innovative approach to room design, creating Spa Suites with private saunas and spa areas to FIVE Luxe's existing hotel rooms. This is expected to significantly boost ADR, as the rooms with pools list at a premium. Both the Spa Suites and additional rooms with plunge pools are expected to achieve a higher ADR, boosting room revenue and, in turn, profitability.

The Group has also added Sensoria Tower to FIVE Luxe, which is a new 54-unit luxury tower. Sensoria's design is innovative and demonstrates the Group's ability to capitalise on previously unused space. The Group's approach to design also involves adding value to the hotel by introducing new concepts that cater to guest needs and preferences. For instance, the Group has partnered with the world-renowned entertainment brand "Lio" to bring the popular Ibiza brand to FIVE Luxe by creating a new venue in the sea, taking advantage of the 360-degree views of JBR, Bluewaters, Dubai Harbour, the Dubai Marina and the Palm Jumeirah.

Project Development and Management

The Group's project development and management process is a key element of its strategy for delivering successful projects that meet the needs and expectations of its clients. The Group has a project development team for onsite live coordination of contractors and sub-contractors that minimises any miscommunication or delays and for conducting regular inspections and quality controls to ensure that construction is carried out according to the required standards.

Effective risk management is also a key part of the Group's project development process. The Group identifies potential risks and develops a risk management plan to minimise their impact, such as procuring materials early to prevent any shortages or risk of price hikes.

The Group's project development and management process has successfully overcome challenges. For instance, when the interior fit-out contractor for FIVE Palm Jumeirah went bankrupt, the project development team restructured the team to resolve delays and miscommunications in real-time, delivering the project on time and to the required quality standards.

The Group proactively engages in periodic maintenance to uphold the quality of its properties, thereby mitigating the need for significant capital expenditures all at once and averting significant unforeseen expenses. All maintenance decisions which are of a day-to-day repair and maintenance nature are carried out with the review of and approval by the director of engineering as well as general manager of the hotel and review by the development team and the Group's CFO and COO for vendor selection and materials to be used for repair and maintenance.

For all improvement and refurbishment works, which are of capital expenditure in nature are initiated by the hotel followed by an approval of the director of engineering, general manager of the hotel, the Group's CFO and COO and the chairman of the Board.

Supply Chain

The Group's supply chain is an essential component of its business operations. The Group is committed to working with a diverse range of suppliers who meet its high standards of quality, sustainability and ethical business practices. The Group's procurement process ensures that all suppliers are thoroughly vetted to ensure they meet the Group's requirements and are in compliance with labour laws, environmental regulations and human rights principles. This process includes conducting due diligence, assessing supplier capability, evaluating quality and verifying the supplier's credentials.

For the Real Estate Development Business, the Group's sourcing and tendering process is designed to ensure the reliability and efficiency of its procurement activities. For all the major contracts, the Group follows a process of floating the entire contract during the contractor evaluation stage where contractor liabilities, penalties for defects and other pertinent details are clearly mentioned. This approach ensures that most of the project-related risks are identified and passed on to the contractor before selection and finalisation. The Group's focus is to eliminate intermediary vendors and procure directly from the main vendor to ensure the reliability of the supply chain.

While the Group values its supplier relationships and strives to maintain strong partnerships with all of its suppliers, it recognises the potential risks associated with over-reliance on any one supplier or concentration of suppliers. The Group has taken measures to mitigate such risks by implementing a supplier diversification strategy, which involves identifying and engaging with multiple suppliers for each category of goods and services. This strategy helps to ensure a consistent supply of high-quality materials and services, while also reducing the risk of supply chain disruptions that may result from any single supplier experiencing financial, operational, or any other difficulties. The only exception to this is the procurement of alcoholic beverages from specific vendors in the UAE due to government regulations where the Group depends on certain specific suppliers.

Additionally, the Group regularly assesses the performance and stability of its suppliers, utilising certain financial, operational and other performance metrics. This assessment process assists the Group in identifying potential risks or issues with its suppliers and allows it to take appropriate measures to address them, including seeking out new suppliers or adjusting its supply chain strategy.

Sustainability

The Group is committed to integrating sustainability into all aspects of its operations and ensuring that its approach to sustainability aligns with its long-term business objectives. The Group recognises that its activities

have an impact on the environment, the communities in which it operates and its stakeholders and it is committed to reducing negative impacts.

The Group's sustainability strategy interweaves throughout the customer experience, from its early adoption of eco-friendly technologies to its commitment to reducing its environmental footprint. The Group has implemented a sustainability committee, which is responsible for implementation of the Group's sustainability policy and in ensuring that it remains relevant, appropriate and aligned with current local and international laws, guidelines and global good practice, see "*Sole Shareholder and Management—Committees of the Board of Directors*".

Sustainability Driven Operations

In February 2023, the Group acquired an ISO 14001 Environmental Management System certificate, which certifies that the Group has implemented an environmental management system that follows the International Organization for Standardization (the "ISO") best practices. Furthermore, as at the date of this Offering Memorandum, the Group maintains LEED Platinum certification for all of its operational hotels. This prestigious recognition from the U.S. Green Building Council's sustainability assessment demonstrates the Group's commitment to sustainability across various indicators within Sustainable Sites, Water Efficiency, Energy & Atmosphere, Material & Resources, Indoor Environmental Quality, Innovation and Location & Transportation. Furthermore, according to the website of UL Solutions, which is the authority that provides the SPIRE Smart Building Rating, the Group is the first hotel group to earn the SPIRE Smart Building Rating in the world, achieving Three Stars for its 2 operational hotels in Dubai. The SPIRE Smart Building Rating expands on LEED's sustainable infrastructure and environmental management emphasis as the first comprehensive and objective smart building assessment. SPIRE assessment indicators span categories including power and energy, health and wellbeing, life and property safety, connectivity, cybersecurity and sustainability.

In 2022, FIVE Palm Jumeirah received the highest level of "LEED Certification v4.1" for operations and maintenance (O+M), LEED Platinum with 85 points. In 2022, FIVE Jumeirah Village received "LEED Certification v4.1" (O+M) with 84 points. In February 2023, FIVE Zurich also obtained its "LEED Platinum Certification v4" with 84 points for interior design and construction (ID+C) and FIVE Luxe is being constructed according to LEED Platinum requirements for building design and construction (BD+C). With these efforts, the Group became an entirely 'LEED Platinum Hotel Group' by February 2023. In March 2023, the Group acquired an ISO 50001:2018 Energy Management System certificate, which certifies that the Group implemented an energy management system that follows the ISO's best practices.

The Group's commitment to reducing its carbon footprint and promoting eco-conscious practices demonstrates its dedication to operating sustainably. In order to achieve its sustainability goals, the Group has taken several steps. In terms of water management, the Group took the following steps, among others: (i) installed sub-metering to monitor water usage, (ii) implemented aerators to optimise water flow against excess consumption and (iii) facilitated greywater-based landscaping irrigation, eliminating dependency on additional, potable water consumption. In terms of waste management, the Group took the following steps, among others: (i) created an effective policy on segregating waste on a floor and final hotel disposal level, (ii) initiated recycling of cooking oil for biofuel production using government-licensed vendors and (iii) installed an in-house glass bottling plant to replace a prior consumption of over 997,000 plastic bottles per year in FIVE Palm Jumeirah and 144,000 in FIVE Jumeirah Village. As a result of these initiatives, in 2022 the Group achieved a 76.2 per cent. reduction in carbon use intensity (MtCO₂eq/AED m), a 35.3 per cent. reduction in electricity consumed per capita (kWh/Cover), a 36.2 per cent. reduction in water consumed per capita (litres/cover), 18.6 per cent. reduction in waste generated per capita and a 49.1 per cent. reduction in electricity use intensity (kWh/AED mn), compared to its use and consumption levels in 2020. The Group has obtained limited assurance from an independent consultant for the KPIs showing its ESG achievements for the years 2020, 2021 and 2022.

Furthermore, FIVE Palm Jumeirah and FIVE Jumeirah Village are using 100 per cent. of their energy from renewable sources through renewable energy certificates obtained from Dubai Electricity and Water Authority ("DEWA"). The Group executed an agreement with DEWA on 21 March 2023, for the purchase of the renewable energy certificates for FIVE Palm Jumeirah and FIVE Jumeirah Village, which automatically

terminates on 24 March 2026. FIVE Palm Jumeirah and FIVE Jumeirah Village were the first hotels in Dubai to obtain renewable energy certificates.

The Group's approach to sustainability is guided by a 'do more with less' mindset and focuses on reducing waste, conserving energy and water and promoting environmentally responsible behaviour. This is achieved through initiatives such as the "Reduce, Reuse, Recycle" employee reward programme to encourage sustainability practices among its employees. The programme incentivises employees to adopt eco-friendly behaviours that reduce waste, save energy and reduce carbon emissions.

In June 2023, the Group received an "A" grade ESG rating from ISS Corporate Solutions, which became the highest ESG rating provided by ISS.

United Nations' Sustainable Development Goals

The Group supports the UN SDGs and global actions to realise its ambitions. The Group recognises that its material topics align with limited aspects of and the broader pursuit of certain UN SDGs in striving towards a sustainable future. To contribute to the UN SDGs, the Group has developed its Framework in alignment with the latest Green Bond Principles, administered by the International Capital Market Association and the Green Loan Principles, administered by the Loan Market Association. Under the Framework, the Group can issue green financing instruments, proceeds of which will be exclusively allocated to finance or refinance, in part or in full, eligible green projects that meet the eligibility criteria set out in the Framework. Eligible green projects may include investments in assets or capital expenditures relating to the projects which contribute to the Group's environmental objectives such as climate change mitigation and climate change adaptation. These projects will enable the Group to contribute to UN SDG 9 (Industry Innovation and Infrastructure) and UN SDG 11 (Sustainable Cities and Communities) by financing the acquisition, construction, or refurbishment of energy-efficient, low carbon buildings that have achieved or are targeting to achieve LEED certification level "Gold" or better, or BREEAM certification level "Excellent" or better.

The Group intends to use the proceeds of the green financing instruments to contribute to UN SDG 7 (Affordable and Clean Energy) and UN SDG 13 (Climate Action) by financing the development, installation and operation of renewable energy, including solar photovoltaic and solar thermal energy systems on the Group's hotels and resort sites, power purchase agreements, virtual power purchase agreements and any other investments that provide for the procurement of renewable energy through a long-term contract aligned with the GHG Protocol.

In addition to the Framework, the Group supports the UN SDGs in several other ways. For instance, the Group's sustainability-driven operations are aligned with several UN SDGs, including UN SDG 12 (Responsible Consumption and Production), UN SDG 13 (Climate Action), UN SDG 14 (Life Below Water) and UN SDG 15 (Life On Land). The Group's sustainability achievements in 2022, which include significant reductions in carbon and energy use intensity and water consumed per capita, demonstrate its commitment to these UN SDGs.

Sustainability Accounting Standards Board Standards

Apart from supporting the UN SDGs, the Group also follows the SASB standards, which enable organisations to provide industry-based sustainability disclosures about risks and opportunities that affect enterprise value. In 2022, the Group engaged with its key employees in order to understand the most important SASB standards facing its business, match its responses to SASB standards and evaluate the importance of each standard to the business against the importance to stakeholders in order to identify the Group's key priorities.

This exercise enabled the Group to focus on its growing stakeholder engagement activities to continuously assess its interests on crucial environmental, social and governance standards.

Information Technology

The Group recognises the significant importance of technology in the current business environment and is dedicated to maintaining a robust and secure technology infrastructure to support its operations. The Group's information technology systems have been designed to support the various business operations and processes, including financial and accounting systems, customer relationship management systems and human resources and operations management systems.

The Group's infrastructure comprises various hardware and software systems, including property management systems, financial systems, procurement systems, guest room management systems, e-mail systems and various other software applications. The Group utilises a combination of on-premises and cloud-based systems to support its operations. In March 2023, the Group acquired ISO 27001 Information Security Management Systems certificate, which certifies that the Group implements an information security system that follows the ISO's best practices.

The Group has implemented a comprehensive set of security measures to protect its information technology systems and data, including firewalls, intrusion detection and prevention systems, network access control, ransomware protection, encryption technologies, and log monitoring. The Group has also designed and implemented detailed information security policies and processes, and employs a cyber-security director who reports to CFO to manage the cyber security risk. The Group also conducts regular risk assessments and penetration testing to identify and address potential system vulnerabilities. In addition, the Group has implemented a disaster recovery plan to minimise the impact of any disruption to its information technology systems. This plan includes regular backups of critical data and systems and procedures for restoring operations during a disaster.

The Group's technology strategy is aimed at continuously improving and adapting to market and business changes. The Group's IT function is responsible for managing and maintaining the technology infrastructure of the Group, as well as implementing new systems and technologies to support the Group's operations. The IT function is also responsible for ensuring the security, reliability and scalability of the Group's technology infrastructure and providing technical support to the Group's employees. The Group's technology infrastructure is subject to ongoing maintenance and upgrades, which may require significant capital expenditures. The Group's IT function is also responsible for identifying the need for new systems and upgrades to support the Group's growth and expansion plans. The Group is committed to investing in its technology infrastructure to support its business operations and maintain a competitive market advantage.

Intellectual Property

The Group owns and controls a number of trade secrets, trademarks, service marks, trade names, copyrights, know-how and other intellectual property rights that are registered in the name of different subsidiaries of the Group and are primarily registered in the UAE, Switzerland and the EU.

The Group is licensed to use other intellectual property rights owned and controlled by others such as Microsoft Office 365 and Oracle Enterprise Performance Management.

Insurance

The Group is covered by insurance policies arranged with reputable insurance companies which cover, among other things, loss of rental, fire, flood, riot, strike, malicious damage, other material damage to property and development sites, business interruption, public liability, contract all risk for construction, political violence, employee group medical, and workers' compensation. The Group believes that its properties are covered with adequate insurance provided by reputable independent insurance companies and with commercially reasonable deductibles and limits on coverage. The Group follows a detailed process along with its insurance brokers to identify potential risk, value of coverage and obtains insurance coverage accordingly.

Employees

As at 30 June 2023, the Group employed 1,555 employees. The Group considers the overall level of employment is in line with the business requirements and their remuneration is in line with market standards. For its Real Estate Development Business, the Group employs a limited number of staff to manage and oversee the construction and development of the real estate projects. The Group works with third-party contractors and consultants on a project basis. As the Group employs a limited number of staff in its Real Estate Development business, historically the Group kept the number of staff on the Real Estate Development business within a similar range.

The table below sets forth the Group's total number of employees by business division for the periods indicated:

	As at the 31 December			As at 30 June	
	2020	2021	2022	2022	2023
Real Estate Development Business	6	7	17	13	26
Hospitality Business.....	1,032	1,275	1,500	1,604	1,491
Corporate Office.....	22	21	34	23	38
Total	1,060	1,303	1,551	1,640	1,555

Employee well-being is an important component of the Group’s human resources policy. Due to the Group’s efforts to improve its workplace environment, the Group has been recognised by Great Place to Work® since 2018 and, in 2023, the Group was recognised as one of the top 10 large organisations in the “Best Workplaces in the UAE” category.

The health and safety of its employees is also a priority for the Group. Comprehensive health and safety standards and policies are designed and implemented, and periodic audits are conducted to review and monitor compliance with these standards and policies. The Group has acquired ISO 45001 Occupational Health and Safety Certification, which certifies that management and employees at all levels actively participate in occupational health and safety.

Remuneration packages are generally structured by reference industry standards and assessed on the basis of individual performance and continuous contribution. Employee benefits plans maintained by the Group include extensive incentive policies, medical insurance and employee discounts on hotel services. The Group operates with a performance-driven incentive structure for its Hospitality Business, which combines individual performance with company-wide performance. Individual performance is evaluated based on various metrics, including but not limited to revenue and profitability targets, upselling and key performance indicators, while company-wide performance is benchmarked against Booking.com guest review ratings.

The Group’s incentive structure for its Hospitality Business is designed to promote a high-performance culture, and it includes incentives related to room reservations conducted through Group’s own website, restaurant reservations, alcoholic beverage sales, spa services, F&B venue revenue targets, event sales, cross selling and upselling of hotel services, gross operating profit, and other revenue streams, including incentives for administrative departments such as finance department.

The Group’s staff costs as a percentage of total revenues were 15.4 per cent. in 2022, demonstrating its commitment to providing competitive compensation to its employees. In addition, the Group’s average incentive provided to its employees working for its Hospitality Business as a percentage of fixed cash salary was 36.6 per cent., 52.0 per cent. and 48.9 per cent. in 2020, 2021, and 2022, respectively, which demonstrates its dedication to rewarding high performers and motivating its workforce.

In 2022, total compensation (calculated as cash payouts (AED 50,520 thousand) plus variable payouts based on individual performance of the employee and the performance of the relevant Group company (AED 26,152 thousand) plus benefits (AED 17,836 thousand) including, but not limited to, accommodation, medical insurance and transportation) paid to the employees of FIVE Palm Jumeirah represented 10.3 per cent. of the Group’s Hospitality Business revenue. On average, incentive payments (including incentive payments based on room reservations, F&B sales, spa services and Group’s operating profit) received by the employees of FIVE Palm Jumeirah represented 51.8 per cent. of their fixed cash salary.

In 2022, total compensation (calculated as cash payouts (AED 18,851 thousand) plus variable payouts based on individual performance of the employee and the performance of the relevant Group company (AED 7,795 thousand) plus benefits (AED 15,535 thousand) including, but not limited to, accommodation, medical insurance and transportation) paid to the employees of FIVE Jumeirah Village represented 4.6 per cent. of the Group’s Hospitality Business revenue. On average, incentive payments (including incentive payments based on room reservations, F&B sales, spa services and Group’s operating profit) received by the employees of FIVE Jumeirah Village represented 41.4 per cent. of their fixed cash salary.

The Group’s incentive structure is aligned with its performance-driven culture, which fosters innovation and encourages employees to continuously strive for excellence. The Group recognises that incentivising employees

with both personal and company-wide performance metrics creates a culture of accountability, and it leads to better overall performance and in turn, customer satisfaction.

Material Agreements

PLF, Short-term Lease and Management Arrangements

As part of its Hospitality Business model, Group operates its hotel rooms, holiday homes and hotel apartments under the PLF Arrangement, holiday home management arrangement and short-term lease arrangement. Below is a description of the terms of the agreements by each unit type and location.

FIVE Palm Jumeirah

The Hospitality Business in FIVE Palm Jumeirah comprises operations of 3 different types of units, (i) hotel rooms, (ii) hotel apartments and (iii) holiday homes. Hotel rooms and hotel apartments are subject to different types of leaseback agreements, with different lease terms and different lease payment structures. Pursuant to the leaseback agreements, third-party investors who own the units (“**Landlord**”) agree that the units will be used by the Group and that the Landlord will not enter the unit without prior consent of the Group during the term of leaseback agreement, except that the Landlord may use the unit during off-peak seasons, for a limited period of time in accordance with the conditions set under the leaseback agreements, during which the Landlord will not be entitled to any lease payment.

Holiday homes are subject to holiday home management agreements, according to which the Landlord agrees to grant the Group the sole and exclusive right to manage and operate the unit. The Group acts as an agent to the Landlord in managing, marketing and operating the holiday home unit. Pursuant to the holiday home management agreements, the Group agrees that the unit might be used by the Landlord, subject to availability, in accordance with the conditions set under the agreements. The Group does not guarantee to the Landlord that the unit to be rented for a certain number of days.

The below table describes the key terms of the relevant agreements:

	Term / Renewal	Lease Payment	Termination
<u><i>Hotel Room Leaseback Agreements – PLF Arrangement</i></u>	Executed for a term of 5 years, which is automatically renewable for 5 further periods of 5 years each, up to a period in the aggregate of 30 years. The term of the leaseback agreements may be further extended for another 2 periods of 5 years each, by mutual agreement of the Group and the Landlord in writing: (i) 30 years after the commencement date; and (ii) if an extension has already been exercised, 35 years after the commencement date. The commencement date refers to the date of simultaneous handover of possession of the relevant unit to the Landlord and simultaneous handover of possession of the relevant unit from the Landlord to the Group, which is effectively the date of the commencement of hotel operations. See also “— <i>Renewal of the Leaseback Agreements under PLF Arrangement</i> ”.	Landlords receive a monthly variable rent amount that is calculated based on a percentage of the total revenue generated by the hotel. Landlords receive 40 per cent. of room revenue net of deductible expenses distributed in proportion to the unit area.	The leaseback agreements shall be terminated (i) with the parties’ mutual written consent and that of the written consent of the hotel operator of the participating units; or (ii) by a final judgment issued by the relevant dispute resolution body.
<u><i>Hotel Apartments Leaseback</i></u>	Executed for a term starting as of the date of the execution of the agreement or the date of handover of possession of the relevant unit	Landlords receive a monthly variable rent amount that is calculated based on a percentage of the total revenue generated by	The leaseback agreements shall be terminated (i) with the parties’ mutual written consent and that of the written consent of the hotel

	Term / Renewal	Lease Payment	Termination
<u>Agreements – PLF Arrangement</u>	from the Landlord to the Group, until the end of the relevant year. The term of the agreement is automatically renewable for a full calendar year, on a year by year basis, unless the agreement is terminated by the Landlord. See also “— <i>Renewal of the Leaseback Agreements under PLF Arrangement</i> ”.	the hotel. Landlords receive 40 per cent. of room revenue net of deductible expenses distributed in proportion to the unit area.	operator of the participating units; or (ii) by a final judgment issued by the relevant dispute resolution body.
<u>Hotel Apartments Leaseback Agreements – PLF Arrangement</u>	Executed for a term of 5 years, which is automatically renewable for 5 further periods of 5 years each, up to a period in the aggregate of 30 years. The agreement does not include any provision with respect to the renewal of the term of the agreement. See also “— <i>Renewal of the Leaseback Agreements under PLF Arrangement</i> ”.	Landlords receive a monthly variable rent amount that is calculated based on a percentage of the total revenue generated by the hotel. Landlords receive 40 per cent. of room revenue net of deductible expenses distributed in proportion to the unit area.	The leaseback agreements shall be terminated (i) with the parties’ mutual written consent and that of the written consent of the hotel operator of the participating units; or (ii) by a final judgment issued by the relevant dispute resolution body.
<u>Holiday Home Management Agreements</u>	Executed for a term of 12 months automatically renewable for an additional term of 12 months, unless either party provides ninety 90 days’ notice of its desire to terminate.	The Group receives a management fee which is fixed at 25 per cent. of the total room revenue and the remaining 75 per cent. of the revenue generated from the relevant holiday home less deductible expenses is paid to the Landlord.	The agreements shall be terminated upon the occurrence of (i) either party’s failure to comply with a material provision under the agreement; and (ii) either party entering into bankruptcy or liquidation proceedings. In addition, the Landlord may terminate the agreement for no cause at any time before the end of the term or any renewal thereof by providing, at least, 60 days’ prior written notice to the Group.

FIVE Jumeirah Village

The Hospitality Business in FIVE Jumeirah Village comprises operations of 2 different types of units, (i) hotel rooms and (ii) hotel apartments, which are subject to different types of leaseback and lease agreements, with different lease terms and different lease payment structures. Pursuant to the leaseback and lease agreements, third-party investors who own the units (“**Landlord**”) agree that the units will be used by the Group and that the Landlord will not enter the unit without prior consent of the Group during the term of agreement, except that the Landlord may use the unit during off-peak seasons, for a limited period of time in accordance with the conditions set under the agreements, during which the Landlord will not be entitled to any lease payment.

The below table describes the key terms of the relevant agreements:

	Term / Renewal	Lease Payment	Termination
<u>Hotel Room Leaseback Agreements – PLF Arrangement</u>	Executed for a term of 5 years, which is automatically renewable for 5 further periods of 5 years each, up to a period in the aggregate of 30 years. The term of the leaseback agreements may be further extended for another 2 periods of 5 years each, by mutual agreement of the Group and the Landlord in writing: (i) 30 years after the commencement date; and (ii) if an extension has already been exercised, 35 years after the commencement date. The commencement date refers to the	Landlords receive a monthly variable rent amount that is calculated based on a percentage of the total revenue generated by the hotel. Landlords receive 40 per cent. of room revenue less total deductible expenses distributed in proportion to the unit area.	The leaseback agreements shall be terminated (i) with the parties’ mutual written consent and that of the written consent of the hotel operator of the participating units; or (ii) by a final judgment issued by the relevant dispute resolution body.

	Term / Renewal	Lease Payment	Termination
	date of handover of possession of the relevant unit from the Landlord to the Group, which is effectively the date of the commencement of hotel operations. See also “— <i>Renewal of the Leaseback Agreements under PLF Arrangement</i> ”.		
<u><i>Hotel Apartments Leaseback Agreements – PLF Arrangement</i></u>	Part of the hotel apartment leaseback agreements are executed for a term of 30 years, subdivided into 3 divisions of 10 years each starting from the commencement date. The term of the leaseback agreements may be further extended for another period of up to 30 years, at the sole discretion of the Group. The commencement date refers to the date of handover of possession of the relevant unit from the Landlord to the Group, which is effectively the date of the commencement of hotel operations. See also “— <i>Renewal of the Leaseback Agreements under PLF Arrangement</i> ”.	Lease payments under these hotel apartment leaseback agreements are fixed during the course of the guarantee period, which is the period of 10 years starting from the rent commencement date (the date on which the hotel operator takes in guests) to the day preceding the 10 th anniversary of such rent commencement date. Following the expiry of the guarantee period, Landlords start receiving a monthly variable rent amount which is 40 per cent. of room revenue less deductible expenses distributed in proportion to the unit area.	The leaseback agreements shall be terminated (i) with the parties’ mutual written consent and that of the written consent of the hotel operator of the participating units; or (ii) by a final judgment issued by the relevant dispute resolution body.
<u><i>Hotel Apartments Lease Agreements – Short-term Lease Arrangement</i></u>	Part of the hotel apartment lease agreements are executed for a term of up to 5 years, with no option to extend the term.	Landlords receive a monthly variable rent amount that is calculated based on a percentage of the total revenue generated by the hotel. Landlords receive 40 per cent. of room revenue less deductible expenses distributed in proportion to the unit area.	The lease agreements shall be terminated (i) with the parties’ mutual written consent and that of the written consent of the hotel operator of the participating units; or (ii) by a final judgment issued by the relevant dispute resolution body.

FIVE Luxe

The Hospitality Business in FIVE Luxe comprises operations of 2 different types of units, (i) hotel rooms and (ii) holiday homes, which are subject to different types of agreements, with different terms and different payment structures. Pursuant to the leaseback agreements for hotel rooms, third-party investors who own the units (“**Landlord**”) agree that the units will be used by the Group and that the Landlord will not enter the unit without prior consent of the Group during the term of leaseback agreement, except that the Landlord may use the unit during off-peak seasons, for a limited period of time in accordance with the conditions set under the leaseback agreements, during which the Landlord will not be entitled to any lease payment.

Holiday homes are subject to holiday home management agreements, according to which the Landlord agrees to grant the Group the sole and exclusive right to manage and operate the unit. The Group acts as an agent to the Landlord in managing, marketing and operating the holiday home unit. Pursuant to the holiday home management agreements, the Group agrees that the unit might be used by the Landlord, subject to availability, in accordance with the conditions set under the agreements. The Group does not guarantee to the Landlord that the unit to be rented for a certain number of days.

The below table describes the key terms of the relevant agreements:

	Term / Renewal	Lease Payment	Termination
<u><i>Hotel Room Leaseback Agreements – PLF Arrangement</i></u>	Executed for a term of 50 years, subdivided into 5 divisions of 10 years each starting from the commencement date. The term of	Lease payments under the hotel room leaseback agreements are fixed during the course of the guarantee period, which is the	The leaseback agreements shall be terminated (i) with the parties’ mutual written consent and that of the written consent of the hotel

	Term / Renewal	Lease Payment	Termination
	the agreement can be extended for another period of up to 50 years, at the sole discretion of the Group. The commencement date refers to the date of handover of possession of the relevant unit from the Landlord to the Group, which is effectively the date of the commencement of hotel operations. See also “— <i>Renewal of the Leaseback Agreements under PLF Arrangement</i> ”.	period of 10 years starting from the rent commencement date (which is the date on which the hotel operator takes in guests) to the day preceding the 10 th anniversary of such rent commencement date. Following the expiry of the guarantee period, Landlords start receiving a monthly variable rent amount which is 40 per cent. of room revenue less deductible expenses distributed in proportion to the unit area.	operator of the participating units; or (ii) by a final judgment issued by the relevant dispute resolution body.
<u><i>Holiday Home Management Agreements</i></u>	Executed for a term of 12 months automatically renewable for an additional period of 12 months each, unless either party provides 90 days’ prior written notice of its desire to terminate.	For the first 5 years of the term of the agreement, 10 per cent. of the sales price paid by the Landlord is guaranteed as monthly income. From year 6 onwards, 75 per cent. of the revenue generated from the relevant holiday home less deductible expenses is paid to the Landlord, while 25 per cent. is paid to the Group as management fee.	The agreements shall be terminated (i) by any party without the need for a court order upon giving 60 days prior written notice to the other party; and (ii) if either party fails to comply with any material provision under the agreement or; (iii) if either party enters in bankruptcy or liquidation proceedings.

Renewal of the Leaseback Agreements under PLF Arrangement

As described above, the leaseback agreements as per the PLF Arrangement are executed for a term of (i) 30 years from the date of the commencement of hotel operations for FIVE Palm Jumeirah (or for a term of 1 year, which is expected to be renewed for the majority of the useful life of the unit, which is 30 years, (ii) 30 years from the date of the commencement of hotel operations for FIVE Jumeirah Village and (iii) 50 years from the date of the commencement of hotel operations for FIVE Luxe (which is currently under development). According to the relevant leaseback agreements, extension of the term of these agreements are either subject to mutual agreement of the Group and the customers or sole discretion of the Group. Whereas for a minority of the hotel apartments in FIVE Palm Jumeirah, the agreements do not include any provision with respect to the renewal of the term of the agreement.

The Group’s hotels in Dubai are subject to Dubai Law No. 6 of 2019 Concerning Ownership of Jointly Owned Property in the Emirate of Dubai (“**Law No. 6**”), which sets out the rules relating to jointly owned property. According to Law No. 6, it is mandatory to record the building management statement (“**BMS**”) on Common Property Register, which identifies the various common areas at a building or a project and to establish procedures to regulate the various relationships for the maintenance of the common areas, including equipment and services at the project and unit owner’s contributions including various other rights and obligations of unit owners, and binds all unit owners. The BMS also regulates the mechanism for the renewal of the leaseback agreements. According to the BMS recorded on Common Property Register for FIVE Palm Jumeirah and FIVE Jumeirah Village, within 12 calendar months before the expiry of the agreements, the landlords shall vote by simple majority of the attendees (attending in person or by proxy) to renew the leaseback agreements or enter into a new lease arrangement on fair commercial terms based on prevailing market conditions with the Group. Such vote shall be valid and binding on all landlords whether present, voting or otherwise. For the purposes of accommodating such voting system as well as for operation and management of the hotel rooms and hotels apartments, the Group obtains power of attorneys from the landlords to represent them on general assembly meetings, to vote in the general assemblies on behalf of the landlords, which provides the Group the ability to renew the term of the agreements as well as to operate and manage the units on behalf of the landlords.

Settlement Agreement

On 12 September 2019, some of the Group's subsidiaries and China State Construction Engineering Corporation (Middle East) (L.L.C) ("**China State Construction**"), executed a settlement agreement (as amended on 31 December 2019 and 24 January 2021) (the "**Settlement Agreement**"). Pursuant to the Settlement Agreement, the parties thereto agreed to settle their respective claims relating to the construction works of FIVE Palm Jumeirah. According to the Settlement Agreement, the Group is required to pay AED 91,332 thousand (including retention payable of AED 26,332 thousand) to China State Construction in 86 monthly instalments. As at 30 June 2023, the total outstanding amount payable to China State Construction was AED 71,057 thousand. The last payment under the Settlement Agreement is due on 29 February 2028.

Legal Proceedings

The Group has not been involved in any material legal or arbitration proceedings (nor any such proceedings are pending or threatened of which the Group is aware) during the 12 months preceding the date of this Offering Memorandum which may have, or have had, a significant effect on its financial position or profitability.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is intended to assist in the understanding and assessment of the trends and significant changes in the Group's results of operations and financial condition as at and for each of the years ended 31 December 2022, 2021, and 2020, and the Group's results of operations and financial condition as at 30 June 2023 and for the six-month periods ended 30 June 2023 and 2022. The following discussion and analysis should be read in conjunction with the Financial Statements and the notes thereto included in this Offering Memorandum (including the financial information as at and for the year ended 31 December 2020 derived from the unaudited comparative financial information as at and for the year ended 31 December 2020 included in the audited reissued consolidated financial statements as at and for the year ended 31 December 2021, and the financial information for the six-month period ended 30 June 2022 derived from the unaudited comparative financial information for the six-month period ended 30 June 2022 included in the Interim Financial Statements) beginning on page F-1.

The following discussion contains certain forward-looking statements that reflect the Group's plans, estimates and beliefs and are subject to risks and uncertainties. As it is based on certain assumptions and expected future economic outlook, the Group's actual results of operations may differ materially from those discussed in such forward-looking statements. Historical results may not indicate future performance. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this Offering Memorandum, including the risks discussed under "Risk Factors" and "Forward-Looking Statements". For a description of the Financial Statements, see "Presentation of Financial and Other Information".

This section also contains certain financial measures and operational key performance indicators of FIVE Holdings (BVI) Limited that are not defined, and thus not calculated in accordance with IFRS or any other generally accepted accounting principles. These measures are used by the Group's management to monitor the underlying performance of the Group and its operations and are termed "non-IFRS measures" because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. These non-IFRS measures include EBITDA, EBITDA Margin, Capital Expenditures, Net Bank Debt, Leverage Ratio, Bank Interest, Net Gross Debt, Net Gross Debt / EBITDA and EBITDA / Bank Interest. These non-IFRS financial measures are not measurements of performance or liquidity under IFRS or any other generally accepted accounting principles. Investors should not place undue reliance on these non-IFRS financial measures and should not consider these measures as: (a) an alternative to operating income or net profit as determined in accordance with IFRS, or any other generally accepted accounting principles, or as measures of operating performance; (b) an alternative to cash flows from operating, investing or financing activities, as determined in accordance with IFRS, or any other generally accepted accounting principles, or a measure of the Group's ability to meet cash needs; or (c) an alternative to any other measures of performance under IFRS or any other generally accepted accounting principles. Such non-IFRS measures and the other non-IFRS financial measures described in this Offering Memorandum are unaudited. Since all companies do not calculate these measures in an identical manner, the Group's presentation may not be consistent with the similar measures used by other companies. The Group's method of calculating certain operational key performance indicators differs from the method used by others in its industry and so may not be comparable to such other key performance indicators. We do not regard these non-IFRS measures as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS. See "Presentation of Financial and Other Information—Non-IFRS Measures".

Overview

The Group is a vertically integrated hospitality group, operating luxury hotels primarily in Dubai and, more recently, in Switzerland. The Group operates 2 main business segments, primarily, the Hospitality Business, and the Real Estate Development Business which is complementary to the main Hospitality Business.

The Group has an international Hospitality Business that owns, operates and manages luxury hotels with a strong focus on entertainment and F&B. The Group's focus on entertainment was driven by the guests' expectations, preferences and spending patterns. The Group organises experiential events in accordance with its guests' preferences and focuses its efforts on "EATertainment"; the integration of high-energy entertainment with F&B and event experiences, resulting in a distinctive guest experience. The Group's current portfolio includes 2 luxury hotels in Dubai, FIVE Palm Jumeirah and FIVE Jumeirah Village; 1 hotel in Zurich, FIVE Zurich; and 1 hotel under development in Dubai, FIVE Luxe, which is expected to be fully operational in 2024.

The Group's hotels are located in Dubai and Zurich and the F&B venues within the hotels are positioned as the desired destinations for day-life and nightlife events and parties. The hotels' locations and views make them attractive to international Millennials and Gen-Z affluent customers. The Group has created strong brand equity, particularly due to its hosting of popular events and in-house management expertise. In total, the Group operates 30 F&B venues, including 15 venues in FIVE Palm Jumeirah, 7 venues in FIVE Jumeirah Village, 8 venues in FIVE Zurich and is expected to operate 10 F&B venues in FIVE Luxe. As at 30 June 2023, the Group had an aggregate total of 1,500 Keys, including 525 Keys at FIVE Palm Jumeirah, 444 Keys at FIVE Jumeirah Village and 149 Keys at FIVE Zurich. The construction of FIVE Luxe is scheduled to be completed during the last quarter of 2023 and FIVE Luxe is expected to have a soft opening during early 2024. The Group is expected to have 382 Keys at FIVE Luxe, see "*—Real Estate Development Business—Property Portfolio—FIVE Luxe*".

The Group's Real Estate Development Business is focused on the development of high-quality properties including hotel rooms, hotel apartments, residential units and experiential outlets, such as restaurants, bars, cafes and night-clubs. As at the date of this Offering Memorandum, the Group had completed 2 hotel real estate development projects, FIVE Palm Jumeirah and FIVE Jumeirah Village, and had 1 ongoing development project, FIVE Luxe.

Upon completion of the development projects, the Group either sells the residences to third-parties, disposes of the hotel rooms and hotel apartments through the PLF Arrangement or leases the hotel apartments under the short-term lease arrangement. Under the PLF Arrangement, the Group disposes its hotel rooms and hotel apartments to third-party investors who lease the hotel rooms and hotel apartments back to the Group. The PLF Arrangement has several benefits for the Group as well as for the investors investing in the Group's real estate development projects. The Group uses the proceeds from the disposal of the hotel rooms and hotel apartments to offset capital expenditure, while the leaseback option provides the Group with access to and control of the hotel rooms and hotel apartments, limited to 30 years from the date of the commencement of hotel operations for FIVE Palm Jumeirah (including the leases with a term of 1 year, which are expected to be renewed for the majority of the useful life of the unit, i.e. 30 years) and FIVE Jumeirah Village, and 50 years from the date of the commencement of hotel operations for FIVE Luxe (which is currently under development), which are rented out to the guests of the hotels. Furthermore, it allows for a flexible financing model for the Group with no principal repayment required, whereby the disposal proceeds are utilised to meet capital expenditure requirements and to repay the loans obtained for real estate development, which reduces the financial risk. The lack of commercial debt financing and associated covenant restrictions also ensures that the Group has more flexibility in its business operations and to pursue its growth strategies. The Group employs the PLF Arrangement for FIVE Palm Jumeirah, FIVE Jumeirah Village and FIVE Luxe (under development) and as at the date of this Offering Memorandum, out of 1,500 Keys, the Group has disposed of 877 Keys through the PLF Arrangement, see also "*—Hospitality Business—Business Model—Perpetual-like Financial Arrangement*". Furthermore, the Group utilises software for real-time tracking of revenues for its F&B (non-entertainment) services and EATertainment services, allowing management to monitor guests' spending patterns, with a focus on developing new experiences to attract its target market, see "*—Hospitality Business—Rates and Revenue Management*". Despite the challenges posed by the COVID-19 pandemic, the Group has consistently outperformed its competitors, both pre- and post-pandemic. See "*Business of the Group—Competitive Strengths and Strategies—The Group has a resilient business model with strong financial track record, despite the challenges posed by the COVID-19 pandemic*".

The Group recorded revenues of AED 1,236,949 thousand and EBITDA of AED 523,927 thousand for the year ended 31 December 2022 and revenues of AED 807,794 thousand and EBITDA of AED 335,298 thousand for the six-month period ended 30 June 2023.

Hospitality Business

As at the date of this Offering Memorandum, the Group operated 3 hospitality properties, namely FIVE Palm Jumeirah, FIVE Jumeirah Village and FIVE Zurich. In Dubai, FIVE Palm Jumeirah and FIVE Jumeirah Village are hotels in the luxury segment, offering rooms and suites, pools and hot tubs, green terraces, award-winning night-clubs and restaurants. FIVE Zurich, comprising 2 structures, the “West Wing” (main building) and the “East Wing”, offers guests prime views of Zurich. These properties also host live music events and seasonal special events. The Group’s night-clubs and restaurants cater to multiple dining and nightlife genres. The Group also has 1 hotel under development in Dubai, FIVE Luxe, see “—Hospitality Business” and “—Real Estate Development Business—Property Portfolio”.

The Group employs the PLF Arrangement for FIVE Palm Jumeirah, FIVE Jumeirah Village and FIVE Luxe. The Group has become a ‘capital-light’ business following the disposal of hotel rooms and apartments to third-party investors and has demonstrated the profitability and success of the PLF Arrangement through effective and efficient management of the hotels, see “—Hospitality Business—Business Model—Perpetual-like Financial Arrangement”.

The Group’s Hospitality Business segments comprise rooms, traditional F&B (non-entertainment), EATertainment, and others, including MOD, rental and miscellaneous services. See “—Hospitality Business”.

For the six-month periods ended 30 June 2023 and 2022, the Hospitality Business of the Group recorded revenue of AED 463,262 thousand and AED 474,228 thousand, and EBITDA of AED 196,570 thousand and AED 249,847 thousand, respectively. For the years ended 31 December 2022, 2021 and 2020, the Hospitality Business of the Group recorded revenue of AED 918,273 thousand, AED 759,130 thousand and AED 454,964 thousand, respectively, and EBITDA of AED 424,023 thousand, AED 382,520 thousand and AED 195,607 thousand, respectively.

Real Estate Development Business

As part of its Real Estate Development Business, the Group oversees the complete project management cycle, including site supervision, procurement and accounting, and cost control. This enables the Group to reduce inefficiencies in the value chain. The Group has a strong track-record of delivering high-quality properties for over a decade. It strives to meet the evolving needs of its customers by providing attention to detail, design and luxury services. As at the date of this Offering Memorandum, the Group had completed 2 hotel real estate development projects in the UAE, FIVE Palm Jumeirah and FIVE Jumeirah Village, and has 1 ongoing development project, FIVE Luxe in Dubai. The Group’s properties provide a luxury hospitality offering and each property has its own features that set it apart from its competitors, such as the beachfront location of FIVE Palm Jumeirah, the private pool at FIVE Jumeirah Village and the plunge pool at FIVE Luxe. This approach has led to the success of the Group’s Real Estate Development Business, as demonstrated by a total disposal and sales value of AED 6,114,736 thousand from the launch of FIVE Palm Jumeirah to 30 June 2023. This includes the disposal of approximately 729 thousand sqft in total at a total disposal value of AED1,759,841 thousand through the PLF Arrangement for the same period.

For the six-month periods ended 30 June 2023 and 2022, the Real Estate Development Business of the Group recorded revenue of AED 344,532 thousand and AED 100,636 thousand, and EBITDA of AED 174,353 thousand and AED 40,026 thousand, respectively. For the years ended 31 December 2022, 2021 and 2020, the Real Estate Development Business of the Group recorded revenue of AED 318,676 thousand, AED 649,743 thousand and AED 2,606 thousand, respectively. For the years ended 31 December 2022 and 2021, the Real Estate Development Business of the Group recorded EBITDA of AED 141,675 thousand and AED 329,121 thousand, respectively, while it recorded EBITDA of AED 2,359 thousand for the year ended 31 December 2020, which was lower than the EBITDA levels of 2021 and 2022 as the Group continued to incur costs in relation to the variations on the development project of FIVE Jumeirah Village in 2020 and did not have any ongoing real estate development projects in 2020.

Key Factors Affecting the Results of Operations of the Group

The performance of the Group and its results of operations and financial condition have been and will continue to be affected by a number of factors, including external factors. The management of the Group believes that the key factors affecting the results of operations and financial condition of the Group include the following:

Perpetual-like Financial Arrangement

The Group employs the PLF Arrangement for the hotel rooms and hotel apartments in FIVE Palm Jumeirah, FIVE Jumeirah Village and FIVE Luxe (under development), which has proven to be a successful and stable financing model. Under the PLF Arrangement, the Group undertakes to leaseback the hotel rooms and hotel apartments disposed for a period of 30 to 50 years from the date of the commencement of the relevant hotel operations in accordance with a leaseback agreement entered into with the individual investors. Under the PLF Arrangement, the investors receive either (i) a fixed lease payment for a part of the term of the relevant lease, followed by a variable lease payment for the remaining part of the lease, based on the revenue-sharing model or (ii) a variable lease payment based on the revenue-sharing model for the full term of the relevant lease.

The PLF Arrangement has several benefits for the Group. The Group uses the proceeds from the disposal of the hotel rooms and hotel apartments to offset capital expenditure, while the leaseback option provides the Group with access to and control of the hotel rooms and hotel apartments, limited to 30 years from the date of the commencement of hotel operations for FIVE Palm Jumeirah (including the leases with a term of 1 year, which are expected to be renewed for the majority of the useful life of the unit, i.e. 30 years) and FIVE Jumeirah Village, and 50 years from the date of the commencement of hotel operations for FIVE Luxe (which is currently under development), which are rented out to the guests of the hotels. Furthermore, it allows for a flexible financing model for the Group with no principal repayment required, whereas the disposal proceeds are utilised to meet capital expenditure requirements and to repay the loans obtained for real estate development, which reduces the financial risk.

In 2022, the Group's management reassessed the accounting treatment of the PLF Arrangement, and upon reassessment of the contractual terms, it was concluded that the arrangements fall under the scope of IFRS 9 as these are in substance a form of financing in nature. It was concluded that the arrangements failed to qualify as a sale and should have been accounted for as financing under IFRS 9. Therefore, in the case of a disposition of the hotel rooms and hotel apartments under PLF Arrangement, the transfer to buyers-lessors is not considered as a sale, and the Group continues to recognise the underlying asset, and recognises a financial liability for any amount received from the buyers-lessors.

At initial recognition, hotel rooms and hotel apartments subject to the PLF Arrangements are measured at fair value taking into account the estimated future cash out flows resulting from these arrangements. The expected cash flows are discounted using the effective interest rate method, using a discount rate which is reflective of the risks inherent with such an arrangement. The present value of such discounted cash flow is considered as finance liabilities under the Financial Statements and the interest expenses are recognised using effective interest rate method in the consolidated statement of profit or loss within the finance cost line item. Determination of the discount rate requires substantial judgement and estimation by the Group's management and is also subject to changes in market conditions. The Group estimates the discount rate on the basis of several factors such as tenure of the leaseback agreements, current interbank interest rates and long-term yield expectations. The Group's estimates and judgements with respect to the cash flows are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances applicable to the relevant period. Therefore, changes in market conditions have an impact on the underlying cash flows discount rate and the Group's financial liability. Any future PLF arrangements entered into will be recognised based on the applicable discount rate according to the prevailing market conditions, inflation and interest rates at the relevant time.

See also, "*Business of the Group—Hospitality Business—Business Model—Perpetual-like Financial Arrangement*" and "*Risk Factors—Risks Relating to the Group and its Business—The Group's reported financial results and financial position may be affected by changes in the discount rate estimated by the Group for accounting of its PLF Arrangements*".

Occupancy, Average Daily Rate, Revenue per Available Room

Room revenue generated from the Group's operating hotels is primarily affected by Occupancy and ADR. Both occupancy and ADR are correlated to general economic conditions, the strength of the travel industry and the supply and demand of hotel accommodation in the markets that the Group operates.

Revenue per Available Room (RevPAR)

RevPAR refers to room revenue generated per Available Room Nights whether the hotel room is occupied or not, and calculated as room revenue divided by total number of Available Room Nights for the relevant period. RevPAR is a commonly used performance measure in the hotel industry and the Group's management uses RevPAR to identify trend information with respect to room revenues of comparable properties and to evaluate performance of its operating hotels.

The Group believes that a change in RevPAR is a reliable indicator of a change in room revenue from its operational hotels because RevPAR takes into account both ADR and Occupancy. However, RevPAR changes that are driven predominantly by changes in Occupancy have different implications for overall revenue levels and incremental profitability than do changes that are driven predominantly by changes in ADR. For example, assuming the same room rates and variable operating costs, including housekeeping services, utilities and room amenity costs, increases in occupancy at a hotel would lead to increases in room revenues compared to lower levels of occupancy and such increased occupancy may also result in increased revenue from F&B (non-entertainment) services and EATertainment services, as well as an increase in the variable costs. In contrast, changes in ADR typically have a greater effect on room revenue margins and profitability, because rates increase while variable or fixed operating costs remain relatively stable.

The following table sets forth RevPAR for each of the Group's operational hotels, for the periods indicated.

	For the year ended 31 December			For the six-month period ended	
				30 June	
	2020	2021	2022	2022	2023
			(AED)		
FIVE Palm Jumeirah	675	1,250	1,398	1,556	1,342
FIVE Jumeirah Village.....	547	776	830	892	760
FIVE Zurich	n/a	n/a	1,089	n/a	757

Occupancy

Occupancy is calculated as the total number of Occupied Room Nights divided by the total number of Available Room Nights for the relevant period. Occupancy measures the utilisation of the Group's operational hotels' available room capacity. The Group's management uses Occupancy to gauge demand at a specific hotel in a given period. Occupancy is also affected by the supply of hotel rooms in the area surrounding each of the Group's hotels, and increases in hotel room supply, which can increase competition. Occupancy also helps the Group to determine achievable ADR levels, as demand for its hotel rooms increases or decreases.

The following table sets forth Occupancy for each of the Group's operational hotels, for the periods indicated.

	For the year ended 31 December			For the six-month period ended	
				30 June	
	2020	2021	2022	2022	2023
			(%)		
FIVE Palm Jumeirah	69.8	87.4	91.2	93.4	91.1
FIVE Jumeirah Village.....	83.1	91.8	94.4	95.2	91.5
FIVE Zurich	n/a	n/a	71.0	n/a	58.4

Average Daily Rate (ADR)

ADR is calculated as room revenue divided by total number of Occupied Room Nights for the relevant period. ADR trends indicate how much customers are willing to pay for accommodation in a specific hotel. It also provides insights regarding the nature of the customer base of a hotel. ADR is a commonly used performance measure in the industry. The Group's management uses ADR to assess the pricing levels that it is able to generate demand, as changes in rates have a different effect on overall revenues and incremental profitability than changes in Occupancy, as described above.

The following table sets forth ADR for each of the Group's operational hotels, for the periods indicated.

	For the year ended 31 December			For the six-month period ended	
	2020	2021	2022	30 June	
				2022	2023
			(AED)		
FIVE Palm Jumeirah	967	1,429	1,533	1,667	1,473
FIVE Jumeirah Village.....	658	845	879	936	831
FIVE Zurich	n/a	n/a	1,534	n/a	1,295

See also “*Business—Hospitality Business*”.

See also “—*Results of Operations—Comparison of Results for the Six-Month Periods Ended 30 June 2023 and 2022—Revenue*”, “—*Results of Operations—Comparison of Results for the Years Ended 31 December 2022 and 2021—Revenue*” and “—*Results of Operations—Comparison of Results for the Years Ended 31 December 2021 and 2020—Revenue*”, for the effects of changes in ADR and Occupancy on the Group's room revenue.

F&B Revenue per Available Room, F&B Spend per Cover, Number of Covers for the F&B Venues

F&B Revenue per Available Room (F&BRevPAR)

F&BRevPAR refers to total food and beverages revenue (including F&B (non-entertainment) revenue and EATertainment revenue) generated per available room whether the hotel room is occupied or not, and calculated as food and beverages revenue divided by total number of Available Room Nights for the relevant period. The Group's management uses F&BRevPAR to identify the revenue generation ability of the F&B venues and the additional contribution of its F&B venues to the overall Hospitality Business revenue.

The following table sets forth F&BRevPAR for each of the Group's operational hotels, for the periods indicated.

	For the year ended 31 December			For the six-month period ended	
	2020	2021	2022	30 June	
				2022	2023
			(AED)		
FIVE Palm Jumeirah	1,043	1,753	2,030	2,283	1,977
FIVE Jumeirah Village.....	187	385	517	508	505
FIVE Zurich	n/a	n/a	1,365	n/a	723

F&B Spend per Cover

F&B spend per cover is calculated as total food and beverages revenue (including F&B (non-entertainment) revenue and EATertainment revenue) divided by total number of covers. F&B spend per cover trends indicate how much customers are willing to spend for F&B in a specific hotel. It also provides insights regarding the nature of the customer base of a hotel. The Group's management uses F&B spend per cover to assess the pricing levels that it is able to generate.

The following table sets forth F&B spend per cover for each of the Group's operational hotels, for the periods indicated.

	For the year ended 31 December			For the six-month period ended	
	2020	2021	2022	30 June	
			(AED)	2022	2023
FIVE Palm Jumeirah	257	303	326	326	305
FIVE Jumeirah Village.....	109	144	160	153	173
FIVE Zurich	n/a	n/a	318	n/a	301

See also “*Business—Hospitality Business*”.

See also “—*Results of Operations—Comparison of Results for the Six-Month Periods Ended 30 June 2023 and 2022—Revenue*”, “—*Results of Operations—Comparison of Results for the Years Ended 31 December 2022 and 2021—Revenue*” and “—*Results of Operations—Comparison of Results for the Years Ended 31 December 2021 and 2020—Revenue*”, for the effects of changes in F&B spend per cover on the Group’s food and beverages revenue.

Number of Covers for the F&B Venues

The results of operations of the Group is also affected by the number of covers provided in the Group’s F&B venues, which have a direct effect on the F&BRevPAR, F&B spend per cover and therefore the Group’s F&B (non-entertainment) revenue and EATertainment revenue. The number of covers provided in the Group’s F&B venues also effects the Group’s cost of sales. Covers refers to the number of guests served from the F&B venues.

The following table sets forth the number of covers for each of the Group’s operational hotels, for the periods indicated.

	For the year ended 31 December			For the six-month period ended	
	2020	2021	2022	30 June	
				2022	2023
FIVE Palm Jumeirah	699,089	995,700	1,076,953	600,533	557,913
FIVE Jumeirah Village.....	278,505	434,665	522,092	266,674	232,447
FIVE Zurich	n/a	n/a	69,135	n/a	53,816

See “—*Results of Operations—Comparison of Results for the Six-Month Periods Ended 30 June 2023 and 2022—Cost of Sales*”, “—*Results of Operations—Comparison of Results for the Years Ended 31 December 2022 and 2021— Cost of Sales*” and “—*Results of Operations—Comparison of Results for the Years Ended 31 December 2021 and 2020— Cost of Sales*”, for the effects of increase in F&B (non-entertainment) and EATertainment services on the Group’s cost of sales.

Real Estate Developments

The Group’s growth depends in part on its ability to invest in new real estate development projects and complete its real estate developments in a timely manner. As part of its Real Estate Development Business, the Group had completed 2 hotel real estate development projects in Dubai, FIVE Palm Jumeirah and FIVE Jumeirah Village, and has 1 ongoing development project, FIVE Luxe in Dubai.

The results of operations of the Group’s Real Estate Development Business are affected by the timely completion of the real estate development projects. For the six-month periods ended 30 June 2023 and 2022, the Real Estate Development Business of the Group recorded revenue of AED 344,532 thousand and AED 100,636 thousand, respectively, and cost of property held for development and sale of AED 140,736 thousand and AED 43,730 thousand, respectively. For the years ended 31 December 2022, 2021 and 2020, the Real Estate Development Business of the Group recorded revenue of AED 318,676 thousand, AED 649,743 thousand and

AED 2,606 thousand, respectively, and cost of property held for development and sale of AED 143,146 thousand, AED 284,905 thousand and AED 7,664 thousand, respectively. The Real Estate Development Business revenue is recognised in proportion to the completion of the real estate development projects that are sold. Therefore, the percentage of completion of the relevant real estate project has a significant impact on the Group's results of operations for the relevant period.

For example, the Group's ongoing real estate development project, FIVE Luxe, primarily contributed to the Group's Real Estate Development Business revenue mainly for the year ended 31 December 2021, as the residences in FIVE Luxe were sold for a total of AED 1.4 billion within 3 months following its acquisition and 47 per cent. of the construction of FIVE Luxe was completed at the time of the acquisition, and the Group recognised revenue related to FIVE Luxe residences held for development and sale of AED 623,645 thousand in 2021 and AED 320,014 thousand in 2022 for the sale of FIVE Luxe residences, in proportion to FIVE Luxe residences' percentage completion in the same year. Furthermore, in the first half of 2023, the Group continued to make progress with the construction of the Sensoria Tower (for which all the units are sold and therefore the Group recognised revenue for the sold residential units in proportion to the completion). The construction of FIVE Luxe is scheduled to be completed during the last quarter of 2023 and FIVE Luxe is expected to have a soft opening during early 2024, which is expected to be followed by the opening of Sensoria Tower in 2024. See also, "*—Results of Operations—Comparison of Results for the Six-Month Periods Ended 30 June 2023 and 2022*", "*—Results of Operations—Comparison of Results for the Years Ended 31 December 2022 and 2021*" and "*—Results of Operations—Comparison of Results for the Years Ended 31 December 2021 and 2020*".

Acquisitions and New Hotel Openings

The Group's growth depends in part on its ability to make successful acquisitions and expand its hotel portfolio by opening new hotels. The Group acquired a hotel in Switzerland, FIVE Zurich, which was acquired as a distressed property in 2020 and transferred to the Group in 2021, refurbished in accordance with the Group's standards and started its operations in June 2022. With the acquisition of FIVE Zurich, the Group expanded its operations beyond Dubai. As part of the Group's overall strategy, the Group is actively and selectively considering the acquisition of individual land plots and property portfolios in key holiday destinations and gateway cities in the Middle East, Europe (including Ibiza and Mykonos), the UK and the U.S. (such as Miami) for income generation, see also "*Business—Recent Developments*". As part of its strategy, the Group may also consider divesting some of its existing assets as it deems fit. Achieving the Group's acquisition and growth strategy will depend on a number of conditions, including identifying suitable targets where the Group's brand and business would be aligned with the targeted customer profile, satisfactory completion of due diligence and obtaining corporate, governmental and shareholder approvals, if required. See also "*Risk Factors—Risks Relating to the Group and its Business—A failure to implement and manage its growth strategy may adversely affect the Group*", "*Risk Factors—Risks Relating to the Group and its Business—The Group's investments into new businesses, including those made through acquisitions, may not be successful or commercially viable*" and "*Risk Factors—Risks Relating to the Acquisition*".

Previous acquisitions by the Group have had and are expected to continue to have a significant impact on the Group's results of operations. For example, the acquisition of FIVE Zurich contributed mainly to the Group's general administrative expenses (pre-operating expenses) for the period prior to its opening in June 2022, and, since then, the Group has recognised revenue and incurred operating expenses. The Group's finance costs for the year ended 31 December 2022 were also impacted, as it resulted in an increase in the Group's bank borrowings and interest on bank borrowings due to the additional borrowing incurred for the purposes of financing the acquisition of FIVE Zurich. See also, "*—Results of Operations—Comparison of Results for the Years Ended 31 December 2022 and 2021*".

Access to capital

The Group's ability to make acquisitions and successfully complete its real estate developments is partly dependent on the Group's access to capital. The Group funded the acquisition of the properties in Dubai and Zurich through a mix of equity, debt, sale of residences and cash from hotel operations. The Group's ability to make further acquisitions depends on several factors that it cannot control, such as the performance of the hospitality and real estate sectors in the region that the Group operates and availability of financial resources.

See also “*Risk Factors—Risks Relating to the Group and its Business—The Group’s business is dependent on large capital investments*”.

Tourism and Travel Demand

The Group’s Hospitality Business, as well as the hospitality market in general, are sensitive to demand for tourism, travel and hospitality services. The Group operates in the hospitality sector in Dubai and Zurich, each of which demonstrated a strong recovery in 2021 and 2022 following the lifting of COVID-19 imposed lockdown measures which had led to the challenging operating conditions experienced in the travel and hospitality sector in 2020, as well as increasing demand for destination travelling.

The Group’s primary market is Dubai, with 2 hotels in operation and 1 hotel under development. Dubai has been an increasingly popular destination for international visitors in recent years. Dubai has grown to become a truly global hub boasting the world’s busiest airport and is the first global destination according to Tripadvisor. Dubai has hosted several significant events over the course of the last 2 years which positively impacted the demand in hospitality services in Dubai. For example, Expo 2020 Dubai, a mega event organised between 1 October 2021 and 31 March 2022, recorded approximately 24 million visitors, leading to an increase in the overall demand of hotel rooms in the region, as well as the occupancy and ADR in the Group’s hotels operating in Dubai. Furthermore, the Dubai tourism and travel market witnessed significant growth in 2022 following the easing of travel restrictions related to the COVID-19 pandemic. In 2022, according to the World Travel & Tourism Council’s Cities Economic Impact Report, Dubai recorded the highest global international visitor spend at U.S.\$29.4 billion, ahead of London (second) which recorded U.S.\$16.1 billion and New York (third) with a U.S.\$12.5 billion spend. In line with the increased demand in Dubai, the Occupancy and ADR in both FIVE Palm Jumeirah and FIVE Jumeirah Village increased in 2022, resulting in an increase in the room revenue compared to the previous year.

Economic and Geopolitical Conditions

The Group’s Hospitality Business and Real Estate Development Business, as well as the hospitality and real estate markets in general are sensitive to economic and geopolitical conditions that can have a significant impact on the Group’s results of operations.

Unfavourable economic conditions, such as increased levels of inflation, increased unemployment, interest rate increases, a constrained credit market, low or negative GDP growth and unfavourable exchange rates may reduce potential demand for travel and hospitality services, and may negatively impact the Group’s Hospitality Business revenue. Furthermore, unfavourable economic conditions could have a negative impact on the values of the real estate developed by the Group, which could in turn have a negative impact on the Group’s Real Estate Development Business revenue. These unfavourable economic conditions could also have an impact on the cost and supply chain for foods, beverages and materials used for the Group’s Hospitality Business, and on the cost of land, development and construction costs, and could result in an increase in the Group’s costs of sales and general and administrative expenses.

Furthermore, significant instability in the credit, capital and financial markets and/or the increase in interest rates could also have an impact on the availability of loans and funds for investment in real estate development and in the Group’s future acquisitions, and therefore increase the Group’s borrowing costs.

See also, “*Risk Factors—Risks Relating to the Group and its Business—The Group’s operations within the real estate and the hospitality industries in general are particularly sensitive to changes in economic and geopolitical conditions, which could impact the business and financial condition of the Group*” and “*Risk Factors—Risks Relating to the Group and its Business—Any adverse developments in the real estate sector, particularly in the Dubai real estate market, may have a material adverse effect on the Group’s business and financial results*”.

Seasonality

The Group’s Hospitality Business revenue generally depends upon numerous factors, such as Occupancy and RevPAR, which are affected by seasonality, depending upon the location and category of hotels. For example,

the number of tourist arrivals in Dubai changes significantly depending upon the season, and the majority of hotel stays in the city is concentrated in the cooler months of October to May. However, the impacts of seasonal fluctuations in customer demand on the Group's financial position are partially limited because of its PLF Arrangement, as the monthly payouts to third-party individual investors consist of a percentage of room revenue less deductible expenses. See also "*Business of the Group—Hospitality Business—Business Model—Perpetual-like Financial Arrangement*" and "*Risk Factors—Risks Relating to the Group and its Business—Demand for the Group's hotel rooms and hospitality services is subject to seasonal fluctuations in customer demand and changes in customer preferences and other factors*".

Presentation of Operating Results

Revenue

The line item "revenue" consists of the revenue the Group generated from its operations, which includes 2 main business segments, namely Hospitality Business Revenue and Real Estate Business Revenue. Hospitality Business Revenue includes 4 business sub-segments, see "*—Segmental Analysis*".

The Hospitality Business revenue include the following:

- (i) Room revenue and hotel ancillary service revenue: Revenue from rental of rooms and provision of other ancillary services is recognised over time, net of discounts and municipality fees where applicable, when the rooms are rented, and the services are rendered.
- (ii) Food and beverages revenue: Restaurant revenue from sales of food and beverages and other services is recognised when goods are sold and services are rendered, respectively. Amounts recognised are net of discounts and municipality fees where applicable. Mandatory service charge and surcharge collectible are included in revenue. Revenue is recognised at the point in time at which the performance obligation is satisfied.
- (iii) Rental income: Rental income received by the Group as the lessor from properties under operating leases, which is recognised in profit or loss on a straight-line basis over the lease term.

The Real Estate Development Business revenue include the following:

- (i) Sale of property held for development: Revenue on sale of development properties has been transferred to the customer, in some circumstances this is over time, where the criteria as per IFRS 15 paragraph 35 is met and in other circumstances revenue is recognised at a point in time, when the customer has control of the property and is able to direct the use of the property, this is typically when the customer has taken possession of the property.

However, the Group has determined that, for its typical contracts, its performance does not create an asset with alternative use to the Group and it has concluded that, at all times, it has an enforceable right to payment for performance completed to date. Therefore, control transfers over time for these contracts. For contracts that meet the overtime revenue recognition criteria, the Group's performance is measured using an input method, by reference to the costs incurred to the satisfaction of a performance obligation (e.g., resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) relative to the total expected inputs to the completion of the property.

The Group excludes the effect of any costs incurred that do not contribute to the Group's performance in transferring control of goods or services to the customer (such as unexpected amounts of wasted materials, labour or other resources) and adjusts the input method for any costs incurred that are not proportionate to the Group's progress in satisfying the performance obligation (such as uninstalled materials).

Infrastructure costs allocated to each project are released to the consolidated statement of profit or loss, as cost of properties sold within 'cost of sales', based on the percentage of construction completed for each project and the percentage of infrastructure cost incurred at each period end to the total estimated infrastructure cost.

Cost of Sales

The line item “cost of sales” consists of the costs related to the Group’s operations and includes the following:

- (i) Cost of property held for development and sale: Cost of property held for development and sale comprises cost of land and construction and development costs. Other direct costs include costs that are directly attributable to construction and development and borrowing costs incurred until the date of project completion are also included in the cost of property held for development and sale.
- (ii) Cost of sales other than the cost of property held for development and sale: Other items under the cost of sales line item comprise direct costs attributable to the rooms and other hotel revenues. These costs comprise staff costs, inventory consumption, utility costs, lease charges for holiday homes, and costs relating to music and entertainment.

General and Administrative Expenses

General administrative expenses comprise staff costs, hotel operating expenses (including indirect costs such as IT support, hotel maintenance and other hotel support costs), repairs and maintenance, legal and professional fees, credit card commission expenses, pre-operating expenses, travelling expenses, charity and others.

Selling and Marketing Expenses

Selling and marketing expenses comprise sales incentives and commissions to agents and advertising expenses.

Other Income

Other income comprises waiver income, gain on lease termination and other income.

Finance Costs, net

Finance costs, net comprises finance costs including, interest on bank borrowings, unwinding of interest on finance liabilities, unwinding of interest on lease liabilities and others, less (i) interest capitalised on qualifying assets, (ii) amortisation of deferred gain, and (iii) finance income including interest income.

Segmental Analysis

The Group’s operating segments are divided into the Hospitality Business and the Real Estate Development. The Group’s management evaluates the operating results of its operating segments separately for the purpose of making strategic decisions about allocating resources and assessing its performance. Segment performance is measured based on the adjusted profit or loss calculated in accordance with IFRS.

The chief operating decision maker reviews mainly the segment profit and loss for its strategic decisions and therefore, the assets and liabilities are not disclosed on a segmental basis in the Financial Statements.

The management of the Group further evaluates the results of the Hospitality Business separately under 4 business sub-segments, including rooms, non-entertainment F&B, entertainment F&B (EATertainment) and others, which are the key drivers of the performance of the Group’s Hospitality Business. As these are closely linked to each other for the Group’s activities and not independent cash generating units, these do not qualify as a separate segment for reporting purposes in accordance with IFRS 8 (Operating Segments).

The sub-segments of Hospitality Business revenue include the following:

- (i) Room revenue: Room revenue comprises revenue generated through the rental of hotel rooms and hotel apartments as part of the Group’s Hospitality Business, which is recognised over time, net of discounts and government levies and taxes wherever applicable, when the hotel rooms and hotel apartments are rented and the services are rendered.

- (ii) **F&B (non-entertainment) services:** Revenue from traditional F&B (non-entertainment) services is generated through sales of food and beverages and other services in the Group's hotels (including restaurants, bars, room service and takeaway), excluding EATertainment services.
- (iii) **EATertainment services:** Revenue from EATertainment services is generated through sales of food and beverages and other services during the Group's entertainment activities at the respective F&B venues.
- (iv) **Other:** Other revenue is generated through (a) the provision of MOD services including laundry services, as well as revenue generated from operation and management of holiday homes and (b) rental income received by the Group as the lessor from properties under operating leases and (c) other income.

The table below shows revenues by each business segment and by each business sub-segment of the Hospitality Business for the periods indicated:

	For the year ended 31 December			For six-month period ended 30 June	
	2020 (restated) ¹	2021 (restated) ¹	2022	2022 (restated) ¹	2023
	(AED thousand)				
Hospitality Business Revenue:					
Rooms	205,072	341,173	393,793	205,184	192,924
EATertainment	113,161	161,134	262,773	137,468	123,034
F&B (non-entertainment)	97,584	202,891	194,873	99,152	103,640
Others	39,147	53,932	66,834	32,424	43,664
Total Hospitality Business Revenue	454,964	759,130	918,273	474,228	463,262
Real Estate Development Business Revenue:					
Real estate development	2,606	649,743	318,676	100,636	344,532
Total Segment Revenue	457,570	1,408,873	1,236,949	574,864	807,794
Segment Result:					
Hospitality	191,569	378,044	405,117	233,399	196,570
Real estate development	2,359	329,121	141,675	40,026	174,353
Total Segment Results	193,928	707,165	546,792	273,425	370,923
Less: Unallocated Items:					
Finance cost	67,487	57,545	87,133	37,765	58,624
Finance income	—	—	(5,967)	(5,617)	(12,643)
Finance cost, net	67,487	57,545	81,166	32,148	45,981
Corporate office	27,799	48,162	41,771	30,583	35,625
Depreciation	135,127	138,306	191,187	90,983	103,360
Other Income	(20,530)	(3,314)	—	—	—
Other Expenses	4,651	—	—	—	—
Net (loss)/profit	(20,606)	466,466	232,668	119,711	185,957

Note:

¹ See Note 34 to the 2021 Financial Statements and Note 25 to the Interim Financial Statements for details related to restatement of prior periods

Total segment revenue increased by AED 232,930 thousand, or 40.5 per cent., to AED 807,794 thousand for the six-month period ended 30 June 2023 from AED 574,864 thousand for the same period in 2022. The Hospitality Business revenue decreased by AED 10,966 thousand, or 2.3 per cent., to AED 463,262 thousand for the six-month period ended 30 June 2023 from AED 474,228 thousand for the same period in 2022. The Real Estate Development Business revenue increased by AED 243,896 thousand, or 242.4 per cent., to AED 344,532 thousand for the six-month period ended 30 June 2023 from AED 100,636 thousand for the same period in 2022. See “—Results of Operations—Comparison of Results for the Six-Month Periods Ended 30 June 2023 and 2022—Revenue”.

Total segment revenue decreased by AED 171,924 thousand, or 12.2 per cent., to AED 1,236,949 thousand for the year ended 31 December 2022 from AED 1,408,873 thousand for the year ended 31 December 2021. The

Hospitality Business revenue increased by AED 159,143 thousand, or 21.0 per cent., to AED 918,273 thousand for the year ended 31 December 2022, from AED 759,130 thousand for the year ended 31 December 2021. The Real Estate Development Business revenue decreased by AED 331,067 thousand, or 51.0 per cent., to AED 318,676 thousand for the year ended 31 December 2022, from AED 649,743 thousand for the year ended 31 December 2021. See “—Results of Operations—Comparison of Results for the Years Ended 31 December 2022 and 2021—Revenue”.

Total segment revenue increased by AED 951,303 thousand, or 207.9 per cent., to AED 1,408,873 thousand for the year ended 31 December 2021 from AED 457,570 thousand for the year ended 31 December 2020. The Hospitality Business revenue increased by AED 304,166 thousand, or 66.9 per cent., to AED 759,130 thousand for the year ended 31 December 2021, from AED 454,964 thousand for the year ended 31 December 2020. The Real Estate Development Business revenue increased by AED 647,137 thousand, to AED 649,743 thousand for the year ended 31 December 2021, from AED 2,606 thousand for the year ended 31 December 2020. See “—Results of Operations—Comparison of Results for the Years Ended 31 December 2021 and 2020—Revenue”.

The table below shows EBITDA by each business segment for the six-month period ended 30 June 2023:

	Hospitality	Real estate development	Others	Total
		<i>(AED thousand)</i>		
Total Segment Results	196,570	174,353	—	370,923
Unallocated Items				
Corporate office	—	—	(35,625)	(35,625)
EBITDA	196,570	174,353	(35,625)	335,298
Revenue	463,262	344,532	n/a	807,794
EBITDA Margin	42.4%	50.6%	n/a	41.5%

The table below shows EBITDA by each business segment for the six-month period ended 30 June 2022:

	Hospitality	Real estate development	Others	Total (restated) ¹
		<i>(AED thousand)</i>		
Total Segment Results	233,399	40,026	—	273,425
Add: Preopening expenses.....	16,448	—	—	16,448
Unallocated Items				
Corporate office	—	—	(30,583)	(30,583)
EBITDA	249,847	40,026	(30,583)	259,290
Revenue	474,228	100,636	n/a	574,864
EBITDA Margin	52.7%	39.8%	n/a	45.1%

Note:

¹ See Note 25 to the Interim Financial Statements for details related to restatement of prior periods.

The table below shows EBITDA and EBITDA Margin by each business segment for the year ended 31 December 2022:

	Hospitality	Real estate development	Others	Total
		<i>(AED thousand, except where otherwise specified)</i>		
Total Segment Results	405,117	141,675	—	546,792
Add: Preopening expenses.....	18,906	—	—	18,906
Unallocated Items				
Corporate office	—	—	(41,771)	(41,771)
EBITDA	424,023	141,675	(41,771)	523,927
Revenue	918,273	318,676	n/a	1,236,949
EBITDA Margin	46.2%	44.5%	n/a	42.4%

The table below shows EBITDA and EBITDA Margin by each business segment for the year ended 31 December 2021:

	Hospitality	Real estate development	Others	Total (restated) ¹
	<i>(AED thousand, except where otherwise specified)</i>			
Total Segment Results	378,044	329,121	—	707,165
Add: Preopening expenses.....	4,476	—	—	4,476
Unallocated Items				
Corporate office	—	—	(48,162)	(48,162)
Other income	—	—	3,314	3,314
EBITDA	382,520	329,121	(44,848)	666,793
Revenue	759,130	649,743	n/a	1,408,873
EBITDA Margin	50.4%	50.7%	n/a	47.3%

Note:

¹ See Note 34 to the 2021 Financial Statements for details related to restatement of prior periods.

The table below shows EBITDA and EBITDA Margin by each business segment for the year ended 31 December 2020:

	Hospitality	Real estate development	Others	Total (restated) ¹
	<i>(AED thousand, except where otherwise specified)</i>			
Total Segment Results	191,569	2,359	—	193,928
Add: Preopening expenses.....	4,038	—	—	4,038
Unallocated Items				
Corporate office	—	—	(27,799)	(27,799)
Other income	—	—	20,530	20,530
Other expenses.....	—	—	(4,651)	(4,651)
EBITDA	195,607	2,359	(11,920)	186,046
Revenue	454,964	2,606	n/a	457,570
EBITDA Margin	43.0%	90.5%	n/a	40.7%

Note:

¹ See Note 34 to the 2021 Financial Statements for details related to restatement of prior periods.

The table below shows the reconciliation between total profit or loss for the period indicated for the EBITDA:

	For the year ended 31 December		Six-month period ended	
	2020 (restated) ¹	2021 (restated) ¹	2022	30 June 2023
	<i>(AED thousand)</i>			
(Loss)/Profit for the year/period.....	(20,606)	466,466	232,668	119,711
Depreciation of property and equipment....	110,203	119,504	168,121	83,418
Depreciation of right-of-use assets.....	24,924	18,802	23,066	7,565
Depreciation, total	135,127	138,306	191,187	90,983
Finance costs	67,487	57,545	87,133	37,765
Finance income	—	—	(5,967)	(5,617)
Finance cost, net.....	67,487	57,545	81,166	32,148
Preopening expenses	4,038	4,476	18,906	16,448
EBITDA	186,046	666,793	523,927	259,290
				335,298

Note:

¹ See Note 34 to the 2021 Financial Statements and Note 25 to the Interim Financial Statements for details related to restatement of prior periods

For the six-month period ended 30 June 2023, the Group's Hospitality Business had EBITDA of AED 196,570 thousand, a decrease of AED 53,277 thousand, from AED 249,847 thousand for the six-month period ended 30 June 2022. The EBITDA of the Hospitality Business increased from AED 195,607 thousand for the year ended 31 December 2020 to AED 382,520 thousand for the year ended 31 December 2021, and increased further to AED 424,023 thousand for the year ended 31 December 2022. The EBITDA Margin for the Hospitality Business decreased from 52.7 per cent. for the six-month period ended 30 June 2022 to 42.4 per cent. for the six-month period ended 30 June 2023 and the EBITDA Margin for the Hospitality Business increased from 43.0 per cent. for the year ended 31 December 2020 to 50.4 per cent. for the year ended 31 December 2021, and decreased to 46.2 per cent. for the year ended 31 December 2022.

For the six-month period ended 30 June 2023, the Group's Real Estate Development had EBITDA of AED 174,353 thousand, an increase of AED 134,327 thousand, from AED 40,026 thousand for the six-month period ended 30 June 2022. The EBITDA of the Real Estate Development Business increased from AED 2,359 thousand for the year ended 31 December 2020 to AED 329,121 thousand for the year ended 31 December 2021, and decreased to AED 141,675 thousand for the year ended 31 December 2022. The EBITDA Margin for the Real Estate Development Business increased from 39.8 per cent. for the six-month period ended 30 June 2022 to 50.6 per cent. for the six-month period ended 30 June 2023 and the EBITDA Margin for the Real Estate Development Business decreased from 90.5 per cent. for the year ended 31 December 2020 to 50.7 per cent. for the year ended 31 December 2021, and decreased to 44.5 per cent. for the year ended 31 December 2022.

Results of Operations

The following table sets out the Group's consolidated statement of profit or loss for the periods indicated:

	For the year ended 31 December			Six-month period ended 30 June	
	2020 (restated) ¹	2021 (restated) ¹	2022	2022 (restated) ¹	2023
	<i>(AED thousand)</i>				
Revenue.....	457,570	1,408,873	1,236,949	574,864	807,794
Cost of sales	(183,270)	(537,652)	(494,958)	(205,964)	(324,531)
Depreciation	(134,774)	(138,306)	(191,187)	(90,983)	(103,360)
Gross profit	139,526	732,915	550,804	277,917	379,903
General administrative expenses	(86,070)	(145,937)	(183,989)	(109,022)	(100,812)
Selling and marketing expenses	(24,478)	(68,560)	(77,705)	(30,613)	(49,092)
Net impairment (losses)/ reversal on financial assets	(2,845)	(10,362)	4,877	—	—
Other income	25,399	15,955	19,847	13,577	1,939
Other expenses	(4,651)	—	—	—	—
Operating profit	46,881	524,011	313,834	151,859	231,938
Finance income	—	—	5,967	5,617	12,643
Finance cost.....	(67,487)	(57,545)	(87,133)	(37,765)	(58,624)
Finance cost, net	(67,487)	(57,545)	(81,166)	(32,148)	(45,981)
(Loss) / profit for the year/period	(20,606)	466,466	232,668	119,711	185,957
(Loss) / profit for the year/period attributable to:					
Owner of the parent.....	(21,753)	455,027	225,520	113,897	184,653
Non-controlling interests.....	1,147	11,439	7,148	5,814	1,304
	(20,606)	466,466	232,668	119,711	185,957

Note:

¹ See Note 34 to the 2021 Financial Statements and Note 25 to the Interim Financial Statements for details related to restatement of prior periods

Comparison of Results for the Six-Month Periods Ended 30 June 2023 and 2022

The Group's consolidated statement of profit or loss for the six-month period ended 30 June 2023 compared with the same period in 2022 are discussed below.

Revenue

Revenue increased by AED 232,930 thousand, or 40.5 per cent., to AED 807,794 thousand for the six-month period ended 30 June 2023 from AED 574,864 thousand for the same period in 2022.

	Six-month period ended 30 June	
	2022 (restated)¹	2023
	<i>(AED thousand)</i>	
Sale of property held for development and sale	100,636	344,532
Food and beverages.....	236,620	226,674
Room revenue	205,184	192,924
Other operating departments	30,251	42,173
Rental Income and other income.....	2,173	1,491
Total Revenue	574,864	807,794

Note:

¹ See Note 25 to the Interim Financial Statements for details related to restatement of prior periods

The increase in the revenue was primarily attributable to an increase in the Real Estate Development Business revenue, which increased by AED 243,896 thousand, or 242.4 per cent., to AED 344,532 thousand for the six-month period ended 30 June 2023 from AED 100,636 thousand for the same period in 2022. The Real Estate Development Business revenue is recognised in proportion to the completion of the sold real estate development projects. The increase in the Real Estate Development Business revenue was mainly attributable to the significant progress on the construction of FIVE Luxe residences, which resulted in an increase in the revenue recognition. Furthermore, in the first half of 2023, the Group continued to make progress with the construction of the Sensoria Tower (for which all the units are sold and therefore the Group recognised revenue for the sold residential units in proportion to the completion).

The increase in the Real Estate Development revenue was partially offset by a slight decrease in the Hospitality Business revenue, which decreased by AED 10,966 thousand, or 2.3 per cent., to AED 463,262 thousand for the six-month period ended 30 June 2023 from AED 474,228 thousand for the same period in 2022. Decrease in the Hospitality Business revenue was mainly driven by a decrease in the room revenue and in the revenue generated from food and beverages. Room revenue decreased by AED 12,260 thousand, or 6.0 per cent., to AED 192,924 thousand for the six-month period ended 30 June 2023 from AED 205,184 thousand for the same period in 2022. The decrease in room revenue was mainly attributable to a decrease in the Occupancy and ADR in both FIVE Palm Jumeirah and FIVE Jumeirah Village in parallel with the decrease in the occupancy and ADR in the Dubai hospitality market in general. The Dubai hospitality market witnessed a slight decrease in the ADR and occupancy due to an increase in the supply of hotel rooms, as well as the absence of any significant events following the conclusion of Expo 2020 Dubai, which was a mega event organised between 1 October 2021 and 31 March 2022, and recorded approximately 24 million visitors, leading to an increase in the overall demand of hotel rooms in the region. As a response to the increase in the supply of hotel rooms in Dubai and the absence of such events, the Group strategically adjusted its ADR downwards to keep the Occupancy of both in FIVE Palm Jumeirah and FIVE Jumeirah Village above 90 per cent.

The decrease in the Hospitality Business revenue was also attributable to a decrease in revenue from food and beverages, which decreased by AED 9,946 thousand, or 4.2 per cent., to AED 226,674 thousand for the six-month period ended 30 June 2023 from AED 236,620 thousand for the same period in 2022. This was mainly attributable to a decrease in the revenue generated from EATertainment services, which decreased by AED 14,434 thousand, or 10.5 per cent. to AED 123,034 thousand the six-month period ended 30 June 2023 from AED 137,468 thousand for the six-month period ended 30 June 2022. The decrease in the revenue generated from EATertainment services was mainly due to increased supply in Dubai hotels and due to absence of any significant events as explained above. The decrease in the room revenue and the revenue from food and

beverages was partially offset by the additional Hospitality Business revenue generated through FIVE Zurich, which started its operations in June 2022.

Cost of sales

The cost of sales increased by AED 118,567 thousand, or 57.6 per cent., to AED 324,531 thousand for the six-month period ended 30 June 2023 from AED 205,964 thousand for the same period in 2022. The increase in the cost of sales was primarily attributable to an increase in the cost of property held for development and sale.

Cost of property held for development and sale increased by AED 97,006 thousand, or 221.8 per cent., to AED 140,736 thousand for the six-month period ended 30 June 2023 from AED 43,730 thousand for the same period in 2022. The increase in the cost of property held for development and sale is in line with the increase in the revenue recognised for FIVE Luxe residences and Sensoria Tower.

Staff costs increased by AED 14,654 thousand, or 20.1 per cent., to AED 87,644 thousand for the six-month period ended 30 June 2023 from AED 72,990 thousand for the same period in 2022. The increase in staff costs was primarily attributable to an increase in headcount due to opening of FIVE Zurich in June 2022.

The increase in the cost of sales was partially offset by a decrease in inventory consumption which decreased by AED 4,595 thousand, or 8.9 per cent., to AED 46,782 thousand for the six-month period ended 30 June 2023 from AED 51,377 thousand for the same period in 2022. This was mainly due to a decrease in food and beverages revenue and the suspension of the 30 per cent. levy on liquor announced by the Dubai government with effect from 1 January 2023.

Depreciation

Depreciation increased by AED 12,377 thousand, or 13.6 per cent., to AED 103,360 thousand for the six-month period ended 30 June 2023 from AED 90,983 thousand for the same period in 2022. The increase was primarily attributable to an increase in the depreciation of FIVE Zurich in the six-month period ended 30 June 2023, as it became operational in June 2022.

Gross profit

Reflecting the factors above, gross profit increased by AED 101,986 thousand, or 36.7 per cent., to AED 379,903 thousand for the six-month period ended 30 June 2023 from AED 277,917 thousand for the same period in 2022.

General administrative expenses

General administrative expenses decreased by AED 8,210 thousand, or 7.5 per cent., to AED 100,812 thousand for the six-month period ended 30 June 2023 from AED 109,022 thousand for the same period in 2022. This was primarily due to a decrease in pre-operating expenses, which decreased to nil for the six-month period ended 30 June 2023 from AED 16,448 thousand for the same period in 2022, as FIVE Zurich started its operations in June 2022. This was partially offset by an increase in hotel operating expenses, which increased by AED 3,639 thousand, or 11.7 per cent., to AED 34,713 thousand for the six-month period ended 30 June 2023 from AED 31,074 thousand for the same period in 2022, as FIVE Zurich started its operations in June 2022.

Selling and marketing expenses

Selling and marketing expenses increased by AED 18,479 thousand, or 60.4 per cent., to AED 49,092 thousand for the six-month period ended 30 June 2023 from AED 30,613 thousand for the same period in 2022.

The increase in selling and marketing expenses was primarily attributable to an increase in sales incentives and commission to agents, which increased by AED 15,944 thousand, or 74.6 per cent., to AED 37,323 thousand for the six-month period ended 30 June 2023 from AED 21,379 thousand for the same period in 2022. The increase in sales incentive and commission to agents was primarily due to an increase in the sales commission paid to various sales agents for sale of the residential units in Sensoria Tower and sales commission recognised

for FIVE Luxe residences in proportion to the Real Estate Development Business revenue recognised in the same period.

The increase in selling and marketing expenses was also attributable to an increase in advertising expenses, which increased by AED 2,535 thousand, or 27.5 per cent., to AED 11,769 thousand for the six-month period ended 30 June 2023 from AED 9,234 thousand for the same period in 2022. This increase was primarily due to an increase in the expenses incurred on the marketing campaigns for Sensoria Tower and on the promotion and marketing campaigns for FIVE Zurich.

Other income

Other income decreased by AED 11,638 thousand, or 85.7 per cent., to AED 1,939 thousand for the six-month period ended 30 June 2023 from AED 13,577 thousand for the same period in 2022. The decrease was primarily due to gain on the reversal of the future lease liability over right-of-use assets amounting to AED 12,573 thousand on account of early termination of a long-term lease agreement. This was executed for accommodation of its employees, as part of the Group's efforts to rationalise its operational costs and the consolidation of employees' accommodation for administrative purposes, while there was no such income during the six-month period ended 30 June 2023.

Finance costs, net

The net finance costs increased by AED 13,833 thousand, or 43.0 per cent., to AED 45,981 thousand for the six-month period ended 30 June 2023 from AED 32,148 thousand for the same period in 2022.

The increase in net finance cost was primarily attributable to an increase in interest on bank borrowings, which increased by AED 18,428 thousand (net of interest capitalised) to AED 39,463 thousand (net of interest capitalised on qualifying assets of AED 20,114 thousand) for the six-month period ended 30 June 2023 from AED 21,035 thousand (net of interest capitalised on qualifying assets of AED 12,166 thousand) for the same period in 2022. This was partially offset with an increase in the interest income by AED 7,026 thousand, or 125.1 per cent., to AED 12,643 thousand for the six-month period ended 30 June 2023 from AED 5,617 thousand for the same period in 2022. This was due to an increase in cash collected from customers who purchased residential units in Sensoria Tower and hotel rooms in FIVE Luxe, which resulted in an increase in total amount of savings accruing interest in the Group's bank accounts and an increase in the 3-month EIBOR rate, as explained below.

The net increase in interest on bank borrowings was primarily due to an increase in the 3-month EIBOR rate from 1.16 per cent. during the six-month period ended 30 June 2022 to 4.98 per cent. during the same period in 2023. As the Group's interest rates are linked to the EIBOR rates, the increase in EIBOR rates also resulted in increase in the overall interest on the Group's borrowings. Furthermore, interest on bank borrowings increased also because the Group started charging the interest on the loan obtained to finance the acquisition of FIVE Zurich in profit or loss starting from 1 July 2022, after commencement of the operations of FIVE Zurich and Such interest cost was capitalised during the six-month period ended 30 June 2022.

Comparison of Results for the Years Ended 31 December 2022 and 2021

The Group's consolidated statement of profit or loss for the year ended 31 December 2022 compared with the year ended 31 December 2021 are discussed below.

Revenue

Revenue decreased by AED 171,924 thousand, or 12.2 per cent., to AED 1,236,949 thousand for the year ended 31 December 2022 from AED 1,408,873 thousand for the year ended 31 December 2021.

	For the year ended 31 December	
	2021 (restated)¹	2022
	<i>(AED thousand)</i>	
Sale of property held for development	649,743	318,676
Food and beverages	364,025	457,646

Room revenue.....	341,173	393,793
Other operating departments	46,067	53,881
Rental and other income.....	7,865	12,953
Total Revenue	1,408,873	1,236,949

Note:

¹ See Note 34 to the 2021 Financial Statements for details related to restatement of prior periods

The decrease in the Group's revenue for the year ended 31 December 2022 compared to the year ended 31 December 2021 was primarily attributable to a decrease in the Real Estate Development Business revenue. The Real Estate Development Business (sale of property held for development and sale) decreased by AED 331,067 thousand, or 51.0 per cent., to AED 318,676 thousand for the year ended 31 December 2022, from AED 649,743 thousand for the year ended 31 December 2021. The Real Estate Development Business revenue is recognised in proportion to the completion of the real estate development projects that are sold. The decrease in the Real Estate Development revenue in 2022 was mainly attributable to the fact that the percentage completion on the construction of FIVE Luxe residences in 2021 was higher compared to 2022. FIVE Luxe was acquired in 2021 as a partially completed property. The residences in FIVE Luxe were sold for a total of AED 1.4 billion within 3 months following its acquisition and 47 per cent. of the construction of FIVE Luxe residences was completed at the time of the acquisition, and the Group recognised revenue related to FIVE Luxe residences held for development and sale of AED 623,645 thousand in 2021 and AED 320,014 thousand in 2022 for the sale of FIVE Luxe residences in proportion to FIVE Luxe residences' percentage completion in the same year.

The decrease in the Group's revenue was partially offset by an increase in the Hospitality Business revenue, which increased by AED 159,143 thousand, or 21.0 per cent., to AED 918,273 thousand for the year ended 31 December 2022 from AED 759,130 thousand for the year ended 31 December 2021. The increase in the Hospitality Business revenue was mainly driven by an increase in the room revenue and revenue generated from food and beverages. The room revenue increased by AED 52,620 thousand, or 15.4 per cent., to AED 393,793 thousand for the year ended 31 December 2022 from AED 341,173 thousand for the year ended 31 December 2021. The Dubai tourism and travel market witnessed significant growth in 2022 following the easing of travel restrictions related to the COVID-19 pandemic. In line with the increased demand in Dubai, the Occupancy and ADR in both FIVE Palm Jumeirah and FIVE Jumeirah Village increased in 2022, resulting in an increase in the room revenue. Furthermore, FIVE Zurich's West Wing with 87 Keys became operational on 30 June 2022, which contributed to increase in the room revenue for the year ended 31 December 2022 during the 6 month-period that FIVE Zurich was operational.

The increase in the Hospitality Business revenue was also attributable to an increase in the revenue generated from food and beverages. Revenue from food and beverages increased by AED 93,621 thousand, or 25.7 per cent. to AED 457,646 thousand for the year ended 31 December 2022 from AED 364,025 thousand for the year ended 31 December 2021. This was mainly attributable to an increase in the revenue generated from EATertainment services, which increased by AED 101,639 thousand, or 63.1 per cent. to AED 262,773 thousand for the year ended 31 December 2022 from AED 161,134 thousand for the year ended 31 December 2021. The increase in the revenue generated from EATertainment services was mainly attributable to an increase in the number of covers and in the F&B spend per cover in FIVE Palm Jumeirah and FIVE Jumeirah Village, which increased mainly due to the increased demand as explained above. The Group also opened its first hotel in Zurich, FIVE Zurich, in June 2022, which contributed to the revenue generated from food and beverages for the year ended 31 December 2022 during the 6 month-period that FIVE Zurich was operational.

Cost of sales

Cost of sales decreased by AED 42,694 thousand, or 7.9 per cent., to AED 494,958 thousand for the year ended 31 December 2022 from AED 537,652 thousand for the year ended 31 December 2021. The decrease in cost of sales was primarily attributable to a decrease in the cost of property held for development and sale.

Cost of property held for development and sale decreased by AED 141,759 thousand, or 49.8 per cent., to AED 143,146 thousand for the year ended 31 December 2022, from AED 284,905 thousand for the year ended 31

December 2021. The decrease in the cost of property held for development and sale was in line with the decrease in the percentage of completion of FIVE Luxe residences in 2022.

The decrease in cost of sales was partially offset by an increase in staff costs. Staff costs increased by AED 47,004 thousand, or 40.2 per cent., to AED 163,887 thousand for the year ended 31 December 2022, from AED 116,883 thousand for the year ended 31 December 2021. This was primarily driven by an increase in headcount due to opening of FIVE Zurich in June 2022.

The decrease in cost of sales was also partially offset by an increase in inventory consumption, which increased by AED 20,787 thousand, or 26.2 per cent., to AED 99,981 thousand for the year ended 31 December 2022, from AED 79,194 thousand for the year ended 31 December 2021. The increase in the inventory consumption was mainly attributable to an increase in the EATertainment services which is in line with the increase in revenue generated from EATertainment services in 2022 as described above.

Depreciation

Depreciation increased by AED 52,881 thousand, or 38.2 per cent., to AED 191,187 thousand for the year ended 31 December 2022, from AED 138,306 thousand for the year ended 31 December 2021. The increase was primarily attributable to an additional depreciation charge amounting to AED 34,745 thousand recorded in 2022 in comparison to 2021 on revaluation gain of the Group's hotels in the UAE. Furthermore, the depreciation charge of AED 11,285 thousand was accounted for FIVE Zurich, which was capitalised in the second half of 2022.

Gross profit

Reflecting the factors above, gross profit decreased by AED 182,111 thousand, or 24.8 per cent., to AED 550,804 thousand for the year ended 31 December 2022 from AED 732,915 thousand for the year ended 31 December 2021.

General administrative expenses

General administrative expenses increased by AED 38,052 thousand, or 26.1 per cent., to AED 183,989 thousand for the year ended 31 December 2022 from AED 145,937 thousand for the year ended 31 December 2021.

This increase was mainly due to an increase in pre-operating expenses, which increased by AED 14,430 thousand, or 322.4 per cent., to AED 18,906 thousand for the year ended 31 December 2022, from AED 4,476 thousand for the year ended 31 December 2021. The increase in pre-operating expenses was mainly attributable to an increase in the pre-operating expenses incurred for FIVE Zurich, prior to its opening in June 2022.

The increase in general administrative expenses was also attributable to an increase in hotel operating expenses, which increased by AED 8,142 thousand, or 17.3 per cent., to AED 55,275 thousand for the year ended 31 December 2022, from AED 47,133 thousand for the year ended 31 December 2021. Such increase in hotel operating expenses was mainly attributable to an increase in the Group's hospitality services and in line with the increase in the Hospitality Business revenue in 2022 as described above. The opening of FIVE Zurich in June 2022 also contributed to the increase in hotel operating expenses in 2022.

The increase in repair and maintenance expenses had also contributed to the increase in general administrative expenses. Repair and maintenance expenses increased by AED 11,746 thousand, or 45.6 per cent., to AED 37,525 thousand for the year ended 31 December 2022 from AED 25,779 thousand for the year ended 31 December 2021. This was mainly attributable to an increase in repair and maintenance expenses incurred due to upgrading a few of the F&B venues and modifications and other repair works undertaken in the Group's hotels in order to enhance the guest experience.

Selling and marketing expenses

Selling and marketing expenses increased by AED 9,145 thousand, or 13.3 per cent., to AED 77,705 thousand for the year ended 31 December 2022, from AED 68,560 thousand for the year ended 31 December 2021.

The increase in selling and marketing expenses was primarily attributable to an increase in advertising expenses, which increased by AED 11,411 thousand, or 90.8 per cent., to AED 23,975 thousand for the year ended 31 December 2022, from AED 12,564 thousand for the year ended 31 December 2021. The increase in advertising expenses was primarily driven by the Group's efforts to reduce the dependency on intermediaries' sales channel for better engagement with the guests and advertising expenses incurred for FIVE Zurich

The increase in selling and marketing expenses was partially offset by a decrease in sales incentives and commission to agents, which decreased by AED 2,266 thousand, or 4.0 per cent., to AED 53,730 thousand for the year ended 31 December 2022, from AED 55,996 thousand for the year ended 31 December 2021. This decrease was primarily due to a reduction in sales incentive and commission to agents for FIVE Luxe residences, which was in line with the decrease in the percentage of completion of FIVE Luxe residences in 2022.

Net impairment (losses) / reversal on financial assets

Net impairment losses on financial assets decreased by AED 15,239 thousand, or 147.1 per cent., from AED 10,362 thousand net impairment losses for the year ended 31 December 2021 to AED 4,877 thousand net impairment reversal for the year ended 31 December 2022. This change was primarily due to reversal of the provisions set aside in the previous year for certain doubtful receivables.

Other income

Other income increased by AED 3,892 thousand, or 24.4 per cent., to AED 19,847 thousand for the year ended 31 December 2022 from AED 15,955 thousand for the year ended 31 December 2021. This increase was mainly due to reversal of the future lease liability over right-of-use assets on account of early termination of a long term lease agreement, which was executed for accommodation of its employees, as part of the Group's efforts to rationalise its operational costs and consolidation of the employees' accommodation for administrative convenience.

Finance costs, net

The finance costs, net increased by AED 23,621 thousand, or 41.0 per cent., to AED 81,166 thousand for the year ended 31 December 2022, from AED 57,545 thousand for the year ended 31 December 2021.

The increase in net finance cost, was primarily attributable to an increase in interest on bank borrowings, which increased by AED 28,330 thousand, or 114.2 per cent. to AED 53,127 thousand (net of interest capitalised on qualifying assets of AED 28,144 thousand in 2022) for the year ended 31 December 2022, from AED 24,797 thousand (net of interest capitalised of AED 8,209 thousand) for the year ended 31 December 2021. The net increase in bank borrowings was primarily due to an additional borrowing incurred for the purposes of financing the acquisition, development and construction of FIVE Luxe in the amount of AED 762,976 thousand, in August 2021. The Group incurred interest on such loan as of August 2021, for the remaining 5 months of the year 2021, whereas it incurred interest for the entire year in 2022, which resulted in an overall increase in the interest on bank borrowings in 2022.

Comparison of Results for the Years Ended 31 December 2021 and 2020

The Group's consolidated statement of profit or loss for the year ended 31 December 2021 compared with the year ended 31 December 2020 is discussed below.

Revenue

The revenue increased by AED 951,303 thousand, or 207.9 per cent., to AED 1,408,873 thousand for the year ended 31 December 2021, from AED 457,570 thousand for the year ended 31 December 2020.

	For the year ended 31 December	
	2020 (restated)¹	2021 (restated)¹
	<i>(AED thousand)</i>	
Sale of property held for development	2,606	649,743

	For the year ended 31 December	
	2020 (restated)¹	2021 (restated)¹
Food and beverages	210,745	364,025
Room revenue	205,072	341,173
Revenue from hotel ancillary services.....	34,237	46,067
Rental income and other income	4,910	7,865
Total Revenue	457,570	1,408,873

Note:

¹ See Note 34 to the 2021 Financial Statements for details related to restatement of prior periods.

The increase in the revenue was primarily attributable to an increase in the Hospitality Business revenue and also in the Real Estate Development Business revenue.

The Hospitality Business revenue increased by AED 304,166 thousand, or 66.9 per cent., to AED 759,130 thousand for the year ended 31 December 2021, from AED 454,964 thousand for the year ended 31 December 2020. The increase in the Hospitality Business revenue was mainly driven by the increase in the room revenue and revenue generated from food and beverages.

Room revenue increased by AED 136,101 thousand, or 66.4 per cent., to AED 341,173 thousand for the year ended 31 December 2021 from AED 205,072 thousand for the year ended 31 December 2020. The increase in the room revenue was mainly attributable to an increase in the Occupancy and ADR in both FIVE Palm Jumeirah and FIVE Jumeirah Village. The Dubai tourism and travel market witnessed an important recovery in demand for travel and tourism, in the year 2021 following the easing of travel restrictions related to the COVID-19 pandemic. In line with the increased demand in Dubai, the Occupancy and ADR in both FIVE Palm Jumeirah and FIVE Jumeirah Village increased in 2021, resulting in an increase in the room revenue.

Revenue from food and beverages increased by AED 153,280 thousand, or 72.7 per cent., to AED 364,025 thousand for the year ended 31 December 2021, from AED 210,745 thousand for the year ended 31 December 2020. This was attributable to an increase in both the revenue generated from F&B (non-entertainment) services and EATertainment services. Revenue generated from F&B (non-entertainment) services increased by AED 105,307 thousand, or 107.9 per cent., to AED 202,891 thousand for the year ended 31 December 2021, from AED 97,584 thousand for the year ended 31 December 2020. Revenue generated from EATertainment services increased by AED 47,973 thousand, or 42.4 per cent., to AED 161,134 thousand for the year ended 31 December 2021, from AED 113,161 thousand for the year ended 31 December 2020. The increase in the revenue generated from F&B (non-entertainment) and EATertainment services was mainly attributable to an increase in the number of covers and in the F&B spend per cover in FIVE Palm Jumeirah and FIVE Jumeirah Village, which increased mainly due to the increased demand as explained above.

The increase in the Real Estate Development Business revenue was attributable to an increase in the sale of property held for development and sale, which increased by AED 647,137 thousand, to AED 649,743 thousand for the year ended 31 December 2021, from AED 2,606 thousand for the year ended 31 December 2020. The increase in the Real Estate Development Business revenue was mainly attributable to the high percentage completion on the construction of FIVE Luxe residences, which was acquired in 2021 as a partially completed property. The residences in FIVE Luxe were sold for a total of AED 1.4 billion within 3 months following its acquisition and 47 per cent. of the construction of FIVE Luxe residences was completed at the time of the acquisition, and the Group recognised revenue related to FIVE Luxe residences held for development and sale of AED 623,645 thousand in 2021 and AED 320,014 thousand in 2022 for the sale of FIVE Luxe residences, in proportion to FIVE Luxe residences' percentage completion in the same year.

Cost of sales

Cost of sales increased by AED 354,382 thousand, or 193.4 per cent., to AED 537,652 thousand for the year ended 31 December 2021 from AED 183,270 thousand for the year ended 31 December 2020. The increase in cost of sales was primarily attributable to an increase in the cost of property held for development and sale.

Cost of property held for development and sale increased by AED 277,241 thousand, to AED 284,905 thousand for the year ended 31 December 2021, from AED 7,664 thousand for the year ended 31 December 2020. The increase in the cost of property held for development and sale was in line with the increase in the percentage of completion of FIVE Luxe residences in 2021.

The increase in cost of sales was also attributable to an increase in staff costs, which increased by AED 33,940 thousand, or 40.9 per cent., to AED 116,883 thousand for the year ended 31 December 2021, from AED 82,943 thousand for the year ended 31 December 2020. This was primarily driven by an increase in headcount and the amount of incentives paid to FIVE Palm Jumeirah and FIVE Jumeirah Village employees.

The increase in cost of sales was also attributable to an increase in inventory consumption, which increased by AED 31,384 thousand, or 65.6 per cent., to AED 79,194 thousand for the year ended 31 December 2021, from AED 47,810 thousand for the year ended 31 December 2020. The increase in the inventory consumption was mainly attributable to an increase in revenue generated from EA Entertainment services and increase in the revenue generated from F&B (non-entertainment) services in 2021 as described above.

Depreciation

Depreciation slightly increased by AED 3,532 thousand, or 2.6 per cent., to AED 138,306 thousand for the year ended 31 December 2021, from AED 134,774 thousand for the year ended 31 December 2020. This was primarily due to additional depreciation of revaluation gain on the buildings of the Group's hotels in Dubai. This was partially offset by the reduction in depreciation on equipment which was majorly depreciated in the previous year.

Gross profit

Reflecting the factors above, gross profit increased by AED 593,389 thousand, or 425.3 per cent., to AED 732,915 thousand for the year ended 31 December 2021 from AED 139,526 thousand for the year ended 31 December 2020.

General administrative expenses

General administrative expenses increased by AED 59,867 thousand, or 69.6 per cent., to AED 145,937 thousand for the year ended 31 December 2021 from AED 86,070 thousand for the year ended 31 December 2020. This increase was mainly due to an increase in staff costs, repair and maintenance expenses and hotel operating expenses.

Staff costs increased by AED 21,531 thousand, or 128.0 per cent., to AED 38,356 thousand for the year ended 31 December 2021, from AED 16,825 thousand for the year ended 31 December 2020. This increase was primarily driven by an increase in salaries and other short term employee benefits paid to management of the Group in line with the increase in the revenue.

Hotel operating expenses also increased by AED 15,575 thousand, or 49.4 per cent., to AED 47,133 thousand for the year ended 31 December 2021, from AED 31,558 thousand for the year ended 31 December 2020. The increase in hotel operating expenses was mainly attributable to an increase in the Group's hospitality services which is in line with the increase in the Hospitality Business revenue in 2021 as described above.

Repair and maintenance expenses also increased by AED 14,329 thousand, or 125.1 per cent., to AED 25,779 thousand for the year ended 31 December 2021, from AED 11,450 thousand for the year ended 31 December 2020. This was mainly attributable to an increase in repair and maintenance expenses incurred due to upgrading a few of the F&B venues and modifications and other repair works undertaken in the Group's hotels in order to enhance the guest experience.

Selling and marketing expenses

Selling and marketing expenses increased by AED 44,082 thousand, or 180.1 per cent., to AED 68,560 thousand for the year ended 31 December 2021, from AED 24,478 thousand for the year ended 31 December 2020.

The increase in selling and marketing expenses was primarily attributable to an increase in sales incentives and commission to agents, which increased by AED 38,722 thousand, or 224.2 per cent., to AED 55,996 thousand for the year ended 31 December 2021, from AED 17,274 thousand for the year ended 31 December 2020. The increase in sales incentives and commission to agents was primarily due to an increase in the sales commission paid to various sales agents for sale of residential units in FIVE Luxe residences.

The increase in selling and marketing expenses was also attributable to an increase in advertising expenses, which increased by AED 5,360 thousand, or 74.4 per cent., to AED 12,564 thousand for the year ended 31 December 2021, from AED 7,204 thousand for the year ended 31 December 2020. The increase in advertising expenses was primarily driven by the increased level of online marketing and promotion campaigns organised to support the Group's Hospitality Business.

Net impairment losses on financial assets

Net impairment losses on financial assets increased by AED 7,517 thousand, or 264.2 per cent. to AED 10,362 thousand net impairment losses for the year ended 31 December 2021, from AED 2,845 thousand net impairment losses for the year ended 31 December 2020. This increase was attributable to the provisions set aside for certain doubtful receivables.

Other income

Other income decreased by AED 9,444 thousand, or 37.2 per cent., to AED 15,955 thousand for the year ended 31 December 2021, from AED 25,399 thousand for the year ended 31 December 2020. This decrease was mainly attributable to a decrease in waiver income of AED 20,129 thousand, or 79.3 per cent., to AED 5,270 thousand for the year ended 31 December 2021, from AED 25,399 thousand for the year ended 31 December 2020.

Other expenses

There were no other expenses for the year ended 31 December 2021, while the Group had AED 4,651 thousand expense for the year ended 31 December 2020. Other expenses in 2020 was mainly attributable to the government levies paid by the Group for some of the residential units in FIVE Jumeirah Village forfeited by the Group in 2019.

Finance Costs

Finance costs decreased by AED 9,942 thousand, or 14.7 per cent., to AED 57,545 thousand for the year ended 31 December 2021, from AED 67,487 thousand for the year ended 31 December 2020. This decrease was primarily attributable to an increase in the amortisation of deferred gain that is amortised in proportion to the payments made to the landlords under the PLF Arrangement. As the payments to the landlords are primarily linked to the room revenue, the increase in the room revenue in 2021 resulted in an increase in the payments made to landlords.

Liquidity and Capital Resources

The Group's cash needs have historically come from costs associated with its Real Estate Development business, strategic acquisitions and ongoing capital expenditures as well as funding for its operational and maintenance expenses. The Group's principal sources of liquidity are revenue from operations, operating cash flow, equity capital provided by the Group's shareholders and short term and long term financing provided by banks, see also "*—Financing Arrangements.*" The Group's ongoing asset monetisation strategy through sale and leasebacks provide additional liquidity.

Finance Policy of the Group

As a matter of prudent fiscal management and in order to manage the Group's financial position, the Group has in place a finance policy (the "**Finance Policy**") which outlines the framework for, and key objectives as they relate to, cash management and incurrence of debt obligations by the Group. The Finance Policy, amongst other things, prescribes the cash reserves that the Group is required to hold with respect to certain indebtedness that the Group may incur, and also provides guidance on the overall amount of indebtedness that the Group may

incur as a proportion of its EBITDA. Pursuant to the current Finance Policy of the Group, the Group will maintain a cash balance in an aggregate amount of US\$200 million in a restricted account for so long as any indebtedness is outstanding under the Revolving Credit Facility and/or the Notes. The cash balance of \$200 million will be accumulated in increments starting from the third anniversary of the Issue Date.

Financing Arrangements

The following table sets forth the Group's total current and non-current interest-bearing loans and borrowings as at each of the dates indicated.

	As at 31 December			As at 30 June
	2020 (restated) ¹	2021 (restated) ¹	2022	2023
	<i>(AED thousand)</i>			
Term loans	292,794	1,228,436	1,165,876	1,034,873
Bank overdrafts	19,989	42,976	41,070	24,325
Less: unamortised borrowing costs.....	(1,882)	(32,650)	(36,456)	(23,611)
	310,901	1,238,762	1,170,490	1,035,587
Analysed as follows:				
Current portion	194,079	72,710	106,834	271,240
Non-current portion	116,822	1,166,052	1,063,656	764,347
	310,901	1,238,762	1,170,490	1,035,587

Note:

¹ See Note 34 to the 2021 Financial Statements and Note 25 to the Interim Financial Statements for details related to restatement of prior periods.

See Note 16 to the 2022 Financial Statements and 2021 Financial Statements for details of the bank borrowings as at 31 December 2022 and 2021. Upon completion of the Offering, the facilities utilised under the Swiss Facilities Agreement (as defined under “Description of Certain Financing Arrangements, the Intercreditor Agreement and the Common Security” section) would remain outstanding.

Cash Flows

The following table sets out summary cash flow information for the years ended 31 December 2020, 2021 and 2022 and the six-month periods ended 30 June 2022 and 2023:

	For the year ended 31 December			For the six-month period ended 30 June	
	2020 (restated) ¹	2021 (restated) ¹	2022	2022 (restated) ¹	2023
	<i>(AED thousand)</i>				
Net cash generated from operating activities	80,127	447,359	685,638	210,868	335,783
Net cash used in investing activities..	(17,970)	(782,871)	(318,434)	(135,801)	(351,311)
Net cash generated from/(used in) financing activities	(106,021)	796,536	(159,389)	(36,400)	67,412
Net cash increase/(decrease) in cash and cash equivalents	(43,864)	460,024	207,815	38,667	51,884
Cash and cash equivalents, beginning of the year/period	72,225	28,361	488,385	488,385	696,200
Cash and cash equivalents, the end of the year/period	28,361	488,385	696,200	527,052	748,084

Note:

¹ See Note 34 to the 2021 Financial Statements and Note 25 to the Interim Financial Statements for details related to restatement of prior periods.

Net cash generated from operating activities

Net cash generated from operational activities increased by AED 124,915 thousand, or 59.24 per cent., from AED 210,868 thousand for the six-month period ended 30 June 2022 to AED 335,783 thousand for the six-month period ended 30 June 2023. This was primarily attributable to an increase in operating profit by AED 80,079 thousand, or 52.7 per cent., to AED 231,938 thousand during the six-month period ended 30 June 2023 from AED 151,859 thousand for the same period in 2022 and a decrease in net working capital by AED 32,939 thousand during the six-month period ended 30 June 2023 as compared to the same period in 2022.

Net cash generated from operational activities increased by AED 238,279 thousand, or 53.3 per cent., from AED 447,359 thousand for the year ended 31 December 2021 to AED 685,638 thousand for the year ended 31 December 2022. This was primarily attributable to an increase in trade and other payables, which increased by AED 243,680 thousand primarily due to advances collected from customers who purchased residential units in Sensoria Tower. Trade and other receivables also improved by AED 388,020 thousand from AED 412,375 thousand in 2021 to AED 24,355 thousand in 2022 primarily due to improvements in the collection of receivables arising from the Group's operations in FIVE Luxe residences.

Net cash generated from operating activities increased by AED 367,232 thousand, from AED 80,127 thousand for the year ended 31 December 2020 to AED 447,359 thousand for the year ended 31 December 2021. This increase was primarily due to an increase in operating profit of AED 477,130 thousand contributed by both the Hospitality Business and Real Estate Development Business. This was partially offset by a decrease in receivables (including related party balances, net) of AED 157,683 thousand.

Net cash used in investing activities

Net cash used in investing activities increased by AED 215,510 thousand, or 158.7 per cent., from AED 135,801 thousand for the six-month period ended 30 June 2022 to AED 351,311 thousand for the six-month period ended 30 June 2023. This change was primarily due to an increase in the purchase of property and equipment, which increased by AED 103,416 thousand, or 73.2 per cent., from AED 141,368 thousand in the six-month period ended 30 June 2022 to AED 244,784 thousand in the six-month period ended 30 June 2023. Such increase was primarily attributable to an increase in development cost of FIVE Luxe and capital expenditures incurred in relation to the East Wing in FIVE Zurich. Change in net cash used in investing activities was also due to the payment of guarantee deposits for the Acquisition in the amount of AED 118,500 thousand during the six-month period ended 30 June 2023, which was paid as a guarantee for the Group's obligation pursuant to the Acquisition Agreement in relation to the Target Perimeter.

Net cash used in investing activities decreased by AED 464,437 thousand, or 59.3 per cent., from AED 782,871 thousand for the year ended 31 December 2021 to AED 318,434 thousand for the year ended 31 December 2022. This change was primarily due to a decrease in the purchase of property and equipment, which decreased by AED 490,658 thousand, or 60.2 per cent., from AED 814,958 thousand in 2021 to AED 324,300 thousand in 2022. Such decrease was attributable to the Group's higher investment spending on the acquisition of FIVE Luxe (AED 415,609 thousand) and FIVE Zurich (AED 372,575 thousand) resulting in higher cash outflows in 2021 compared to 2022.

Net cash used in investing activities increased by AED 764,901 thousand, from AED 17,970 thousand for the year ended 31 December 2020 to AED 782,871 thousand for the year ended 31 December 2021. This change was primarily due to an increase in the purchase of property and equipment, which increased by AED 786,906 thousand, from AED 28,052 thousand in 2020 to AED 814,958 thousand in 2021. Such increase was attributable to the Group's higher investment spending on the acquisition of FIVE Luxe (AED 415,609 thousand) and FIVE Zurich (AED 372,542 thousand) resulting in higher cash outflows in 2021 compared to 2020.

Net cash generated from/(used in) financing activities

The Group recorded net cash generated in financing activities in the six-month period ended 30 June 2023 in the amount of AED 67,412 thousand while it recorded net cash used in financing activities in the amount of AED 36,400 thousand in the six-month period ended 30 June 2022, which resulted in a change of AED 103,812 thousand. This change was primarily due to the advance received under financing arrangements in the amount

of AED 186,810 thousand during the six-month period ended 30 June 2023, which was the advance payment received for the sale of FIVE Luxe hotel units under the PLF Arrangement. This change was also attributable to the fact that the Group did not have purchase of non-controlling interest share in a subsidiary in the six-month period ended 30 June 2023, which was present for the same period in 2022 as a result of the Group's purchase of the 10 per cent. non-controlling interest in Assas Investments Limited, a subsidiary of the Group.

The Group recorded net cash used in financing activities in 2022 in the amount of AED 159,389 thousand while it generated net cash from financing activities in the amount of AED 796,536 thousand in 2021, which resulted in a change of AED 955,925 thousand. This was primarily due to an increase in the purchase of a non-controlling interest share in a subsidiary and a decrease in the proceeds from bank borrowings. The increase in the purchase of non-controlling interest share in a subsidiary was as a result of the Group's purchase of the 10 per cent. non-controlling interest in Assas Investments Limited, a subsidiary of the Group, on 25 March 2022, increasing its shareholding from 90 per cent. to 100 per cent. for a cash consideration of AED 104,982 thousand. The decrease in the proceeds from bank borrowings was a result of lower additional borrowings obtained by the Group in 2022, compared to 2021.

The Group used net cash in financing activities in the amount of AED 106,021 thousand for the year ended 31 December 2020, whereas it generated net cash from financing activities in the amount of AED 796,536 thousand for the year ended 31 December 2021. This was primarily due to an increase in the proceeds from bank borrowings, which increased due to additional borrowings obtained by the Group in 2021, to finance the acquisition of FIVE Luxe and FIVE Zurich, in the total amount of AED 1,195,926 thousand, AED 268,064 thousand of which was repaid in 2021, and AED 208,109 thousand of which was repaid in 2022.

Capital Expenditures

The Group's capital expenditures for the six-month periods ended 30 June 2022 and 2023 were AED 141,418 thousand and AED 245,454 thousand, respectively, and this expenditure primarily resulted from expenditures with respect to FIVE Luxe hotel complex and FIVE Zurich. The Group's capital expenditures as for the years ended 31 December 2020, 2021 and 2022 were AED 28,052 thousand, AED 815,091 thousand, AED 324,401 thousand, respectively, and this expenditure primarily resulted from the additional cost of development paid to the contractor for FIVE Palm Jumeirah in 2020, the acquisition of FIVE Luxe and FIVE Zurich in 2021, and the related construction and refurbishment costs incurred in 2022, as well as maintenance expenses and expenditures with respect to property development.

Historically, the Group's capital expenditure has been primarily funded by way of bank borrowings and internally generated operating cash flows.

The table below shows the capital expenditure amounts for the periods indicated.

	For the year ended 31 December			For the six-month period ended 30 June	
	2020 (restated) ¹	2021 (restated) ¹	2022	2022 (restated) ¹	2023
			<i>(AED thousand)</i>		
Purchase of property and equipment	28,052	814,958	324,300	141,368	244,784
Purchase of intangible assets	—	133	101	50	670
Total Capital Expenditures	28,052	815,091	324,401	141,418	245,454

Note:

¹ See Note 34 to the 2021 Financial Statements and Note 25 to the Interim Financial Statements for details related to restatement of prior periods.

The Group's capital expenditures represented 6.1 per cent., 57.9 per cent., 26.2 per cent., 24.6 per cent. and 30.4 per cent., of the Group's revenue, in the years ended 31 December 2020, 2021, 2022 and the six-month periods ended 30 June 2022 and 2023, respectively. The increase in capital expenditures as a percentage of the Group's revenue during 2021 and 2022 was due to the acquisition of FIVE Luxe and FIVE Zurich in 2021 and related construction and refurbishment costs incurred in 2022.

Indebtedness

The table below shows the Group's outstanding indebtedness as at 31 December 2020, 2021 and 2022 and as at 30 June 2023.

	Liabilities from financing activities				Cash and cash equivalents	Total
	Finance liabilities	Lease liabilities	Bank Borrowings	Sub-total		
	<i>(AED thousand)</i>					
Net debt as at 1 January 2020.	358,800	150,893	303,062	812,755	(72,225)	740,530
Additions.....	32,926	—	42,630	75,556	43,864	119,420
Payments.....	(30,113)	(23,862)	(59,519)	(113,494)	—	(113,494)
Interest.....	45,185	7,892	24,728	77,805	—	77,805
Lease modifications.....	—	(9,699)	—	(9,699)	—	(9,699)
Other movements.....	23,628	—	—	23,628	—	23,628
Net debt as at 31 December 2020 (restated).....	430,426	125,224	310,901	866,551	(28,361)	838,190
Additions.....	4,669	20,402	1,205,913	1,230,984	(460,024)	770,960
Payments.....	(62,207)	(27,248)	(302,849)	(392,304)	—	(392,304)
Interest.....	62,207	7,661	24,797	94,665	—	94,665
Other movements.....	18,719	1,090	—	19,809	—	19,809
Net debt as at 31 December 2021 (restated).....	453,814	127,129	1,238,762	1,819,705	(488,385)	1,331,320
Additions.....	89,979	63,662	139,733	293,374	(207,815)	85,559
Interest.....	78,169	7,218	53,125	138,512	—	138,512
Payments.....	(78,169)	(24,227)	(261,130)	(363,526)	—	(363,526)
Lease Termination.....	—	(50,813)	—	(50,813)	—	(50,813)
Other movement.....	11,878	(767)	—	11,111	—	11,111
Net debt as at 31 December 2022.....	555,671	122,202	1,170,490	1,848,363	(696,200)	1,152,163
Additions.....	72,315	—	—	72,315	(51,884)	20,431
Interest.....	39,928	3,782	42,389	86,099	—	86,099
Payments.....	(39,928)	(13,186)	(177,292)	(230,406)	—	(230,406)
Other movement.....	—	1,512	—	1,512	—	1,512
Net debt as at 30 June 2023 .	627,986	114,310	1,035,587	1,777,883	(748,084)	1,029,799

Contingent Liabilities and Commitments

The Group had capital expenditure commitments arising from its contracts with contractors of AED 317,170 thousand for the six-month period ended 30 June 2023, AED 318,693 thousand for the year ended 31 December 2022 and AED 448,734 thousand for the year ended 31 December 2021. These commitments represent the value of contracts issued as at 31 December 2022, net of accruals, payments and invoices made until that date.

The Group had contractual liabilities with respect to instalments received from the Group's customers towards the purchase of the properties the Group develops. The table below shows the Group's contractual liabilities net of revenue recognised as at 31 December 2020, 2021 and 2022 and as at 30 June 2023.

	As at 31 December		As at 30 June	
	2020 (restated) ¹	2021 (restated) ¹	2022	2023
	<i>(AED thousand)</i>			
Opening	—	—	26,549	55,145
Advances from customers*	—	55,198	82,633	413,475
Accruals	—	(28,649)	(54,037)	(105,060)
	—	26,549	55,145	363,560
Analysed as follows:				
Current	—	25,671	55,145	363,560
Non-current	—	878	—	—
	—	26,549	55,145	363,560

Note:

¹ See Note 34 to the 2021 Financial Statements for details related to restatement of prior periods

* Increase is mainly attributable to advance collected from the customers for sale of new tower in FIVE Luxe, JBR, i.e. Sensoria residence for which the percentage of completion as at 30 June 2023 is below the advance collected.

The Group had no off-balance sheet arrangements for the years ended 31 December 2020, 2021 and 2022 and the six-month period ended 30 June 2023.

Qualitative and Quantitative Disclosures on Risk

Market risk

Currency risk

Currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group is exposed to foreign exchange risks primarily with respect to the Swiss franc. Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities. There is no material impact to profit or loss due to the sensitivity in CHF currency risk. The Group does not have an exposure to other foreign currency risks for transactions which are denominated in UAE Dirham, US Dollars or currencies pegged to the US Dollar.

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all the instruments traded in the market. The Group has no significant exposure to price risk as it does not hold any listed equity securities or commodities.

Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk on its interest-bearing liabilities. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. The ratio of variable rate borrowings to fixed rate borrowings was 76:24, 97:3, 100:0 for the years ended 31 December 2020, 2021 and 2022, respectively, and 100:0 for the six-month period 30 June 2023. At 31 December 2022, if interest rates on variable rate borrowings had been 1 per cent. higher/lower with all other variables held constant, the impact on the consolidated statement of comprehensive income would be a decrease/increase of AED 11,705 thousand (2021: AED 12,390 thousand) (2020: AED 3,109 thousand) as a result of higher/lower interest expense.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. When such an event happens, it is considered as a default event. The Group is exposed to credit risk in relation to its monetary assets, mainly trade receivables, unbilled receivables, related party balances and bank balances. The Group has no other significant concentrations of credit risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines. Cash flow forecasting is performed by the Group on an ongoing basis to ensure it has sufficient cash to meet operational needs.

Liquidity risk management is carried out by a central treasury department at the Group level. Surplus cash held by the Group over and above the balance required are used for the payment of debt and to reduce the interest charges.

Significant accounting policies

Certain principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These are selected significant accounting policies and comprehensive disclosure regarding the significant accounting policies can be found under Note 2 to each of the Financial Statements.

Alternative performance measures

The Group has identified certain measures that it believes will assist the understanding of the performance of the business. These alternative performance measures (“APMs”) are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for, or superior to, IFRS, provide stakeholders with additional useful information on the underlying trends, performance and position of the Group and are consistent with how business performance is measured internally. The APMs are not defined by IFRS and therefore may not be directly comparable with other companies’ alternative performance measures.

The key APM that the Group uses is EBITDA. This APM is set out in Note 33 to each of the Financial Statements as at and for the years ended 31 December 2022 and 2021, including an explanation on how it is calculated and how it reconciles to a statutory measure where relevant. See also “*Presentation of Financial and Other Information—Non-IFRS Financial Measures*”.

Property and equipment

Land, buildings and capital work-in-progress are initially recognised at cost, and classified as buildings upon commissioning, are stated at fair value based on annual valuations performed by external independent valuers less impairment and depreciation. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. All other property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in revaluation reserve in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between the depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation reserve to the retained earnings.

The leasehold improvements are depreciated over the period of lease or life of asset whichever is less.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each consolidated statement of financial position date. An asset carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the asset's carrying amount. These are recognised in the consolidated statement of comprehensive income. When revalued assets are sold, the amounts included in revaluations reserves are transferred to retained earnings.

When commissioned, capital work-in-progress is transferred to the respective category and depreciated in accordance with the Group's policy.

Property held for development and sale

Properties acquired, constructed or in the course of construction for sale in the ordinary course of business are classified as property held for development and sale and are stated at the lower of cost or net realisable value. Cost includes:

- freehold and leasehold rights for land;
- amounts paid to contractors for construction including the cost of construction of buildings; and
- planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and applicable variable selling expenses.

Revenue from contracts with customers

IFRS 15 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers. It establishes a five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group recognises revenue over time if any one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance obligations completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability – advances from customers.

Revenue is measured at the transaction price agreed under the contract. Amounts disclosed as revenue are net of variable consideration and payments to customers, which are not for distinct services, which may include discounts, trade allowances, rebates and amounts collected on behalf of third parties. Revenue is recognised in the consolidated statement of comprehensive income to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Revenue is recognised in the consolidated statement of comprehensive income to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Revenue from sale of property held for development and sale

Revenue on sale of development properties is recognised when control over the properties has been transferred to the customer, in some circumstances this is over time, where the criteria as per IFRS 15 paragraph 35 is met and in other circumstances revenue is recognised at a point in time, when the customer has control of the property and is able to direct the use of the property, this is typically when the customer has taken possession of the property.

However, the Group has determined that, for its typical over time contracts, its performance does not create an asset with alternative use to the Group and it has concluded that, at all times, it has an enforceable right to payment for performance completed to date. Therefore, control transfers over time for these contracts. For contracts that meet the overtime revenue recognition criteria, the Group's performance is measured using an input method, by reference to the costs incurred to the satisfaction of a performance obligation (e.g., resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) relative to the total expected inputs to the completion of the property.

The Group excludes the effect of any costs incurred that do not contribute to the Group's performance in transferring control of goods or services to the customer (such as unexpected amounts of wasted materials, labour or other resources) and adjusts the input method for any costs incurred that are not proportionate to the Group's progress in satisfying the performance obligation (such as uninstalled materials).

Infrastructure costs allocated to each project are released to the consolidated statement of profit or loss, as cost of properties sold within 'cost of sales', based on the percentage of construction completed for each project and the percentage of infrastructure cost incurred at each period end to the total estimated infrastructure cost.

Room and hotel ancillary services revenue

Revenue from rental of rooms and provision of other ancillary services is recognised over time, net of discounts and municipality fees where applicable, when the rooms are rented, and the services are rendered.

Rental income

Rental income received as lessor from properties under operating leases is recognised in profit or loss on a straight-line basis over the lease term.

Food and beverage revenue

Restaurant revenue from sales of food and beverages and other services is recognised when goods are sold and services are rendered, respectively. Amounts recognised are net of discounts and municipality fees where applicable. Mandatory service charges and surcharge collectible are included in revenue. Revenue is recognised at the point in time at which the performance obligation is satisfied.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involved the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where all the decisions about how and for what purpose the asset is used are predetermined, the Group has the right to direct the use of the asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At the inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-to-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discounted rate, which is determined in a range of 4 per cent. to 12 per cent. per annum depending on the tenure of the lease and the location of the leased asset.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or terminate option.

Lease liability is subsequently increased by the finance costs on the lease liability and decreased by lease payments made. Each lease payment is allocated between the liability and finance cost. The finance costs are charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the consolidated statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases including holiday homes agreement that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

When the Group acts as a lessor, it determines at the lease commencement whether each lease is a finance lease or an operating lease. To classify each lease the Group makes an overall assessment of whether the lease transfer to the lessee substantially all of the risk and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance leases; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for major part of the economic life of the asset.

When assets are leased out under an operating lease, the asset is included in the consolidated statement of financial position based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis. The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Revenue'.

Sales and leaseback

For sale and leaseback transactions under the PLF Arrangement (see "*Business of the Group—Business Model—Perpetual-like Financial Arrangement*"), the Group considers whether the initial transfer of the underlying asset to the buyers-lessors is a sale. The Group applies IFRS 15 to determine whether a sale has taken place. When the transfer to buyers-lessors is a sale, the Group derecognises the underlying asset and applies the lessee accounting model to the leaseback, the Group measures the right-of-use asset at the retained portion of the previous carrying amount (i.e., at cost), and recognises only the amount of any gain or loss related to the rights transferred to the lessors. When the transfer to buyers-lessors is not a sale, the Group continues to recognise the underlying asset, and recognises a financial liability for any amount received from the buyers-lessors. On or after the commencement of the hotels' operations, the Group has entered into a sale and leaseback agreements with customers (buyers-lessors) to sell and leaseback hotel room units. The Group's management has performed the assessment of the above transaction and concluded that the transfer of hotel room units does not satisfy the requirements of IFRS 15 to be accounted for as a sale.

The Group has also entered into lease agreements with buyers-lessors of most of the hotel apartments sold in previous years (sale and leaseback agreements) under short-term lease arrangement (see “*Business of the Group—Business Model—Short-term Lease Arrangement*”). Under short-term lease arrangement the lease contracts were made for a period of 5 years for hotel apartments. The lease amount is based on variable payment terms which is equivalent to 40 per cent. of room revenue less deductible expenses. This lease amount is fully contingent on the performance of the hotels operated by the Group and there are no minimum lease payments stated per the lease agreements. The Group recognised the right of use asset at the proportion of the cost of assets that relates to the right of use retained by the Group. The lease liabilities arising from the above lease transactions is measured at the present value of the lease payments, discounted using the Group’s incremental borrowing rate (6.0 per cent. per annum). The incremental borrowing rate is that rate the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right- of-use asset in a similar economic environment with similar terms, security and conditions.

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS, THE INTERCREDITOR AGREEMENT AND THE COMMON SECURITY

The following summary of the material terms of certain financing arrangements and the Common Security to which the Issuer and certain of the Guarantors are a party does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents. For further information regarding our existing indebtedness, see “*Use of Proceeds*”, “*Capitalisation*”, and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”.

Revolving Credit Facility

Overview

On 27 September 2023, the Issuer (as borrower) entered into a revolving credit facility agreement (the “**Revolving Credit Facility Agreement**”) with, among others, CBD as agent (the “**RCF Agent**”) and security agent, CBD and AAIB as mandated lead arrangers and the lenders named therein (the “**RCF Lenders**”).

Pursuant to the Revolving Credit Facility Agreement, the RCF Lenders will make a revolving credit facility available to the Issuer with an aggregate total commitment of U.S.\$200 million, comprising (i) a facility with a total commitment of U.S.\$130 million (“**Facility A**”) and (ii) a facility with a total commitment of U.S.\$70 million (“**Facility B**”). The Revolving Credit Facility has a four-year tenor.

The Revolving Credit Facility can be drawn by the Issuer following satisfaction of conditions precedent in a minimum amount of U.S.\$5 million and integral multiples thereof or, if less, the remainder of the available facility. Utilisation requests under the Revolving Credit Facility can be submitted at any time before the date falling six months prior to the termination date of the Revolving Credit Facility.

Guarantees

The Issuer is the borrower under the Revolving Credit Facility.

Following completion of the Acquisition, the Target will also accede to the Revolving Credit Facility Agreement as a guarantor with respect to Facility A and Facility B (other than the amounts drawn under Facility B which are used to pay to the vendors the purchase price of the shares of the Target in connection with the Acquisition) (but will not guarantee the Notes). Accordingly, any claim by the holders of the Notes against the Target will be structurally subordinated to all of the claims of the relevant finance parties under the Revolving Credit Facility Agreement with respect to Facility A and Facility B (other than the amounts drawn under Facility B which are used to pay to the vendors the purchase price of the shares of the Target in connection with the Acquisition) (see “*Risk Factors—Risks Relating to the Notes and Guarantees—Not all of the Issuer’s subsidiaries will guarantee the Notes, and the Notes and the Guarantees are or will be structurally subordinated to all of the claims of creditors of those subsidiaries that do not guarantee the Notes*”).

Use of Proceeds

The proceeds made available to the Issuer under Facility A are to be used: (i) to repay a portion of the outstanding indebtedness of the Group under the CBD Corporate Facilities, including the accrued and unpaid interest as at the expected date of payment; (ii) to repay a portion of the outstanding indebtedness including the accrued and unpaid interest as at the expected date of payment under the CBD Business Facilities obtained by the Controlling Shareholder solely for the purpose of meeting the Group’s needs; (iii) for the working capital and operating activities/expenses of the Group; and (iv) to pay fees, costs and expenses under or in connection with the Revolving Credit Facility. The proceeds made available to the Issuer under Facility B are to be used to finance a portion of the Acquisition Cost and/or the existing lenders of the Target and thereafter, towards the payments relating to the working capital and operating activities/expenses of the Group.

Interest and Fees

The annual interest rate on loans under the Revolving Credit Facility is calculated based on term secured overnight financing rate (“**SOFR**”) if a utilisation is made in U.S. dollars or the UAE interbank offered rate (“**EIBOR**”) if a utilisation is made in UAE dirhams plus, in each case, a margin of 3.75 per cent. Interest is payable on a quarterly basis.

The Revolving Credit Facility Agreement contains provisions for fees, including, but not limited to, quarterly commitment fees, which are payable on available undrawn commitments.

Repayment and Prepayments

If the Issuer draws a loan under the Revolving Credit Facility, it must repay that loan on the last day of its tenor, which is either six, nine or 12 months. As noted above, the Revolving Credit Facility terminates four years from the date of the Revolving Credit Facility Agreement; all outstanding amounts must be repaid on the final termination date.

The Issuer may voluntarily cancel all or any part of the available commitments and/or prepay any loan (provided partial cancellation or prepayment is for a minimum amount of U.S.\$10 million (or its equivalent in any other currencies)) by giving the RCF Agent five business days’ notice of its intention to cancel or prepay such amounts.

In addition to voluntary prepayments and/or cancellation, the Revolving Credit Facility requires mandatory cancellation and, if applicable, prepayment in full or in part in certain circumstances, including illegality, change of control and on the occurrence of an event whereby the Controlling Shareholder ceases to devote substantially all of his business time and attention to the Group.

Covenants and Undertakings

The Revolving Credit Facility contains covenants that are typical in financings of this type, including restrictive covenants in relation to granting security, disposals, the incurrence of financial indebtedness, making distributions and mergers (each subject to customary exceptions or conditions). There are also positive covenants relating to, among other things, compliance with environmental and sanctions laws, maintaining insurances and complying with the financial covenant which requires the Issuer to ensure that its Net Debt to Adjusted EBITDA Ratio (as defined in the Revolving Credit Facility) shall not, in respect of any 12 months’ period, exceed the ratio of 3.5:1. The Issuer benefits from an equity cure right in respect of any breach of the Net Debt to Adjusted EBITDA Ratio. Equity cure amounts may be provided to cure a breach up to four times prior to the Termination Date but may not be provided for the purposes of consecutive testing dates.

Security

The Issuer and certain members of the Group will grant security over certain assets in favour of the Security Agent either prior to the first utilisation date or within certain specified deadlines following the date of the Revolving Credit Facility Agreement, depending on the nature and jurisdiction of the relevant assets. This shall include all of the Common Security (see “—*Common Security*” below), which will be shared on a *pari passu* basis with creditors of the Issuer under the Notes and the Guarantees, pursuant to the terms of the Intercreditor Agreement.

In addition, following completion of the Acquisition, the Spanish Security (as defined in “—*Intercreditor Agreement*” below) will also be granted in favour of an offshore security agent (the “**Offshore Security Agent**”) which will accede to the Revolving Credit Facility (and the Intercreditor Agreement) to secure the Issuer’s and the Guarantors’ obligations under Facility A and Facility B (other than the amounts drawn under Facility B which are used to pay to the vendors the purchase price of the shares of the Target in connection with the Acquisition).

The Spanish Security will not secure the Notes and the Guarantees. As a result, the Notes and the Guarantees will be effectively subordinated to claims of the relevant creditors under Facility A, to the extent of the Spanish

Security (see “*Risk Factors—Risks Relating to the Common Security—The Notes and the Guarantees will be effectively subordinated to claims of secured creditors that are secured by property or assets that do not secure the Notes*”).

Events of Default

The Revolving Credit Facility will contain customary events of default for transactions of this nature, including the following (subject in certain cases to agreed grace periods, thresholds and other qualifications): (i) non-payment, (ii) breach of financial covenants, (iii) breach of other obligations, (iv) misrepresentation, (v) cross-default, (subject to a U.S.\$25 million de minimis) (vi) insolvency, insolvency proceedings, and creditors’ process, (vii) unlawfulness and invalidity, (viii) repudiation and rescission of agreements, (ix) cessation of business, (x) change of ownership, (xi) audit qualification, (xii) litigation, (xiii) material adverse change, and (xiv) acceleration.

Governing law and dispute resolution

The Revolving Credit Facility Agreement is governed by English law.

Any dispute arising out of the Revolving Credit Facility Agreement shall be referred to and finally resolved by arbitration in accordance with the LCIA Arbitration Rules, with a seat of arbitration in London. In addition, the Revolving Credit Facility Agreement may, at the option of the majority lenders, be enforced in any courts having jurisdiction (including but not limited to the courts of England).

Intercreditor Agreement

General

To establish the relative rights of certain of the Issuer’s and the Guarantors’ creditors under their financing arrangements, the Issuer (as the Company and Original Debtor) and the Guarantors will enter into an Intercreditor Agreement dated on or around the Issue Date, with, amongst others, the Trustee, CBD as security agent (the “**Security Agent**”), and CBD and AAIB as original revolving credit facility lenders (the “**RCF Lenders**”).

The Intercreditor Agreement is governed by English law and sets out, among other things, the relative ranking of certain indebtedness of the Debtors, the relative ranking of certain security granted by the collateral providers, when payments can be made in respect of certain debt of the Debtors, when enforcement action can be taken in respect of that indebtedness, the terms pursuant to which certain of that indebtedness will be subordinated upon the occurrence of certain insolvency events and turnover provisions.

The Intercreditor Agreement contains provisions authorising the Security Agent, upon the request of the Company (and without requiring the consent of any other Senior Creditor), to make necessary amendments to the Intercreditor Agreement to incorporate customary provisions (based on Loan Market Association standards) enabling future hedging obligations of the Group to be secured by and share in the Common Transaction Security and associated provisions, provided that such hedging obligations are permitted to be secured under the terms of the relevant Debt Documents. The Intercreditor Agreement also contains provisions authorising the Offshore Security Agent and the Issuer to agree amendments to the Intercreditor Agreement to provide for the requirements of any ranking in respect of the Spanish Security, which is agreed between the Senior Creditors benefitting from the Spanish Security, without requiring the consent of any Agent, Arranger or Creditor, provided that such changes would not be materially prejudicial to the interests of the other Parties and are not prohibited under the terms of any of the Secured Debt Documents or applicable law.

Capitalised terms set forth and used in this section entitled “—*Intercreditor Agreement*” have the same meanings as set forth in the Intercreditor Agreement, which may have different meanings from the meanings given to such terms and used elsewhere in this offering memorandum.

Definitions

The following capitalised terms used in this summary of the Intercreditor Agreement have the meaning given to them below:

“**Agent**” means, at any time as applicable, each of the RCF Agent, the Senior Notes Trustee, any Senior Notes Agent, any Senior Creditor Representative, the Offshore Security Agent and the Security Agent, as the context of the Intercreditor Agreement requires.

“**Agent Liabilities**” means all present and future liabilities and obligations, whether actual or contingent and whether incurred solely or jointly, of the Issuer and/or any Debtor to any Agent under the Debt Documents.

“**Arranger**” means any Initial Arranger or any Permitted Senior Financing Arranger.

“**Business Day**” means a day (other than a Saturday or Sunday) on which banks are open for general business in London, New York and Dubai.

“**Common Currency**” means US dollars.

“**Common Currency Amount**” means, in relation to an amount, that amount converted (to the extent not already denominated in the Common Currency) into the Common Currency at the Security Agent’s spot rate of exchange on the Business Day prior to the relevant calculation.

“**Common Transaction Security**” means the security created or evidenced or expressed to be created or evidenced under or pursuant to the security documents and any other security, which, to the extent legally possible:

- (a) is created, or expressed to be created, in favour of the Security Agent as agent or trustee for the other Secured Parties in respect of their Senior Liabilities; or
- (b) in the case of any jurisdiction in which effective security cannot reasonably be granted in favour of the Security Agent as agent or trustee for the Secured Parties, is created, or expressed to be created, in favour of:
 - (i) all the Secured Parties in respect of their Senior Liabilities; and/or
 - (ii) the Security Agent under a parallel debt, joint and several creditorship or other similar or equivalent structure for the benefit of all the Secured Parties,

and which ranks in the order of priority contemplated in the Intercreditor Agreement and/or is expressed to be subject to the terms of the Intercreditor Agreement (in each case, for the avoidance of doubt, without prejudice to the ability of any other person to benefit from that Common Transaction Security to the extent not prohibited by the Intercreditor Agreement). For the avoidance of doubt (a) the Spanish Security shall not form part of the Common Transaction Security and (b) a bank account shall only be subject to Common Transaction Security only if it expressed to be secured pursuant to the terms of a security document.

“**Creditors**” means the Senior Creditors, the intra-Group lenders and the Individual.

“**Debt Document**” means each of the Intercreditor Agreement, the RCF Finance Documents, the Senior Notes Finance Documents, the Permitted Senior Financing Documents, the security documents, any agreement evidencing the terms of the intra-group liabilities, the Individual Liabilities and any other document designated as such by the Security Agent and the Issuer.

“**Debt Financing Agreement**” means the RCF Agreement, any Senior Notes Trust Deed and/or any Permitted Senior Financing Agreement, as the context requires.

“**Debtors**” means the Issuer and any other entity that accedes or otherwise becomes a party to the Intercreditor Agreement as a debtor.

“**Enforcement Action**” means:

- (a) in relation to any Liabilities:
 - (i) the acceleration of any Liabilities or the making of any declaration that any Liabilities are prematurely due and payable (other than as a result of it becoming unlawful for a Senior Creditor to perform its obligations under, or of any voluntary or mandatory prepayment arising under, any of the Debt Documents);
 - (ii) the making of any declaration that any Liabilities are payable on demand;
 - (iii) the making of a demand in relation to a liability that is payable on demand;
 - (iv) the making of any demand against any member of the Group in relation to any guarantee liabilities of that member of the Group;
 - (v) the exercise of any right to require any member of the Group to acquire any liability (including exercising any put or call option against any member of the Group for the redemption or purchase of any liability but excluding any such right which arises as a result of the exercise by a Debtor of any right it may have to purchase or repay any liability and/or any other acquisition of Liabilities, acquisition or transaction which any member of the Group is not prohibited from entering into by the terms of the Secured Debt Documents and excluding any mandatory offer arising on or as a result of a change of control or asset sale (howsoever described) as set out in the Senior Notes Finance Documents (or any other similar or equivalent provision of any of the Secured Debt Documents));
 - (vi) the exercise of any right of set-off, account combination or payment netting against any member of the Group in respect of any Liabilities other than the exercise of any such right which is otherwise expressly permitted by the terms of any of the Secured Debt Documents, to the extent that the exercise of that right gives effect to a permitted payment; and
 - (vii) the suing for, commencing or joining of any legal or arbitration proceedings against any member of the Group to recover any Liabilities;
- (b) the taking of any steps to enforce or require the enforcement of any Common Transaction Security or Spanish Security (as applicable) (including the crystallisation of any floating charge forming part of the Common Transaction Security or the Spanish Security (as applicable));
- (c) the entry into any composition, compromise, assignment or similar arrangement with any member of the Group which owes any Liabilities, or has given any security, guarantee or indemnity or other assurance against loss in respect of the Liabilities (other than any action permitted under the “changes to the parties” provision of the Intercreditor Agreement or pursuant to any debt buy-back, tender offer, exchange offer or similar or equivalent arrangement not otherwise prohibited by the Debt Documents);
or
- (d) the petitioning, applying or voting for, or the taking of any steps (including the appointment of any liquidator, trustee, receiver, examiner, administrator or similar officer) in relation to the winding up, dissolution, examinership, administration or reorganisation of any member of the Group which owes any Liabilities, or has given any security, guarantee, indemnity or other assurance against loss in respect of any of the Liabilities, or any of such member of the Group’s assets or any suspension of payments or moratorium of any indebtedness of any such member of the Group, or any analogous procedure or step in any jurisdiction, except that the following shall not constitute Enforcement Action:

- (i) the taking of any action falling above which is necessary (but only to the extent necessary) to preserve the validity, existence or priority of claims in respect of Liabilities, including the registration of such claims before any court or governmental authority and the bringing, supporting or joining of proceedings to prevent any loss of the right to bring, support or join proceedings by reason of applicable limitation periods; or
- (ii) a Senior Creditor bringing legal proceedings against any person solely for the purpose of: (a) obtaining injunctive relief (or any analogous remedy outside England and Wales) to restrain any actual or putative breach of any Debt Document to which it is party, (b) obtaining specific performance (other than specific performance of an obligation to make a payment) with no claim for damages or (c) requesting judicial interpretation of any provision of any Debt Document to which it is party with no claim for damages; or
- (iii) bringing legal proceedings against any person in connection with any securities violation, securities or listing regulations or common law fraud; or
- (iv) to the extent entitled by law, the taking of any action against any creditor (or any agent, trustee or receiver acting on behalf of that creditor) to challenge the basis on which any sale or disposal is to take place pursuant to the powers granted to those persons under any relevant documentation; or
- (v) any person consenting to, or the taking of any other action pursuant to or in connection with, any merger, consolidation, reorganisation or any other similar or equivalent step or transaction initiated or undertaken by a member of the Group (or any analogous procedure or step in any jurisdiction) that is not prohibited by the terms of the Secured Debt Documents to which it is a party; or
- (vi) exercising any right of set-off, bankers lien, account combination or payment netting (or any remedy arising pursuant to any account general terms and conditions or any other remedy in respect of accounts) against any member of the Group in respect of any Liabilities in relation to any bank account that does not form part of any Common Transaction Security or the Spanish Security.

“Final Discharge Date” means the first date on which each of the RCF Lender Discharge Date, the Senior Notes Discharge Date and the Permitted Senior Financing Discharge Date has occurred.

“Group” means the Issuer and its Restricted Subsidiaries (as such term is defined in the Senior Notes Trust Deed) for the time being.

“Individual” means Mr Kabir Mulchandani or any person which becomes a party as the Individual in accordance with the terms of Intercreditor Agreement.

“Individual Documents” means each document evidencing any loan made by the Individual to the Issuer or other financial indebtedness incurred by the Issuer to the Individual.

“Individual Liabilities” means:

- (a) the Liabilities owed to the Individual by the Company under the Individual Documents (for the avoidance of doubt, excluding any Liabilities which are Senior Liabilities); and
- (b) any other liabilities owed to the Individual by the Company which have been notified to the Security Agent by the Individual and the Company in writing as liabilities to be treated as “Individual Liabilities” for the purposes of this Agreement.

“Instructing Group” means, at any time, those Senior Creditors whose Senior Credit Participations at that time aggregate more than 50 per cent. of the total Senior Credit Participations at that time (acting through the relevant

RCF Agent in accordance with the terms of the applicable RCF Agreement, the relevant Senior Notes Trustee in accordance with the terms of the applicable Senior Notes Trust Deed and/or the relevant Senior Creditor Representative in accordance with the terms of the Permitted Senior Financing Documents, as applicable).

“Liabilities” means all present and future liabilities and obligations at any time of any member of the Group to any Creditor under the Debt Documents, both actual and contingent and whether incurred solely or jointly or in any other capacity together with any of the following matters relating to or arising in respect of those liabilities and obligations:

- (a) any refinancing, novation, deferral or extension;
- (b) any claim for breach of representation, warranty or undertaking or on an event of default or under any indemnity given under or in connection with any document or agreement evidencing or constituting any other liability or obligation falling within this definition;
- (c) any claim for damages or restitution; and
- (d) any claim as a result of any recovery by any Debtor of a Payment on the grounds of preference or otherwise,

and any amounts which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowance of those amounts in any insolvency or other proceedings.

“Majority Permitted Senior Financing Creditors” means, in relation to any Permitted Senior Financing Debt, the requisite number or percentage of Permitted Senior Financing Creditors under the Permitted Senior Financing Agreement on whose instructions the Senior Creditor Representative is required to act in relation to the relevant matter.

“Permitted Senior Financing Agent Liabilities” means the Agent Liabilities owed by the Debtors to any Senior Creditor Representative under or in connection with the Permitted Senior Financing Documents.

“Permitted Senior Financing Agreement” means in relation to any Permitted Senior Financing Debt, the facility agreement, trust deed, indenture or other equivalent document by which that Permitted Senior Financing Debt is made available or, as the case may be, issued.

“Permitted Senior Financing Arranger” means any Arranger under and as defined in a Permitted Senior Financing Agreement.

“Permitted Senior Financing Discharge Date” means the first date on which all Permitted Senior Financing Liabilities have been fully and finally discharged (if applicable, including by way of defeasance permitted in accordance with the Permitted Senior Financing Documents), whether or not as a result of an enforcement, and the Permitted Senior Financing Creditors are under no further obligation to provide any financial accommodation to any of the Debtors under the Permitted Senior Financing Documents.

“Permitted Senior Financing Liabilities” means in respect of the Permitted Senior Financing Creditors, all Liabilities of any Debtor to any Permitted Senior Financing Creditors under or in connection with the Permitted Senior Financing Documents.

“Permitted Senior Financing Creditors” means, in relation to any Permitted Senior Financing Debt, each of the lenders, holders or other creditors in respect of that Permitted Senior Financing Debt from time to time (including any applicable Senior Creditor Representative).

“Permitted Senior Financing Debt” means any indebtedness incurred by any member of the Group which is notified to the Security Agent by the Issuer in writing as indebtedness to be treated as “Permitted Senior Financing Debt” for the purposes of the Intercreditor Agreement provided that (a) the incurrence of such indebtedness is not prohibited by the terms of the Secured Debt Documents (as defined below) and (b) the providers of such indebtedness or the agent, trustee or other relevant representative in respect of that Permitted

Senior Financing Debt have agreed to become a party to the Intercreditor Agreement in such capacity, in each case to the extent not already a party in that capacity.

“Permitted Senior Financing Documents” means, in relation to any Permitted Senior Financing Debt, the Permitted Senior Financing Agreement, any fee letter entered into under or in connection with the Permitted Senior Financing Agreement and any other document or instrument relating to that Permitted Senior Financing Debt and designated as such by the Issuer and the Senior Creditor Representative under that Permitted Senior Financing Debt.

“RCF Agent Liabilities” means the Agent Liabilities owed by the to the RCF Agent under or in connection with the RCF Finance Documents.

“RCF Agreement” means the revolving credit facility agreement dated 27 September 2023 entered into between (among others) the Issuer (as borrower) and Commercial Bank of Dubai PSC (as the RCF Agent), as amended and supplemented from time to time.

“RCF Finance Documents” has the meaning given to the term “Finance Documents” in the RCF Agreement.

“RCF Lender Discharge Date” means the first date on which all RCF Lender Liabilities have been fully and finally discharged, whether or not as the result of an enforcement, and the RCF Lenders are under no further obligation to provide financial accommodation to any of the Debtors under any of the RCF Finance Documents.

“RCF Lender Liabilities” means the Liabilities owed by the Debtors to the RCF Lenders under the RCF Finance Documents.

“RCF Lenders” means the Original RCF Lenders and each “Lender” under and as defined in the RCF Agreement, which is an original party to the Intercreditor Agreement or has become a party as a revolving credit facility lender in accordance with the terms of the Intercreditor Agreement.

“Secured Debt Documents” means the RCF Finance Documents, the Senior Notes Finance Documents and/or the Permitted Parent Financing Documents, as the context requires.

“Secured Party” means, to the extent legally possible, the Security Agent, the Offshore Security Agent, any receiver or delegate and each of the creditor representatives of the relevant secured creditors, the Arrangers, the Senior Creditors from time to time but, to the extent required by the Intercreditor Agreement, only if it is a party to the Intercreditor Agreement or has acceded to it, in the appropriate capacity, pursuant to its terms.

“Senior Agent” means each of any RCF Agent, any Senior Notes Trustee, any Senior Notes Agent and/or any Senior Creditor Representative, as the context requires.

“Senior Commitment” either has the meaning given to the term: (a) the term “Commitment” in the RCF Agreement; or (b) in any Permitted Senior Financing Agreement which is the same or substantially equivalent to the term “Commitment” under and as defined in the RCF Agreement, as the context requires.

“Senior Credit Participation” means (a) in relation to a Senior Noteholder, the principal amount of outstanding Senior Notes held by that Senior Noteholder; and (b) in relation to any other Senior Creditor, the aggregate of its aggregate Senior Commitments (whether drawn or undrawn), if any.

“Senior Creditors” means the RCF Lenders, the Senior Notes Creditor and/or the Permitted Senior Financing Creditors, as the context requires.

“Senior Creditor Representative” means in relation to any Permitted Senior Financing Debt, the agent, trustee or other relevant representative in respect of that Permitted Senior Financing Debt.

“Senior Liabilities” means the RCF Lender Liabilities, the Senior Notes Liabilities and the Permitted Senior Financing Liabilities.

“Senior Noteholders” means the registered holders from time to time of the Notes and any other applicable Senior Notes, as determined in accordance with the Senior Notes Trust Deed(s).

“Senior Notes” means the 2028 Senior Secured Notes and any other high yield notes, exchange notes, debt securities and/or other debt instruments issued or to be issued by any member of the Group which are notified to the Security Agent by the Issuer in writing as indebtedness to be treated as “Senior Notes” for the purposes of the Intercreditor Agreement.

“Senior Notes Agent” means the Original Senior Notes Agents and any other entity acting as an agent under any issue of Senior Notes (to the extent it has acceded to the Intercreditor Agreement in such capacity pursuant to a Creditor/Agent Accession Undertaking), in each case as the context requires.

“Senior Notes Creditors” means, on and from the first Senior Notes Issue Date, the Senior Noteholders and the Senior Notes Trustee.

“Senior Notes Discharge Date” means the first date on which all the Senior Notes Liabilities have been fully and finally discharged, including by way of defeasance permitted in accordance with the Senior Notes Finance Documents, whether or not as the result of an enforcement.

“Senior Notes Finance Documents” means the Senior Notes, each Senior Notes Trust Deed, each guarantee granted by a member of the Group in respect of the Senior Notes, the Intercreditor Agreement, the security documents and any other document entered into in connection with the Senior Notes and designated a Senior Notes Finance Document by the Issuer and the applicable Senior Notes Trustee (which, for the avoidance of doubt, excludes any document to the extent it sets out rights of the initial purchasers of the Senior Notes (in their capacities as initial purchasers) against any member of the Group).

“Senior Notes Finance Parties” means any Senior Notes Trustee (on behalf of itself and the Senior Noteholders which it represents), any Senior Notes Agent, any Senior Noteholder and the Security Agent.

“Senior Notes Issue Date” means, in respect of each Senior Notes Trust Deed, the first date on which a Senior Note is issued pursuant to that Senior Notes Trust Deed.

“Senior Notes Liabilities” means the Liabilities owed by the Debtors to the Senior Notes Finance Parties under the Senior Notes Finance Documents (excluding certain amounts payable to the Senior Notes Trustee).

“Senior Notes Trust Deed” means the Trust Deed and each other trust deed or indenture pursuant to which any Senior Notes are issued.

“Senior Notes Trustee” means the Trustee and any other entity acting as trustee under any issue of Senior Notes (to the extent it has acceded in such capacity to the Intercreditor Agreement in accordance with its terms) in each case as the context requires.

“Senior Notes Trustee Amounts” means, in relation to a Senior Notes Trustee, amounts in respect of costs and expenses (including legal fees and together with any applicable VAT) payable to that Senior Notes Trustee or any adviser, receiver, delegate, attorney, agent or appointee thereof under the Senior Notes Finance Documents, any provisions (including indemnity provisions) for costs and expenses in favour of that Senior Notes Trustee or any adviser, receiver, delegate, attorney, agent or appointee thereof contained in the Senior Notes Finance Documents, all compensation for services provided by that Senior Notes Trustee or any adviser, receiver, delegate, attorney, agent or appointee thereof which is payable to that Senior Notes Trustee or any adviser, receiver, delegate, attorney, agent or appointee thereof pursuant to the terms of the Senior Notes Finance Documents and all out-of-pocket costs and expenses properly incurred by that Senior Notes Trustee or any adviser, receiver, delegate, attorney, agent or appointee thereof in carrying out its duties or performing any service pursuant to the terms of the Senior Notes Finance Documents, including, without limitation, (a) compensation for the costs and expenses of the collection by that Senior Notes Trustee of any amount payable to that Senior Notes Trustee for the benefit of the Senior Noteholders and (b) costs and expenses of that Senior Notes Trustee’s advisers, receivers, delegates, attorneys, agents or appointees (but excluding any payment made, directly or indirectly, on or in respect of any amounts owing under any Senior Notes (including principal,

interest, premium or any other amounts to any of the Senior Noteholders)), all such amounts above including VAT where applicable.

“**Spanish Security**” means the Security created or evidenced or expressed to be created or evidenced under or pursuant to the following documents:

- (a) a Spanish law governed share pledges over the shares in:
 - (i) El Hotel Pacha, S.L. between Universo Pacha S.A. and Nube, S.L. (in their capacity as shareholders of El Hotel Pacha, S.L.) and the Offshore Security Agent; and
 - (ii) Universo Pacha S.A. between Pacha Universe Holding Limited (in its capacity as the sole shareholder of Universo Pacha S.A.) and the Offshore Security Agent; and
- (b) a Spanish law governed mortgage over ‘Universo Pacha’ nightclub located in Ibiza, Spain between Nube, S.L. and the Offshore Security Agent,

in each case, entered into in connection with the RCF Agreement.

Debt Refinancing

The Intercreditor Agreement permits any of the Liabilities to be refinanced, replaced, increased or otherwise restructured in whole or in part including by way of Permitted Senior Financing Debt or the issue of additional Senior Notes (each a “**Debt Refinancing**”).

At the option of the Issuer, a Debt Refinancing may be made available on a basis which is senior to, pari passu with or junior to any of the other Liabilities, shall be entitled to benefit from all or any of the security, may be made available on a secured or unsecured basis (subject to certain restrictions) and may be effected in whole or in part by way of a debt exchange, non-cash rollover or other similar or equivalent transaction, in each case unless otherwise prohibited by a Debt Financing Agreement.

Under the terms of the Intercreditor Agreement each Agent, each Secured Party and each Senior Creditor agrees that it shall co-operate with the Issuer, each other member of the Group and each Agent in order to facilitate any Debt Refinancing (including by way of, at the request and cost of the Issuer, executing any document or agreement and/or giving instructions to any person).

In the event of any refinancing or replacement of all or any part of the RCF Lender Liabilities (or any such refinancing or replacement indebtedness from time to time), the Issuer shall be entitled to require that the definition of Instructing Group is amended such that the relevant refinancing or replacement indebtedness is treated in the same manner as the facility in the RCF Agreement.

Ranking and Priority

Priority of Debts

The Intercreditor Agreement provides that the RCF Lender Liabilities, the Senior Notes Liabilities, the Permitted Senior Financing Liabilities, the RCF Agent Liabilities and the Senior Notes Trustee Amounts, in each case, owed by the Debtors to the Senior Creditors shall rank pari passu in right and priority of payment on the terms and conditions set out in the Intercreditor Agreement.

Priority of Security

The Intercreditor Agreement provides that the Common Transaction Security shall secure the RCF Lender Liabilities, the Senior Notes Liabilities, the Permitted Senior Financing Liabilities, the RCF Agent Liabilities and the Senior Notes Trustee Amounts (but only to the extent that such Common Transaction Security is expressed to secure those liabilities) pari passu and without any preference amongst them.

Individual and Intra-Group Liabilities

The Intercreditor Agreement provides that the intra-Group liabilities and Individual Liabilities are postponed and subordinated to the Liabilities owed by the Debtors to the Senior Creditors, but does not purport to rank any of those Liabilities as between themselves.

Additional and/or Refinancing Debt

Unless prohibited by a Debt Financing arrangement, the Creditors acknowledge in the Intercreditor Agreement that the Debtors (or any of them) may wish to (i) incur incremental borrowing Liabilities (including guarantees of such Liabilities) or (ii) refinance or replace borrowing liabilities (including incurring guarantee liabilities in respect of such refinancing or replacement). Such Liabilities are intended to rank pari passu with any other Liabilities and/or share pari passu in any Common Transaction Security and/or to rank behind any other Liabilities and/or to share in any Common Transaction Security behind any such other Liabilities.

The Creditors confirm and undertake in the Intercreditor Agreement that to the extent a financing, refinancing or replacement described in the paragraph above and such ranking and such Common Transaction Security is not prohibited by the terms of the Debt Financing Agreements at such time, they will (at the cost of the Debtors) co-operate with the Debtors with a view to enabling and facilitating such financing, refinancing or replacement and such sharing in the security to take place in a timely manner. In particular, but without limitation, each of the Secured Parties authorises and directs each of its respective Agents and the Security Agent to execute any amendment of the Intercreditor Agreement and such other Debt Documents required by the Debtors to reflect, enable and/or facilitate any such arrangements (including, as regards the ranking of any such arrangements) to the extent such financing, refinancing, replacement and/or sharing is not prohibited by the Debt Financing arrangements to which the relevant Secured Parties are party.

If a Debtor incurs any new, additional or increased Liabilities under any Secured Debt Document and/or in connection with any Debt Refinancing (each a “**New Debt Financing**”), any additional security that is granted with respect to the relevant Liabilities or the New Debt Financing must:

- (a) not be prohibited by a Debt Document; and
- (b) benefit from the order of priority and ranking set out in the Intercreditor Agreement provided that the requirements of this paragraph (b) shall not apply to the Spanish Security, which shall be held by the Offshore Security Agent on behalf and for the benefit of: (A) the RCF Lenders; and (B) any other Senior Creditors, which are not otherwise prohibited from taking the benefit of the Spanish Security under (i) Spanish financial assistance laws or (ii) the relevant Debt Document.

Restrictions Relating to Senior Liabilities

The Debtors may make payments of the Senior Liabilities at any time.

The Intercreditor Agreement provides that the Senior Creditors, the Issuer and the Debtors may at any time amend or waive the terms of the RCF Finance Documents, the Senior Notes Finance Documents and/or the Permitted Senior Financing Documents in accordance with their respective terms from time to time (and subject only to any consent required under them).

Security and Guarantees: Senior Creditors

The Senior Creditors (and/or the Security Agent, a Senior Agent and/or any other person acting on behalf any of them) may take, accept or receive the benefit of:

- (a) any security from any member of the Group in respect of any of the Senior Liabilities in addition to the shared security provided that, to the extent legally possible that security is also offered either:
 - (i) to the Security Agent as agent or trustee for itself and the other Senior Creditors in respect of their Liabilities; or
 - (ii) in the case of any jurisdiction in which effective security cannot be granted in favour of a Security Agent as agent or trustee for the Secured Parties: (A) to the other Senior Creditors in

respect of their Liabilities; or (B) to the Security Agent under a parallel debt structure, joint and several creditor or equivalent structure for the benefit of itself and the other Senior Creditors;

and ranks in the same order of priority as that contemplated in the Intercreditor Agreement, provided that all amounts actually received or recovered by any Senior Creditor with respect to any such Common Transaction Security shall immediately be paid to the Security Agent and applied in accordance with the terms of the Intercreditor Agreement and such Common Transaction Security may only be enforced in accordance with the terms of the Intercreditor Agreement, provided further that the requirements of this paragraph shall not apply to the Spanish Security, which shall be held by the Offshore Security Agent on behalf and for the benefit of: (A) the RCF Lenders; and (B) any other Senior Creditors, which are not otherwise prohibited from taking the benefit of the Spanish Security under Spanish financial assistance laws, in each case, to the extent that such Spanish Security is not prohibited by a Debt Document;

- (b) any guarantee, indemnity or other assurance against loss from any member of the Group in respect of the Senior Liabilities in addition to those in:
 - (i) the RCF Agreement, any Senior Notes Trust Deed or any Permitted Senior Financing Document;
 - (ii) the Intercreditor Agreement; or
 - (iii) any guarantee, indemnity or other assurance against loss in respect of any of the Liabilities, the benefit of which (however conferred) is, to the extent legally possible, given to, or expressed to be given to, all the Secured Parties in respect of their Senior Liabilities (but without prejudice to the ability of any other person to benefit from that guarantee, indemnity or other assurance to the extent not prohibited by the Intercreditor Agreement),

provided that to the extent legally possible at the same time it is also offered to the other Senior Creditors in respect of their Liabilities and ranks in the same order of priority as that contemplated in the Intercreditor Agreement provided that all amounts actually received or recovered by any Senior Creditor with respect to any such security shall immediately be paid to a Security Agent and applied in accordance with the provisions set out under the caption “—*Application of Proceeds*”.

Restriction on Enforcement: RCF Lenders, Operating Facility Lenders, Senior Notes Creditors and Permitted Senior Financing Creditors

The Intercreditor Agreement provides that no RCF Lender, Senior Notes Creditor or Permitted Senior Financing Creditor may take certain Enforcement Action without the prior written consent of an Instructing Group (as defined above) and, for the avoidance of doubt, the Spanish Security shall only become enforceable if the Common Transaction Security is being enforced pursuant to the terms of the Intercreditor Agreement.

Notwithstanding the above restriction or anything to the contrary in the Intercreditor Agreement, after the occurrence of certain specified insolvency events (an “**Insolvency Event**”) in relation to the Issuer or a Debtor, each RCF Lender, Senior Notes Creditor and/or Permitted Senior Financing Creditor may, to the extent it is permitted to do so under the relevant Debt Documents, take certain Enforcement Action in the manners contemplated under paragraph (a) of that definition relating to the taking of certain acceleration action, and under paragraph (d) of that definition relating to claiming in the winding up, dissolution, administration, reorganisation or similar insolvency event or process in relation to that Debtor for Liabilities owing to it (but no Senior Creditor may direct the Security Agent to enforce the Common Transaction Security in any manner).

No RCF Lender, Senior Notes Creditor or Permitted Senior Financing Creditor may take or cause to be taken any action which interferes, hinders or delays, or could, interfere, hinder or delay, in any material respect, whether by judicial proceedings or otherwise, with any Distressed Disposal or other sale, transfer or disposition of the Common Transaction Security which is being conducted with the consent of or upon the instructions of the Instructing Group in accordance with the terms of the Intercreditor Agreement.

Effect of Insolvency Event; Filing of Claims

The Intercreditor Agreement provides that, among other things, after the occurrence of an Insolvency Event in relation to any Debtor or, following an acceleration event which is continuing, any member of the Group, any party entitled to receive a distribution out of the assets of that member of the Group in respect of Liabilities owed to that party shall (in the case of any Creditor, only to the extent that such distribution would otherwise constitute a receipt or recovery of a type subject to the provisions set out below under the caption “—*Turnover*”), subject to receiving payment instructions and any other relevant information from the Security Agent and to the extent it is able to do so, direct the person responsible for the distribution of the assets of that member of the Group to pay that distribution to the Security Agent until the Liabilities owing to the Secured Parties have been paid in full. In this respect, the Security Agent shall apply distributions paid to it in accordance with the provisions set out under the caption “—*Application of Proceeds*” below.

Set-Off

Subject to certain exceptions, to the extent that any member of the Group’s Liabilities are discharged by way of set-off (mandatory or otherwise) after the occurrence of an Insolvency Event in relation to that member of the Group and any Creditor which benefited from that set-off shall (in the case of any Creditor, only to the extent that such distribution would otherwise constitute a receipt or recovery of a type subject to the provisions set out below under the caption “—*Turnover*”), subject to receiving payment instructions and any other relevant information from the Security Agent, pay an amount equal to the amount of the Liabilities owed to it which are discharged by that set-off to the Security Agent for application in accordance with the provisions set out under the caption “—*Application of Proceeds*” below and subject to certain exceptions. However, this does not apply to any set-off in relation to any bank account that does not form part of the Common Transaction Security, or any set-off which gives effect to certain types of payments (or another payment or distribution not prohibited by the Intercreditor Agreement) which is otherwise permitted to be made under the Intercreditor Agreement notwithstanding the occurrence of the relevant Insolvency Event.

Subject to the provisions set out under the caption “—*Application of Proceeds*” below, if the Security Agent or any other Secured Party receives a distribution in a form other than in cash in respect of any of the Liabilities, the Liabilities will not be reduced by that distribution until and except to the extent that the realisation proceeds are actually applied towards the Liabilities.

Filing of claims; Creditors’ actions

After the occurrence of an Insolvency Event in relation to any Debtor (or, following an acceleration event which is continuing, any member of the Group), each Creditor irrevocably authorises the Security Agent, on its behalf, to:

- (i) take any Enforcement Action (in accordance with the terms of the Intercreditor Agreement) against that member of the Group;
- (ii) demand, sue, prove and give receipt for any or all of that member of the Group’s Liabilities;
- (iii) collect and receive all distributions on, or on account of, any or all of that member of the Group’s Liabilities; and
- (iv) file claims, take proceedings and do all other things the Security Agent considers reasonably necessary to recover that member of the Group’s Liabilities.

Each Creditor will (i) do all things that the Security Agent (acting in accordance with the terms of the Intercreditor Agreement) reasonably requests in order to give effect to the matters referred to in this “—*Effect of Insolvency Event; Filing of Claims*” section and (ii) if the Security Agent is not entitled to take any of the actions contemplated by this “—*Effect of Insolvency Event; Filing of Claims*” section or if the Security Agent (acting in accordance with the terms of the Intercreditor Agreement) requests that a Creditor takes that action, undertake that action itself in accordance with the instructions of the Security Agent or grant a power of attorney to the Security Agent (on such terms as the Security Agent (acting in accordance with the terms of the

Intercreditor Agreement) may reasonably require, although no Senior Notes Trustee shall be under any obligation to grant such powers of attorney) to enable the Security Agent to take such action.

Turnover

Turnover by the Senior Creditors

Subject to certain exceptions, the Intercreditor Agreement provides that if any Senior Creditor receives or recovers from any member of the Group the proceeds of any enforcement of any Common Transaction Security (whether before or after an Insolvency Event) except in accordance with the provisions set out under the caption “—*Application of Proceeds*”, that Senior Creditor will:

- (i) in relation to receipts and recoveries not received or recovered by way of set-off:
 - (A) hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) on trust for the Security Agent and separate from other assets, property or funds and, subject to receiving payment instructions and any other relevant information from the Security Agent, promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and
 - (B) subject to receiving payment instructions and any other relevant information from the Security Agent, promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and
- (ii) in relation to receipts and recoveries received or recovered by way of set-off, subject to receiving payment instructions and any other relevant information from the Security Agent, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Turnover by the Other Creditors

Subject to certain exceptions, the Intercreditor Agreement provides that if at any time prior to the Final Discharge Date, any Creditor (other than a Senior Creditor) receives or recovers:

- (i) any payment or distribution of, or on account of or in relation to, any of the Liabilities which is prohibited under the Intercreditor Agreement or any amount not in accordance with the provisions set out under the caption “—*Application of Proceeds*”;
- (ii) other than as referred to in the second paragraph of the caption “—*Effect of Insolvency Event; Filing of Claims*” any amount by way of set-off in respect of any of the liabilities owed to it which does not give effect to a payment permitted under the Intercreditor Agreement;
- (iii) notwithstanding paragraphs (i) and (ii) above, other than as referred to in the second paragraph of the caption “—*Effect of Insolvency Event; Filing of Claims*” any amount:
 - (A) on account of, or in relation to, any of the liabilities after the occurrence of a distress event (including as a result of any litigation or proceedings against a member of the Group other than after the occurrence of an Insolvency Event in respect of that member of the Group); or
 - (B) by way of set-off in respect of any of the liabilities owed to it after the occurrence of a distress event,

other than, in each case, any amount received or recovered in accordance with the provisions set out below the caption “—*Application of Proceeds*”, and in the case of intra-group liabilities, any amount received or recovered in accordance with the terms of the Intercreditor Agreement;

- (iv) the proceeds of any enforcement of any security except in accordance with the provisions set out below under the caption “—Application of Proceeds;” or
- (v) subject to certain exceptions, any distribution in cash or in kind or payment of, or on account of or in relation to, any of the liabilities owed by any member of Group which is not in accordance with the provisions set out under the caption “—Application of Proceeds” and which is made as a result of, or after, the occurrence of an Insolvency Event in respect of that member of Group,

that Creditor (other than a Senior Creditor) will, subject to certain exceptions: (i) in relation to receipts and recoveries not received or recovered by way of set-off (x) hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) on trust for the Security Agent and separate from other assets, property or funds and, subject to receiving payment instructions and any other relevant information from the Security Agent, promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement and (y) subject to receiving payment instructions and any other relevant information the Security Agent, promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) in relation to receipts and recoveries received or recovered by way of set-off, subject to receiving payment instructions and any other relevant information from the Security Agent, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Enforcement of Security

Enforcement Instructions

The Security Agent may refrain from enforcing the Common Transaction Security unless instructed otherwise by the Instructing Group.

Subject to the Common Transaction Security having become enforceable in accordance with its terms the Instructing Group may give or refrain from giving, instructions to the Security Agent to enforce, or refrain from enforcing, the Common Transaction Security as they see fit provided that all instructions to enforce Common Transaction Security complies with the requirements of the Intercreditor Agreement.

Subject to certain provisions of the Intercreditor Agreement, no secured party shall have any independent power to enforce, or to have recourse to, any Common Transaction Security or to exercise any rights or powers arising under the security documents (or to enforce or have recourse to any Common Transaction Security) except through the Security Agent in the manner contemplated by the Intercreditor Agreement.

Manner of Enforcement

If the Common Transaction Security is being enforced as set forth above under the caption “—*Enforcement of Security—Enforcement Instructions*”, the Security Agent shall enforce the Common Transaction Security in such manner (including, without limitation, the selection of any administrator, examiner or equivalent officer of any Debtor to be appointed by the Security Agent) as the Instructing Group shall instruct or, in the absence of any such instructions, as the Security Agent sees fit (it being understood that, absent such instructions, the Security Agent may elect to take no action).

Exercise of Voting Rights

To the fullest extent permitted under applicable law, each Creditor (other than any Senior Creditor, Senior Notes Creditor or Senior Notes Trustee) shall agree with the Security Agent that it will cast its vote in any proposal put to the vote by, or under the supervision of, any judicial or supervisory authority in respect of any insolvency, pre-insolvency or rehabilitation or similar proceedings relating to any member of the Group as instructed by the Security Agent. The Security Agent shall give instructions for the purposes of this paragraph as directed by the Instructing Group. Notwithstanding the foregoing, no party can exercise or require any other Creditor under the

Intercreditor Agreement to exercise its power of voting or representation to waive, reduce, discharge, extend the due date for payment or otherwise reschedule any of the Liabilities owed to that Creditor.

Waiver of Rights

To the extent permitted under applicable law and subject to certain provisions of the Intercreditor Agreement, each of the Secured Parties and the Debtors waive all rights it may otherwise have to require that the Common Transaction Security be enforced in any particular order or manner or at any particular time, or that any sum received or recovered from any person, or by virtue of the enforcement of any of the Common Transaction Security or of any other security interest, which is capable of being applied in or towards discharge of any of the secured obligations, is so applied.

Security Held by Other Creditors

If any Common Transaction Security is held by a Creditor other than the Security Agent, then that Creditor may only enforce that Common Transaction Security in accordance with instructions given by the Instructing Group pursuant to the terms of the Intercreditor Agreement (and for this purpose references to the “**Security Agent**” shall be construed as references to that Creditor).

Copy of instructions

As soon as reasonably practicable following receipt of any instructions from the Instructing Group to enforce the Common Transaction Security, refrain or cease from enforcing the Common Transaction Security or, as the case may be, take any other Enforcement Action, the Security Agent shall provide a copy of such instructions to each Agent (unless it received those instructions from that person).

Enforcement of Spanish Security

If the Common Transaction Security is being enforced as set forth above under the caption “—*Enforcement of Security—Enforcement Instructions*”, the Offshore Security Agent shall have the right to enforce the Spanish Security and retain any proceeds in connection with such enforcement in accordance with the terms of the Spanish Security.

Proceeds of Disposals

Non-Distressed Disposals

The Security Agent (on behalf of itself and the Secured Parties) is irrevocably authorised and instructed (at the request and cost of the relevant Debtor or the Issuer) to promptly release (or procure that any other relevant person releases) from the Common Transaction Security and the Secured Debt Documents:

- (i) any security (and/or any other claim relating to a Debt Document) over any asset which is the subject of:
 - (A) a disposal not prohibited by the terms of the RCF Agreement, any Senior Notes Trust Deed, any Permitted Senior Financing Agreement, the Second Lien Facility Agreement, any Permitted Second Lien Financing Agreement, any Senior Parent Notes Indenture and any Permitted Parent Financing Agreement (each a “**Debt Financing Agreement**”) (including a disposal to a member of the Group, but without prejudice to any obligation of any member of the Group in a Debt Financing Agreement to provide replacement security); or
 - (B) any other transaction not prohibited by the terms of any Debt Financing Agreement pursuant to which that asset will cease to be held or owned by a member of the Group;
- (ii) any security (and/or any other claim relating to a Debt Document) over any document or other agreement requested in order for any member of the Group to effect any amendment or waiver in respect of that document or agreement or otherwise exercise any rights, comply with any

obligations or take any action in relation to that document or agreement (in each case to the extent not prohibited by the terms of any Debt Financing Agreement);

- (iii) any security (and/or any other claim relating to a Debt Document) over any asset of any member of the Group which has ceased to be a Debtor (or will cease to be a Debtor simultaneously with such release); and
- (iv) any security (and/or any other claim relating to a Debt Document) over any other asset to the extent that such release is in accordance with the terms of each Debt Financing Agreement.

In the case of a disposal of shares or other ownership interests in a Debtor (or any holding company of any Debtor), or any other transaction pursuant to which a Debtor (or any holding company of any Debtor) will cease to be a member of the Group or a Debtor (including in connection with the resignation of that Debtor or the Debtor), the Security Agent (on behalf of itself and the Secured Parties) shall (at the request and cost of the relevant Debtor or the Issuer) promptly release (or procure the release of) that Debtor and its subsidiaries (and its and their assets) from all present and future liabilities under the Secured Debt Documents.

When making any request for a release pursuant to this “—*Non-Distressed Disposals*” section, the Issuer shall confirm in writing to the Security Agent that:

- (i) in the case of any release requested pursuant to paragraph (i) or (ii) above, the relevant disposal or other action is not prohibited by the terms of any Debt Financing Agreement; or
- (ii) in the case of any release requested pursuant to paragraph (iv) above, the relevant release is in accordance with terms of the Debt Financing Agreements,

and the Security Agent shall be entitled to rely on that confirmation for all purposes under the Secured Debt Documents.

The Security Agent shall (at the cost and expense of the relevant Debtor or the Issuer but without the need for any further consent, sanction, authority or further confirmation from any Creditor, other Secured Party or Debtor) promptly enter into and deliver such documentation and/or take such other action as the Issuer (acting reasonably) shall require to give effect to any release or other matter described above.

Without prejudice to the foregoing and for the avoidance of doubt, if requested by the Issuer in accordance with the terms of any of the Debt Financing Agreements (and provided that the requested action is not expressly prohibited by any of the other Debt Financing Agreements), the Security Agent and the other Creditors shall (at the cost of the relevant Debtor and/or the Issuer) promptly execute any guarantee, security or other release and/or any amendment, supplement or other documentation relating to the Security Documents as contemplated by the terms of any of the Debt Financing Agreements (and the Security Agent is authorised to execute, and will promptly execute if requested by the Issuer, without the need for any further consent, sanction, authority or further confirmation from any Creditor, any such release or document on behalf of the Creditors). When making any request pursuant to this paragraph the Issuer shall confirm in writing to the Security Agent that such request is in accordance with the terms of a Debt Financing Agreement (and the requested action is not expressly prohibited by way of any of the other Debt Financing Agreements) and the Security Agent shall be entitled to rely on that confirmation for all purposes under the Secured Debt Documents.

The Security Agent is irrevocably authorised by each Secured Party to (and will on the request and at the cost of the Issuer):

- (i) release the Common Transaction Security; and
- (ii) release each Debtor, the Individual and each other member of the Group from all Liabilities, undertakings and other obligations under the Secured Debt Documents,

on the Final Discharge Date (or at any time following such date on the request of the Issuer).

Distressed Disposals

Generally, a “**Distressed Disposal**” is a disposal of an asset of a member of the Group which is being effected: (a) at the request of the Instructing Group in circumstances where a security interest has become enforceable in accordance with the terms of the relevant security document(s), (b) by enforcement of a security interest in accordance with the terms of the relevant security document(s) or (c) after the occurrence of a distress event by a debtor to a person or persons not a member of the Group.

If a Distressed Disposal of any asset of a member of the Group is being effected, the Security Agent is irrevocably authorised (at the cost of the relevant Debtor or the Issuer and without any consent, sanction, authority or further confirmation from any Creditor, other Secured Party or Debtor):

- (i) to release the security interest or any other claim over that asset and execute and deliver or enter into any release of that security interest or claim and issue any letters of non-crystallisation of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable;
- (ii) if the asset which is disposed of consists of shares in the capital of a Debtor to release:
 - (A) that Debtor and any subsidiary of that Debtor from all or any part of its borrowing liabilities, its guarantee liabilities and its other Liabilities;
 - (B) any Common Transaction Security granted by that Debtor or any subsidiary of that Debtor over any of its assets; and
 - (C) any other claim of an intra-group lender, the Individual or another Debtor over that Debtor’s assets or over the assets of any subsidiary of that Debtor, on behalf of the relevant Creditors, Debtors and certain creditor representatives;
- (iii) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor, to release:
 - (A) that holding company and any subsidiary of that holding company from all or any part of its borrowing liabilities, its guarantees liabilities and its other Liabilities;
 - (B) any security interest granted by that holding company or any subsidiary of that holding company over any of its assets; and
 - (C) any other claim of any intra-group lender or another Debtor over that holding company’s assets or the assets of any subsidiary of that holding company, on behalf of the relevant Creditors, Debtors and certain creditor representatives;
- (iv) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor and the Security Agent (acting in accordance with the Intercreditor Agreement) decides to dispose of all or any part of the Liabilities or the Debtor Liabilities owed by that Debtor or holding company or any subsidiary of that Debtor or holding company:
 - (A) (if the Security Agent (acting in accordance with the Intercreditor Agreement) does not intend that any transferee of those Liabilities or Debtor Liabilities (the “**Transferee**”) will be treated as a Senior Creditor or a Secured Party for the purposes of the Intercreditor Agreement), to execute and deliver or enter into any agreement to dispose of all or part of those Liabilities or Debtor Liabilities, provided that, notwithstanding any other provision of any Debt Document, the Transferee shall not be treated as a Senior Creditor or a Secured Party for the purposes of the Intercreditor Agreement; and
 - (B) (if the Security Agent does intend that any Transferee will be treated as a Senior Creditor or a Secured Party for the purposes of the Intercreditor Agreement), to execute

and deliver or enter into any agreement to dispose of: all (and not part only) of the Liabilities owed to the Senior Creditors and all or part of any other Liabilities and the Debtor Liabilities, on behalf of, in each case, the relevant Creditors and Debtors;

- (v) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor (the “**Disposed Entity**”) and the Security Agent (acting in accordance with the Intercreditor Agreement) decides to transfer to another Debtor (the “**Receiving Entity**”) all or any part of the Disposed Entity’s obligations or any obligations of any subsidiary of that Disposed Entity in respect of the intra-group liabilities or the Debtor Liabilities, to execute and deliver or enter into any agreement to:
 - (A) agree to the transfer of all or part of the obligations in respect of those intra-group liabilities or Debtor Liabilities on behalf of the relevant intra-group lenders and Debtors to which those obligations are owed and on behalf of the Debtors which owe those obligations; and
 - (B) (if the Receiving Entity is a holding company of the Disposed Entity which is also a guarantor of Senior Liabilities) to accept the transfer of all or part of the obligations in respect of those intra-group Liabilities or Debtor Liabilities on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those intra-group liabilities or Debtor Liabilities are to be transferred.

The net proceeds of each Distressed Disposal (and the net proceeds of any disposal of Liabilities or Debtor Liabilities) shall be paid to the Security Agent for application in accordance with the provisions set out under the caption “—*Application of Proceeds*” (to the extent that the asset disposed of constituted charged property), as if those proceeds were the proceeds of an enforcement of the relevant security interest and, to the extent that any disposal of Liabilities or Debtor Liabilities has occurred, as if that disposal of Liabilities or Debtor Liabilities had not occurred.

In the case of a Distressed Disposal (or a disposal of Liabilities) effected by, or at the request of, the Security Agent (acting in accordance with the Intercreditor Agreement), the Security Agent shall take reasonable care to obtain a fair market price in the prevailing market conditions (though the Security Agent shall not have any obligation to postpone any such Distressed Disposal or disposal of liabilities in order to achieve a higher price).

Where certain Liabilities of a number of the group would otherwise be released pursuant to the Intercreditor Agreement, the Creditor concerned may elect to have those Liabilities transferred to the Issuer in which case the Security Agent is irrevocably authorised (to the extent legally possible and at the cost of the relevant Debtor or the Issuer and without any consent, sanction, authority or further confirmation from any Creditor, other Secured Party or Debtor) to execute such documents as are required to so transfer those Liabilities.

Application of Proceeds

The Intercreditor Agreement provides that secured parties may only benefit from Recoveries (as defined below) to the extent that the Liabilities of such secured parties has the benefit of the guarantees or security under which such Recoveries are received and provided that, in all cases, the rights of such secured parties shall in any event be subject to the priorities set out in this section. This shall not prevent a Senior Creditor benefiting from such Recoveries where it was not legally possible for the Senior Creditor to obtain the relevant guarantees or security interests.

Order of Application

The Intercreditor Agreement provides that, subject to its terms, all amounts from time to time received or recovered by the Security Agent in connection with the realisation or enforcement of all or any part of the relevant security interests (for the purposes of this “—*Application of Proceeds*” section and the “—*Equalisation of the Senior Creditors*” section, the “**Recoveries**”) shall be applied by the Security Agent at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the provisions of this “—*Application of Proceeds*” section), in the following order of priority:

- (i) in discharging any sums owing to the Senior Agent (in respect of RCF Agent Liabilities), any Senior Creditor Representative (in respect of Permitted Senior Financing Agent Liabilities), the Senior Notes Trustee (in respect of any Senior Notes Trustee Amounts), or any sums owing to the Security Agent, any receiver or any delegate on a pro rata and pari passu basis;
- (ii) in payment of all costs and expenses incurred by any Agent, Senior Creditor in connection with any realisation or enforcement of the Common Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent under the Intercreditor Agreement;
- (iii) in payment to:
 - (A) the RCF Agent on its own behalf and on behalf of the RCF Lenders;
 - (B) the Senior Notes Trustee on its own behalf and on behalf of the Senior Noteholders; and
 - (C) each Senior Creditor Representative on its own behalf and on behalf of the Permitted Senior Financing Arrangers and the Permitted Senior Financing Creditors,

for application towards the discharge of:

- 1) the RCF Lender Liabilities (in accordance with the terms of the RCF Finance Documents);
- 2) the Senior Notes Liabilities (other than sums owing to the Security Agent) (in accordance with the terms of the Senior Notes Finance Documents); and
- 3) the Permitted Senior Financing Arranger liabilities and the Permitted Senior Financing Liabilities (other than the Permitted Senior Financing Agent Liabilities) (in accordance with the terms of the Permitted Senior Financing Documents and, if there is more than one Permitted Senior Financing Agreement, on a pro rata basis between the Permitted Senior Financing Debt in respect of each Permitted Senior Financing Agreement),

on a *pro rata* basis and *pari passu* between paragraphs (1) to (3) above;

- (iv) if none of the Debtors is under any further actual or contingent liability under any Secured Debt Document, in payment to any person to whom the Security Agent is obliged to pay in priority to any Debtor; and
- (v) the balance, if any, in payment to the relevant Debtor.

Each Secured Party authorises the Security Agent under the Intercreditor Agreement to hold any non-cash consideration received or recovered in connection with the realisation or enforcement of all or any part of the Common Transaction Security until cash is received for any such non-cash consideration, provided that the Security Agent may distribute any such non-cash consideration to a Secured Party which has agreed, on terms satisfactory to the Security Agent, to receive such non-cash consideration and the liabilities owed to that Secured Party shall be reduced by an amount equal to the value of that non-cash consideration upon receipt by that Secured Party of that non-cash consideration.

Equalisation of the Senior Creditors

If, for any reason, any Senior Liabilities remain unpaid after the relevant enforcement date and the resulting losses are not borne by the relevant Senior Creditors in the proportions which their respective exposures at the relevant enforcement date bore to the aggregate exposures of all the relevant Senior Creditors at the enforcement date (or, in the case of Recoveries resulting from the realisation or enforcement of all or any part of the security

or a transaction in lieu thereof, in a manner reflecting the order of priority contemplated in under the section “—*Application of Proceeds—Order of Application*”), the relevant Senior Creditors will make such payments among themselves as shall be required to put the relevant Senior Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions (or, as the case may be, to otherwise reflect the order of priority contemplated under the section “—*Application of Proceeds—Order of Application*”) (but, for the avoidance of doubt, any recoveries or realisation contemplated by paragraph (a)(vi) of the definition of Enforcement Action and the provisions of the “—*Effect of Insolvency Event; Filing of Claims—Set-Off*” section are not to be considered as recoveries or realisation for the purposes of this paragraph).

Turnover of Enforcement Proceeds

If:

- (a) the Security Agent or the relevant Agent is not entitled, for reasons of applicable law, to pay amounts received pursuant to the making of a demand under any guarantee, indemnity or other assurance against loss or the enforcement of the Common Transaction Security to the Senior Creditors but is entitled to distribute those amounts to Creditors (such Creditors, the “**Receiving Creditors**”) who, in accordance with the terms of the Intercreditor Agreement, are subordinated in right and priority of payment to the Senior Creditors; and
- (b) the Final Discharge Date has not yet occurred (nor would occur after taking into account such payments),

then the Receiving Creditors shall make such payments to the Senior Creditors as shall be required to place the Senior Creditors in the position they would have been in had such amounts been available for application against the Senior Liabilities, provided this shall not apply to any receipt or recovery that has been distributed by a Senior Notes Trustee to the Senior Noteholders in accordance with the Senior Notes Finance Documents unless the Senior Notes Trustee has received at least two Business Days’ prior written notice (in accordance with the Intercreditor Agreement) that an acceleration event or an insolvency event in relation to a Debtor had occurred or that the receipt or recovery falls within the provisions set out under the caption “—*Turnover*” prior to distribution of the relevant amount.

Required Consents

The Intercreditor Agreement provides that, subject to certain exceptions, it and/or a security document may be amended or waived only with the written consent of:

- (i) if the relevant amendment or waiver (the “**Proposed Amendment**”) is prohibited by the RCF Agreement, the RCF Agent (acting on the instructions of the requisite RCF Lenders in accordance with the applicable provisions of the RCF Agreement);
- (ii) if any Senior Notes have been issued and the Proposed Amendment is prohibited by the terms of the relevant Senior Notes Trust Deed, the Senior Notes Trustee;
- (iii) if any Permitted Senior Financing Debt has been incurred and the Proposed Amendment is prohibited by the terms of the relevant Permitted Senior Financing Agreement, the Senior Creditor Representative in respect of that Permitted Senior Financing Debt (if applicable, acting on the instructions of the Majority Permitted Senior Financing Creditors); and
- (iv) the Issuer.

Notwithstanding the foregoing, any amendment or waiver of any Secured Debt Document that is made or effected in connection with any Debt Refinancing (see “—*Debt Refinancing*”), any incurrence of additional and/or refinancing debt (as referred to in “—*Ranking and Priority—Additional and/or Refinancing Debt*”) or Non-Distressed Disposal (see “—*Proceeds of Disposals—Non-Distressed Disposals*”) or in connection with any other provision of any Secured Debt Document (provided that such amendment or waiver is not expressly

prohibited by the terms of any other Secured Debt Document) shall be binding on all parties to the Intercreditor Agreement.

The Intercreditor Agreement or a security document may be amended by the Issuer and the Security Agent without the consent of any other party, to cure defects, resolve ambiguities or reflect changes in each case of a minor technical or administrative nature or as otherwise for the benefit of all or any of the Secured Parties. Any amendment, waiver or consent which relates only to the rights or obligations applicable to creditors under a particular Debt Financing Agreement (and which does not materially and adversely affect the rights or interests of creditors under other Debt Financing Agreements) may be approved with only the consent of the creditor representative in respect of that Debt Financing Agreement and the Issuer.

Any vote of Senior Noteholders (or any class thereof) in respect of an amendment, waiver or consent under the Intercreditor Agreement shall, solely for the purpose of such vote, exclude any Senior Noteholder which the terms of the relevant Senior Notes Trust Deed would exclude from voting on an amendment, waiver or consent under the Senior Notes Trust Deed.

Amendments and Waivers: Security Documents

Subject to the paragraph below and to certain exceptions under the Intercreditor Agreement and unless the provisions of any Debt Document expressly provide otherwise, the Security Agent may, if authorised by the Instructing Group, and if the Issuer consents, amend the terms of, waive any of the requirements of or grant consents under, any of the security documents which shall be binding on each party.

Subject to the second and third paragraphs of the section captioned “—*Exceptions*” below, any amendment or waiver of, or consent under, any security document which would adversely affect the nature or scope of the charged property or the manner in which the proceeds of enforcement of the security are distributed requires approval as set out under the section captioned “—*Required Consents*.”

Exceptions

Subject to the following paragraph of this “—*Exceptions*” section, an amendment, waiver or consent which adversely relates to the express rights or obligations of an agent, an arranger or the Security Agent (in each case in such capacity) may not be effected without the consent of that agent, that arranger or the Security Agent (as the case may be) at such time.

The foregoing shall not apply:

- (i) to any release of Common Transaction Security, claim or Liabilities; or
- (ii) to any consent,

which, in each case, the Security Agent gives in accordance with the provisions set out under the caption “—*Proceeds of Disposals*” above.

The provision described in the first paragraph of this “—*Exceptions*” section shall apply to an arranger only to the extent that the arranger liabilities are then owed to that arranger.

Calculation of Credit Participations

The Intercreditor Agreement provides for the purpose of ascertaining whether any relevant percentage of Senior Credit Participations has been obtained under the Intercreditor Agreement, the Agents or the Security Agent

may notionally convert any Senior Credit Participations into their Common Currency Amounts. The agents will, upon request from the Security Agent, promptly provide the Security Agent with details of the Senior Credit Participations of the Senior Creditors whom it represents and (if applicable) details of the extent to which such Senior Credit Participations have been voted for or against any request.

Agreement to Override

Unless expressly stated otherwise in the Intercreditor Agreement, the Intercreditor Agreement overrides anything in the Debt Documents to the contrary.

Common Security

Subject to and in accordance with the terms of the Intercreditor Agreement and the Conditions, the obligations of the Issuer under the Notes and the Guarantors under the Guarantees and the liabilities of the Debtors described in the Intercreditor Agreement will be secured on a *pari passu* basis by the Common Security. However, the obligations of the Issuer under the Notes and the obligations of the Guarantors under the Guarantees will only be secured prior to the Final Discharge Date.

On or before: (i) the date falling 90 days after the Issue Date (other than with respect to the FIVE Luxe Mortgage), or (ii) 31 March 2024 with respect to the FIVE Luxe Mortgage, the Security Providers will grant the Common Security pursuant to the Security Documents in favour of the Security Agent for the benefit of itself and the Secured Parties to secure the Secured Obligations. The Common Security comprises security interests granted over the following rights, property and assets on a first-ranking basis:

1. DIFC law governed share pledges over the shares in:
 - (i) FIVE Holding Limited, between the Issuer and the Security Agent;
 - (ii) Pacha Universe Holding Limited, between the Issuer and the Security Agent;
 - (iii) FIVE JBR Holding (DIFC) Limited, between FIVE Holding Limited and the Security Agent;
and
 - (iv) FIVE International Holding Limited, between the Issuer and the Security Agent;
2. UAE (onshore) law governed share pledges over the shares in:
 - (i) FIVE Holiday Homes Rental LLC, between FIVE Holding Limited and the Security Agent;
 - (ii) FIVE Hotel Jumeirah Village LLC, between Unlimited 1 Limited and the Security Agent;
 - (iii) FIVE International Hotel Management LLC, between FIVE Holding Limited and the Security Agent;
 - (iv) FIVE Luxe Hotel LLC, between FIVE JBR Holding (DIFC) Limited and the Security Agent;
and
 - (v) DEVCO Real Estate Development LLC, between FIVE JBR Holding (DIFC) Limited and the Security Agent;
3. UAE (Jebel Ali Free Zone) law governed share pledges over the shares in:
 - (i) Unlimited 1 Limited, between Unlimited 1 Development, Sky's the Limit 1 and the Security Agent;
 - (ii) Assas Investments Limited, between SKAI Holdings Group Limited and the Security Agent;
and
 - (iii) Rehan Limited, between SKAI Holdings Group Limited and the Security Agent.
4. UAE (Ports, Customs and Free Zone Corporation) law governed share pledge over the shares in FIVE Hotel FZE, between SKAI Holdings Group Limited and the Security Agent.
5. UAE (Ras Al Khaimah International Corporate Centre) law governed share pledge over the shares in SKAI Holdings Group Limited, between FIVE Holding Limited and the Security Agent (share pledges over the shares between point 2 to point 5 above together refer to the “**UAE Share Pledges**”);

6. Cayman Islands law governed share mortgages over the shares in:
 - (i) Sky's the Limit 1, between FIVE Holding Limited and the Security Agent; and
 - (ii) Unlimited 1 Development, between FIVE Holding Limited and the Security Agent;
7. Dubai law governed mortgages over the following assets:
 - (i) FIVE Hotel Jumeirah Village, owned by Unlimited 1 Limited;
 - (ii) FIVE Hotel Palm Jumeirah, owned by Assas Investments Limited; and
 - (iii) FIVE Luxe, owned by FIVE JBR Holding (DIFC) Limited (the "**FIVE Luxe Mortgage**"); and
8. UAE law governed movables security agreements over the assets owned by:
 - (i) FIVE Holiday Homes Rental LLC;
 - (ii) FIVE Hotel Jumeirah Village LLC;
 - (iii) FIVE International Hotel Management LLC;
 - (iv) Rehan Limited;
 - (v) Unlimited 1 Limited;
 - (vi) Assas Investments Limited;
 - (vii) DEVCO Real Estate Development LLC;
 - (viii) FIVE Hotel FZE;
 - (ix) FIVE JBR Holding (DIFC) Limited;
 - (x) FIVE Luxe Hotel LLC; and
 - (xi) FIVE Holding Limited.

Swiss Facilities

On 24 December 2020, 5 Atlantis AG as borrower (the "**Borrower**") entered into a Swiss law governed credit facilities agreement with Deutsche Bank (Suisse) SA as lender (the "**Lender**"), the Issuer as corporate guarantor and Mr. Kabir Mulchandani as beneficial owner and personal guarantor, which was amended pursuant to amendment agreements dated 15 September 2021, 24 November 2022, 2 August 2023, 11 September 2023 and 27 September 2023 (together, the "**Swiss Facilities Agreement**"). The Swiss Facilities Agreement provides for:

- a senior amortising term loan facility with a commitment in the aggregate amount of CHF 50,160,000 (the "**Swiss Facility A**") for purposes of the financing of the acquisition of the plot with cadastral no. 3649, Zürich-Wiedikon (the "**Property**") and related costs and expenses; and
- a senior non-amortising term loan facility with a commitment depending on the refurbishment budget but in any case no more than CHF 8,000,000 (the "**Swiss Facility B**") for purposes of the financing of the refurbishment of the Property (the Swiss Facility A and the Swiss Facility B together "**Swiss Facilities**").

The interest rate applicable to any loan under the Swiss Facilities Agreement is the aggregate of the applicable margin and the applicable reference rate. The margin applicable to Swiss Facility A is 1.25 per cent. per annum and the margin applicable to Swiss Facility B is 1.55 per cent. per annum. CHF LIBOR was replaced as the reference rate by compounded SARON, plus a certain credit adjustment spread. The final maturity date is the

date falling three years after the first utilisation date, subject to an extension option contemplated in the Swiss Facilities Agreement. The Borrower's and the guarantors' obligations in respect of the Swiss Facilities Agreement are guaranteed by:

- Mr. Kabir Mulchandani pursuant to a Swiss law governed personal guarantee, dated 22 February 2021, made by Mr. Kabir Mulchandani as personal guarantor for the benefit of Deutsche Bank (Suisse) SA as lender;
- the Issuer pursuant to the Swiss Facilities Agreement; and
- the Issuer pursuant to a Dubai law governed corporate guarantee, dated 22 February 2021, between the Issuer as guarantor and the Lender,

and such obligations are secured pursuant to:

- a Swiss law governed receivables assignment agreement, dated 22 February 2021, between the Borrower as assignor and the Lender as assignee regarding the assignment of certain receivables, including certain insurance claims, intra-group receivables;
- a Swiss law governed bank accounts pledge agreement, dated 22 February 2021, between the Borrower as pledgor and the Lender as pledgee regarding the pledge over bank accounts held with Swiss banks;
- a Swiss law governed subordination agreement, dated 22 February 2021, between FIVE International Holding Limited as subordinated lender, the Borrower as debtor and the Lender as priority lender regarding the subordination and assignment of certain shareholder loans granted by FIVE International Holding Limited to the Borrower; and
- a Swiss law governed mortgage certificate security transfer agreement, dated 22 February 2021, between the Borrower as transferor and the Lender as transferee regarding the security transfer (*Sicherungsübertragung*) of certain mortgage certificates encumbering the Property.

The Swiss Facilities Agreement provides for certain financial covenants with respect to both the Borrower and the Issuer, whereas the 'Loan to Value Ratio' and the 'Debt Service Coverage Ratio' referred to below are subject to a cure mechanism:

- **Loan to Value Ratio:** The aggregate amount outstanding under the Swiss Facilities Agreement divided by the market value of the Property shall not exceed 65 per cent.
- **Debt Service Coverage Ratio:** As from 31 December 2023, the Borrower's net operating income to the total debt service of the Swiss Facilities falling due for the same period shall not fall below 1.5 : 1.
- **Debt to Equity:** The Issuer's debt to equity ratio shall not exceed 50 per cent.
- **Assets under Management:** The Borrower (or a designated affiliate) must maintain CHF 20,000,000 in liquid, marketable net assets under management with the Lender.

For the purposes of testing the Loan to Value Ratio, the market value of the Property shall be determined by an independent real estate expert and the Borrower is required to deliver a covenant compliance certificate to the Lender within 204 calendar days following 31 March 2023 (and within 120 calendar days for the following years). Based on the most recent valuation provided by an independent real estate expert on the Property on 28 February 2023, the Loan to Value Ratio exceeded 65 per cent. A new valuation is envisaged to be carried out in November 2023. The Lender and the Borrower have reached an agreement in principle that certain amendments to the finance documents are to be made not later than 21 October 2023, including amendment of covenants (such as Assets under Management and Debt to Equity) and provision of additional security for the Borrower's obligations under the Swiss Facilities Agreement to ensure that the required Loan to Value Ratio is met and the relevant compliance certificate is given on or by such required date. See "*Risk Factors—Risks Relating to the Group and its Business—The Group's substantial debt could limit the Group's flexibility,*

adversely affect its financial health and prevent the Issuer and the Guarantors from fulfilling their respective obligations under the Notes and the Guarantees”.

Along with a number of mandatory prepayment events, events of default and representations and warranties, the Swiss Facilities Agreement provides for certain positive and negative covenants with respect to the obligors (and, where explicitly stated, with respect to the Borrower only) under the documents referred to above, including:

- maintenance of the general nature and scope of the business and of the material assets;
- material authorisations required for the business operations;
- transactions on market terms;
- maintenance and protection of intellectual property rights;
- maintenance of good repair and condition by the Borrower of the Property, including a minimum amount of 2 per cent. of the Property's total gross revenues which the Borrower shall spend on furniture, fixtures and equipment;
- maintenance of adequate insurance coverage by the Borrower;
- application by the Borrower of certain insurance proceeds received under any physical damage insurance relating to the Property or under any business interruption insurance, including an undertaking to hold monies received under such physical damage insurance on a blocked account with the Lender;
- preparation of financial statement;
- *pari passu* ranking of obligations and liabilities under the finance documents;
- payment of taxes;
- compliance with Swiss tax law rules commonly referred to as the 'Swiss non-bank rules';
- compliance with laws and regulations, in particular with the Swiss Federal Act on the Acquisition of Real Estate by persons Abroad (*Lex Koller*);
- best efforts undertaking with respect to the arbitration proceedings in relation to a certain contractor lien (*Bauhandwerkerpfandrecht*) with respect to the Property;
- no additional financial indebtedness by the Borrower subject to certain exceptions and a general basket of CHF 500,000;
- no granting of loans to third parties by the Borrower, subject to exceptions;
- no distribution of dividends (or similar) by the Borrower unless with proceeds previously credited to a dedicated account with the Lender in accordance with the cash flow waterfall;
- no granting or permitting to subsist any security interest by the Borrower over any of its assets or revenues, subject to certain exceptions;
- no mergers, acquisitions or joint ventures by the Borrower;
- no encumbrances over or with respect to the Property by the Borrower, subject to certain exceptions;
- no conversion of the Property by the Borrower;
- no hedging transactions by the Borrower; and

- no change to the corporate structure of the Group without the Lender's consent, unless such change complies with certain restrictions.

The guarantees and security agreements referred to above provide for additional events of default, representation and warranties and undertakings. Such undertakings include:

- maintaining a personal net worth of Mr. Kabir Mulchandani of USD 500,000,000;
- no personal financial indebtedness of Mr. Kabir Mulchandani exceeding USD 100,000,000;
- no bank accounts held by the Borrower, unless such bank account is subject to the bank accounts pledge agreement referred to above and with an account bank domiciled in Switzerland;
- compliance by the Borrower with all agreements under which claims have been assigned for security purposes;
- no assignment or encumbrance by the Borrower of any claims assigned for security purposes;
- no creation or maintaining of any security or quasi-security by the Borrower over the mortgage certificates (*Schuldbrief*) encumbering the Property; and
- a UAE law governed corporate guarantee entered into by and between the Issuer and the Lender in order to guarantee the obligations of the Borrower under the Swiss Facilities Agreement and the other finance documents referred to in the Swiss Facilities Agreement to which the Borrower is a party to.

The above summaries are not exhaustive. The Swiss Facilities Agreement, the guarantees and the security agreements referred to above provide for a number of mandatory prepayment events, events of default, representations and warranties or other undertakings that could substantially restrict the business of the Borrower or other members of the Group.

REGULATORY OVERVIEW

Relevant Real Estate and Hospitality Legislation

Legislation Governing Freehold Property

On 13 March 2006, the Dubai government issued legislation permitting foreign ownership of properties in designated areas of Dubai. The Dubai Real Estate Registration Law No. 7 of 2006 (the “**Registration Law**”) allows UAE and GCC citizens, and companies wholly owned by them, as well as public companies, to own real rights over property (such as freehold and long-term leases) anywhere within Dubai and non-GCC expatriates and foreigners, and companies owned by them, to own real rights over property only in designated areas within Dubai.

As a consequence of the current policy of the DLD, a company incorporated outside the UAE that wishes to own real rights over property will need to establish as its subsidiary a locally incorporated entity to hold title. For example, it is possible for foreigners and foreign companies to own property in Dubai through offshore companies established in the Jebel Ali free zone.

The Registration Law also provides that the DLD shall solely, to the exclusion of others, be authorised to register any real rights over property. The Registration Law established the Real Property Register at the DLD. All real property rights and any amendments shall be registered in the Real Property Register, which shall have the absolute power of evidence against all parties. No objection against the data on the Real Property Register may be made other than on the grounds of fraud or forgery.

Dubai Real Estate Regulatory Authorities

DLD

The DLD is responsible for registration of all property transactions and of all property developers within Dubai (with the exception of free zones that have their own regulations and procedures in place).

RERA

RERA was established pursuant to Dubai Law No. 16 of 2007 and succeeded by Dubai Law No. 4 of 2019 concerning the establishment of the Real Estate Regulatory Agency. Supported by the DLD, RERA plays a key and executive role in the regulation of Dubai's real estate market. RERA is an arm of the DLD responsible for regulating the real estate sector, helping in formulating the sector's strategies, regulating the activities of companies that manage residential compounds, as well as the activities of real estate brokers and owners' associations. RERA also issues the rules and regulations that qualify activities of brokerage, lease contract registration and certification.

Dubai Municipality

Dubai Municipality provides municipal services to the population of Dubai. Its work includes urban planning and supervision of construction; environmental protection and improvement; conservation of public parks; regulation and maintenance of quality standards in construction and building materials, food and consumable items; and professional services in laboratory certification and accreditation.

Dubai Civil Defence

The Dubai Civil Defence Department is responsible for ensuring compliance with safety standards. Its work includes the installation of fire safety and other emergency equipment.

Trakhees

The Department of Planning and Development (the “**Trakhees**”) was established as the regulatory arm of the Ports Customs and Free Zones Corporation under a Decree No 22 of 2009 (the “**Decree**”) by the Ruler of Dubai over Special Development Zones (the “**SDZ**”). The Decree stipulated that services of "Trakhees" shall include lands, complexes and areas owned by the Ports Customs and Free Zones Corporation and Dubai World or

entities and subsidiaries of any of them in the Emirate of Dubai or within their jurisdiction or within the areas designated by the Corporation or areas determined by legislation issued by the Ruler and includes, but not limited to Nakheel, Limitless, Dubai Maritime City, Dubai Multi Commodities Centre (the “**DMCC**”), Palm Jumeirah, Jumeirah Village Circle. SDZs may be in the mainland or a free zone in Dubai. Trakhees’ responsibilities include engineering supervision, the issuance of building permits, the issuance of licenses, and the supervision of all health, safety, and environmental issues within the SDZs in Dubai. The Trakhees Regulations for SDZs in the Emirate of Dubai aim to provide a comprehensive framework for the civil engineering standards, licensing requirements, environmental health and safety standards.

Roads and Transport Authority (“RTA”)

The RTA is responsible for approving road networks and master plans for any communities developed by development companies.

RERA and Escrow Accounts

Dubai Law No. 8 of 2007 and its associated regulations (the “**Escrow Law**”), governs the way in which purchase price instalments paid by purchasers of "off-plan" developments are dealt. Under the Escrow Law, developers are required to register with RERA and to set up escrow accounts for each development. Purchasers pay their requisite purchase price in instalments directly into the relevant escrow account. Importantly, the monies credited to the escrow account are not subject to attachment in favour of a developer's creditors.

The escrow account is managed by a financial institution approved by RERA (with such financial institution being the trustee of the escrow account). The trustee of the escrow account will determine when a developer will be permitted to make withdrawals from the escrow account. Essentially, money will only be permitted to be drawn down when certain specified construction milestones are met and in accordance with the relevant legislation and any relevant escrow agreement. The release of monies from the escrow account is subject to a requirement to retain 5 per cent. of the total funds in the escrow account for one year following the date of receipt of the completion certificate issued by DLD to the developer for the developer to address any remedial works required during that period. Developers are permitted to use up to 5 per cent. of the project value for "soft costs" associated with the development such as advertising, brokers' fees, and other disbursements. RERA oversees the operation of escrow accounts and has the ability to carry out audits to ensure that the relevant escrow account holds the requisite amount of funds based on the relevant stage of the development, the money paid by the purchasers and the construction costs incurred by the developer to date. If there are not sufficient funds, RERA can require the developer to top up the escrow account. The Escrow Law stipulates severe penalties for breach of the Escrow Law, including imprisonment and/or a fine of not less than AED 100,000.

Off-plan sales

Dubai Law No. 13 of 2008 regulating the Interim Real Estate Register in the Emirate of Dubai in August 2008 (as amended) (“**Law No. 13**”) created a register to record all off-plan sales of real estate units (the “**Interim Register**”). Any disposition relating to an off-plan unit will be deemed null and void if not registered on the Interim Register within the period required by the DLD (i.e., 90 days from the date of disposition).

Law No. 13 also provides, amongst other things, that: (i) a developer is not permitted to commence selling units for a project until it has taken possession of the relevant development land and obtained all necessary approvals from the authorities; (ii) all fees payable upon a transfer or other disposal of units must be paid to DLD and developers are only permitted to collect limited "administration fees" upon such disposal; and (iii) developers are required to compensate purchasers where the net area of a unit is more than five per cent. smaller than that specified in the contract. The compensation payable will be calculated on the basis of the purchase price for the relevant unit.

Compensation on Termination

Article 11 of Law No. 13 sets out the procedure that must be followed in the event that a developer wishes to terminate an off-plan sales agreement by virtue of the purchaser's default and the compensation that the

developer may obtain in such circumstances. In the event that a purchaser breaches any of its obligations under the off-plan sales agreement, then the following procedures shall be followed:

- (i) the developer must notify the DLD of the purchaser's default and the DLD will then notify the purchaser of the default and allow 30 days for it to be remedied;
- (ii) if the purchaser does not remedy the default within the permitted period of 30 days the DLD will issue an order in favour of the developer permitting it to undertake one of the following actions:
 - (a) the project is more than 80 per cent. complete, the developer can (1) continue with the contract and claim the outstanding amount from the purchaser; (2) ask the DLD to sell the property by public auction to recover the outstanding amount; or (3) terminate the contract and retain up to 40 per cent. of the purchase price stated in the contract;
 - (b) where the project is 60–80 per cent. complete, the developer can terminate the contract and retain up to 40 per cent. of the purchase price stated in the contract;
 - (c) where the project is less than 60 per cent. complete, the developer can terminate the contract and retain up to 25 per cent. of the purchase price stated in the contract; or
 - (d) where the project has not commenced construction for reasons beyond the developer's control, and there is no negligence on the developer's part, the developer must refund all amounts received from a purchaser.

If the developer terminates the contract, it can retain the permitted proportion of the purchase price (as above) and must refund any amounts due to the purchaser within one year of the termination of the contract or within 60 days from the date of resale of the property, whichever is earlier.

Article 21 of Executive Council Resolution No. 6 of 2010 provides that for the purposes of paragraph (d) above, the following cases shall be deemed causes beyond the developer's control:

- (i) the land on which the project is to be built is dispossessed on grounds of public interest;
- (ii) a government authority stops work on the project for re-planning reasons;
- (iii) excavations or service networks are found on the project's location;
- (iv) the government-linked master developer makes modifications to the project's location resulting in the project's borders and area changing in a way that affects the performance of the sub-developer's obligations; and
- (v) any other causes which RERA may deem out of the developer's control.

In addition, Dubai Law No. 19 of 2020 which amends Law No. 13 provides RERA with the ability to cancel a project if it considers it appropriate having considered such project's viability. In such case, the developer is obliged to return all monies paid by purchasers. In the event that the balance of the project's escrow account is insufficient to satisfy the amounts owed to the purchasers, the developer shall repay the sums to those purchasers entitled to payment within 60 days of the project cancellation decision unless RERA determines to extend such period for valid reasons.

Law and directions relating to jointly owned properties

Dubai Law No. 6 of 2019 Concerning Ownership of Jointly Owned Property in the Emirate of Dubai ("Law No. 6") replaces Dubai Law No. 27 of 2007 concerning Jointly Owned Property in the Emirate of Dubai and sets out the rules relating to jointly owned property. Any property which is divided into units intended for separate ownership and which has areas which are owned and used by more than one owner will constitute a jointly owned property. Law No. 6 sets out the framework for granting purchasers of individual units in a building freehold ownership rights to their units together with ownership of a proportionate share of the common areas in the building. Law No. 6 provides for three categories of projects. Category 1 relates to major projects

and provides that the developer will be responsible for the management, operation, maintenance and repair of common parts. Category 2 relates to hotel projects and provides that the management of the common parts must be outsourced by the developer to a hotel project management company. Category 3 relates to real property projects other than major projects and hotel projects and provides that management of the common parts is undertaken by a specialised management company selected and contracted by RERA. The management company is responsible for, amongst other things, the collection of the service charges (including those from developers who have unsold units in the development) required to maintain and operate the common areas. In each category unit owners shall be appointed by RERA to form an owners' committee and have the right to vote on decisions taken by the committee.

A principal feature of the title regime pursuant to Law No. 6 is that developers are required to disclose detailed information about developments before signing contracts to sell units.

The key documents for the jointly owned property structure are the Master Community Declaration, and Building Management Statement which are supposed to be prepared pursuant to a template to be issued by RERA. These documents shall form part of the title deed for the property. Any application to the DLD to register the sale of a unit in a development which has been sub-divided for sale as individual units will need to be accompanied by these documents setting out details relating to the development and, in particular, details as to how the common areas in the relevant building will be managed. The developer must prepare and file the Master Community Declaration and the BMS of the complex with the DLD within 60 days from the certificate of completion of the project. The DLD will subsequently maintain a special register of Jointly Owned Real Property.

The Rental Disputes Settlement Centre shall have exclusive jurisdiction to hear and determine all disputes and disagreements concerning the rights and obligations stipulated in Law No. 6.

Timeshare System

Dubai Law No. 14 of 2020 (the “**Timeshare Law**”) was introduced on 10 December 2020 and came into force on 10 June 2021 to regulate the timeshare industry in Dubai. The Timeshare Law applies to (i) all individuals and entities that conduct timeshare activity in Dubai, including all free zones (including the DIFC); (ii) entities that are competent to operate the exchange programme service; and (iii) all timeshare contracts and point contracts the subject of which is an accommodation unit in Dubai.

The Timeshare Law provides that an individual or entity licensed to sell timeshare units must, amongst other obligations:

- (i) refrain from practising timeshare activity in any unit which is not approved and classified by the Dubai Department of Tourism and Commerce Marketing;
- (ii) maintain records that include all the data related to timeshare contracts and point contracts and keep them available for review by the Dubai Department of Tourism and Commerce Marketing;
- (iii) carry out the necessary periodic maintenance for the accommodation unit, including the replacement and renewal work of the internal and external furniture and equipment, in accordance with the standards and criteria approved by the Dubai Department of Tourism and Commerce Marketing in this regard; and
- (iv) guarantee all defects that prevent or diminish the use of the accommodation unit, it being stipulated in the law that any agreement requiring exemption from the defect guarantee shall be void.

The Timeshare Law also affords the beneficiary the right to withdraw from the timeshare contract or the points contract at will within 10 days from the date on which it obtained the signed copy of the contract (the “**Cooling-off Period**”). However, the parties to a timeshare contract may agree to a longer Cooling-off Period.

Finally, pursuant to the Timeshare Law, the rights arising from the timeshare contract, and all the rights mentioned on time share in the accommodation unit, should be recorded in the Real Property Register after the expiry of the withdrawal period stipulated in Article 17 of the Timeshare Law. If a conduct that transfers or

restricts the time share is not recorded, then it shall be deemed null and void pursuant to the Timeshare Law. At present, however, timeshare dispositions are non-registrable in the Real Property Register.

Holiday Homes

The activity of renting holiday homes in Dubai is regulated pursuant to Dubai Decree No. 41 of 2013 “Concerning the Regulation of the Holiday Homes Rental Market in the Emirate of Dubai” which is supplemented by Executive Council Resolution No. 49 of 2014 “Concerning Approval of Fees and Fines in connection with the rental of Holiday Homes Activity in the Emirate of Dubai” and Administrative Resolution No. 1 of 2020 “Issuing the executive regulations of Dubai Decree No. 41 of 2013 Concerning the Regulating of the activity of renting vacation homes in the Emirate of Dubai” (collectively the “**Holiday Homes Law**”).

The Holiday Homes Law applies to any legal or natural person that offers the renting of holiday homes to guests in Dubai (including special development zones and free zones).

The Holiday Homes Law provides that any person wishing to carry out the activity of renting holiday homes in Dubai must be licensed by the Department of Economy and Tourism in Dubai (the “**DET**”). The licence typically lasts for one year at which point it is required to be renewed. The DET inspects such holiday homes and classifies them into deluxe and tourist classes.

The Holiday Homes Law prescribes the fees relating to the holiday homes license including the application fee, renewal fees and amendment fees. It also prescribes the penalties for a breach of any part of the legislation.

The Holiday Homes Law also provides prescriptive details on the conditions and procedures relating to applying for a holiday homes licence.

Rental and leasing laws and regulation

Subject to implied provisions under applicable legislation (such as Dubai Law No. 26 of 2007 Regulating the Relationship between Landlords and Tenants in the Emirate of Dubai as amended by Dubai Law No. 33 of 2008), lease terms (including the length of the lease term) can be freely negotiated. There is a standard template of lease terms that is often used for residential leases, although additional provisions can be agreed between the landlord and tenant. There is no standard template for commercial leases.

Unless the parties have agreed otherwise, the landlord is responsible for the general maintenance of the property and rectifying any major defects or faults that affect the tenant's enjoyment of the property. In Dubai, the landlord's right to terminate a lease is set out under Dubai Law No. 26 of 2007, as amended by Dubai Law No. 33 of 2008. The Landlord may evict a tenant before the expiry date of the lease, if (among other things) the tenant has been in arrears of rent for more than 30 days after due demand, or on expiry of the lease term in limited circumstances such as where the landlord intends to sell or occupy the property, but only after certain notice periods have themselves expired. Hotel serviced apartments are not expressly carved-out from the scope of the applicable tenancy law in Dubai and so leasing of these apartments could arguably be deemed regulated by such law.

Periodically in Dubai, rent decrees have been issued to regulate rent increases in both residential and commercial leases. Decree No. 43 of 2013 On the Determination of the Increase in the Real Estate Rent in the Emirate of Dubai, provides that:

- (i) there is no rent increase where the rent of the property is up to 10 per cent. less than the average rental value of similar properties;
- (ii) a rent increase of 5 per cent. of the property where the rent is 11 per cent. to 20 per cent. less than the average rental value of similar properties;
- (iii) a rent increase of 10 per cent. of the property where the rent is 21 per cent. to 30 per cent. less than the average rental of similar properties;

- (iv) a rent increase of 15 per cent. of the property where the rent is 31 per cent. to 40 per cent. less than the average of similar properties; and
- (v) a rent increase of 20 per cent. of the property where the rent is 40 per cent. less than the average of similar rental properties.

The average rental payable for similar properties in Dubai is determined in accordance with the RERA rental index.

Property Mortgage Rules

The UAE Central Bank issued Circular No. 31/2013 dated 28 October 2013 setting caps on mortgage lending by banks. The loan to value ratios were capped as follows:

- (i) For UAE nationals: capped at a maximum of 80 per cent. where the property is valued at AED 5 million or less and 70 per cent. where the property is valued at more than AED 5 million in relation to the first property and at 65 per cent., regardless of the property's value, for the second property.
- (ii) For non-UAE nationals: capped at a maximum of 75 per cent. where the property is valued at AED 5 million or less and 65 per cent. where the property is valued at more than AED 5 million in relation to the first property and at 60 per cent., regardless of the property's value, for the second property.
- (iii) For UAE and non-UAE nationals: capped at 50 per cent. regardless of the property's value in relation to property bought off plan.

Relevant Employment and Health & Safety

Legislation Governing Employment

Employment in UAE is regulated by way of UAE Federal Decree-Law No. 33 of 2021 (as amended) (the “**Labour Law**”), and the Labour Law’s supporting Executive Regulations (namely, UAE Cabinet Resolution No. 1 of 2022).

The Labour Law applies to all employees working in the UAE other than:

- (i) employees of federal and local government agencies;
- (ii) members of the armed forces, police and security;
- (iii) ancillary service workers;
- (iv) domestic workers; and
- (v) employees employed by entities in the DIFC and the ADGM (both of which have their own distinct and separate legal systems and employment legislation).

Free zones within the UAE may have their own rules and regulations that supplement the Labour Law. In the event of any inconsistencies, the Labour Law will take precedence over the free zone regulations, save where the free zone regulations would result in a more beneficial entitlement for the employee (in which case, the courts are likely to give precedence to the free zone regulation in question).

Additional legislation applies to employees holding UAE nationality – most notably, UAE Ministerial Decree No. 212 of 2018 (regarding termination of UAE national employees); and UAE Federal Law No. 7 of 1999 (regarding pension contributions).

Note that the Labour Law in its current form came into effect on 2 February 2022, superseding UAE Federal Law No. 8 of 1980 (as amended). The Labour Law has introduced various changes to the previous legislation, and employers are under an obligation to ensure that all employees’ employment contracts are updated so as to comply with the Labour Law by no later than 31 December 2023.

Summary

The Labour Law includes, amongst other things, provisions related to:

- (i) contract types (most notably, the Labour Law provides that only fixed term contracts are permissible. The maximum term of a contract is two years. Thereafter, the contract may be renewed (either automatically or by mutual agreement, depending on what is specified therein), or otherwise terminated;
- (ii) working hours;
- (iii) leave (annual leave, sick leave, maternity leave, parental leave, bereavement leave, study leave); and
- (iv) termination (minimum notice periods; permissible grounds for termination; end of service gratuity).

The Labour Law sets out employees' minimum statutory entitlements, which cannot be contracted out of. Any contractual provision that is less beneficial than a provision within the Labour Law will be considered as null and void by the courts.

Ministry of Human Resources and Emiratization (the "MHRE")

All employers in the UAE (other than those in exempt categories or in free zones) must register with the MHRE. Employment-related grievances are handled through a conciliation process administered by the MHRE.

The UAE courts have exclusive jurisdiction over all labour matters in the UAE (save for matters related to DIFC or ADGM employment). The UAE courts will preside over employment matters irrespective of any contractual arbitration or other agreement to the contrary.

Trade unions and collective bargaining are not permitted.

Immigration

In order to onboard an employee, an employer must apply for a UAE residence visa and work permit for the employee in question. These permissions must be obtained from the MHRE, or the authority governing the free zone in which the employing entity is based. The process will necessitate the parties entering into and submitting an employment contract, in the form prescribed by the MHRE or the free zone in question, compliant with the provisions of the Labour Law. It is illegal for an employee to work without a work permit. There are no general "right to work" permissions in the UAE.

Salary and Benefits

Where the employer is an MHRE-registered company (or where the employer is based in either the Dubai Multi Commodities Centre or Jebel Ali Free Zone Authority free zones), employees' salaries must be paid via the wages protection system ("WPS") pursuant to UAE Ministerial Resolution No. 598 of 2022. WPS is an electronic salary transfer system that allows companies to pay employees' salaries via banks, bureaux de change and financial institutions approved and authorised to provide the service. The MHRE maintains a database of employees' salaries, and monitors the amounts paid to employees via WPS in order to ensure that employees are receiving their contractual salary amounts. In the event of any shortfall beyond a certain threshold, the MHRE will raise enquiries with the company, which may result in the company's MHRE portal becoming blocked until such a time that it rectifies underpayments.

There is no minimum wage legislation in the UAE. Where an employee's contract contains a very low wage (such that the employee is unlikely to be able to meet the basic costs of living), it is possible that the MHRE will question the salary amount, or even reject the contract – however, in practice, contracts with extremely low salaries are accepted by the MHRE.

Termination

Termination is permissible:

- (i) upon the expiry of the contractual term (subject to any automatic renewal and/or notice period provisions set out in the employment contract);
- (ii) with notice, for a “legitimate” reason; or
- (iii) without notice, for any of the reasons set out in Article 44 of the Labour Law.

The Labour Law does not define a “legitimate reason” – however, in practice, the UAE courts typically consider a “legitimate reason” to be a reason pertaining to the employee’s performance or conduct.

The Labour Law makes express provision for redundancy, although it restricts redundancy to the following instances:

- (i) permanent closure of the company;
- (ii) where there has been issuance of a court ruling confirming that the employer is bankrupt or insolvent;
- (iii) where there has been issuance of a decision by the applicable UAE authorities confirming that the employer is unable to continue the activity for any exceptional economic reasons beyond its control.

The old version of the Labour Law included provisions related to compensation for “arbitrary” (i.e. unfair) dismissal – however, these provisions were NOT carried through to the current version of the Labour Law. As a result, employees are now only able to claim compensation for unfair termination in very narrow circumstances – these being:

- (i) where the employee (whilst still employed) has filed a case against the employer;
- (ii) the courts have ruled in the employee’s favour; and
- (iii) as a result of this case and corresponding judgment, the employer has then terminated the employee’s employment.

The compensation available in these circumstances is up to three months’ full salary.

Employees are entitled to notice of termination as per their employment contracts. The minimum notice period permissible is one month, and the maximum is three months. Notice may be served or paid in lieu, at the employer’s unilateral discretion. An employer also has the unilateral right to place an employee on gardening leave.

A termination notice must be issued in writing.

End of Service Gratuity

End of service gratuity (“**EOSG**”) is a mandatory statutory severance payment unique to the GCC region. Pursuant to the Labour Law, EOSG is calculated as follows:

- (i) 21 calendar days’ basic salary for each of the first five years of service; and
- (ii) 30 calendar days’ basic salary per year for any additional years served thereafter.

Portions of the year served are payable *pro rata*. Employees must have completed at least one full year of service in order to be eligible to receive EOSG. Employees’ entitlement is capped at the equivalent of two years’ salary.

GCC national employees are not entitled to EOSG, and are instead entitled to mandatory employer and employee pension contributions. An employer must register any GCC national employees with the relevant pension authority, and pay monthly contributions into the applicable pension scheme in accordance with the prevailing law.

Emiratisation

Emiratisation is an initiative by the UAE government which promotes the employment of UAE nationals in the private sector. The current Emiratisation quotas are:

- (i) 2 per cent. for commercial entities where the entity has over 50 employees;
- (ii) 4 per cent. for banks; and
- (iii) 5 per cent. for insurance companies.

However, recent changes to the Emiratisation regime are such that:

- MHRE-registered companies with more than 50 employees must increase the number of UAE nationals employed by 2 per cent. each year, cumulatively, with the effect that no less than 10 per cent. of the workforce should be comprised of UAE nationals by 2026, in accordance with UAE Cabinet Resolution No. 279 of 2022; and
- Pursuant to Ministerial Resolution 455 of 2023, companies with 20-49 employees performing “Targeted Economic Activities” must hire at least one UAE national by the end of 2024, and another by the end of 2025.

Only skilled workers earning monthly salaries of AED 4,000 or more shall be taken into consideration for the purpose of quotas. Likewise, only skilled UAE nationals earning monthly salaries of AED 4,000 or more shall be considered as relevant to a company’s UAE national headcount.

Where a company has more than with 50 employees does not meet its Emiratisation quotas, it will be subject to a fine of AED 6,000 per month, multiplied by the number of UAE nationals it should be employing in order to become compliant. The fine increases by AED 1,000 each year (i.e. the fine for non-compliance in year 2023 would be AED 7,000 per position not filled by UAE national). If a company impacted by Ministerial Resolution 455 of 2023 does not meet its obligations, it will be subject to:

- AED 96,000 if no UAE national is appointed in 2024. This amount shall fall due in January 2025, and shall be payable in monthly instalments; and
- AED 108,000 if no UAE national is appointed in 2025. This amount shall fall due in January 2026, and shall be payable in monthly instalments.

The Nafis programme has been established to help companies to source UAE nationals by means of an online portal.

Health and Safety

Pursuant to the Labour Law, an employer is obligated to provide the necessary means of prevention to protect workers from occupational injuries / illnesses that may occur during work. In this respect, an employer must:

- (i) provide the appropriate protective equipment;
- (ii) implement health and safety instructions and display these in a conspicuous place, in a language in which employees are conversant;
- (iii) take measures to protect employees from obvious workplace accidents (falling items, sharp objects, explosive chemicals, etc.);
- (iv) provide the necessary means to prevent and extinguish fires;
- (v) provide a first aid kit;
- (vi) provide appropriate training to workers;
- (vii) display operating instructions on machinery; and
- (viii) conduct periodic health and safety evaluations.

In the event that a worker suffers an occupational injury / illness, an employer must:

- (i) cover the cost of the worker's treatment until he or she is either cured and is able to return to work, or otherwise proves that the injury / illness is such that he or she can no longer work;
- (ii) if the injury / illness prevents the worker from working, the employer must pay the worker the equivalent of his or her full salary for the duration of the treatment or a period of six months, whichever is less. If the treatment period exceeds six months, the employer must continue to pay the worker half of the worker's salary for another six months, or until the worker has recovered, or proves that he or she is no longer able to work, or the worker passes away, whichever comes first.

The Labour Law states that compensation is payable to workers for injuries sustained during the course of employment. However, compensation is not payable where the worker:

- (i) injured themselves deliberately;
- (ii) was under the influence of alcohol or narcotics when the injury occurred;
- (iii) the injury occurred as a result of the worker's misconduct;
- (iv) the injury occurred as a result of the worker violating the employer's health and safety policies/instructions; or
- (v) the worker refused medical treatment further to the injury, or failed to heed medical advice.

An employer is obligated to provide medical insurance for all employees, with the minimum level of coverage determined by law.

Relevant Environmental Laws

Matters relating to the environment are governed principally by the UAE Federal Law No. 24 of 1999 concerning the protection and development of the environment (as amended) (the "**Environment Law**").

The Environment Law prohibits establishments from discharging certain pollutants into the environment. Residences, hotels, or shops located near the coastline, which discharge pollutants, may only be established subject to receiving a licence prior to commencement of those projects. Generally, any activities in the UAE which may have a negative impact on the environment cannot commence without first undertaking an environmental impact assessment and obtaining an appropriate licence from the local environmental agency in the Emirate in which the activities are located, and which are mandated to identify:

- (i) categories of projects, which due to their nature may cause harm to the environment;
- (ii) areas and sites of special environmental importance or sensitivity such as historical and archaeological sites, wetlands, coral reefs, natural reservations, and public parks; and
- (iii) natural resources and major environmental problems of special importance.

The Environment Law imposes various criminal sanctions for environmental damage in addition to the sanctions provided under the UAE Penal Code (Federal Law No. 35 of 1992, as amended). Criminal liability attaches to an individual or individuals and not the company, although any conviction of an individual can be taken into account in any later UAE civil court proceedings against the company. Any type of environmental incident may well lead to criminal complaints against any individual concerned.

The Environment Law also sets out liability in terms of compensation for environmental damage. It extends loss from the normal concept of remoteness of "loss" in UAE law to include any damages which "affect the environment in such a way that prevents or reduces temporary or permanent lawful use or damages the economic and aesthetic value as well as the cost of the environmental rehabilitation". Any claims under the Environmental Law may therefore be considerable and of serious consequence.

The maximum penalty under the Environmental Law is a fine of up to AED 10 million for certain violations and imprisonment of up to five years.

The UAE has acceded to various international and regional conventions on various environmental issues.

MARKET OVERVIEW

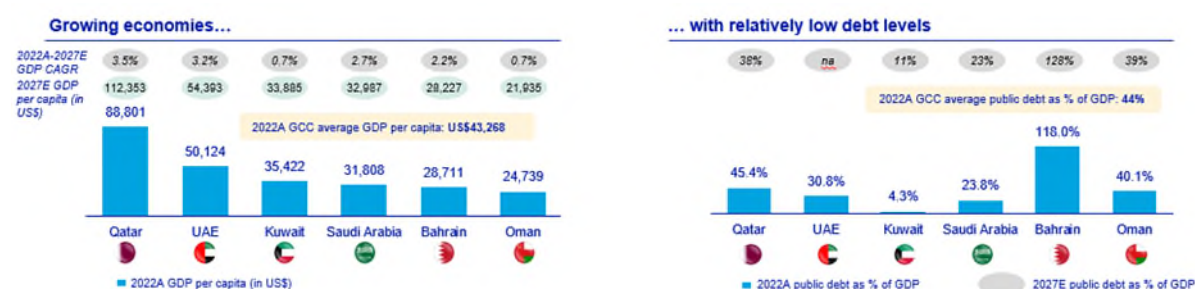
The market information presented in this section is taken or derived from the cited sources. Market data is inherently forward-looking and subject to uncertainty and does not necessarily reflect actual market conditions. Such data is based upon market research, which itself is based upon sampling and subjective judgements by both the researchers and other participants involved in such research, including judgements about what types of products and competitors should be included in the relevant market. In addition, certain statements below are based upon our own information, insights, subjective opinions or internal estimates, and not on any third-party or independent source; these statements contain words such as “we estimate”, “we expect”, “we believe” or “in our view” and, as such, do not purport to cite to or summarise any third-party or independent source and should not be so read.

Overview

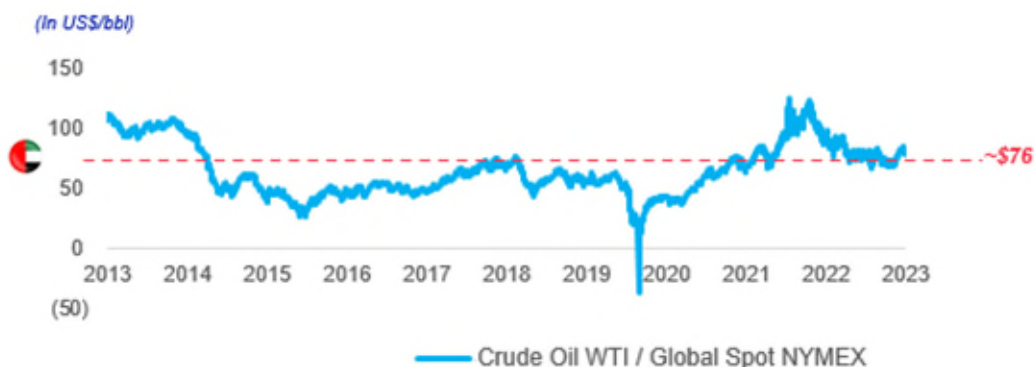
The Group owns and operates the following hotels globally: (i) FIVE Palm Jumeirah with 436 hotel room Keys, 39 hotel apartment Keys and 50 holiday homes Keys located in Palm Jumeirah, Dubai; (ii) FIVE Jumeirah Village, with 247 hotel room Keys and 197 hotel apartment Keys located in Jumeirah Village Circle, Dubai; (iii) FIVE Zurich, with 149 Keys comprised of hotel rooms and suites located in Zurich. The Group also has an ongoing real estate development project, FIVE Luxe with 222 hotel room Keys and 160 holiday home Keys located in Jumeirah Beach Residence, Dubai, which is expected to be fully operational in 2024. As a result, this section is focused on the Group’s operating markets: (i) UAE / Dubai; and (ii) Switzerland / Zurich.

1. Macroeconomic environment in operating countries

The overall macroeconomic environment in the UAE and particularly in Dubai, where the Group primarily operates, remains positive, as illustrated by the country’s strong credit profile. As at 30 June 2023, the UAE’s credit rating from Standard & Poor’s was “AA”, Moody’s was “Aa2” and Fitch was “AA-”. The UAE’s growing economy is supported by: (i) a high GDP per capita and a relatively diversified economy; (ii) a low debt burden and low fiscal risks supported by a strong net external asset position; as well as (iii) large hydrocarbon endowment with low production costs in the Emirate of Abu Dhabi, which enjoys a low fiscal break-even oil price, and among the lowest for all oil-producing countries, at U.S.\$76/bbl currently as shown under the charts below. Despite the UAE economy’s significant exposure to hydrocarbons, and the regional geopolitical tensions, see “Risk Factors—Risks Relating to Dubai and the UAE— Potentially prolonged instability and unrest in the MENA region, or the escalation of armed conflict may materially adversely, affect the Group’s business, financial condition and results of operations”, it has demonstrated its resilience to oil price fluctuations, external shocks, and positioned itself as a ‘safe-haven’ in the region.



Source: FocusEconomics (August 2023)



Source: Bloomberg

Similarly, in Switzerland, the macroeconomic environment is favourable, driven by strong public finances. According to the World Bank, central government debt as percentage of GDP in 2021 (*latest available data*) was 20.3 per cent., and GDP per capita in 2022 was U.S.\$ 92,101.5, which indicates high levels of wealth. Switzerland has a stable consensus-based political system, as well as a robust institutional framework, as its credit rating from Standard & Poor’s was “AAA”, Moody’s was “Aaa” and Fitch was “AAA”.

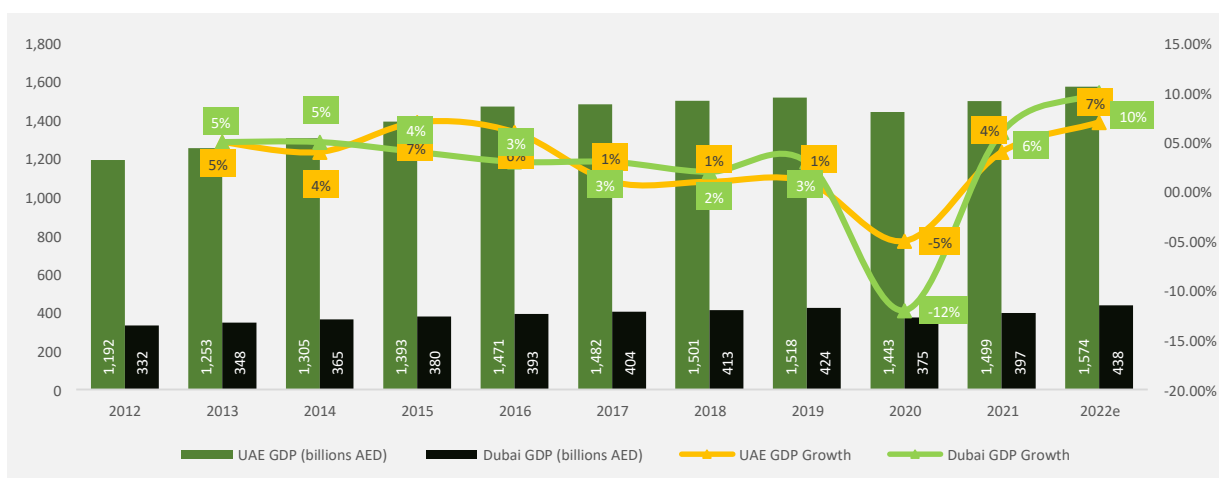
The hotel industry is cyclical and generally follows economic conditions with a time-lag. There is a history of increases and decreases in demand for hotel rooms, in occupancy levels, and in rental rates obtained by owners of hotels through economic cycles. In recent decades, there has been a positive correlation between GDP and travel and tourism expenditure.

UAE / Dubai

According to CBRE, the UAE’s GDP is estimated to have grown by approximately 8 per cent. in 2022, which is set to be the highest rate of growth recorded since 2006, mainly driven by both the hydrocarbon and non-hydrocarbon sectors’ strong post-pandemic rate of recovery, recording growth rates of 11.4 per cent. and 6.6 per cent., respectively, compared to 2021.

Dubai’s GDP growth rate is estimated to have grown by approximately 10 per cent. in 2022, surpassing the UAE’s GDP growth rate. The growth has primarily been driven by the manufacturing and service sectors, of which the latter is influenced by the hospitality sector. The following chart represents the evolution of the UAE’s and Dubai’s GDP between 2012 and 2022, with figures for 2022 presented on an estimated basis:

Evolution of UAE & Dubai GDP (2012 – 2022e)

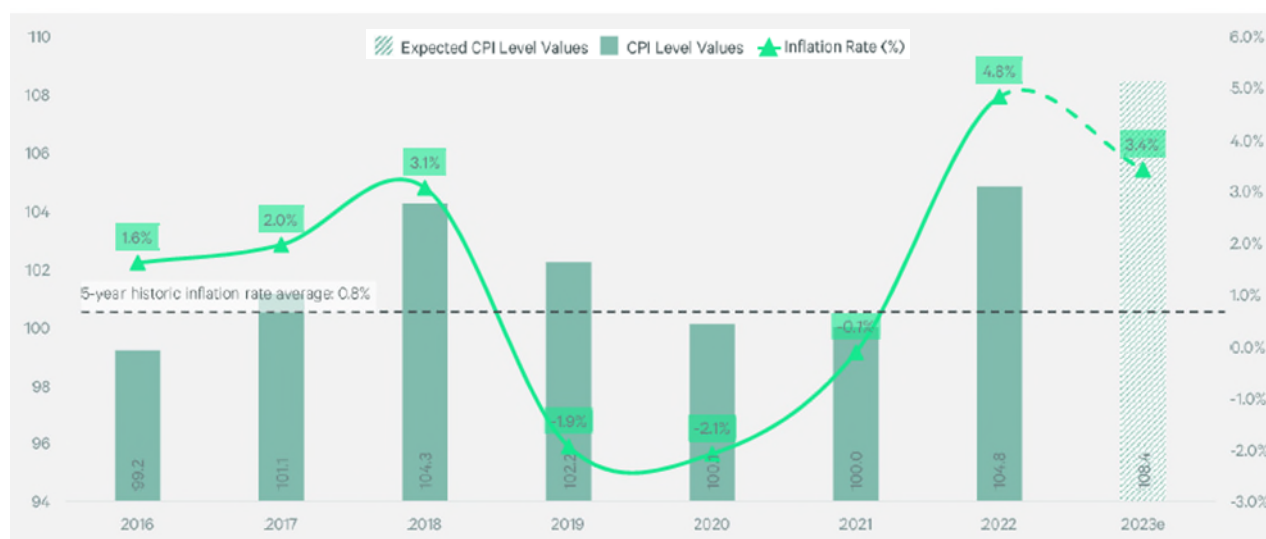


Source: CBRE August 2023 Report, Oxford Economics

The chart below illustrates the evolution of the rate of inflation in the UAE from 2016 to 2023, with figures for 2023 presented on a forecasted basis. The increase in the rate of inflation from 1.6 per cent. in 2016 to 2.0 per cent. in 2018 was partly attributable to the rise in the price of housing, water and utilities, along with the introduction of VAT in the UAE at 5.0 per cent. with effect from 1 January 2018. This was followed by a period of deflation in 2019 and 2020, with the highest rate of decline in prices recorded in textiles, clothing and footwear (-7.5 per cent.), housing (-3.4 per cent.), and food and soft drinks (-2.7 per cent.). The inflation rate declined by 0.1 per cent. in 2021 and increased by 4.8 per cent. in 2022. The increase in inflation in 2022 is in line with global inflation. For 2022, the UAE's 5-year historical average inflation rate was at 0.8 per cent. In 2023, IMF forecasts are predicting inflation to decrease to 3.4 per cent.

UAE Inflation (2016 – 2023F)

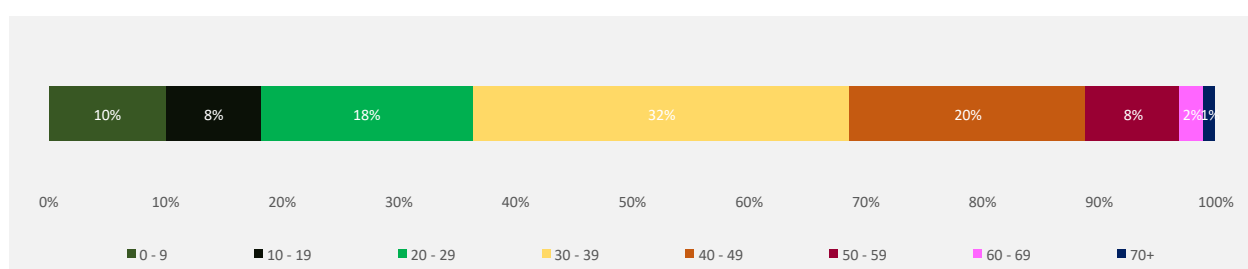
Annual inflation rate (%)



Source: CBRE August 2023 Report, IMF, Oxford Economics

In terms of demographics, the UAE's population increased by 3.1 per cent. reaching 9.55 million in 2021, following the COVID-19-related contraction. The population in the UAE is mainly composed of working age individuals between 30 and 39 years old, which represented 32 per cent. of the total population in 2022. Looking forward, the UAE's population is expected to grow at a 1.1 per cent. CAGR between 2022 and 2026.

UAE Population by Age Group (2022)



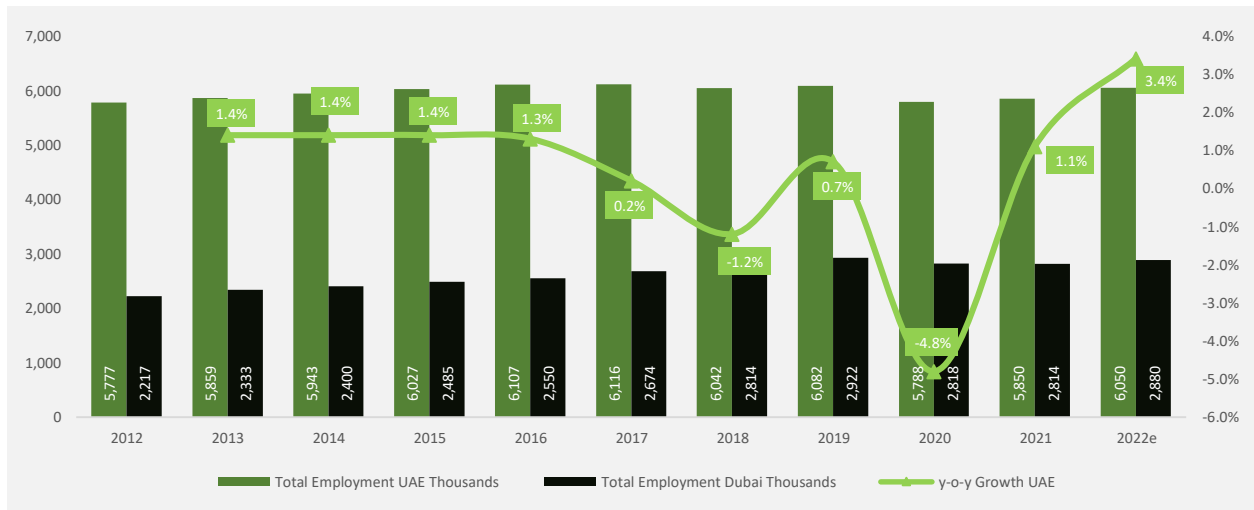
Source: CBRE August 2023 Report, Oxford Economics

Prior to the COVID-19 pandemic, total employment generally exhibited an increasing trend, with the UAE and Dubai representing approximately 6.08 million and 2.92 million people in employment in 2019, respectively. The sharp decline in employment in 2020 as a result of COVID-19, was reversed in the following year, when the number of employed persons in the UAE recovered by 1.1 per cent. to a total of 5.85 million.

Total employment in Dubai followed a similar year-over-year growth trend as the nationwide figures. According to CBRE, in 2022, it is estimated that 2.88 million people were employed in the Emirate, representing an employment rate of approximately 95 per cent., 34 basis points higher than the national employment rate.

The following chart represents the historical and forecasted evolution of employment levels in the UAE and Dubai between 2012 to 2022, with figures for 2022 presented on an estimated basis:

Total Number of Employed UAE & Dubai (2012 – 2022e)
Thousands



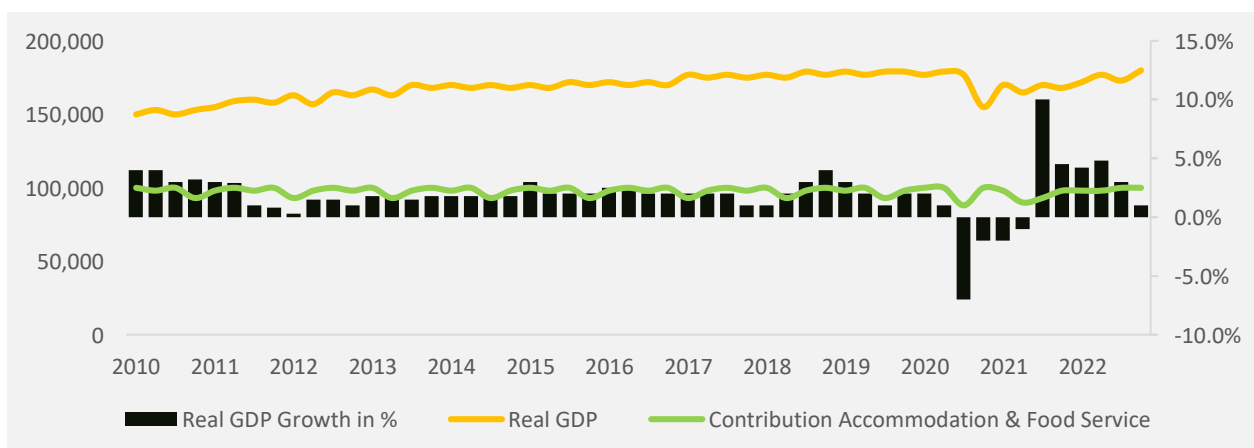
Source: CBRE August 2023 Report, Oxford Economics, World Bank, United Nations

Switzerland / Zurich

According to CBRE, the Swiss real GDP has grown continuously since 2010 with a 1.8 per cent. CAGR between 2010 and 2019, reaching CHF719 billion in 2019. Excluding the contraction experienced in 2020 and 2021 due to COVID-19, real GDP has recorded uninterrupted quarterly growth as at third quarter of 2022. State Secretariat for Economic Affairs (“SECO”) projects an annual GDP growth of 2.0 per cent. for 2022, followed by 1.0 per cent. for 2023 and 1.6 per cent. for 2024.

The following chart represents the Swiss GDP’s evolution from the first quarter of 2010 to the third quarter of 2022:

Quarterly Swiss Real GDP and Real GDP Growth - Q1 2010 to Q3 2022
In CHF Million & in Percent

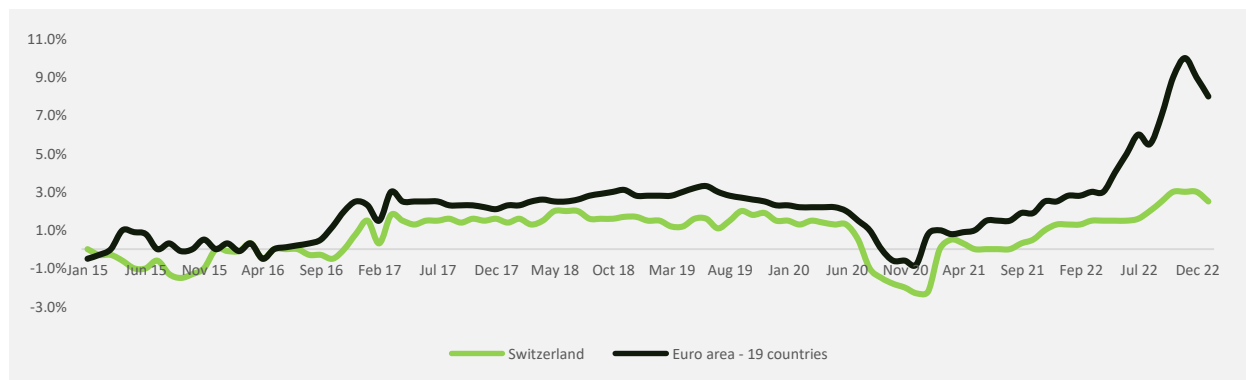


Source: CBRE August 2023 Report

Swiss inflation has remained relatively stable since 2015. While inflation increased to a peak at 3.5 per cent. in August 2022 (the highest rate since 1991), it subsequently decreased to 3.3 per cent. in January 2023, and remains significantly below the inflation rates observed in other countries, including the Euro area. This is in part driven by the strength of the Swiss Franc against the Euro in particular, lower dependency on the import of fossil fuels, as well as the lower base rate set by the Swiss National Bank.

The following chart illustrates the change in the monthly inflation rate in Switzerland between January 2015 and December 2022:

Monthly Inflation Change vs. Prior Year – January 2015 to December 2022



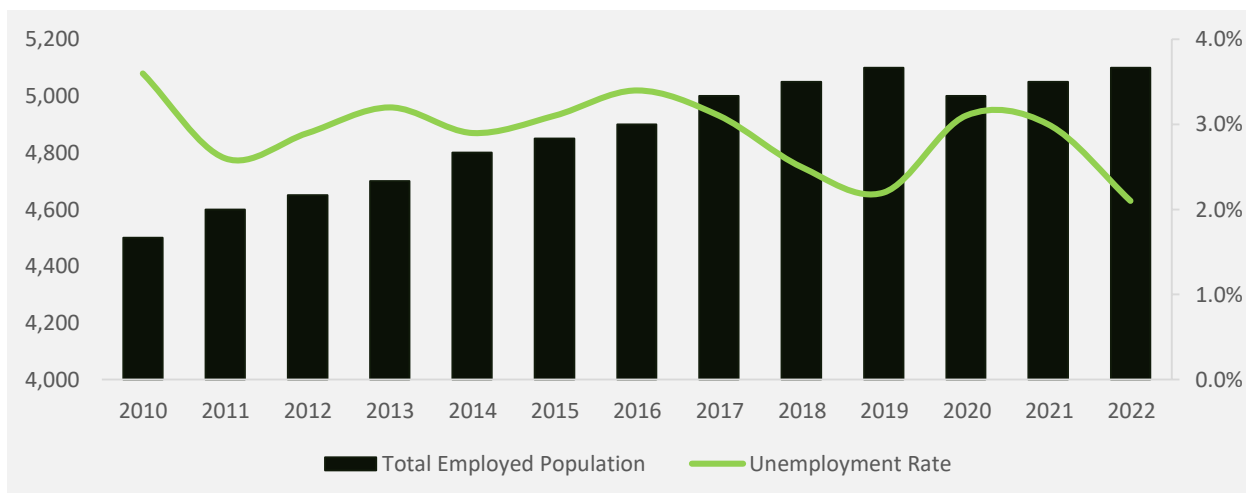
Source: CBRE August 2023 Report

Between 2010 and 2022, Switzerland’s employed population grew at a CAGR of 1.1 per cent. The unemployment rate increased with the onset of the COVID-19 pandemic, from 2.3 per cent. in 2019 to 3.2 per cent. in 2021, though 2022 registered a decrease to 3.0 per cent. The impact was mitigated through governmental support, including an expansion of furlough. In the third quarter of 2022, only 0.03 per cent. of the employed population were still on furlough, in line with pre-pandemic levels. The unemployment rate in the canton of Zurich remained at 1.7 per cent. in December 2022.

The following chart represents the evolution of the annual employed population and unemployment rate in Switzerland between 2010 and 2022:

Annual Swiss Employed Population & Unemployment Rate – 2010 to 2022¹

Employed Persons in Thousands & Unemployment Rate in Percent



¹ 2022 date as at 13 December 2022

Source: CBRE August 2023 Report

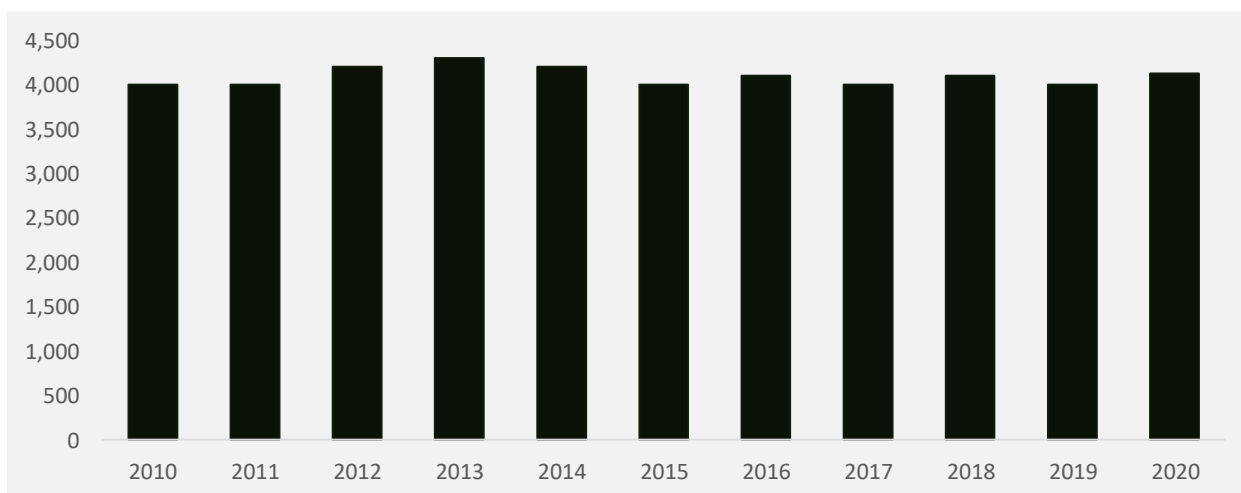
The unemployment forecast published by SECO projects a slight increase to 2.3 per cent. in 2023, and 2.4 per cent. in 2024, remaining significantly below the rates observed in most other European countries.

Disposable income has remained relatively stable in Switzerland since 2010, reaching CHF 4,048 per month in 2020. Using the Purchasing Power Standard comparator by Eurostat for European countries, Switzerland ranks as the second, behind Luxembourg.

The following chart represents the evolution of the median monthly equivalised disposable income in Switzerland between 2010 and 2019:

Median Swiss Monthly Equivalised Disposable Income by Year – 2010 to 2019¹

In CHF – Current Prices



¹ change to the weighting model from 2015

Sources: BFs; SECO; OECD; Eurostat – EU-SILC 2020, SECO; Canton of Zurich, CBRE August 2023 Report

2. Industry fundamentals

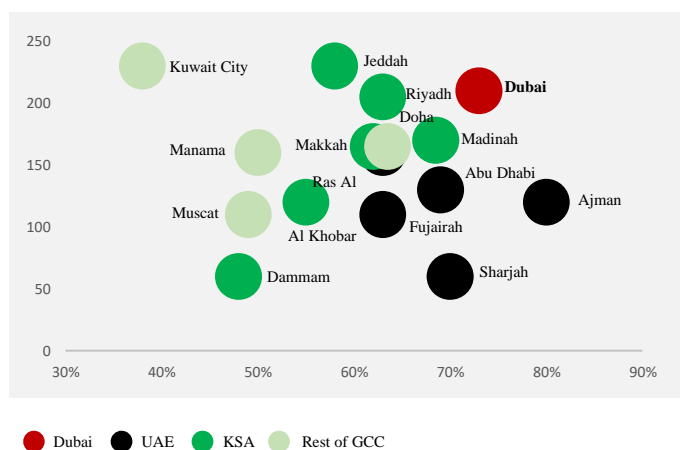
2.a. Historical performance

UAE / Dubai

Dubai has historically been the best-performing regional GCC city in terms of ADR and RevPAR, except in 2020 when Ras Al Khaimah earned first place in both metrics due to international travel restrictions imposed during the COVID-19 pandemic, and therefore limiting inbound tourism to Dubai. Between 2021 and 2022, Dubai recorded a year-on-year occupancy growth of 7 percentage points to 73 per cent., while ADRs increased by 17 per cent. from U.S.\$162 to U.S.\$189, resulting in RevPAR growth of 29 per cent., from U.S.\$107 to U.S.\$137, per the following chart and tables.

Trading Performance by GCC City (2022)

ADR (USD) vs Occupancy



Occupancy	2019	2020	2021	2022
Dubai	74%	49%	66%	73%
Abu Dhabi	73%	61%	67%	70%
Ras Al Khaimah	71%	50%	63%	62%
Sharjah	67%	47%	66%	70%
Fujairah	58%	49%	60%	64%
Ajman	76%	55%	81%	80%
ADR (USD)	2019	2020	2021	2022
Dubai	149	126	162	189
Abu Dhabi	117	88	100	122
Ras Al Khaimah	127	144	149	149
Sharjah	63	52	59	73
Fujairah	90	105	114	108
Ajman	97	100	105	120
RevPAR (USD)	2019	2020	2021	2022
Dubai	111	61	107	137
Abu Dhabi	86	54	68	85
Ras Al Khaimah	90	72	94	92
Sharjah	42	24	39	51
Fujairah	52	51	69	69
Ajman	74	55	85	96

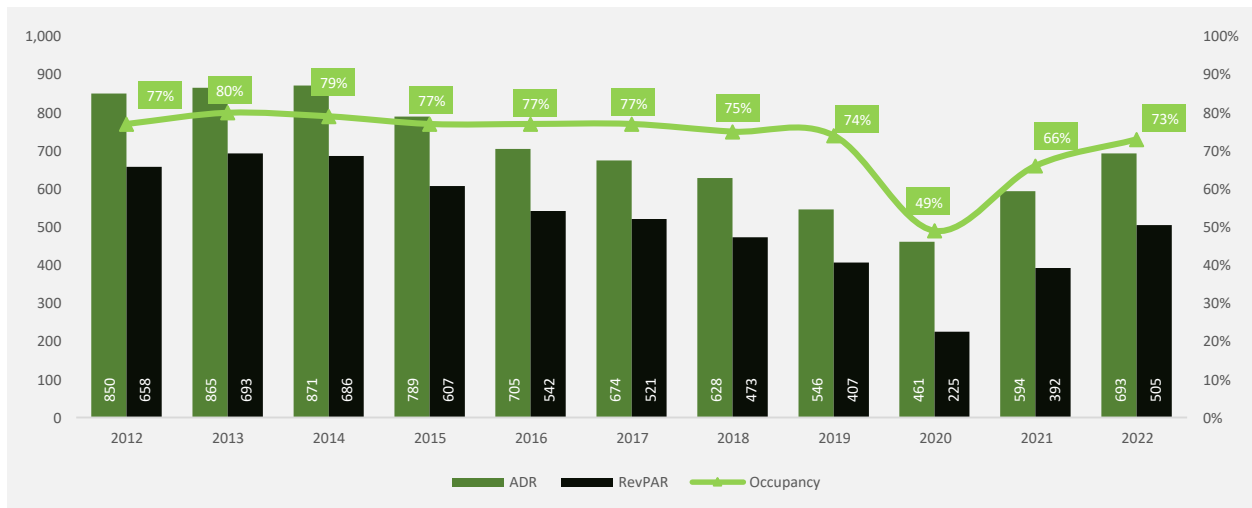
Source: CBRE August 2023 Report, STR

Between 2012 and 2019, occupancy levels remained between 74 per cent. to 80 per cent., before being impacted by COVID-19 in 2020 and 2021. The marginal decline in occupancy rates in 2018 and 2019 were primarily attributable to the increase in hotel keys, particularly in 2019 when an additional 10,846 keys entered the market. Similar to occupancy levels, ADRs decreased during the same period from AED 850 in 2012 to AED 546 in 2019, primarily driven by increase in room supply. As a result, RevPAR trended downwards from AED 658 in 2012 to AED 407 in 2019. However, following the end of COVID-19 imposed restrictions, in 2022, RevPAR recovered strongly to AED 505 (24 per cent. higher than the 2019 level), driven by ADRs, with occupancy nearing long term average.

The following chart represents the evolution of the Dubai hospitality market's performance between 2012 and 2022:

Dubai hospitality market performance (2012 – 2022)

AED



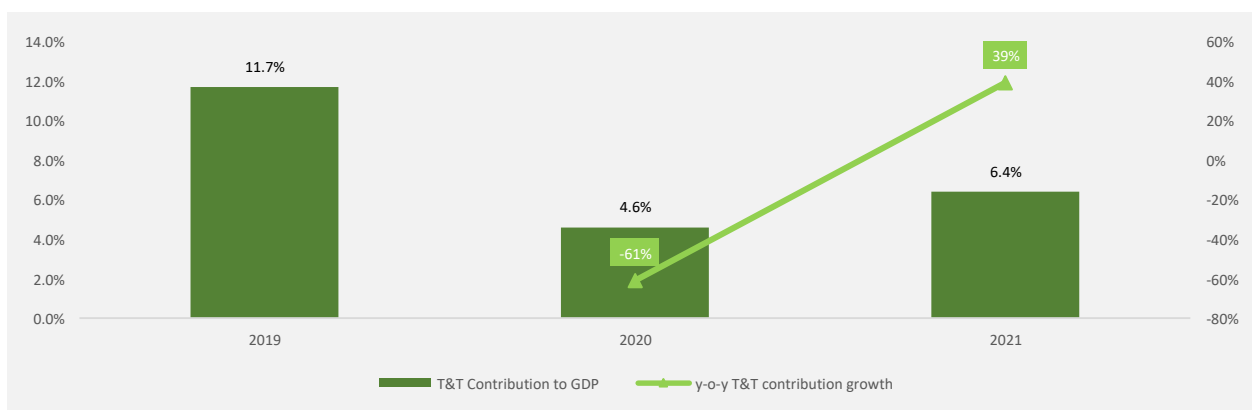
Source: CBRE August 2023 Report, STR

According to CBRE, travel and tourism accounted for 11.7 per cent. of total GDP in the UAE in 2019. This dropped significantly by 61 per cent. in 2020 due to the impact of the COVID-19 pandemic and the associated travel restrictions imposed. In 2021, it was estimated that the contribution of the travel and tourism sector to the GDP in UAE was AED 103 billion, an increase of 39 per cent. compared to 2020, demonstrating a solid recovery from the COVID-19 pandemic following the lifting of COVID-19-related travel restrictions and lockdowns. The 2021 performance was also in line with the UAE Tourism Strategy 2031 which aims to increase the sector's contribution to the country's GDP to AED 450 billion by 2031 (equivalent to an increase of 436 per cent. compared to 2021).

The following chart illustrates the contribution of travel and tourism to the UAE's total GDP from 2019 to 2021, with figures for 2021:

Travel & Tourism Contribution to GDP (2019 – 2021)

Contribution to GDP (%)



Source: CBRE August 2023 Report, WTTC, Euromonitor, UAE Federal Government 'Projects of the 50'

Switzerland / Zurich

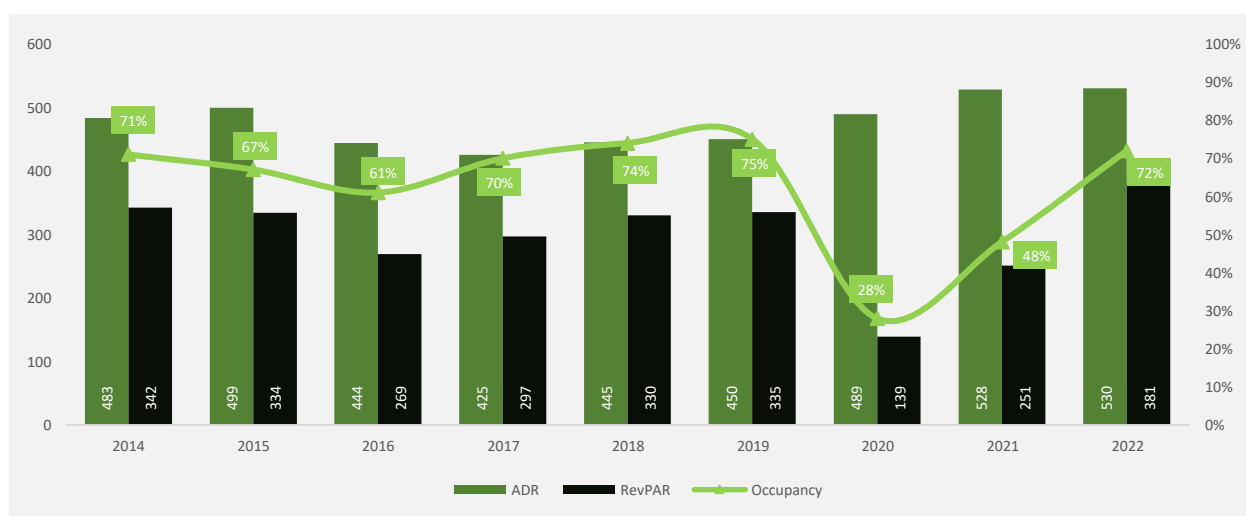
Between 2014 and 2019, Zurich's 5-star hotels' performance fluctuated, mainly due to the unpegging of the Swiss Franc against the Euro in 2015 which led to increasing pressure on prices. Also, the overall performance of 5-star hotels in the city is strongly associated with the Middle Eastern demand during the summer months. From 2015 to 2017, ADR declined by 14.8 per cent., before recovering over the next two years, supported by a

more stable currency and higher demand, resulting in an average ADR of CHF 450 in 2019 (a 5.9 per cent. increase compared to 2017 levels) and an occupancy rate of 74 per cent. Despite the COVID-19 pandemic and the associated demand disruption, 5-star hotels in Zurich, similar to other European cities, experienced significant ADR growth in 2021 and 2022, reaching CHF 530 in 2022 (a 17.8 per cent. increase compared to 2019 levels), allowing for a strong RevPAR level of CHF 381 (a 13.6 per cent. increase compared to 2019 levels). Based on weekly performance data, occupancy and ADRs are higher on weekdays (particularly Tuesdays and Wednesdays), indicating that demand in 5-star hotels is largely driven by corporate travel, which tends to be less price sensitive.

The following charts represent the evolution of the Zurich hospitality market’s performance between 2014 and 2022:

Annual Occupancy, ADR and RevPAR Performance – 2014 to 2022

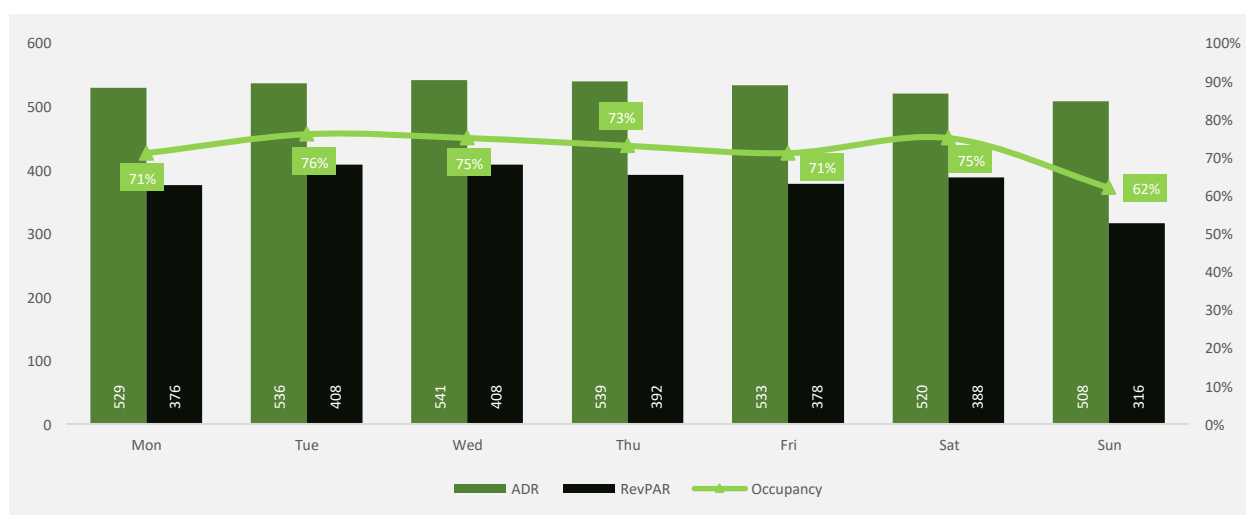
ADR and RevPAR in CHF



Source: CBRE August 2023 Report, STR Global

Day of Week (2022) – Occupancy, ADR and RevPAR Performance

ADR and RevPAR in CHF



Source: CBRE August 2023 Report, STR Global

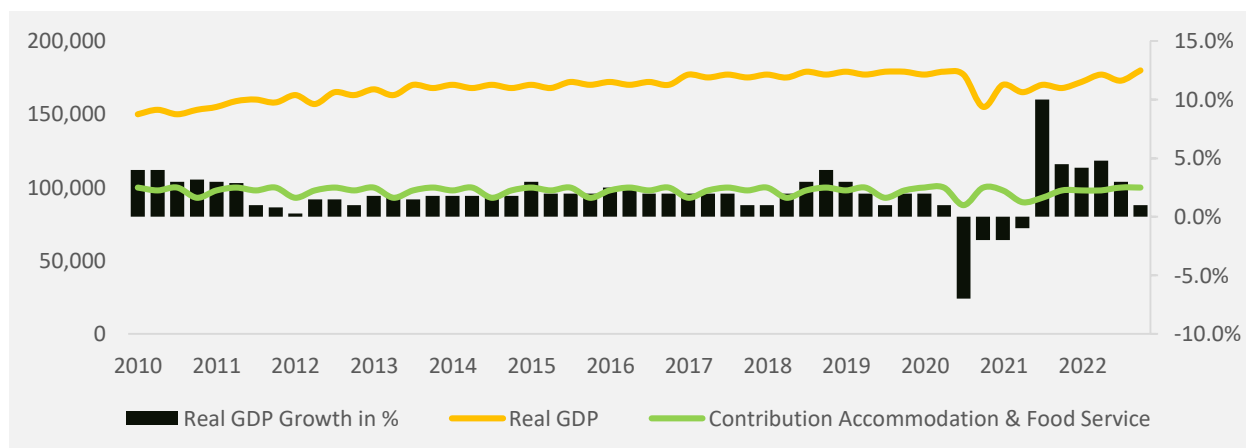
According to CBRE, the contribution from accommodation and food service to the total Swiss GDP has averaged approximately 1.8 per cent. since 2010, decreasing to a low of 0.5 per cent. in the second quarter of

2020 and the first quarter of 2021, due to the COVID-19 pandemic. The contribution in the third quarter of 2022 was CHF 3.6 billion, accounting for 1.9 per cent. of total GDP, and reflecting an increase of 18.7 per cent. compared to the levels in the third quarter of 2021 though remaining below pre-pandemic levels by 5.3 per cent.

The following chart represents the contribution of accommodation and food service to total GDP in Switzerland from the first quarter of 2010 to the third quarter of 2022:

Quarterly Swiss Real GDP and Real GDP Growth – Q1 2010 to Q3 2022

In CHF Million & in Percent



Source: Federal Statistical Office (BFS), SECO, Eurostat, Business Insider, CBRE August 2023 Report,

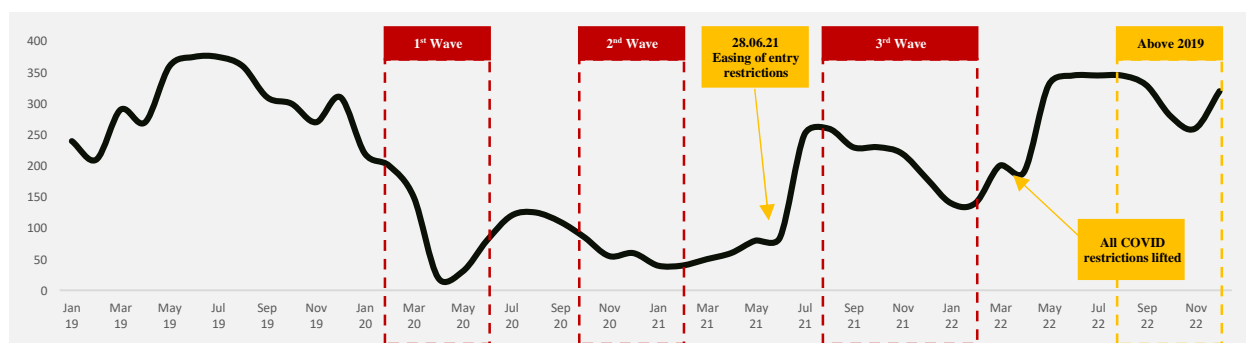
COVID-19 pandemic

The COVID-19 pandemic is a global pandemic of a contagious disease that resulted in significant global social and economic disruption in early 2020, including the largest global recession since the Great Depression between 1929 to 1939. Authorities worldwide responded in an unprecedented global manner to contain the spread of the disease by implementing international and regional travel bans, lockdowns, quarantines and business closures. Travel restrictions and regional lockdown measures caused many hotels to close between mid-March and May 2020 globally.

In Switzerland, the federal government declared an ‘extraordinary situation’ and imposed a partial lockdown in which restaurants, businesses, markets, leisure centers and shops where social distancing could not be observed, had to close. Hotels were able to remain open, though demand significantly declined. Since the end of the first quarter of 2022, all restrictions were lifted, with hotel demand in Zurich recording significant increases from the second quarter onwards. During the period between September 2022 and December 2022 hotel demand in Zurich surpassed 2019 levels by 5.4 per cent.

The following chart represents the evolution of overnight stays in Zurich from January 2019 to December 2022:

Evolution of Overnight Stays in the City of Zurich – January 2019 to December 2022 In Thousands



Source: CBRE August 2023 Report, City of Zurich Tourism Statistics, Federal Statistical Office (BFS)

Unlike Switzerland, the UAE opted for a flexible COVID-19 policy during the summer of 2020 by reopening Dubai to international travelers on 7 July 2020, allowing the city to gain market share, therefore accelerating the tourism industry’s recovery to pre-pandemic levels, supported by various events, including Expo 2020 Dubai and the Qatar 2022 FIFA World Cup.

2.b. Demand dynamics

Travel and tourism activity

Tourist arrivals indicate general levels of activity in the hospitality industry. Before the COVID-19 pandemic, domestic and international air traffic volumes increased year-on-year, due to greater and cheaper accessibility to air transport, as well as consistent increases in consumer disposable income and a greater need for travel, as a result of the internationalisation of a number of businesses and industries.

UAE / Dubai

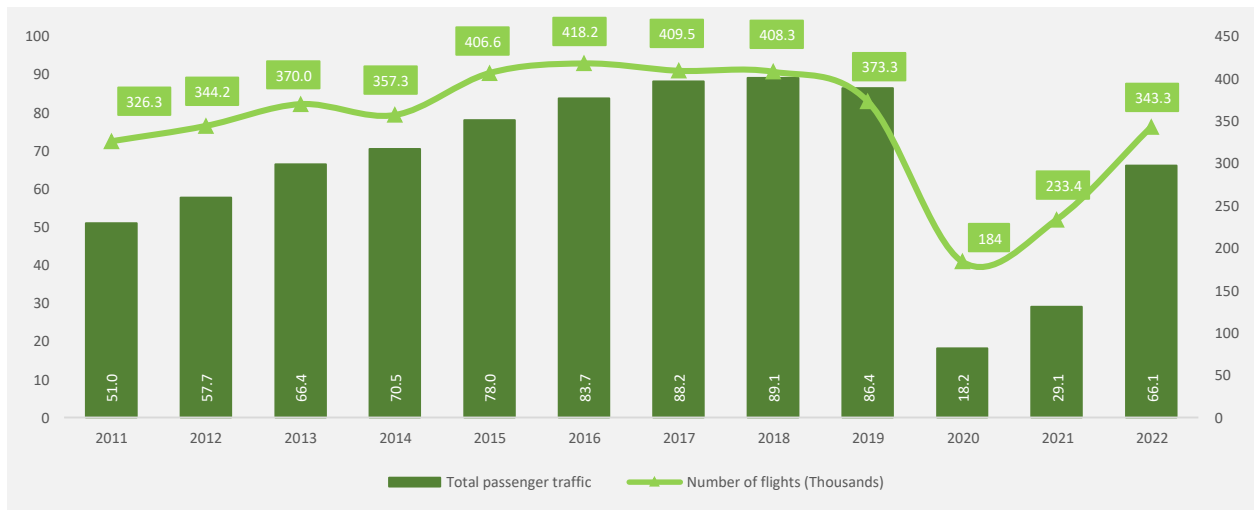
In 2022, according to the World Travel & Tourism Council’s Cities Economic Impact Report, Dubai recorded the highest global international visitor spend at U.S.\$29.4 billion, ahead of London (second) with a U.S.\$16.1 billion spend and New York (third) with a U.S.\$12.5 billion spend.

The number of passengers in Dubai International Airport (“**DXB**”) experienced strong and regular growth, from 51 million in 2011 to a peak of 89 million in 2018. The number of passengers declined to 86 million in 2019, due to increased competition following the opening of the new Istanbul Airport in Turkey. The COVID-19 pandemic caused DXB’s traffic to sharply decline to 18 million passengers in 2020, amid strict global travel restrictions.

In 2021, the number of passengers significantly increased to 29 million, supporting 233,400 flights over the year, mainly driven by: (i) Dubai’s early reopening of travel corridors which helped accelerate the number of passenger at a faster pace compared to a number of comparable markets; and (ii) favourable legislation changes with respect to both short and long stay on-arrival visa options. These factors led DXB to welcome 66 million visitors in 2022, recording a year-on-year increase of 127 per cent.

The following chart represents the evolution of DXB’s passenger numbers between 2011 and 2022:

Total DXB Passenger Numbers (2011 – 2022)
Passengers (millions)

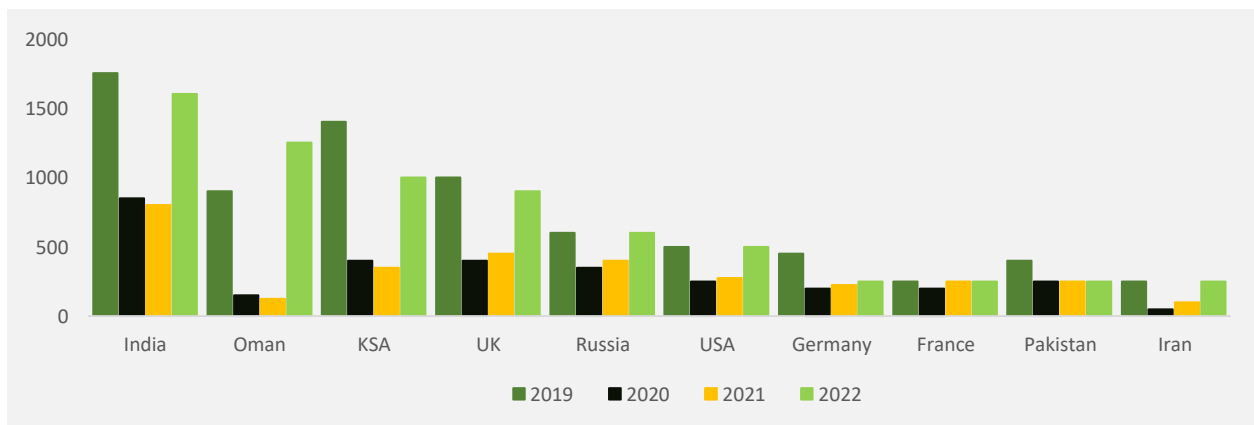


Source: CBRE August 2023 Report, Dubai International Airport, Civil Aviation Authority

Dubai welcomed 14.36 million visitors in 2022, registering an increase of 97 per cent. compared to 2021 levels (7.28 million visitors), and approaching the pre-pandemic number of visitors of 16.73 million which it recorded in 2019. While Dubai’s tourist numbers have not returned to the levels in 2019, the recovery observed in Dubai was amongst the strongest in the region post-COVID-19. In 2022, visitors from India remained the leading source of visitors with more than 1.84 million visiting Dubai, a 202 per cent. year-on-year increase since 2021, followed by Oman with 1.31 million visitors and Saudi Arabia with 1.22 million visitors.

The following chart and table represent the historical evolution of Dubai’s top 10 source markets:

Top 10 source markets for Dubai (Jan-Dec)
Thousand visitors



Source: CBRE August 2023 Report, STR, DTCM

Note: Top 10 ranking is based on 2022 data

Dubai international source markets

Top 10 source markets (2020 – 2022)

#	2020	Visitors (000s)	2021	Visitors (000s)	2022	Visitors (000s)
1	India	865	India (-)	910	India (-)	1,842
2	KSA	400	KSA (-)	491	Oman (+5)	1,311
3	UK	392	Russia (+1)	444	KSA (-1)	1,216
4	Russia	296	UK (-1)	420	UK (-)	1,043
5	Oman	240	USA (+2)	311	Russia (-2)	758
6	Pakistan	212	France (+4)	291	USA (-1)	590
7	USA	191	Oman (-2)	280	Germany (+2)	422
8	China	182	Pakistan (-2)	247	France (-2)	364
9	Egypt	170	Germany (new)	240	Pakistan (-1)	356
10	France	166	Egypt (-1)	218	Iran (new)	328
Total Visitation		5,510		7,280		14,360

Source: CBRE August 2023 Report, Dubai Tourism

Switzerland / Zurich

BAK Economics' latest published forecast dated May 2022 for the Swiss tourism sector projects overnight demand for the city's destinations to recover to pre-pandemic levels by 2023, reaching 18.4 million overnight stays. Alpine destinations are expected to surpass 2019 levels in 2023 (by 2.7 per cent.), to record 19.3 million overnight stays in 2025. For all other Swiss regions, recovery is also projected for 2023, surpassing 2019 levels by 4.6 per cent.

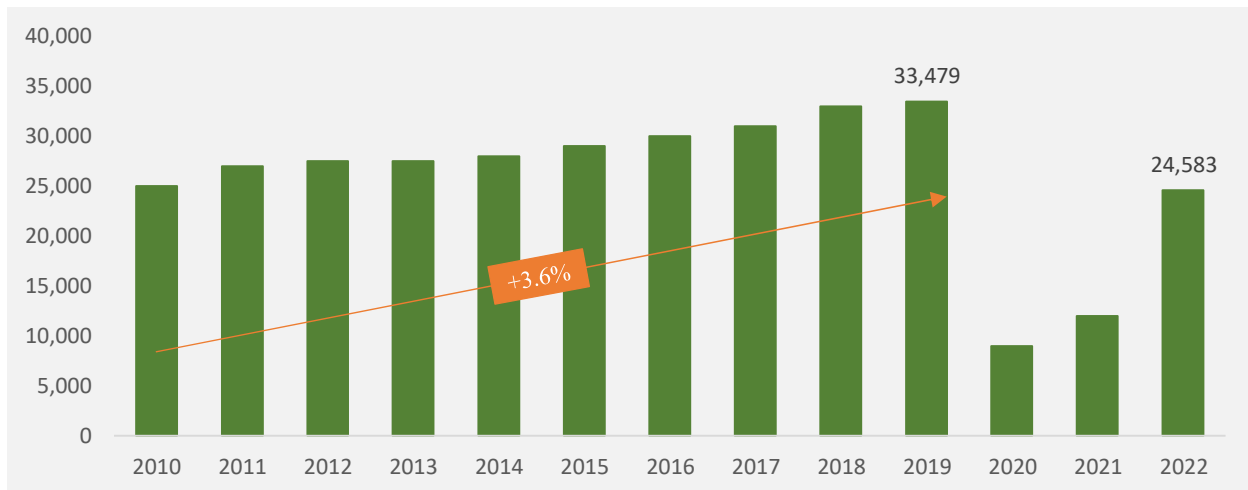
Conveniently located, Zurich Airport ("ZRH") is the largest airport in Switzerland, as measured by number of passengers, followed by the Geneva Airport (based on data for 2019). Regionally, ZRH ranks 17th largest airport in Europe (based on data for 2019). ZRH currently offers direct flights to approximately 200 destinations worldwide, served by 49 airlines, and was named fourth best airport globally in 2022 by Conde Nast Traveller Readers' Travel Award. Ongoing investment in the airport's infrastructure, including the replacement of Terminal A by 2030, improvements to the landside retail areas, is aimed at setting the foundations for further growth in the future.

ZRH's passenger traffic increased by an average of 3.6 per cent. year-on-year between 2010 and 2019, followed by a 69.2 per cent. decline recorded in 2020, due to the impact of the COVID-19 pandemic. In 2021, ZRH registered an 18.8 per cent. increase in passenger traffic, followed by a substantial improvement in 2022, with number of passengers reaching 24.6 million (more than twice as high compared to 2021 levels). However, the number of passengers in 2022 was 26.6 per cent. lower compared to pre-pandemic levels. While the gap between the number of passengers in 2022 and 2019 being at 57.8 per cent. in January 2022, such gap continuously decreased with the smallest difference registered in October 2022 at 15.7 per cent.

The following chart represents the yearly evolution of ZRH's passenger traffic between 2010 and 2022, as well as the monthly evolution throughout the period between 2019 and 2022:

Annual ZRH Passenger Numbers – 2010 to 2022

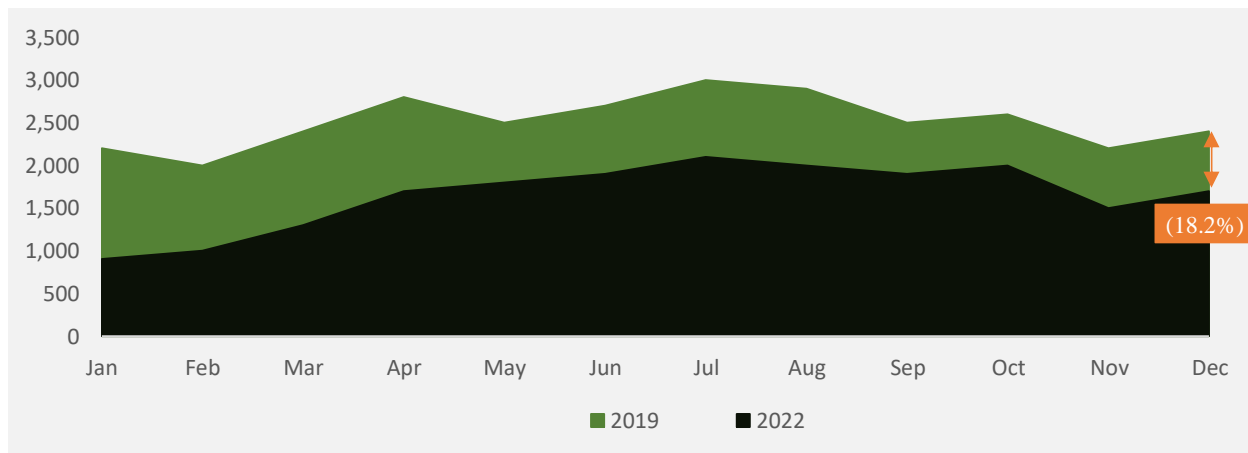
Passenger Numbers in Thousands



Source: CBRE August 2023 Report, ZRH, Geneva Airport, AirMundo, Flight Connections, Conde Nast

Monthly ZRH Passenger Numbers - 2019 and 2022

Passenger Numbers in Thousands

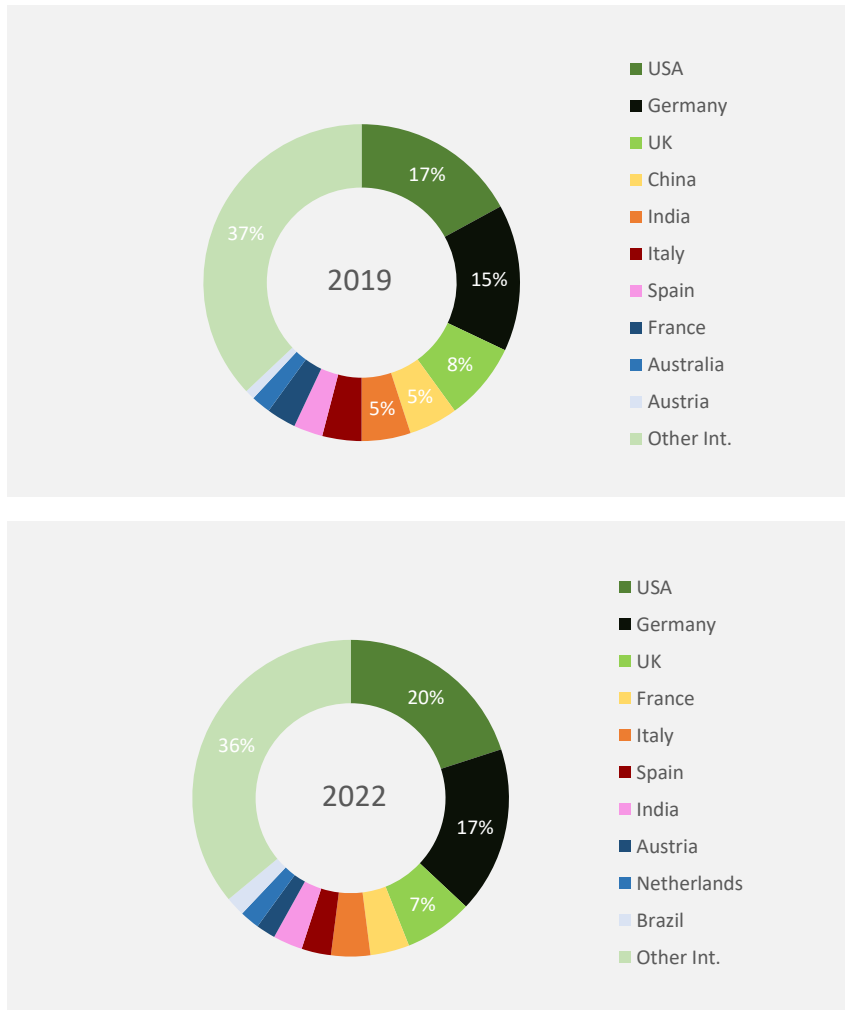


Source: CBRE August 2023 Report, ZRH, Geneva Airport, AirMundo, Flight Connections, Conde Nast

In 2019, Zurich attracted the highest number of overnight stays of any destination in Switzerland, reaching 3.6 million of overnight stays. Demand grew at an average annual rate of 3.9 per cent. between 2010 and 2019, with 76.3 per cent. of overnights stays from international visitors in 2019. In 2019, the United States was the major international source market, with a 17 per cent. market share, followed by Germany (15 per cent.) and the United Kingdom (8 per cent.). In 2022, the United States was still the major international source market, with a 20 per cent. market share, followed by Germany (17 per cent.) and the United Kingdom (7 per cent.). In 2022, the number of overnight stays recovered, with demand growth by 99.0 per cent., compared to 2021. Overnights between September and December 2022 were ahead of the levels in 2019.

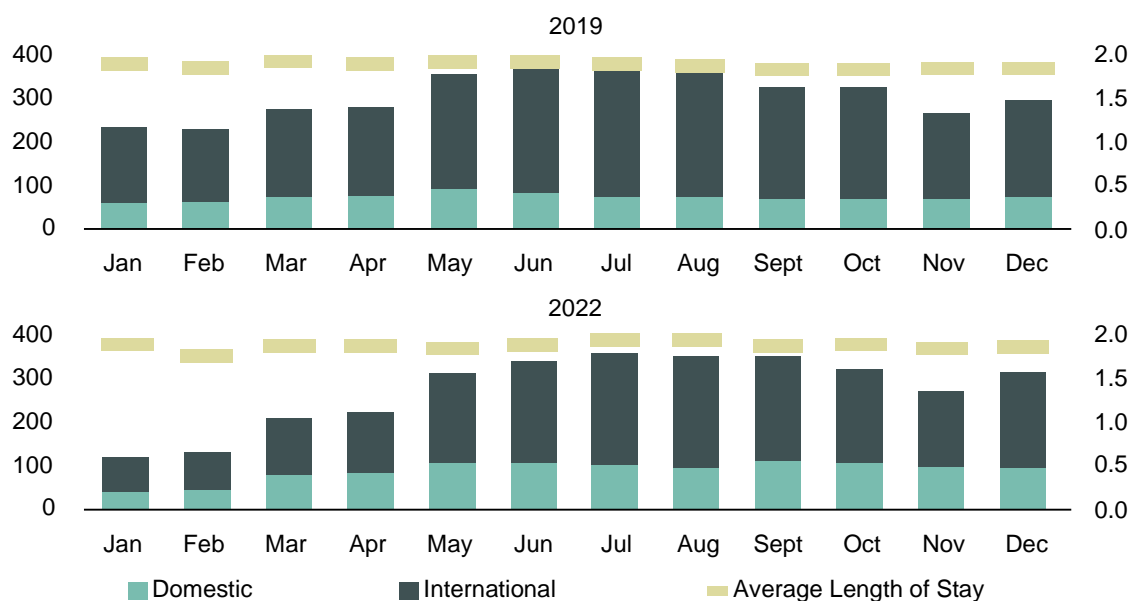
The following charts represent the historical evolution of Zurich’s top 10 source markets for 2019 and 2022:

**Zurich Top 10 International
Source Markets – 2019 & 2022**



Source: City of Zurich Statistics, CBRE August 2023 Report

Seasonality of City of Zurich Overnight Demand – 2019 & 2022
 Overnight Stays in Thousands & Average Length of Stay in Days



Source: City of Zurich Tourism Statistics

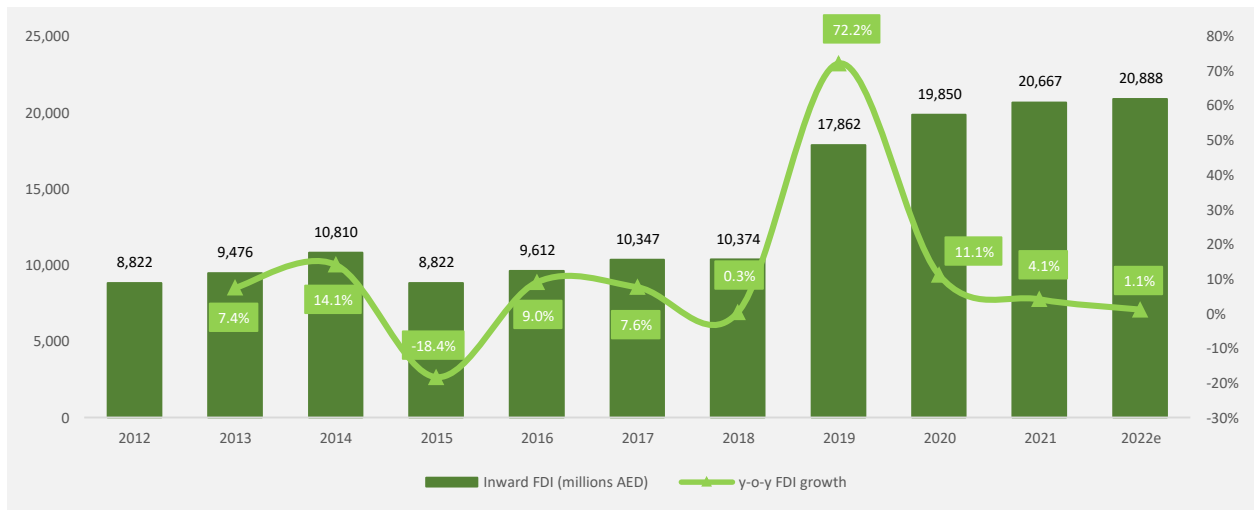
Investment activity

UAE / Dubai

Over the past 10 years, the UAE’s inward Foreign Direct Investment (“**FDI**”) grew at a 9.0 per cent. CAGR, as a result of an increasing international firms setting up regional headquarters in the UAE and supported by Federal Decree-Law number 19 on FDI issued in September 2018 granting licences to foreign investment companies that offered similar investment and legal conditions as local entities. Despite the COVID-19 pandemic, the UAE has continued to experience increasing inward FDI.

The following chart represents the evolution of the UAE’s inward FDI between 2012 and 2022, with figures for 2022 presented on an estimated basis.

UAE Inward Foreign Direct Investment (2012 - 2022e)
AED Millions



Source: CBRE August 2023 Report, Oxford Economics

Switzerland / Zurich

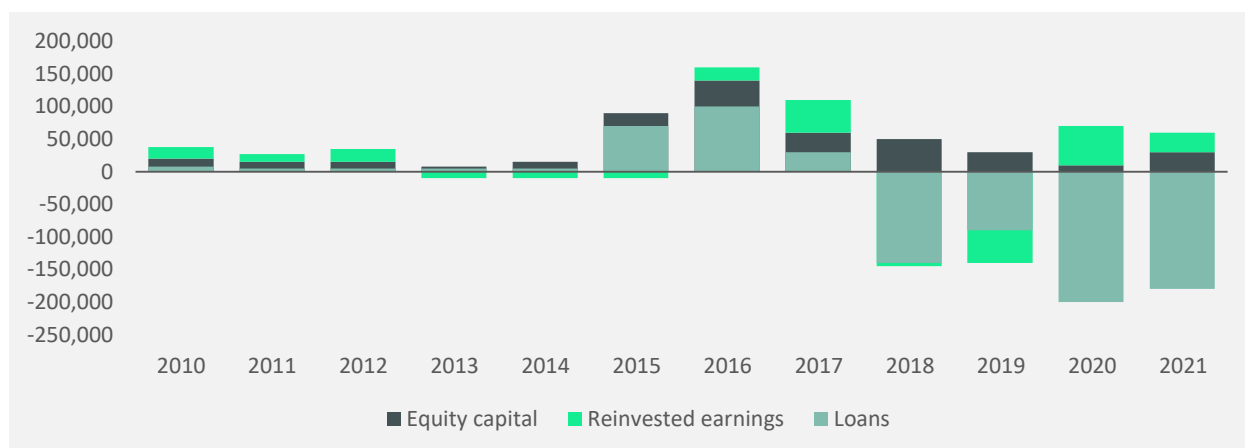
After an extended period of positive net inflow of FDI, with a peak in 2016, the last few years have generally been marked with decreases in FDI. In 2021 (latest available data), FDI in Switzerland recorded a decrease of CHF 143 billion, primarily due to withdrawals in the finance and holding companies' category. On the other hand, foreign investors expanded their net investments in the service sector (CHF 6 billion) and manufacturing (CHF 4 billion). In 2021, 66 per cent. of direct foreign capital in Switzerland was controlled by investors from the EU, with a further 16 per cent. owned by American investors.

In 2018, the Swiss Parliament adopted 'Motion 18.3021 Rieder' aimed at screening FDI in Swiss companies, with the Federal Council having concluded public consultation on legislation in September 2022. Further announcements are expected in 2023.

The following chart represents the evolution of the annual foreign direct investment in Switzerland between 2010 and 2021:

Annual Foreign Direct Investment in Switzerland, Capital Transactions by type of capital - 2010 to 2021

In CHF Millions



Source: CBRE August 2023 Report, SNB

2.c. Supply dynamics

UAE / Dubai

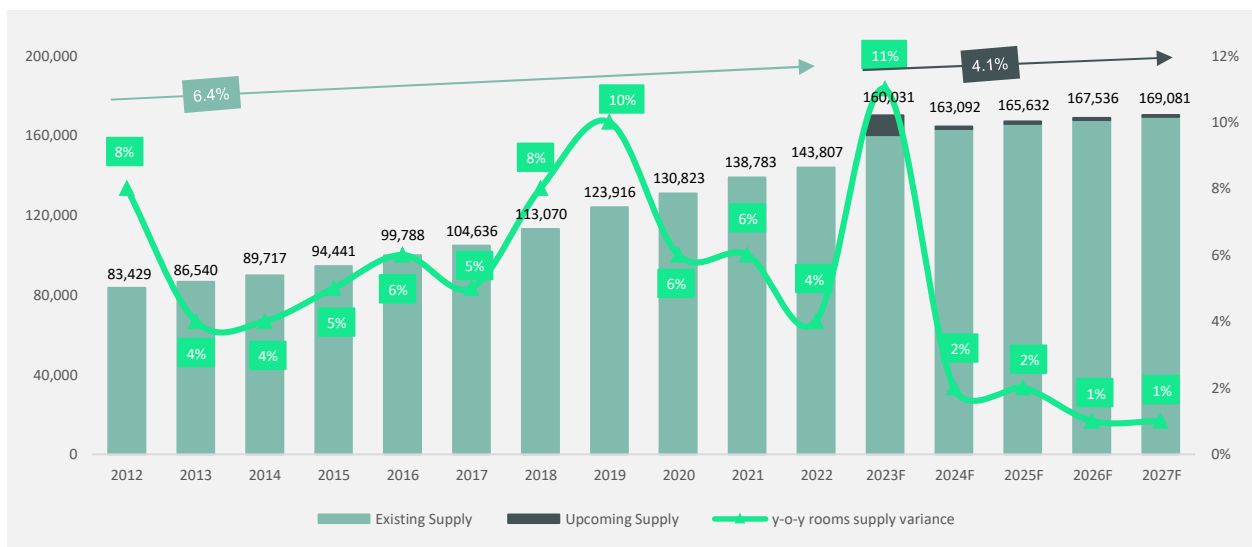
Dubai ranked second in Euromonitor International's 2022 global index for leading city destinations, behind Paris and ahead of Amsterdam, Madrid, Rome and London. Euromonitor International's 2022 global index compares 57 metrics across 6 key pillars, based on (i) economic performance and business performance, (ii) tourism performance, (iii) tourism infrastructure, (iv) tourism policy and attractiveness, (v) health and safety and (vi) sustainability.

Over the past 10 years, Dubai's total quality room supply has increased at a 6.4 per cent. CAGR and is expected to grow at a 4.1 per cent. CAGR between 2023 and 2027, based on announced pipeline.

The following chart represents the yearly evolution of Dubai's room supply between 2012 and 2027, with figures from 2023 to 2027 presented on a forecasted basis:

Evolution of rooms supply across Dubai (2012 – 2027)

Number of rooms



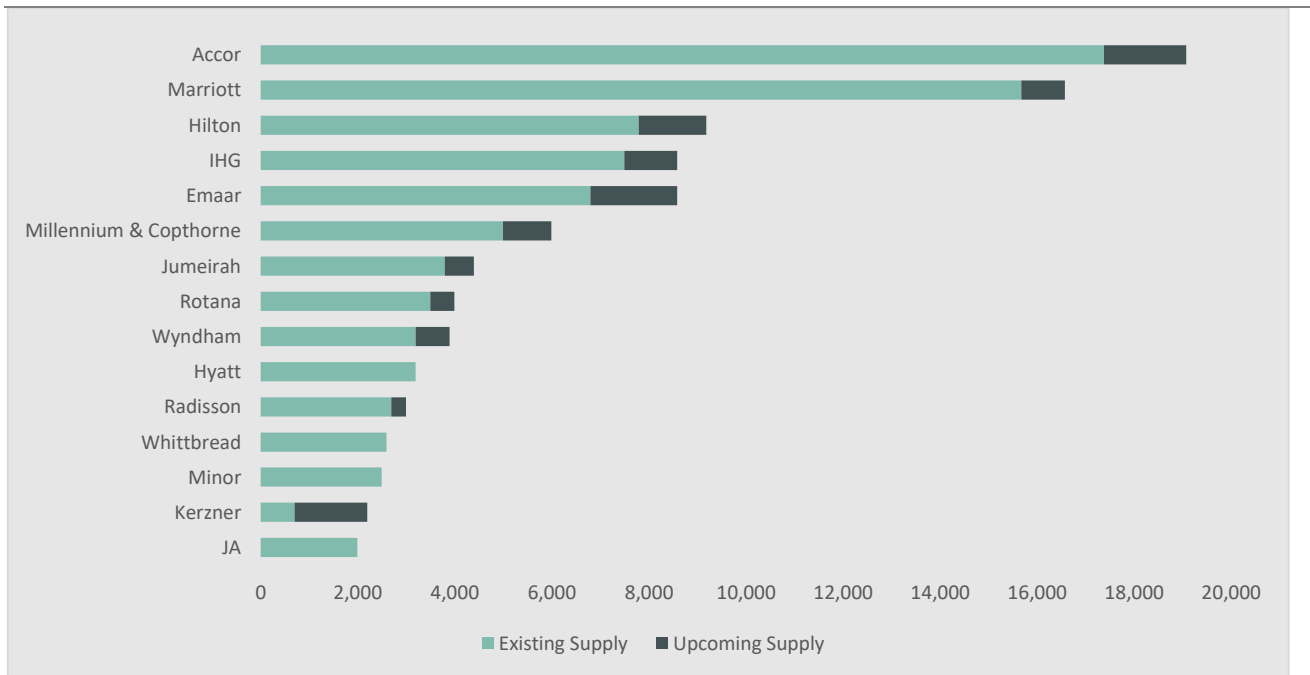
Source: CBRE August 2023 Report, STR

At the end of 2022, there were 178 5-star hotels in Dubai, and the total room supply reached 143,807 keys, with upscale hotels accounting for the largest share of keys at 27 per cent. of the total room supply, followed by upper upscale hotels at 22 per cent. of the total room supply, the luxury segment at 19 per cent. of the total room supply, while upper midscale, midscale, and economy properties combined accounted for 32 per cent. of the total room supply.

Per the chart below, 63 per cent. (equivalent to 90,353 keys) of the current total quality supply in Dubai is internationally branded hotels, while the remaining 37 per cent. are locally branded and independent hotels in Dubai, with the top operators, in terms of keys, including Accor (17,445 keys), Marriott (15,719 keys), and Hilton (7,433 keys).

International hotel operator presence by number of keys - Top 15

Number of rooms



Source: CBRE August 2023 Report, STR

Looking ahead, the quality pipeline for 5-star, 4-star and serviced apartment buildings that are under planning, final planning, and under construction in Dubai stands at 12,203 keys across 41 properties. An additional 13,726 internationally branded keys are also expected to come online by the end of 2027, with Accor having the largest development pipeline (1,699 keys or 12 per cent. of the total future rooms supply), while Emaar and Hilton feature the second and third largest pipelines with 1,688 and 1,360 keys, respectively.

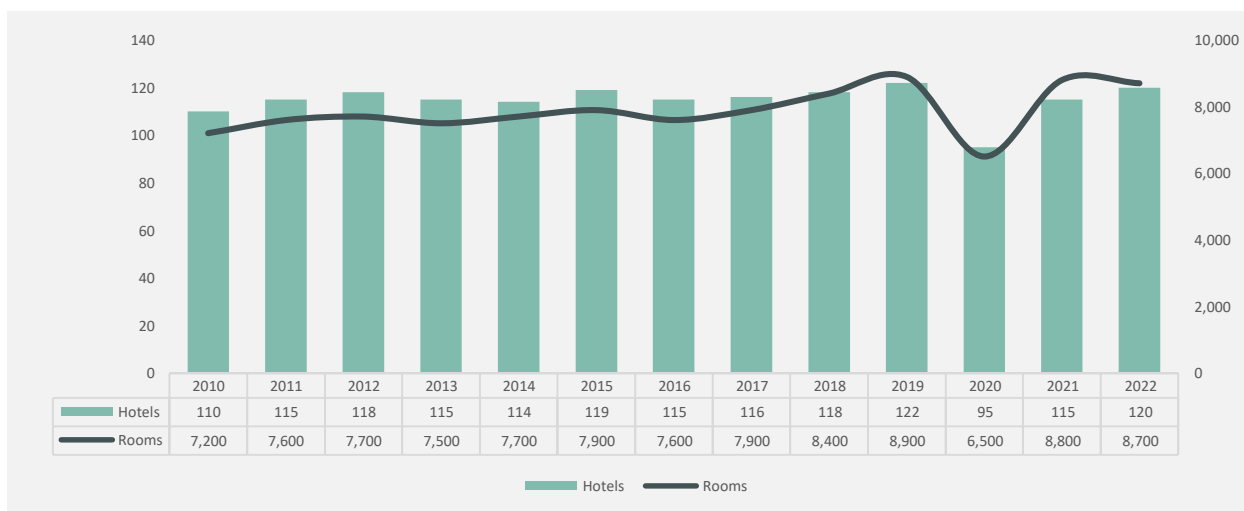
Switzerland / Zurich

Historically, Zurich room supply had increased at an average yearly growth rate of 3.1 per cent., implying a yearly increase of 251 rooms, between 2010 and 2019. Despite the effects of the COVID-19 pandemic, the city of Zurich featured 9,159 rooms distributed among 124 hotels (74 keys per hotel) at the end of 2022. Of these, over 50 per cent. were in the 3-star (24 per cent.) and 4-star (34 per cent.) segments, and 14 per cent. were in the 5-star segment. Zurich has one of the highest chain penetration rates in Switzerland, which currently is at 63 per cent.

The following chart represents the yearly evolution of Zurich’s total room supply between 2010 and 2022:

Total Supply Evolution - 2010 to 2022

Status December



Source: CBRE August 2023 Report, BFS, STR Global, Hotellerie Suisse

2.d. Trends and opportunities

UAE / Dubai

The outlook for Dubai’s hospitality sector remains positive on the back of the Dubai Economic Agenda D33 and the Dubai government’s plan to position the city among the top 3 economic cities globally.

Ultimately, the Dubai government’s desire to increase visitation to the target of 40 million should give investors comfort that the necessary infrastructure will be in place in order to fuel such growth in the short to medium term. The 25 new initiatives that are designed to underpin this growth suggests that this is a well-considered strategy with tangible objectives, rather than an aspirational target.

Despite lower visitation figures compared to pre-COVID-19 levels, hotels in Dubai registered higher RevPAR as the visitation shortfall primarily stems from lower income source markets that are relatively more price sensitive. In 2022, Dubai's hospitality market made significant strides in recovering from the performance issues related to the COVID-19 pandemic. Despite occupancy rates standing at 73 per cent. at the end of 2022, 2 percentage points lower than in 2019, RevPAR in 2022 recorded a 24 per cent. increase over 2019 levels.

Substantial existing and upcoming luxury supply coupled with dwindling sites suitable for luxury development act as headwinds for future luxury hotel development, and the hospitality segment is set to capture the bulk of the additional demand as the Emirates ramps up to its target of 40 million annual visitors.

The outlook for Dubai's hospitality sector remains positive off the back of high-profile international events such as COP-28 in December 2023. Although there are several planned mega projects in neighbouring Saudi Arabia that will inevitably compete for the attention of Dubai’s leisure demand segment, the product offering within Dubai is expected to continue to evolve as well. As such, as both markets continue to develop, it is expected that demand will spill over between markets in the form of multi-destination trips, resulting in a synergistic, rather than wholly competitive, environment.

The population of Dubai has continued to grow since the COVID-19 pandemic, with the majority classed as working age, with the potential for expatriates to reside in the Emirate for longer, due to new visa reforms. Employment, especially in the largest growing sectors, which include tourism, financial services and manufacturing, continues to provide a platform for Dubai’s ever-evolving economy. GDP levels in both the

UAE and in Dubai specifically have experienced significant growth following the end of lockdown measures imposed to combat the COVID-19 pandemic.

Dubai is known as a premier retail destination with best-in-class offerings capable of attracting inbound demand, particularly from within the GCC. There are many leisure demand generators throughout the more developed parts of the emirate such as Ain Dubai, and the Museum of the Future, but also the older parts of the emirate such as the Gold Souk and Al Seef. DXB was the world's busiest airport in 2022 for international passenger traffic. Jebel Ali is the busiest deep-water port in the Arabian Peninsula, supporting a range of industries.

Dubai's diversity in offering to international guests, from luxurious retail, corporate meetings, incentives, conferences and exhibitions ("MICE") events, leisure centric vacations and ease of doing business, reinforce the city as a growing economy, not just regionally but also on a global level, supported by world class infrastructure in road, seaport and airport facilities.

The outlook for Dubai's hospitality sector remains positive off the back of hosting high-profile international events such as Expo 2020, recording over 24 million visits, and being due to host COP-28 in December 2023, highlighting the city credentials as a regional leader to host large scale MICE events.

Since 2018, with revised government legislation in place allowing FDI to flow into the city more readily, Dubai attracts a range of investors with interests to support the local economy. Furthermore, as the region has historically been considered by expatriates as a short-term solution, visa reforms now allow for a more secure, long-term future within the city.

Switzerland / Zurich

Prior to the outbreak of the COVID-19 pandemic, both supply and demand in Zurich recorded a continuous positive trend between 2010 and 2019. Demand growth has been impacted in the last two years by various developments, such as the war in Ukraine and travel restrictions in China.

As demand in Zurich is heavily influenced by corporate demand, structural changes such as the introduction of virtual / hybrid events and home office models are impacting recovery. However, with people looking to return to face-to-face meetings and networking, business demand is expected to return to 2019 levels. The lifting of travel restrictions in China, introduced in early January 2023, is also expected to boost visitor numbers once again. As a result of the continued increase in demand in 2022, the overall occupancy rate of 4- and 5-star hotels was over 70 per cent.

Switzerland's political and economic stability are the key pillars behind its appeal as a refuge in times of uncertainty and are the key drivers behind the strength of the Swiss Franc. Swiss inflation has remained relatively low since 2015. Though inflation rose in 2022, it remains significantly below inflation rates in other countries, including the Eurozone. Switzerland's highly-skilled and multilingual population ranked as number 1 in the International Institute for Management Development (IMD)'s World Talent Ranking 2022, and Zurich provides a high quality of life, regularly occupying top spots in global rankings such as Mercer (ranked as number 2 worldwide in 2019) and Numbeo (ranked as number 1 in Europe in 2022). Furthermore, Zurich was ranked as number 4 in the 2021 European Regional Scoreboard by the European Commission.

SOLE SHAREHOLDER AND MANAGEMENT

Sole Shareholder

The sole shareholder of the Issuer is Mr. Kabir Mulchandani. See “—*Board of Directors—Kabir Mulchandani*” for a summary of biographical information of the Sole Shareholder.

Board of Directors

The business address of each of the Board of Directors is FIVE Palm Jumeirah, 13th floor, P.O. Box 118561, Dubai, UAE.

The Board’s power includes the oversight of the Issuer’s operations and management, and as such it is responsible for establishing the purpose, values, strategy and the overall direction of the Issuer, including setting the Issuer’s long-term objectives, policies and annual budgets. In general, the Board has broad powers and authorities in connection with the management of the Company.

Members of the Board are appointed by either a resolution of the shareholders or a resolution of the directors. As of the date of this Offering Memorandum, the number of the members of the Board, as appointed by resolutions of directors, is 6 members. The current directors shall serve on the Board until their earlier death, resignation or removal.

The following table set forth, as of the date of this Offering Memorandum, the name, date of birth, date of appointment and current position of the Board and is followed by a summary of biographical information of each director:

Name	Date of Birth	Date of Appointment	Current Position
Kabir Mulchandani	6 October 1972	15 November 2019	Chairman (Non-Independent Executive Director)
Nadia Zaal	10 July 1980	21 June 2022	Non-Executive and Non-Independent Director
Jaydeep Satyapal Anand	12 November 1972	24 January 2023	Executive Director
Beat Kühni	31 August 1966	1 February 2023	Senior Independent Director
Vijay Malhotra	1 July 1950	1 February 2023	Independent Director
Bianca Miller Cole	23 December 1988	1 April 2023	Independent Director

Kabir Mulchandani

Kabir Mulchandani is the Chairman of the Board of Directors of the Issuer and the founder of the Group since FIVE was established in 2011. Mr. Mulchandani has more than 27 years of experience in the real estate development, hospitality and investments business. Mr. Mulchandani is also the Chairman of the Nomination and Remuneration Committee of the Issuer. Under the Arabian Business, Mr. Mulchandani was featured in the Indian Power List in 2021, 2022 and 2023. In 2023, he was also named 24th in Forbes’ list of “Top 100 Travel and Tourism Leaders 2023” in the Middle East and the 8th most powerful Indian in the Middle East. Mr. Mulchandani studied at the Stanford University where he majored in industrial engineering, and earlier graduated from Phillips Exeter Academy.

Nadia Zaal

Nadia Zaal is appointed as the non-executive and non-independent director of the Board of Directors of the Issuer. Ms. Zaal has more than 15 years of experience in the real estate, development and hospitality business. Ms. Zaal is also the CEO of Al Barari Group and the co-founder of the UAE-based Zaya Group. Ms. Zaal is the recipient of the Women in Leadership Achievement in Dubai and received The Arab Woman Award for Business. She was named the most influential women in the Middle East on Arabian Business, the top 50 travel and tourism leader on The Forbes and top 100 most powerful women in the Middle East on The Forbes. Ms. Zaal studied Business Management at the University of London.

Jaydeep Satyapal Anand

Jaydeep Satyapal Anand is appointed as the executive director of the Board of Directors of the Issuer. Mr. Anand has more than 26 years of experience in the real estate, development, hospitality, consumer electronics and media device business. Mr. Anand is one of the co-founding members of the Group and is responsible for the finance and operations of the Group. He is the CFO, COO and CSO of the Group and is also the Chairman of the Sustainability Committee. Formerly, Mr. Anand was the country head of Asia, Australia and Middle East of Taylor-Wharton between 2012 and 2015. In 2022 and 2023, Mr. Anand was featured under the Power List. Mr. Anand holds an MBA from Cornell University.

Beat Kühni

Beat Kühni is appointed as the senior independent director of the Board of Directors of the Issuer. Mr. Kühni has more than 29 years of experience in banking and finance including in corporate, M&A, private equity and venture capital and in the real estate development sector, for commercial and contracts. Mr. Kühni is the member of the Audit and Risk Committee, the Nomination and Remuneration Committee and Sustainability Committee of the Issuer. Mr. Kühni is a partner at Lenz & Staehelin and is also a Multi-Chapter Standing Member of the Swiss Private Equity and Corporate Finance Association (SECA). He also chairs the standing working groups of the SECA's Venture Capital/ Private Equity Model Documentation. Mr. Kühni graduated from the University of Chicago Law School.

Vijay Malhotra

Vijay Malhotra is appointed as the independent director of the Board of Directors of the Issuer. Mr. Malhotra has more than 35 years of experience in providing strategic and financial advice to regional leaders of the sovereign wealth funds, private equity firms and large family-owned conglomerates. Mr. Malhotra is the Chairman of the Audit and Risk Committee and a member of the Nomination and Remuneration Committee, and Sustainability Committee of the Issuer. Mr. Malhotra is an Independent Director and Chairman of the Audit and Risk Management Committee at DP World, a Chairman of the Board at DP World Financial Services Ltd, a senior advisor at FTI Consulting and the Board of Governors at the Indian Business and Professional Council in Dubai. Mr. Malhotra was formerly the Chairman of KPMG Lower Gulf and was named the top 10 Indian Executives in the Arab World under the 2017 Forbes. Mr. Malhotra is a fellow member of the Institute of Chartered Accountants in England and Wales.

Bianca Miller Cole

Bianca Miller Cole is appointed as the independent director of the Board of Directors of the Issuer. She is also the member of the Audit and Risk Committee, Nomination and Remuneration Committee and Sustainability Committee of the Issuer. Ms. Cole is the founder of The Be Group. She was awarded the best-selling author on Sunday Times and was one of the finalists on The Apprentice. She was also named the top 10 Power Profile Leader on LinkedIn (out of the 20 million profiles) and is featured as the top 50 future leaders under the Financial Times HERoes and Empower List in 2018. Ms. Cole graduated from the University of Sussex.

Senior Management

The business address of each of the senior managers of the Group is FIVE Palm Jumeirah, 13th floor, P.O. Box 118561, Dubai, UAE.

The following table sets forth the name, date of birth, date of appointment and current position of each of the senior managers of the Group, and is followed by a summary of biographical information of each member that is not a director:

Name	Date of Birth	Date of Appointment	Current Position
Kabir Mulchandani	6 October 1972	30 August 2013	Founder & Chairman
Nadia Zaal	10 July 1980	21 June 2022	Director
Jaydeep Satyapal Anand	12 November 1972	1 February 2021	CFO, COO & CSO
Alok Pavan Batra	31 July 1975	1 October 2015	CEO, Hospitality
Nabil Akiki	30 December 1967	24 February 2015	CEO, Development

Kabir Mulchandani

See “—Board of Directors—Kabir Mulchandani.”

Nadia Zaal

See “—Board of Directors—Nadia Zaal.”

Jaydeep Anand

See “—Board of Directors—Jaydeep Anand.”

Alok Pavan Batra

Alok Pavan Batra is appointed as the CEO of the Hospitality Business in 2015. Mr. Batra has more than 17 years of experience in hospitality, food and beverage, entertainment, e-commerce, marketing, real estate sales and brand building. He is also one of the co-founding members of the Group, who is responsible for the sales and marketing of the real estate business and the operation of the hospitality and entertainment business. Mr. Batra was listed as the top 100 CEOs in the Middle East on Forbes in 2022. Under the CEO Magazine, he was listed as one of the top CEOs in the Middle East. Mr. Batra graduated from the Sydenham College in India.

Nabil Akiki

Nabil Akiki is appointed as the CEO of the Real Estate Development Business in 2015. Mr. Akiki has more than 29 years of experience in design, development master planning and construction within the hospitals, commercial buildings, residential, luxury hotels and resorts in GCC, MENA and Europe. He is also one of the co-founding members of the Group, who is responsible for design, development and construction management of FIVE developments. Mr. Akiki was listed on the Power List of Design Middle East in 2022 and has awards across 38 regions and internationally. Mr. Akiki holds a first-class degree from INBA in Beirut and has a Master’s in architecture from the École Spéciale d'Architecture Paris.

Committees of the Board of Directors

The Issuer’s Board includes the Audit and Risk Committee, the Sustainability Committee, the Nomination and Remuneration Committee.

Audit and Risk Committee

The Audit and Risk Committee’s objective is to assist the Board in fulfilling its corporate governance and oversight responsibilities by monitoring, reviewing, and reporting to the Board on the integrity of financial and non-financial statements and effectiveness of the Issuer’s risk management system and internal controls. The Audit and Risk Committee shall consist of at least 3 members the majority of which shall be independent non-

executive directors. The roles and responsibilities of the Audit and Risk Committee include internal audit responsibilities which is achieved, among other things, by (1) ensuring the coordination between the internal and external auditors within the overall context of the Issuer’s risk management system; (2) review and assess the internal audit plan; (3) review and monitor management’s responsiveness to the findings and recommendations of the internal auditors; and other responsibilities in connection with the internal audit function. In addition to the internal audit responsibilities, the Audit and Risk Committee shall be primarily responsible for selecting external auditors and make recommendations to the Board on the appointment, re-appointment, and removal of the external auditors for approval by shareholders and any question of their resignation or dismissal and shall ensure that key partners within the appointed firm are rotated from time to time. In addition, the Audit and Risk Committee shall have other responsibilities, mainly in connection with narrative reporting, internal control and risk assessment, whistleblowing and fraud, and reviewing the Issuer’s code of conduct, related policies, and procedures to ensure that the Issuer complies with relevant regulatory and legal requirements.

The Audit and Risk Committee was established pursuant to the resolutions of directors dated 19 February 2023. The following table sets forth, as of the date of this Offering Memorandum, the name, date of birth, date of appointment and position of each of the members of the Audit and Risk Committee:

Name	Date of Birth	Date of Appointment	Current Position
Vijay Malhotra	1 July 1950	19 February 2023	Chairman
Beat Kühni	31 August 1966	19 February 2023	Member
Bianca Miller Cole	23 December 1988	12 April 2023	Member

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Issuer shall consist of at least 3 members comprised of the Chairman of the Board and its non-executive Directors. The majority of the members of the Nomination and Remuneration Committee must be independent non-executive directors.

In relation to nominations, the Nomination and Remuneration Committee is responsible, among others, for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise. In performing such duties, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge, experience, and diversity, including gender, on the Board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In 2022, the Group had employees from 82 nationalities.

In relation to remuneration, the Nomination and Remuneration Committee shall determine a remuneration policy which aims to provide a structured, balanced and equitable remuneration package for the Chairman, each executive director, and senior management. Such remuneration policy will cover performance based variable rewards (cash incentive, annual bonus plans and long-term incentive plans); the core fixed elements (base salary and benefits); pension; terms of service contracts and compensation payments.

The Nomination and Remuneration Committee was established pursuant to the directors’ resolution dated 19 February 2023. The following table sets forth, as of the date of this Offering Memorandum, the name, date of birth, date of appointment and current position of each of the members of the Nomination and Remuneration Committee.

Name	Date of Birth	Date of Appointment	Current Position
Kabir Mulchandani	6 October 1972	19 February 2023	Chairman
Beat Kühni	31 August 1966	19 February 2023	Member
Vijay Malhotra	1 July 1950	19 February 2023	Member

Bianca Miller Cole

23 December 1988

12 April 2023

Member

Sustainability Committee

The Sustainability Committee of the Issuer shall consist of at least 3 members which are appointed by a resolution of the Board. The roles and responsibilities of the Sustainability Committee shall be the following:

- review and scrutinise the sustainability strategy;
- develop and recommend to the Board, corporate sustainability targets and key performance indicators and receive and review reports on progress towards the achievement of such targets and indicators;
- consider matters linked to the Group's Corporate Sustainability Strategy and reputational matters linked to policies, pledges and commitments made;
- reviewing the implementation of the Sustainability Strategy and reporting to the Board on this implementation, such review to include providing a forum for those implementing the Sustainability Strategy to test ideas and support them in change needed to deliver the Sustainability Strategy;
- ensuring that the Sustainability Committee and the Board are kept up to date of any regulatory changes in relation to sustainability that impact the business of the Group and its Sustainability Strategy and implementation of this strategy;
- making recommendations to the Nomination and Remuneration Committee in relation to, metrics for the sustainability / ESG component of the incentive plans for the executive team;
- reviewing the Issuer's Task Force on Climate-related Financial Disclosures report and public sustainability reporting prior to its release;
- understanding and regularly reviewing the concerns and material risks to the business as perceived by key external stakeholders, and the effectiveness of the Sustainability Strategy in addressing these;
- continuous review of the code of ethics and its associated Group policies, with particular focus on those policies concerning the provision of a healthy and safe working environment for employees and contractors, the support of employees' wellbeing, the Group's values and human rights;
- the promotion of socially responsible values and standards that relate to the social and economic community in which the Issuer operates, in accordance with the Issuer's Corporate Sustainability Strategy, and ensuring the Issuer can demonstrate that it lives through these values and can act responsibly in its engagement with all stakeholders in this community, locally, nationally, and internationally; and
- overseeing of any evaluation of activities within its terms of reference.

The Sustainability Committee was established pursuant to the directors' resolution dated 19 February 2023. The following table sets forth, as of the date of this Offering Memorandum, the name, date of birth, date of appointment and current position of each of the members of the Sustainability Committee:

Name	Date of Birth	Date of Appointment	Current Position
Jaydeep Satyapal Anand	12 November 1972	19 February 2023	Chairman
Beat Kühni	31 August 1966	19 February 2023	Member
Vijay Malhotra	1 July 1950	12 April 2023	Member
Bianca Miller Cole	23 December 1988	12 April 2023	Member

Compensation of the Senior Management

The compensation for senior management consists of the following elements: (i) base salary and (ii) incentive based on the Group's Hospitality Business performance. According to the incentive plan employed by the Group, the senior management receives incentive payments based on a certain percentage of realised profits, which are realised in cash, subject to certain adjustments.

The total amount of compensation paid and benefits in kind (consisting of salaries and short term employee benefits in addition to termination and post-employment benefits) provided to the senior management for the six-month period ended 30 June 2023 and 2022 was AED 15,090 thousand and AED 16,885 thousand, respectively. The total amount of compensation paid and benefits in kind (consisting of salaries and short term employee benefits in addition to termination and post-employment benefits) provided to our senior management for the year ended 31 December 2022, 2021 and 2020 was AED 8,777 thousand, AED 26,249 thousand and AED 10,132 thousand, respectively. See also "*Related Party Transactions*".

Other Information

As of the date of this Offering Memorandum, no Director or member of the Group's senior management, for the previous five years:

- has had any convictions in relation to fraudulent offences; nor
- was a member of the administrative, management or supervisory bodies of any company at the time of or preceding any bankruptcy, receivership or liquidation; nor
- has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body); nor
- has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or to conduct of the affairs of any company.

RELATED PARTY TRANSACTIONS

Related parties include the Controlling Shareholder, key management personnel, including directors and any businesses, which are controlled, directly and indirectly by the Controlling Shareholder and or over which they exercise significant influence (the “**other related parties**”).

The Group has entered into transactions with certain interested and related parties. All transactions with the related parties are carried out on an arm’s-length basis. For further information on the Group’s related party transactions, see Note 13 to the Interim Financial Statements and Note 7 to the Annual Financial Statements for the years ended 31 December 2022, 2021 and 2020.

The Group has entered into transactions with related parties at the terms agreed by the Group’s management. The table below sets out the transactions with related parties for the years ended 31 December 2020, 2021 and 2022 and for the six-month periods ended 30 June 2022 and 2023.

	For the year ended 31 December			For the six-month period ended 30 June	
	2020	2021	2022	2022	2023
	<i>(AED thousand)</i>				
Owner					
Dividend.....	85,430	—	—	—	70,000
Charity made on behalf of the Group.....	5,635	6,127	—	—	—
Fund given to the Group for asset acquisition.....	—	54,888	—	—	—
Non-controlling interest					
Dividend declared	3,933	7,953	3,956	3,956	861
Key management remuneration:					
Revenue from sale of off plan properties to key management	—	4,529	13,371	—	—
Salaries and other short term employee benefits ⁽¹⁾	9,793	25,889	8,417	16,705	14,910
Termination and post-employment benefits ⁽¹⁾	339	360	360	180	180
Other related party⁽²⁾					
Sales incentive and commission expenses	90	73,560	138	7,787	20,425
Expenses incurred by the Group.....	21,104	—	—	—	—
Amount paid on behalf of the Group	(489)	—	—	—	—

⁽¹⁾ See “*Sole Shareholder and Management—Compensation of the Senior Management*” for details regarding details of compensation paid to the senior management of the Group.

⁽²⁾ Other related party transaction includes a transaction with FIVE Real Estate Brokers LLC, a company under common control.

Balances with Related Parties

The amounts due from and due to related parties, represent balances arising from funds and services provided and received in the normal course of business. The majority of the balance due to related parties, is in relation to the sales commission due to be paid. Amounts due to related parties are unsecured in nature, bear no interest and are payable on demand.

The table below sets out the amount due from and due to related parties as at 31 December 2020, 2021 and 2022 and as at 30 June 2023.

	As at 31 December			As at 30 June
	2020	2021	2022	2023
	(AED thousand)			
Due from related parties				
Owner.....	63,822	—	—	—
Other related party.....	—	—	—	2,815
	63,822	—	—	2,815
Due to related parties				
Owner.....	—	61,015	6,332	826
Other related party.....	—	73,560	138	—
	—	134,575	6,470	826

The Group acquired FIVE Zurich as a distressed property for CHF 83,600 thousand (excluding VAT) in September 2020. The FIVE Zurich property was initially acquired by the Controlling Shareholder. The Controlling Shareholder paid the acquisition price through his personal funds, as well as the funds provided by the Group in the amount of AED 63,822 thousand, which was recorded as balances due from the Controlling Shareholder as at 31 December 2020. Such balance due from the Controlling Shareholder was settled in 2021, through transfer of the FIVE Zurich property to the Group by the Controlling Shareholder. The Group did not have any balances due from the Controlling Shareholder as at 31 December 2021, 2022 and 30 June 2023.

As at 31 December 2021, the Group had balances due to the Controlling Shareholder in the amount of AED 61,015 thousand, which was primarily related to the funds provided by the Controlling Shareholder to acquire FIVE Zurich as described above. As at 31 December 2021, the Group also had balances due to the other related parties in the amount of AED 73,560 thousand, which was mainly related to commission payable to the FIVE RE, the sales agent for facilitating the sale of FIVE Luxe.

Related Party Transactions with the Controlling Shareholder

VAT Facility

On 25 November 2021, the Controlling Shareholder, as borrower entered into a UAE law governed credit facilities agreement with Commercial Bank of Dubai psc (“**CBD**”) as lender (the “**Credit Facilities Agreement**”). Under the Credit Facilities Agreement, CBD provided a facility of AED 13 million to the Controlling Shareholder for financing of the VAT payment for the acquisition of FIVE Luxe property (the “**VAT Facility**”). On 26 November 2021, FIVE JBR Holding (DIFC) Limited, one of the Guarantors, and the Controlling Shareholder executed a payment undertaking, pursuant to which FIVE JBR Holding (DIFC) Limited agreed to pay all amounts due under the Credit Facilities Agreement on behalf of the Controlling Shareholder.

As at 30 June 2023, the total outstanding principal amount of the VAT Facility was AED 9,001 thousand.

Bridge Facility

On 22 March 2022, CBD extended a new term facility of AED 117 million to the Controlling Shareholder, under the Credit Facilities Agreement, to finance the Group’s purchase of the 10 per cent. non-controlling interest in Assas Investments Limited, a subsidiary of the Group, on 25 March 2022 (the “**Bridge Facility**”). The Bridge Facility was initially extended for a period of 6 months which was then extended to 5 years.

As at 30 June 2023, the total outstanding amount of the Bridge Facility was AED 84,458 thousand.

Other Related Party Transactions

License Agreement with respect to Private Jet Services

In the first quarter of 2023, Come Play Fly Limited, an entity owned and controlled by the Controlling Shareholder, started providing private jet services under the Group’s “FIVE” and “FIVE Group” brand. On 1 January 2023, Come Play Fly Limited as the licensee (“**Licensee**”) and FIVE International Hotel Management

LLC, one of the Group companies, as the licensor entered into a trademark license agreement (“**Trademark License Agreement**”) for the use of the “FIVE” brand and other brands listed under the Trademark License Agreement (“**Trademarks**”) by the Licensee. According to the Trademark License Agreement, the Licensee will use the Trademarks on its aircraft and in all of the branding and marketing materials of the aircraft. The Licensee will pay a certain amount of the net revenue generated through bookings of the relevant aircraft to the Issuer in consideration of the use of the Trademarks.

Although Come Play Fly Limited is not a part of the Group, the private jet services are being provided under the Group’s “FIVE” brand, and have been advertised as a service complementary to the Group’s Hospitality Business in the media. See “*Risk Factors—Risk Related to the Group and its Business—The Group may be exposed to risks relating to private jet services provided under its brand*”.

Share Purchase Agreement with respect to Certain Excluded Entities

On 31 March 2023, FIVE Investment LLC, as the company, FIVE Holding Limited, as the seller, and the Controlling Shareholder, as the purchaser, entered into a share purchase agreement, pursuant to which the shares of FIVE Investment LLC were sold to the Controlling Shareholder as part of the Corporate Reorganisation, see “*Business of the Group—Corporate Structure*”. The Controlling Shareholder paid AED 6,547 thousand in consideration of the shares of FIVE Investment LLC and the transfer of the shares was completed in June 2023.

Related Party Transactions Policy

The Group has adopted a related party transactions policy in order to ensure compliance with all applicable regulations relating to related party transactions. The policy provides guidelines for the disclosure, review, ratification and approval of related party transactions between the Issuer and any of its subsidiaries, affiliates, directors, executive officers, shareholders with more than 5 per cent. stake and their immediate family members. According to the policy, the transactions with related parties are subject to review and oversight of the Nomination and Remuneration Committee, and all material related party transactions are subject to the Board’s approval. The policy also requires a director who is, or an immediate family member of whom is, the related party, or who is a director of the related party, to not to take part in the Board’s consideration of the relevant transaction and not to vote on the relevant Board resolution.

TERMS AND CONDITIONS OF THE NOTES

The U.S.\$350,000,000 9.375 per cent. senior secured notes due 2028 (the “**Notes**”, which expression shall, in these terms and conditions (the “**Conditions**”), unless the context otherwise requires, include any further notes (the “**Additional Notes**”) issued pursuant to Condition 16 (*Further Issues*) and forming a single series with the Notes) of FIVE Holdings (BVI) Limited, a BVI Business Company incorporated under the laws of the British Virgin Islands (the “**Issuer**”) (a) are constituted by and subject to, and have the benefit of, a trust deed dated 3 October 2023 (as amended, varied or supplemented from time to time, the “**Trust Deed**”) between the Issuer, the Guarantors (as defined below) and Citibank, N.A., London Branch as trustee (the “**Trustee**”, which expression includes all persons for the time being appointed as trustee for the holders of the Notes under the Trust Deed) and (b) are the subject of an agency agreement dated 3 October 2023 (as amended, varied or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, the Trustee, Citibank, N.A., London Branch as principal paying agent and the other agents named therein. The principal paying agent, the other paying agents, the registrar and the transfer agents for the time being (if any) are referred to below, respectively, as the “**Principal Paying Agent**”, the “**Paying Agents**” (which expression shall include the Principal Paying Agent), the “**Registrar**” and the “**Transfer Agents**”, and are referred to collectively as the “**Agents**”. The Notes will be issued in a private transaction that is not subject to the registration requirements of the Securities Act.

Each of the Guarantors have, pursuant to the guarantee contained in the Trust Deed, unconditionally and irrevocably, jointly and severally with every other Guarantor, to the maximum extent permitted by law but subject to the limitations and restrictions set out in the Trust Deed, guaranteed the due payment of all sums expressed to be payable by the Issuer under the Notes and the Trust Deed. The Guarantees (as defined below) constitute a guarantee for the purposes of English law.

Certain provisions of these Conditions are summaries of the Trust Deed, the Agency Agreement, the Security Documents (as defined below) and the Intercreditor Agreement (as defined below), and are subject to their detailed provisions. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Security Documents and the Intercreditor Agreement, and are deemed to have notice of those provisions applicable to them in the Agency Agreement. These Conditions are subject to, and have the benefit of, the Intercreditor Agreement. In the event of any inconsistency between these Conditions and the Intercreditor Agreement, the Intercreditor Agreement shall prevail.

Copies of the Trust Deed, the Agency Agreement, the Security Documents and the Intercreditor Agreement are available for inspection during usual business hours on any weekday (public holidays excepted) at the principal office of the Trustee (presently at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom) and at the specified offices of the Paying Agents and the Transfer Agents, and will be provided by email to any Noteholder (as defined below) following their written request to any Paying Agent or Transfer Agent in accordance with Condition 17 (*Notices*) and provision of proof of holding and identity (in a form satisfactory to the relevant Paying Agent or Transfer Agent).

As of the Issue Date, all of the Issuer’s Subsidiaries are Restricted Subsidiaries. However, in the circumstances described in Condition 4.17 (*Designation of Restricted and Unrestricted Subsidiaries*), the Issuer will be permitted to designate certain of its Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in these Conditions and will not guarantee the Notes. As of the Issue Date, the Issuer has no Unrestricted Subsidiaries.

1. FORM AND DENOMINATION, TRANSFER AND TITLE

1.1 Form and denomination

The Notes are issued in registered form, in the denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof, without individual coupons attached. Unless the Notes are in global registered form, a definitive note certificate (each, a “**Definitive Note Certificate**”) will be issued to each Noteholder in respect of its registered holding of Notes. Each Note and each Definitive Note

Certificate will have an identifying number which will be recorded on the relevant Definitive Note Certificate and in the Register.

Definitive Note Certificates issued with respect to Rule 144A Notes (as defined in the Trust Deed) (“**Rule 144A Definitive Note Certificates**”) will bear the Rule 144A Legend (as defined in the Agency Agreement), unless determined otherwise in accordance with the provisions of the Agency Agreement by reference to applicable law. Definitive Note Certificates issued with respect to the Regulation S Notes (as defined in the Trust Deed) (“**Regulation S Definitive Note Certificates**”) will not bear the Rule 144A Legend.

Upon issue, the Rule 144A Notes will be represented by a restricted global note certificate (the “**Rule 144A Global Note Certificate**”) and the Regulation S Notes will be represented by the unrestricted global note certificate (the “**Regulation S Global Note Certificate**” and, together with the Rule 144A Global Note Certificate, the “**Global Note Certificates**” and, together with the Definitive Note Certificates, the “**Certificates**”). The Rule 144A Global Note Certificate will be deposited with a custodian for, and registered in the name of Cede & Co. as nominee of, The Depository Trust Company (“**DTC**”) and the Regulation S Global Note Certificate will be deposited with, and registered in the name of, a nominee of the common depository for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**” and, together with DTC and Euroclear, the “**Clearing Systems**”).

Except in the limited circumstances described in the Global Note Certificates, owners of interests in Notes represented by the Global Note Certificates will not be entitled to receive physical Definitive Note Certificates in definitive form in respect of their individual holdings of Notes. The Notes are not issuable in bearer form.

1.2 Register

The Registrar will maintain outside the United Kingdom a register in respect of the Notes (the “**Register**”) in accordance with the provisions of the Agency Agreement. In these Conditions, the “**holder**” of a Note means the Person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “**Noteholder**” shall be construed accordingly.

1.3 Title

Title to the Notes will pass by transfer and registration in the Register as described below under Condition 1.4 (*Transfers*). The Holder of each Note shall (except as otherwise required by a court of competent jurisdiction or applicable law) be treated as the absolute owner of such Note for all purposes whether or not such Note is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Definitive Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Definitive Note Certificate, and no Person shall be liable for so treating such Holder.

1.4 Transfers

Subject to the terms of the Agency Agreement and Conditions 1.6 (*Closed periods*) and 1.8 (*Regulations concerning the transfer of Notes*), a Note may be transferred by delivering the Definitive Note Certificate in respect of it, with the endorsed form of transfer duly completed and signed, at the specified office of the Registrar or any Transfer Agent. No transfer of a Note will be valid unless and until entered on the Register.

Where some but not all of the Notes in respect of which a Definitive Note Certificate is issued are to be transferred, a new Definitive Note Certificate in respect of the Notes not so transferred will, within five Business Days of receipt by the Registrar or the relevant Transfer Agent of the original Definitive Note Certificate, be mailed by uninsured mail at the risk of the holder of the Notes not so transferred to the

address of such holder appearing on the Register or as specified in the form of transfer. Neither the part transferred nor the balance not transferred may be less than U.S.\$200,000.

Transfers of interests in the Notes evidenced by the Global Note Certificates will be effected in accordance with the rules of the relevant Clearing System.

Upon the transfer, exchange or replacement of a Rule 144A Note, the Registrar or the relevant Transfer Agent will only deliver Definitive Note Certificates with respect to Rule 144A Notes that do not bear the Rule 144A Legend if there is delivered to the Registrar or the relevant Transfer Agent such satisfactory evidence as may be reasonably required by the Issuer, that neither the Rule 144A Legend nor the restrictions on transfer set out therein are required to ensure compliance with the provisions of the Securities Act.

An interest in Notes represented by the Regulation S Global Note Certificate may be transferred to a person within the United States subject to any applicable transfer restrictions under the Securities Act.

Interests in Notes represented by the Rule 144A Global Note Certificate may be transferred to a person who wishes to take delivery of any such interest in the form of an interest in Notes represented by the Regulation S Global Note Certificate only if the Registrar or the relevant Transfer Agent receives a written certificate from the transferor (in the form provided in the Agency Agreement) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S (as defined in the Trust Deed).

1.5 Registration and delivery of Definitive Note Certificates

Within five Business Days of the surrender of a Definitive Note Certificate in accordance with Condition 1.4 (*Transfers*), the Registrar will register the transfer in question and deliver a new Definitive Note Certificate of a like principal amount to the Notes transferred to each relevant Holder at its specified office or (as the case may be) the specified office of the relevant Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first-class mail (airmail, if overseas) to the address specified for the purpose by such relevant Holder.

In this Condition 1.5 (*Registration and delivery of Definitive Note Certificates*) and Condition 1.4 (*Transfers*), a “**Business Day**” means a day on which banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its specified office.

1.6 Closed periods

Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal, premium (to the extent premium, if any, is required to be paid under these Conditions) or interest in respect of the Notes or after any Note is required to be redeemed pursuant to Condition 6.4 (*Redemption at the Option of the Noteholders Upon a Change of Control*).

1.7 Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 6 (*Redemption and Purchase*), the Issuer shall not be required to register the transfer of any Note, or part of a Note, called for partial redemption.

1.8 Regulations concerning the transfer of Notes

All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

1.9 Cost of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any cost or expenses of delivery other than by regular uninsured mail and except that the Issuer may require payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration in another name.

2. GUARANTEES AND STATUS

2.1 Guarantee

The Guarantors have, pursuant to the guarantee contained in the Trust Deed, each unconditionally and irrevocably, jointly and severally with every other Guarantor, to the maximum extent permitted by law but subject to the limitations and restrictions set out in the Trust Deed, guaranteed the due payment of all sums expressed to be payable by the Issuer under the Notes and the Trust Deed. The Guarantees provided by the Guarantors will constitute a guarantee for the purposes of English law.

2.2 Addition of Guarantors

The Issuer may from time to time designate any of its Subsidiaries as an Additional Guarantor of the Notes. The Issuer will cause each Additional Guarantor to execute and deliver to the Trustee a deed of accession to the Trust Deed, pursuant to which such Additional Guarantor will, on a joint and several basis with each other Guarantor, unconditionally and irrevocably, to the maximum extent permitted by law but subject to the limitations and restrictions set out in the Trust Deed and/or the relevant deed of accession, guarantee the due payment of all sums expressed to be payable by the Issuer under the Notes and the Trust Deed.

The Issuer shall give not less than five Business Days' prior written notice to the Trustee and the Noteholders in accordance with Condition 17 (*Notices*) of the accession of each Additional Guarantor by its execution of, or accession to, the Trust Deed and delivery thereof to the Trustee. The accession of an Additional Guarantor pursuant to this Condition 2.2 (*Addition of Guarantors*) shall be conditional upon (x) receipt by the Trustee of an Opinion of Counsel as to the enforceability under English law of the Guarantee from such Additional Guarantors in accordance with its terms and (y) such other documents or certificates as the Trustee may reasonably require, including in connection with its "know your customer" obligations or other identification checks or procedures necessary to comply with any applicable law. The Trustee shall be entitled to accept and rely on the Opinion of Counsel referred to in sub-paragraph (x) above without further enquiry or liability to any Person as sufficient evidence of the matters certified therein.

2.3 Release of the Guarantees

A Guarantee of a Guarantor shall be released, automatically and without further action on the part of any Noteholder or the Trustee in accordance with Condition 4.12(f).

The Trustee will take all actions which are necessary or desirable to effect any release in accordance with the provisions of Condition 4.12(f), subject to it being indemnified to its satisfaction before taking such action, and, if requested to do so by the Issuer, execute a deed of release in the form set out in Schedule 6 (*Form of Deed of Release*) to the Trust Deed (the "**Deed of Release**"). For the avoidance of doubt, a Guarantee under the Trust Deed shall terminate automatically in the circumstances set out in Condition 4.12(f) without the execution of a Deed of Release, but a Deed of Release may be entered into in order to evidence such release.

Notwithstanding anything to the contrary in this Condition 2.3 (*Release of the Guarantees*), the Issuer shall, and shall ensure that each of its Non-Guarantor Subsidiaries shall, comply at all times with their obligation to provide Additional Guarantors under Condition 4.12 (*Additional Guarantors and Limitations on Guarantees*).

2.4 Status of the Notes and the Guarantees

The Notes constitute direct, unsubordinated and unconditional obligations of the Issuer and shall, save for such exceptions as may be provided by applicable legislation, at all times rank *pari passu* and without any preference among themselves.

The Guarantee of each Guarantor constitutes direct, unsubordinated and unconditional obligations of such Guarantor, to the maximum extent permitted by law but subject to the limitations and restrictions set out in the Trust Deed. The payment obligations of each Guarantor under its Guarantee shall at all times rank *pari passu* and without any preference among themselves.

The Notes and the Guarantees are:

- (a) senior secured obligations of the Issuer and of the Guarantors, secured by the Collateral on a first priority basis, and *pari passu* in right of payment with the obligations under the Revolving Credit Facility Agreement, subject to the ranking more particularly set out in the Intercreditor Agreement;
- (b) *pari passu* in right of payment with any existing or future unsecured and unsubordinated Indebtedness of the Issuer or the Guarantors with respect to any assets of the Issuer and/or the Guarantors that do not constitute the Collateral;
- (c) senior in right of payment to all existing and future subordinated Indebtedness and any other subordinated liabilities of the Issuer and/or the Guarantors;
- (d) effectively subordinated in right of payment to any existing and future Indebtedness of the Issuer and of the Guarantors that is secured by Liens over assets that do not secure the Notes, to the extent of the value of the assets securing such Indebtedness; and

in the case of the Notes, structurally subordinated to any existing and future obligations of the Issuer's Subsidiaries that are not Guarantors.

3. SECURITY ARRANGEMENTS

The following provisions in this Condition 3 are a summary of certain provisions relating to the Common Security that are set out in full in, and are in all respects subject to, the Intercreditor Agreement and the Security Documents. The Intercreditor Agreement and the Security Documents should be read in full.

3.1 Collateral

- (a) The Collateral consists or will consist of the rights, property and assets securing the Notes and the Guarantees, as more particularly described in the Security Documents, and any rights, property or assets from time to time in (or over) which a Lien has been granted to secure the obligations of the Issuer and the Guarantors under the Notes, the Guarantees and the Trust Deed.
- (b) On or before (i) the date falling 90 days after the Issue Date (other than with respect to the FIVE Luxe Mortgage) or (ii) 31 March 2024 with respect to the FIVE Luxe Mortgage, the due and punctual payment of the principal of, premium on, if any, interest and Additional Amounts, if any, on, the Notes and the Guarantees when and as the same shall be due and payable, whether on an Interest Payment Date, at maturity, by acceleration, repurchase, redemption or otherwise, and the performance of all other obligations of the Issuer and the Guarantors to the Noteholders, the Trustee and the Security Agent under the Notes Documents shall be secured by Liens in favour of the Security Agent over the Collateral pursuant to the Security Documents in accordance with the terms thereof, all of which is subject to the provisions of the Intercreditor Agreement.
- (c) The Issuer will, and will procure that each of its Restricted Subsidiaries will, at its own expense, execute and do all such acts and things and provide such assurances as the Security Agent may reasonably

require for registering any Security Documents in any required register and for perfecting or protecting the security intended to be afforded by such Security Documents no later than (i) the date falling 90 days after the Issue Date (other than with respect to the FIVE Luxe Mortgage) or (ii) 31 March 2024 with respect to the FIVE Luxe Mortgage.

- (d) Neither the Trustee nor the Security Agent will be liable for any failure to make the usual investigations or any investigations which might be made by a security holder in relation to the Collateral, and is not bound to enquire into or be liable for any defect or failure in the right or title of the relevant security provider to the Collateral, whether such defect or failure was known to the Trustee or the Security Agent or might have been discovered upon examination or enquiry or whether capable of remedy or not, nor will it have any liability for the enforceability of the Collateral, whether as a result of any failure, omission or defect in registering or filing or otherwise protecting or perfecting such Collateral. Neither the Trustee nor the Security Agent has any responsibility for the value of the Collateral.

3.2 Amendments to Security Documents

So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer shall not (and must procure that none of its Restricted Subsidiaries which are party to any Security Document shall), except with the prior written consent of the Trustee or as approved by an Extraordinary Resolution (as defined in the Trust Deed) of the holders of the Notes or as expressly contemplated or permitted in any of the Security Documents, the Intercreditor Agreement and/or these Conditions (including in the circumstances set out in Conditions 3.3 (*Release of Collateral*), 4.8 (*Impairment of Security*) and 11 (*Meetings of Noteholders, Modification, Waiver and Substitution*)), (i) permit any of the Security Documents to be amended, terminated, postponed or discharged, (ii) consent to any variation of, or exercise of any powers of consent or waiver pursuant to any of the Security Documents or (iii) permit any party to any of the Security Documents or any other person whose obligations form part of the Collateral to be released from such obligations.

3.3 Release of Collateral

The Trustee shall be deemed to give its consent without the need for any notice or other formalities to the release of Liens over the Collateral (or the relevant proportion thereof, as provided below) and the Security Agent will, subject to the Intercreditor Agreement, take any action required to effectuate any release of the Lien over Collateral, in each case, in the following circumstances:

- (a) where the Notes have been redeemed, or purchased and cancelled, in whole, but not in part, pursuant to Condition 6 (*Redemption and Purchase*);
- (b) in the case of a Guarantor that is released from its Guarantee in accordance with Condition 4.12(b), the release of the property, assets and Capital Stock of such Guarantor;
- (c) pursuant to an Extraordinary Resolution of the Noteholders;
- (d) as provided in Condition 4.8 (*Impairment of Security*);
- (e) upon a release of the Lien that resulted in the creation of the Lien under Condition 4.3(a) (*Limitation on Liens*);
- (f) in connection with any sale or other disposition of the Collateral, directly or indirectly, to any Person other than the Issuer or any Restricted Subsidiary, if the sale or other disposition, and the application of the Disposal Proceeds therefrom, does not violate or is not prohibited by Condition 4.5 (*Asset Sales*);
- (g) when the Issuer designates any of its Restricted Subsidiaries as an Unrestricted Subsidiary in compliance with the terms of Condition 4.17 (*Designation of Restricted and Unrestricted Subsidiaries*) (to the extent of such Restricted Subsidiary's assets and property);
- (h) to the extent not covered in the Intercreditor Agreement, the transfer of Collateral (other than Capital Stock) from one Guarantor to another Guarantor only to the extent that the relevant assets become

immediately subject to a substantially equivalent security interest in favour of the Security Agent for the benefit of the Trustee and the Noteholders, provided that such transfer would otherwise be permitted by the Trust Deed; or

- (i) to the extent otherwise permitted by the Intercreditor Agreement and the Security Documents, in each case without recourse, representation or warranty.

Upon any request from the Issuer, the Trustee shall, and shall instruct the Security Agent to, execute, deliver or acknowledge any necessary or proper instruments of termination, satisfaction or release to evidence the release of any Collateral without the consent of the Noteholders.

3.4 Enforcement of Common Security pursuant to the Intercreditor Agreement

The Intercreditor Agreement and the Security Documents will provide that the Common Security may be enforced following an Acceleration Event. Upon the occurrence of an Acceleration Event, the Security Agent will be entitled to exercise all rights, actions and privileges in respect of the Common Security (including those granted by law to a secured creditor). In order for the Noteholders to enforce the Collateral, enforcement instructions are required to be provided to the Security Agent by the Instructing Group in accordance with the Intercreditor Agreement. The Intercreditor Agreement provides that the Security Agent may refrain from enforcing the Common Security unless instructed otherwise by the Instructing Group and subject, in all cases, to it being indemnified and/or secured and/or prefunded to its satisfaction.

Any proceeds of enforcement of the Common Security will be applied by the Security Agent in accordance with the order of application set out in the Intercreditor Agreement.

4. COVENANTS

So long as any Notes remain outstanding:

4.1 Incurrence of Indebtedness

- (a) The Issuer will not, and will not permit any of its Restricted Subsidiaries to, Incur, directly or indirectly, any Indebtedness (including Acquired Debt), and the Issuer will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of Preferred Stock; *provided, however, that* the Issuer may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock and any of its Restricted Subsidiaries may incur Indebtedness (including Acquired Debt) or issue Preferred Stock, if on the date on which such Indebtedness is Incurred or such Disqualified Stock or Preferred Stock is issued, as the case may be: (i) no Potential Event of Default nor Event of Default shall have occurred and be continuing at the time, or would occur as a consequence, of the Incurrence of such Indebtedness and (ii) after giving effect thereto on a *pro forma* basis, the Issuer's Consolidated Net Leverage Ratio would not exceed 3.5 to 1.0, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom) as if the additional Indebtedness had been Incurred or the Disqualified Stock or Preferred Stock had been issued on such date.
- (b) Notwithstanding the foregoing, Condition 4.1(a) will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "**Permitted Debt**"):
 - (i) the incurrence by the Issuer and its Restricted Subsidiaries of Specified Existing Indebtedness (including any guarantees provided in respect of such Indebtedness);
 - (ii) the incurrence by the Issuer and its Restricted Subsidiaries of Indebtedness under Credit Facilities in an aggregate principal amount at any one time outstanding under this paragraph (ii) (with working capital facilities or trade finance facilities being deemed to have a principal amount equal to the maximum potential liability of the Issuer and its Restricted Subsidiaries thereunder) not to exceed U.S.\$25.0 million, plus in the case

of any Refinancing of any Indebtedness permitted under this paragraph (ii) or any portion thereof, the aggregate amount of accrued and unpaid interest, fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such Refinancing;

- (iii) Indebtedness represented by the Notes (other than Additional Notes) and the related Guarantees (including any future Guarantees);
- (iv) Refinancing Indebtedness (other than intercompany Indebtedness) in respect of Indebtedness Incurred in compliance with Condition 4.1(a) or in compliance with paragraphs (i), (iii), (v), (vii) or this paragraph (iv) of this Condition 4.1(b);
- (v) the incurrence by the Issuer and its Restricted Subsidiaries of Existing Indebtedness (but excluding any Specified Existing Indebtedness);
- (vi) Indebtedness of the Issuer or any of its Restricted Subsidiaries owed to and held by the Issuer or any of its Restricted Subsidiaries; provided, however, that, (A) any subsequent issuance or transfer of Capital Stock that results in any such Indebtedness being held by a Person other than the Issuer or a Restricted Subsidiary and (B) any sale or other transfer of any such Indebtedness to a Person that is not either the Issuer or a Restricted Subsidiary, will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Issuer or such Restricted Subsidiary, as the case may be, that was not permitted by this paragraph (vi);
- (vii) Indebtedness of (A) a Person Incurred and outstanding on or prior to the date on which (1) such Person becomes a Restricted Subsidiary of the Issuer or is merged, consolidated, amalgamated or otherwise combined with the Issuer or a Restricted Subsidiary or (2) such Indebtedness is assumed by the Issuer or a Restricted Subsidiary in connection with any acquisition of assets and assumption of related liabilities from such Person (other than Indebtedness Incurred in connection with, or to provide all or any portion of the funds or credit support utilised to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary of the Issuer or pursuant to which such Person was merged, consolidated, amalgamated, combined with or such Person or asset was otherwise acquired by the Issuer or a Restricted Subsidiary) or (B) the Issuer or any Restricted Subsidiary Incurred in relation to any such acquisition, merger, consolidation, amalgamation or combination; provided, however, that, on the date of such acquisition, merger, consolidation, amalgamation or combination and Incurrence of related Indebtedness and after giving *pro forma* effect thereto, (1) the Issuer would have been entitled to Incur at least U.S.\$1.00 of additional Indebtedness pursuant to Condition 4.1(a) or (2) the Consolidated Net Leverage Ratio of the Issuer would not be more than it was immediately prior to giving *pro forma* effect to the acquisition or other transaction and Incurrence of such Indebtedness pursuant to this paragraph (vii);
- (viii) Hedging Obligations Incurred by the Issuer or any of its Restricted Subsidiaries, provided that they are entered into in the ordinary course of business and not for speculative purposes (as determined in good faith by the Board of Directors of the Issuer or such Restricted Subsidiary, as the case may be);
- (ix) (i) obligations of the Issuer or any of its Restricted Subsidiaries in respect of bankers' acceptances, performance, bid, completion, surety or appeal bonds or similar instruments, guarantees or obligations, judgment, advance payment, customs, VAT or other tax guarantees or similar instruments issued in the ordinary course of business of the Issuer or any Restricted Subsidiary of the Issuer and not in connection with the borrowing of money or for governmental, tax or regulatory requirements and not in connection with the borrowing of money, including letters of credit or similar

instruments in respect of such obligations and (ii) any customary cash management, cash pooling or netting or setting-off arrangements;

- (x) Indebtedness of the Issuer or any of its Restricted Subsidiaries arising from the honouring by a bank or other financial institution of a cheque, draft or similar instrument inadvertently drawn against insufficient funds in the ordinary course of business; provided, however, that such Indebtedness is extinguished within five Business Days of the Issuer or such Restricted Subsidiary (as applicable) becoming aware of its Incurrence;
 - (xi) Indebtedness Incurred in respect of self-insurance obligations, reclamation bonds or similar obligations by the Issuer or a Restricted Subsidiary of the Issuer in the ordinary course of business;
 - (xii) Indebtedness arising from agreements of the Issuer or a Restricted Subsidiary of the Issuer providing for guarantees, indemnification, obligations in respect of earnouts, adjustment of purchase price or similar obligations, in each case, Incurred or assumed in connection with the disposition of any business, assets or Capital Stock of a Restricted Subsidiary of the Issuer, provided that the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the Fair Market Value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer or its Restricted Subsidiary in connection with such disposal;
 - (xiii) Indebtedness of the Issuer or any of its Restricted Subsidiaries in an aggregate principal amount at any time outstanding, including all Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this paragraph (xiii), not to exceed U.S.\$50.0 million;
 - (xiv) guarantees by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary to the extent that the guaranteed Indebtedness was permitted to be Incurred under another paragraph of this Condition 4.1 (*Incurrence of Indebtedness*), provided that, if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes and the Guarantees, then in each case the guarantee must be subordinated to or *pari passu* with, as applicable, to the same extent as the Indebtedness guaranteed; and
 - (xv) Indebtedness under any lease, concession or licence of property (or guarantee thereof) which would be considered an operating lease immediately prior to the adoption of IFRS 16.
- (c) Notwithstanding anything contained in Conditions 4.1(a) and 4.1(b), the Issuer will not, and will not permit any of its Restricted Subsidiaries to, incur Priority Indebtedness, or permit any Indebtedness to become Priority Indebtedness by virtue of the granting of a Lien or by reclassifying any such Indebtedness such that it becomes Priority Indebtedness, pursuant to Condition 4.1(a) or Conditions 4.1(b)(i), (ii), (iv), (v), (vii), (xiii), (xiv) or (xv) hereof, if after giving effect thereto on a *pro forma* basis, the Issuer's Priority Leverage Ratio would exceed 5.0 per cent., determined as of the date of incurrence of such Indebtedness (or the date such Indebtedness becomes Priority Indebtedness by such granting of a Lien or such debt reclassification, as the case may be) after giving effect on a *pro forma* basis of the incurrence of, and the application of the proceeds from, such Indebtedness; *provided that* this Condition 4.1(c) will not prohibit the incurrence of Priority Indebtedness by the Issuer or any Restricted Subsidiary where such Indebtedness is incurred (A) under Condition 4.1(b)(vii) and the Priority Leverage Ratio would not be more than it was immediately prior to giving *pro forma* effect to the acquisition or other transaction and the Incurrence of such Indebtedness pursuant to Condition 4.1(b)(vii) or (B) in respect of the Refinancing of any Priority Indebtedness where such Refinancing is otherwise permitted under this Condition 4.1 (*Incurrence of Indebtedness*) and the Refinanced

Indebtedness is (if secured) secured on no assets other than the same previously secured assets or class of assets.

- (d) For the purposes of determining compliance with this Condition 4.1 (*Incurrence of Indebtedness*), in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in paragraphs (i) through (xv) of Condition 4.1(b), or is entitled to be Incurred pursuant to Condition 4.1(a), the Issuer, in its sole discretion, will be permitted to classify such item of Indebtedness on the date of its Incurrence and only be required to include the amount and type of such Indebtedness in one of such paragraphs and will be permitted on the date of such Incurrence to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in Condition 4.1(a) and Condition 4.1(b), and from time to time to reclassify all or a portion of such item of Indebtedness, in any manner that complies with this Condition 4.1 (*Incurrence of Indebtedness*); *provided that* Indebtedness Incurred pursuant to Condition 4.1(b)(ii) (including any Refinancing thereof) may not be reclassified.
- (e) For the purposes of determining compliance with any U.S. dollar denominated restriction on the Incurrence of Indebtedness where the Indebtedness Incurred is denominated in a different currency, the amount of such Indebtedness will be the U.S. Dollar Equivalent determined by the Issuer on the date of the Incurrence of such Indebtedness (or in the case of any revolving credit facility or letter of credit, the date such Indebtedness was first committed); *provided, however, that*, if any such Indebtedness denominated in a different currency is subject to a Currency Agreement with respect to U.S. dollars covering all principal, if any, and interest payable on such Indebtedness, the amount of such Indebtedness expressed in U.S. dollars will be as provided in such Currency Agreement. The principal amount of any Refinancing Indebtedness incurred in the same currency as the Indebtedness being Refinanced will be the U.S. Dollar Equivalent of the Indebtedness Refinanced, except to the extent that (1) such U.S. Dollar Equivalent was determined based on a Currency Agreement, in which case the Refinancing Indebtedness will be determined in accordance with the preceding sentence and (2) the principal amount of the Refinancing Indebtedness exceeds the principal amount of the Indebtedness being Refinanced, in which case the U.S. Dollar Equivalent of such excess will be determined on the date such Refinancing Indebtedness is Incurred. Notwithstanding any other provision of this Condition 4.1 (*Incurrence of Indebtedness*), the maximum amount that the Issuer or a Restricted Subsidiary of the Issuer may Incur pursuant to this Condition 4.1 (*Incurrence of Indebtedness*) shall not be deemed to be exceeded with respect to any outstanding Indebtedness due solely to the result of fluctuations in the exchange rates of currencies.
- (f) The amount of any Indebtedness outstanding as of any date will be:
 - (i) in the case of any Indebtedness issued with original issue discount, the amount of the liability in respect thereof determined in accordance with IFRS;
 - (ii) the principal amount of the Indebtedness, in the case of any other Indebtedness; and
 - (iii) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:
 - (A) the Fair Market Value of such assets at the date of determination; and
 - (B) the amount of the Indebtedness of the other Person.

Any “parallel debt” obligation relating to Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included. The principal amount of any Disqualified Stock of the Issuer or Preferred Stock of a Restricted Subsidiary will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof.

4.2 Limitation on Restricted Payments

- (a) The Issuer will not, and will not permit any Restricted Subsidiary, directly or indirectly, to make a Restricted Payment unless at the time of and after giving effect to such Restricted Payment:
- (i) no Potential Event of Default or Event of Default shall have occurred and be continuing (or would result therefrom);
 - (ii) the Issuer would, at the time of such Restricted Payment and after giving *pro forma* effect thereto, be entitled to Incur an additional U.S.\$1.00 of Indebtedness pursuant to Condition 4.1(a) (*Incurrence of Indebtedness*); and
 - (iii) the aggregate amount of such Restricted Payment and all other Restricted Payments made by the Issuer and its Restricted Subsidiaries since the Issue Date (including any Permitted Payments made pursuant to paragraphs (iii), (v) and (x) of Condition 4.2(b) but excluding all other Permitted Payments made pursuant to Condition 4.2(b)) would not exceed the sum of (without duplication):
 - (A) 50 per cent. of the Consolidated Net Income accrued during the period (treated as one accounting period) from the beginning of the financial quarter commencing immediately prior to the Issue Date to the end of the most recent financial quarter for which financial statements have been provided under Condition 4.15 (*Financial Information*) prior to the date of such Restricted Payment (or, in case such Consolidated Net Income shall be a deficit, minus 100 per cent. of such deficit); plus
 - (B) 100 per cent. of the aggregate net cash proceeds and the Fair Market Value of property or assets or marketable securities received by the Issuer subsequent to the Issue Date (i) as a contribution to its ordinary equity capital, (ii) from the issue or sale or exercise of Capital Stock of the Issuer (other than Disqualified Stock), (iii) from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Issuer that have been converted into or exchanged for Capital Stock of the Issuer (other than Capital Stock (or Disqualified Stock or debt securities) sold to a Restricted Subsidiary of the Issuer), (iv) from the issue of Indebtedness of the Issuer or a Restricted Subsidiary for cash subsequent to the Issue Date that has been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock) or (v) from any Subordinated Shareholder Funding or capital contribution; plus
 - (C) an amount equal to the aggregate net reduction in Restricted Investments by the Issuer or any Restricted Subsidiary and resulting from the repurchase, repayment or redemption of such Restricted Investments for cash, or from cash proceeds realised on the sale of all or part of such Investment or representing a return of capital (excluding dividends) with respect thereto; provided, however, that the foregoing net reduction shall not exceed the amount (in respect of any Person) of the Restricted Investment previously made (and treated as a Restricted Payment) by the Issuer or any Restricted Subsidiary of such Person; plus
 - (D) to the extent that any Unrestricted Subsidiary of the Issuer designated as such after the Issue Date is redesignated as a Restricted Subsidiary or is merged or consolidated into the Issuer or a Restricted Subsidiary of the Issuer, or all of the assets of such Unrestricted Subsidiary are transferred to the Issuer or a Restricted Subsidiary of the Issuer, the Fair Market Value of the property received by the Issuer or a Restricted Subsidiary of the Issuer or the Issuer's Restricted Investment in such Subsidiary as of the Date of such redesignation,

merger, consolidation or transfer of assets, to the extent such investments reduced the restricted payments capacity under this paragraph (iii) and were not previously repaid or otherwise reduced; plus

(E) 100 per cent. of any dividends or distributions received by the Issuer or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary, to the extent that such dividends or distributions were not otherwise included in the Consolidated Net Income of the Issuer for such period.

(b) The preceding provisions will not prohibit any or all of the following (collectively, “**Permitted Payments**”):

- (i) any Restricted Payment made out of the Net Cash Proceeds of (1) the substantially concurrent sale or issuance of, or made by exchange for, Capital Stock of the Issuer (other than (x) Disqualified Stock and (y) Capital Stock issued or sold to a Restricted Subsidiary of the Issuer or pursuant to an employee stock ownership plan or to a trust established by the Issuer or any of its Restricted Subsidiaries for the benefit of their employees), or (2) substantially concurrent financing by means of Subordinated Shareholder Funding or cash capital contribution received by the Issuer from its shareholders;
- (ii) the defeasance, redemption, repurchase or other acquisition of Indebtedness of the Issuer or any Restricted Subsidiary that is contractually subordinated to the Notes or any Guarantee with the net cash proceeds from a substantially concurrent incurrence of Refinancing Indebtedness;
- (iii) dividends paid within 180 days of the date of declaration (provided that such declaration is on or after the Issue Date) thereof if at such date of declaration such dividend would have complied with this Condition 4.2 (*Limitation on Restricted Payments*); provided, however, that, at the time of payment of such dividend, no Potential Event of Default or Event of Default shall have occurred and be continuing (or result therefrom);
- (iv) the declaration and payments of dividends on Disqualified Stock of the Issuer or any Preferred Stock of any Restricted Subsidiary issued pursuant to Condition 4.1 (*Incurrence of Indebtedness*); provided, however, that, at the time of payment of such dividend, no Potential Event of Default or Event of Default shall have occurred and be continuing (or result therefrom);
- (v) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Issuer or any of the Restricted Subsidiaries; provided, however, that any such cash payment shall not be for the purpose of evading the limitation of the covenant described under this subheading (as determined in good faith by the Board of Directors of the Issuer or the Restricted Subsidiaries, as the case may be);
- (vi) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Issuer or any Guarantor that is subordinated in right of payment to the Notes or to any Guarantee (other than any Indebtedness so subordinated and held by Affiliates of the Issuer) upon a Change of Control or Asset Sale to the extent required by the agreements governing such Indebtedness at a purchase price not greater than 101 per cent. of the principal amount of such Indebtedness, in the case of a Change of Control, and 100 per cent., in the case of an Asset Sale, in each case plus any accrued and unpaid interest thereon, but only if the Issuer has complied with its obligations under Condition 6.4 (*Redemption at the Option of the Noteholders Upon a Change of Control*) and Condition 4.5 (*Asset Sales*), respectively, and the Issuer has repurchased all Notes tendered and not withdrawn pursuant to an offer made or exercise

of redemption right pursuant to such covenants prior to offering to purchase, purchasing or repaying such Indebtedness;

- (vii) the declaration or payment of any dividends or other distributions made by a Restricted Subsidiary of the Issuer that is not a Wholly-Owned Restricted Subsidiary to holders of its Capital Stock (or owners of an equivalent interest in the case of a Restricted Subsidiary of the Issuer that is an entity other than a corporation) that are not Affiliates of the Issuer on no more than a pro rata basis;
- (viii) so long as no Potential Event of Default or Event of Default has occurred and is continuing (or would result therefrom), the declaration and payment by the Issuer of, or loans, advances, dividends or distributions to any Parent Holdco to pay, dividends on the Capital Stock of the Issuer or any Parent Holdco following a public Equity Offering of such Capital Stock, in an amount not to exceed in any fiscal year 6.0 per cent. of the net cash proceeds received by the Issuer in any such Equity Offering (or subsequent public Equity Offering) or contributed to the equity (other than through the issuance of Disqualified Stock) of the Issuer;
- (ix) the distribution, as a dividend or otherwise, of shares of Capital Stock of, or Indebtedness owed to the Issuer or a Restricted Subsidiary by, Unrestricted Subsidiaries; and
- (x) so long as no Potential Event of Default or Event of Default shall have occurred and be continuing (or result therefrom), Restricted Payments made since the Issue Date in an aggregate amount not to exceed U.S.\$15.0 million.

4.3 Limitation on Liens

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien (the “Initial Lien”) of any kind for securing any Indebtedness on any property or asset now owned or hereafter acquired, except:

- (a) in the case of property or assets that do not constitute the Collateral:
 - (i) Permitted Liens; or
 - (ii) if such Lien is not a Permitted Lien, to the extent that all obligations due under the Notes and the Guarantees are, in each case, secured on an equal and rateable basis or on a priority basis with the obligations secured by the Initial Lien (and on a priority basis if such obligations secured by the Initial Lien are subordinated in right of payment to either the Notes or any Guarantee); or
- (b) in the case of the Collateral, Permitted Collateral Liens.

4.4 Transactions with Affiliates

The Issuer will not, and will not permit any Restricted Subsidiary of the Issuer to, enter into or permit to exist any transaction or a series of related transactions (including the purchase, sale, lease or exchange of any property, employee compensation arrangements or the rendering of any service) with, or for the benefit of, any Affiliate of the Issuer (an “**Affiliate Transaction**”) involving aggregate value in excess of U.S.\$5.0 million unless:

- (a) the terms of the Affiliate Transaction are no less favourable to the Issuer or such Restricted Subsidiary than those that could be obtained at the time of the Affiliate Transaction in arm’s length dealings with a Person who is not an Affiliate;
- (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving an aggregate value in excess of U.S.\$10.0 million, the Issuer delivers to the Trustee an Officer’s Certificate

confirming that such Affiliate Transaction complies with the preceding paragraph (a) and a copy of a resolution adopted by a majority of the Disinterested Directors of the Board of Directors of the Issuer or the relevant Restricted Subsidiary (or, in the event that there is only one such Disinterested Director, adopted by such Disinterested Director); and

- (c) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate value in excess of U.S.\$40.0 million, a written opinion of an accounting, appraisal or investment banking firm of international standing, or other recognised independent expert of international standing with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required, stating that the transaction or series of related transactions is (i) fair from a financial point of view taking into account all relevant circumstances, and (ii) in compliance with the preceding paragraph (a),

provided, however, that the requirements set out in paragraphs (a) to (c) above shall not apply to:

- (i) any Restricted Payment that does not violate Condition 4.2 (*Limitation on Restricted Payments*) and any Permitted Investments (other than Permitted Investments described in paragraphs (c), (i) and (t) of the definition thereof);
- (ii) any employment agreement, collective bargaining agreement or employee benefit arrangements with any employee, officer or director of the Issuer or any of its Restricted Subsidiaries, including under any stock option, stock incentive plans or similar plans, entered into in the ordinary course of business;
- (iii) payment of reasonable fees and compensation and reimbursements of expenses (pursuant to indemnity arrangements or otherwise) to employees, officers, directors, consultants or agents in the ordinary course of business;
- (iv) transactions between the Issuer and its Restricted Subsidiaries and between and among the Issuer's Restricted Subsidiaries;
- (v) issuances or sales of, and any contribution to the capital of the Issuer in exchange for, Capital Stock (other than Disqualified Stock) of the Issuer;
- (vi) transactions in the ordinary course of business with a Person that is an Affiliate of the Issuer or any of its Restricted Subsidiaries solely because a director of such Person is also a director of the Issuer or such Restricted Subsidiary; provided, however, that such director abstains from voting as a director of the Issuer or such Restricted Subsidiary, as the case may be, on any matter involving such other Person;
- (vii) transactions with customers, clients, suppliers, purchasers or sellers and other providers of goods or services, lessors or lessees of plant, equipment and property or providers of employees or other labour, in each case, in the ordinary course of business and which are otherwise on terms that are fair to the Issuer or the relevant Restricted Subsidiaries of the Issuer, in the reasonable determination of the members of the Board of Directors of the Issuer or the relevant Restricted Subsidiary or the senior management thereof, or are on terms at least as favourable to the Issuer or the relevant Restricted Subsidiary of the Issuer as might reasonably be obtained at such time from an unrelated third party (in each case, taken as a whole);
- (viii) transactions in the ordinary course of business with a Person that is an Affiliate of the Issuer or a Restricted Subsidiary solely because the Issuer or such Restricted Subsidiary owns, directly or through a Restricted Subsidiary, Capital Stock in, or controls, such Person;
- (ix) Management Advances;
- (x) Liens on Capital Stock of Unrestricted Subsidiaries;

- (xi) the incurrence of any Subordinated Shareholder Funding, provided that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors of the Issuer in their reasonable determination and any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with other provisions of this Conditions; and
- (xii) transactions pursuant to, or contemplated by any agreement or arrangement of the Issuer and its Restricted Subsidiaries as in effect on the Issue Date and transactions pursuant to any amendment, modification or extension to such agreement or arrangement, so long as such amendment, modification or extension, taken as a whole, is not materially more onerous or detrimental for the Issuer or the relevant Restricted Subsidiary of the Issuer (as applicable) than the original agreement or arrangement as in effect on the Issue Date.

4.5 Asset Sales

- (a) The Issuer will not, and will not permit any Restricted Subsidiary of the Issuer to, directly or indirectly, consummate any Asset Sale, unless:
 - (i) the consideration received by the Issuer or the relevant Restricted Subsidiary of the Issuer, as the case may be, is at least equal to the Fair Market Value of the assets or Capital Stock issued or sold or otherwise disposed of;
 - (ii) at least 75 per cent. of the consideration received in the Asset Sale by the Issuer or the relevant Restricted Subsidiary of the Issuer, as the case may be, is in the form of cash, Cash Equivalents or a combination thereof. For the purposes of this provision, each of the following shall be deemed to be cash:
 - (A) the assumption by the transferee of any liabilities, as recorded on the balance sheet of any of the Issuer or any Restricted Subsidiary of the Issuer (other than contingent liabilities and other than liabilities that are by their terms subordinated in right of payment to the Notes or any Guarantee) and the release of the Issuer or such Restricted Subsidiary from all such liabilities in connection with such Asset Sale;
 - (B) any securities, notes or other obligations received by the Issuer or any Restricted Subsidiary of the Issuer from such transferee that are within 180 days of the Asset Sale converted by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents (to the extent of the cash or Cash Equivalents received in that conversion);
 - (C) Indebtedness of any Restricted Subsidiary of the Issuer that is no longer a Restricted Subsidiary as a result of such Asset Sale, to the extent that the Issuer and each other Restricted Subsidiary of the Issuer are released from any guarantee of such Indebtedness in connection with such Asset Sale; and
 - (D) consideration consisting of Senior Indebtedness of the Issuer or any Guarantor received from Persons who are not the Issuer or any Restricted Subsidiary that is cancelled.
- (b) Within 365 days after the receipt of any Disposal Proceeds from an Asset Sale, the Issuer (or any of its Restricted Subsidiaries) may:
 - (i) apply such Disposal Proceeds (at the option of the Issuer or Restricted Subsidiary):
 - (A) to prepay, repay or purchase any Senior Indebtedness (but excluding, in each case, Indebtedness owed to the Issuer or an Affiliate of the Issuer), *provided*,

however, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this paragraph (A), such Indebtedness will be retired and the Issuer or such Restricted Subsidiary will cause the related commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased;

- (B) to make a capital expenditure or invest in Additional Assets;
 - (C) to make cash deposits with a bank or invest in Cash Equivalents;
 - (D) to purchase Notes pursuant to an offer to all holders of the Notes or redeem the Notes pursuant to the redemption provisions of these Conditions; or
 - (E) any combination of the foregoing; or
- (ii) enter into a binding commitment to apply the Disposal Proceeds pursuant to Condition 4.5(b)(i)(B) above; *provided that* such commitment shall be treated as a permitted application of the Disposal Proceeds from the date of such commitment until the earlier of (A) the date on which such acquisition or expenditure is consummated, and (B) the 180th day following the expiration of the aforementioned 365-day period.
- (c) Pending the final application of any Disposal Proceeds, the Issuer (or the applicable Restricted Subsidiary) may temporarily reduce Indebtedness or otherwise invest the Disposal Proceeds in any manner that is not prohibited by these Conditions.
- (d) Any Disposal Proceeds from Asset Sales that are not applied or invested as provided in Condition 4.5(b) will constitute “**Excess Proceeds.**” When the aggregate amount of Excess Proceeds exceeds U.S.\$25.0 million, within 10 Business Days thereof, or at any earlier time at the Issuer’s election, the Issuer will (subject to the Intercreditor Agreement) make an offer (an “**Asset Sale Offer**”) to all holders of Notes and, to the extent notified by the Issuer in such notice, make an offer to all holders of other Indebtedness that is *pari passu* with the Notes or any Guarantee to purchase, prepay or redeem with the proceeds of sales of assets, the maximum principal amount of Notes and such other *pari passu* Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith and Additional Amounts) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price for the Notes in any Asset Sale Offer will be equal to 100 per cent. of the principal amount and the offer price for any *pari passu* Indebtedness may be no greater than 100 per cent. of the principal amount, in each case, plus accrued and unpaid interest, the amount of all fees and expenses, including premiums, incurred in connection therewith and Additional Amounts, if any, to the date of purchase, prepayment or redemption, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Issuer and its Restricted Subsidiaries may use those Excess Proceeds for any purpose not otherwise prohibited by these Conditions. If the aggregate principal amount of Notes and other *pari passu* Indebtedness tendered into (or to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds, the Notes and such other *pari passu* Indebtedness will be selected on a *pro rata* basis and in accordance with the procedures set out in the Trust Deed or other agreements governing such other *pari passu* Indebtedness based on the amounts tendered or required to be prepaid or redeemed. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero. For the avoidance of doubt, the Issuer may make an Asset Sale Offer prior to the expiration of the 365-day period referred to above.
- (e) To the extent that any portion of Disposal Proceeds payable in respect of the Notes is denominated in a currency other than U.S. dollars, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in U.S. dollars that is actually received by the Issuer upon converting such portion of the Disposal Proceeds into U.S. dollars.

- (f) The Issuer will comply with the requirements of any applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale provisions of these Conditions, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under these Conditions by virtue of such compliance.

4.6 Limitations on Restrictions on Distributions from Subsidiaries

- (a) The Issuer will not, and will not permit any Restricted Subsidiary of the Issuer to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary of the Issuer to (x) pay dividends or make any other distributions on its Capital Stock to the Issuer or a Restricted Subsidiary of the Issuer or pay any Indebtedness owed to the Issuer or a Restricted Subsidiary of the Issuer, (y) make any loans or advances to the Issuer or a Restricted Subsidiary of the Issuer or (z) transfer any of its property or assets to the Issuer or a Restricted Subsidiary of the Issuer, *provided that* (i) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (ii) the subordination of (including the application of any standstill period to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary, in each case, shall not be deemed to constitute such an encumbrance or restriction.
- (b) The preceding restrictions will not apply to encumbrances or restrictions arising under or by reason of:
- (i) with respect to (x), (y) and (z) above:
 - (A) any encumbrance or restriction pursuant to an agreement in effect at or entered into on the Issue Date, including pursuant to the Notes Documents or the Revolving Credit Facility Agreement;
 - (B) any encumbrance or restriction with respect to a Restricted Subsidiary of the Issuer pursuant to an agreement relating to any Indebtedness Incurred by such Restricted Subsidiary on or prior to the date on which such Restricted Subsidiary was acquired by the Issuer (other than Indebtedness Incurred as consideration in, or to provide all or any portion of the funds or credit support utilised to consummate, the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary or was acquired by the Issuer) and outstanding on such date;
 - (C) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to Condition 4.1 (*Incurrence of Indebtedness*) if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially more restrictive than (i) the encumbrances and restrictions contained in the Revolving Credit Facility Agreement, the Intercreditor Agreement and these Conditions, as in effect on the Issue Date (as determined in good faith by the Issuer) or (ii) is customary in comparable financings where such encumbrances or restrictions will not materially adversely affect the Issuer's ability to make principal or interest payments on the Notes (as determined in good faith by the Issuer);
 - (D) any encumbrance or restriction pursuant to any agreement or instrument governing Indebtedness or Capital Stock of a Person or attaching to any asset acquired by the Issuer or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or

assets of the Person, so acquired; provided that, in the case of Indebtedness, such Indebtedness was permitted by the terms of these Conditions to be Incurred;

- (E) any encumbrance or restriction pursuant to an agreement effecting a Refinancing of Indebtedness Incurred pursuant to an agreement referred to in paragraphs (A) to (D) above or this paragraph (E) or contained in any amendment, restatement, modification, renewal, replacement or supplement to an agreement referred to in paragraphs (A) to (D) above or this paragraph (E); *provided, however, that* the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such refinancing agreement or amendment, restatement, modification, renewal, replacement or supplement are no more restrictive in any material respect than (i) encumbrances and restrictions with respect to such Restricted Subsidiary contained in such predecessor agreements (as determined in good faith by the Issuer) or (ii) is customary in comparable financings where such encumbrances or restrictions will not materially adversely affect the Issuer's ability to make principal or interest payments on the Notes (as determined in good faith by the Issuer);
 - (F) any encumbrance or restriction with respect to a Restricted Subsidiary of the Issuer imposed pursuant to an agreement entered into for the sale or disposition of all or substantially all the Capital Stock or assets of such Restricted Subsidiary pending the closing of such sale or disposition;
 - (G) existing under or by reason of applicable law, rule, regulation, decree or order of any governmental, local or regulatory authority or the terms of any license, authorisation, concession or permit;
 - (H) customary limitations on the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements or other similar agreements entered into in the ordinary course of business and in good faith (including agreements entered into in connection with a Restricted Investment); *provided that* (x) the encumbrance or restriction is not materially more restrictive than is customary in comparable agreements; and (y) such encumbrance or restriction will not materially affect the ability of the Issuer or any Guarantor to make any anticipated principal or interest payments on the Notes and any other Indebtedness or borrowed money;
 - (I) restriction on cash or other deposits or net worth imposed by customers or suppliers or required by insurance or surety companies, in each case, under contracts entered into in the ordinary course of business; and
 - (J) any encumbrance or restriction existing under or by reason of purchase money obligations in the ordinary course of business that impose restrictions on the property purchased;
- (ii) with respect to (z) above only:
- (A) any encumbrance or restriction consisting of customary non-assignment provisions in leases governing leasehold interests to the extent such provisions restrict the transfer of the lease or the property leased thereunder;
 - (B) any encumbrance or restriction contained in security agreements or mortgages securing Indebtedness of a Restricted Subsidiary of the Issuer to the extent such encumbrance or restriction restricts the transfer of the property subject to such security agreements or mortgages; and

- (C) Liens permitted to be Incurred under Condition 4.3 (*Limitation on Liens*) that limit the right of the debtor to dispose of the assets subject to such Liens.

4.7 Limitation on Layering

The Issuer will not, and will not permit any of the Guarantors to, incur any Indebtedness that is or purports to be by its terms (or by the terms of any agreement governing such Indebtedness) subordinated in right of payment to any Senior Indebtedness, unless such Indebtedness is also by its terms (or by the terms of any agreement governing such Indebtedness or the Intercreditor Agreement) made subordinated in right of payment and priority to the Notes and the Guarantees; *provided that* the foregoing limitation shall not apply to distinctions between categories of Senior Indebtedness that exist by reason of (x) any Liens or guarantees arising or created in respect of some but not all such Senior Indebtedness or (y) being secured on a junior priority basis or (z) being unsecured.

4.8 Impairment of Security

- (a) The Issuer shall not, and shall not permit any Restricted Subsidiary to, take any action that would have the result of materially impairing any Lien constituted by the Collateral (it being understood that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair any Lien constituted by the Collateral) for the benefit of the Trustee and the holders of the Notes, and the Issuer shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the holders of the Notes and the other beneficiaries described in the Security Documents and the Intercreditor Agreement, any Lien over any of the Collateral that is prohibited by Condition 4.3 (*Limitation on Liens*); *provided that* the Issuer and any Restricted Subsidiary may Incur any Lien over any of the Collateral that is not prohibited by Condition 4.3 (*Limitation on Liens*), including Permitted Collateral Liens.
- (b) Notwithstanding the foregoing, nothing in this Condition 4.8 (*Impairment of Security*) shall restrict the discharge and release of any Lien in accordance with the Trust Deed, Condition 3.3 (*Release of Collateral*) or the Intercreditor Agreement. Subject to the foregoing, the Security Documents may be (subject to the Intercreditor Agreement) amended, extended, renewed, restated, supplemented or otherwise modified or released (followed by a substantially concurrent retaking of a Lien of at least equivalent ranking over the same assets) to:
 - (i) cure any ambiguity, omission, defect or inconsistency therein;
 - (ii) provide for Permitted Collateral Liens;
 - (iii) add to the Collateral;
 - (iv) comply with the terms of the Intercreditor Agreement; or
 - (v) make any other change thereto that does not adversely affect the holders of the Notes in any material respect as determined by the Issuer, acting reasonably and in good faith.

Subject to the foregoing, except where permitted by the Trust Deed and the Intercreditor Agreement or to effect or facilitate the creation of Permitted Collateral Liens for the benefit of the Security Agent and holders of other Indebtedness Incurred in accordance with the Trust Deed, no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified or released (followed by a substantially concurrent retaking of a Lien of at least equivalent ranking over the same assets), unless contemporaneously with such amendment, extension, renewal, restatement, supplement or modification or release (followed by a substantially concurrent retaking of a Lien of at least equivalent ranking over the same assets), the Issuer delivers to the Security Agent and the Trustee one of:

- (A) a solvency opinion, in form and substance reasonably satisfactory to the Trustee, from an Independent Financial Adviser which confirms the solvency of the Issuer and its

Restricted Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by a substantially concurrent retaking of a Lien of at least equivalent ranking over the same assets);

- (B) a certificate from the principal financial or accounting officer of the Issuer or its Board of Directors which confirms the solvency of the Issuer and its Restricted Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement; or
- (C) an Opinion of Counsel (subject to any qualifications customary for this type of Opinion of Counsel), in form and substance reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by a substantially concurrent retaking of a Lien of at least equivalent ranking over the same assets), the Lien or Liens created under the Security Documents, so amended, extended, renewed, restated, supplemented, modified or released and replaced are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement and to which the new Indebtedness secured by the Permitted Collateral Lien, if applicable, is not subject.

- (c) If the Issuer and its Subsidiaries comply with the requirements of this Condition 4.8 (*Impairment of Security*), the Trustee shall (subject to customary protections and indemnifications from the Issuer) consent to such actions without the need for instructions from the holders of the Notes.

4.9 Mergers and Similar Transactions

- (a) The Issuer will not consolidate with or merge with or into, or convey, transfer or lease, in one transaction or a series of transactions, directly or indirectly, all or substantially all its assets to, any Person, unless:
 - (i) either (x) the Issuer will be the continuing corporation or (y) the resulting, surviving or transferee Person, if not the Issuer (the “**Successor Company**”), shall be a Person organised in an Approved Jurisdiction and the Successor Company (if not the Issuer) shall expressly assume, by a trust deed supplemental thereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Issuer under the Notes, the Trust Deed, the Intercreditor Agreement and the Security Documents;
 - (ii) immediately after giving *pro forma* effect to such transaction (and treating any Indebtedness which becomes an obligation of the Successor Company or any Restricted Subsidiary of the Successor Company as a result of such transaction as having been Incurred by such Successor Company or such Restricted Subsidiary at the time of such transaction), no Potential Event of Default or Event of Default shall have occurred and be continuing;
 - (iii) immediately after giving *pro forma* effect to such transaction, the Issuer or the Successor Company, as the case may be, would be able to Incur an additional U.S.\$1.00 of Indebtedness pursuant to Condition 4.1(a) or have a Consolidated Net Leverage Ratio no more than it was immediately prior to giving *pro forma* effect to such transaction; and
 - (iv) the Issuer shall have delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, lease or transfer and such supplemental trust deed (if any) comply with the provisions of this Condition 4.9(a) and the Trust Deed and upon each of which the Trustee shall be entitled to rely without liability to any person,

provided, however, that this paragraph (a) will not be applicable to (x) a Restricted Subsidiary of the Issuer consolidating with, merging into or selling, leasing, assigning, transferring or otherwise disposing of all or part of its properties and assets to the Issuer (so long as no Capital Stock of the Issuer is distributed to any Person) or (y) the Issuer disposing all or substantially all of its assets or merging with an Affiliate of the Issuer solely for the purpose and with the sole effect of reincorporating the Issuer in another jurisdiction, or changing the legal form of the Issuer.

The Successor Company will be the successor to the Issuer and shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Notes and the Trust Deed, and the predecessor Issuer, except in the case of a lease (in which case such predecessor Issuer shall become a Guarantor pursuant to Condition 2.2 (*Addition of Guarantors*)), shall be released from the obligation to pay the principal of and interest on the Notes.

- (b) The Issuer will not permit any Guarantor (other than any Guarantor whose Guarantee is to be released in connection with such transaction in accordance with the terms of these Conditions) to consolidate with or merge with or into, or convey, transfer or lease, in one transaction or a series of transactions, all or substantially all of its assets to any Person unless:
- (i) where the resulting, surviving or transferee Person is a Non-Guarantor Subsidiary, such Non-Guarantor Subsidiary shall be organised and existing under the laws of the jurisdiction under which such Guarantor was organised or under the laws of an Approved Jurisdiction, and such Non-Guarantor Subsidiary shall expressly assume, in accordance with Condition 2.2 (*Addition of Guarantors*), all the obligations of such Guarantor, if any, under its Guarantee; and
 - (ii) where the resulting, surviving or transferee Person is not a member of the Group, either: (x) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger assumes, in accordance with Condition 2.2 (*Addition of Guarantors*), all the obligations of such Guarantor, if any, under its Guarantee; or (y) the Disposal Proceeds of such sale or other disposition are applied in accordance with Condition 4.5 (*Asset Sales*); and
 - (iii) immediately after giving effect to such transaction or transactions on a *pro forma* basis (and treating any Indebtedness which becomes an obligation of the resulting, surviving or transferee Person as a result of such transaction as having been issued by such Person at the time of such transaction), no Potential Event of Default or Event of Default shall have occurred and be continuing; and
 - (iv) the Issuer delivers to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, lease or transfer and any such documents delivered to the Trustee pursuant to Condition 2.2 (*Addition of Guarantors*), if any, comply with the provisions of this Condition 4.9(b) and the Trust Deed and upon each of which the Trustee shall be entitled to rely without liability to any person.

This Condition 4.9(b) will not apply to any Guarantor consolidating with or merging with or into or selling, conveying, assigning, transferring, leasing or otherwise disposing of all or substantially all of its assets to the Issuer or another Guarantor.

- (c) For the purposes of this Condition 4.9 (*Mergers and Similar Transactions*), the sale, lease, conveyance, assignment, transfer or other disposition of all or substantially all of the properties and assets of one or more Restricted Subsidiaries of the Issuer or a Guarantor, which properties and assets, if held by the Issuer or such Guarantor instead of such Restricted Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer or such Guarantor on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer or such Guarantor.
- (d) For the avoidance of doubt and notwithstanding the foregoing, this Condition 4.9 (*Mergers and Similar Transactions*) shall not restrict (and shall not apply to) any sale, lease, sale and lease-back, assignment,

license, rental, transfer, conveyance or sublease of any property, hotel rooms, apartments or units, residential rooms, apartments or units, holiday homes, or any other parts or components in buildings, hotels or developments (whether constructed, acquired or improved) which is entered in the ordinary course of the Issuer or any Restricted Subsidiary conducting the Permitted Business.

4.10 Environmental Compliance

The Issuer will, and will cause its Restricted Subsidiaries to, comply with all Environmental Laws and obtain and maintain any Environmental Licences and take all reasonable steps in anticipation of known or expected future changes to or obligations under the same, except where the failure to do so does not and will not have a Material Adverse Effect.

4.11 Change of Business

The Issuer shall not, and shall cause its Restricted Subsidiaries not to, engage in any business other than the Permitted Business.

4.12 Additional Guarantors and Limitations on Guarantees

- (a) The Issuer shall appoint any of its Subsidiaries as an Additional Guarantor if such Subsidiary is appointed as a guarantor of the Issuer's obligations under the Revolving Credit Facility Agreement.
- (b) The Issuer shall not permit any Non-Guarantor Subsidiary, directly or indirectly, to guarantee any other Indebtedness of the Issuer or any Guarantor which such Non-Guarantor Subsidiary is not otherwise permitted to incur under Condition 4.1 (*Incurrence of Indebtedness*), unless such Non-Guarantor Subsidiary is also appointed by the Issuer as (and becomes) an Additional Guarantor, with such Guarantee of such Additional Guarantor ranking equal with or senior to, its guarantee in respect of such other Indebtedness. If such other Indebtedness being guaranteed by such Restricted Subsidiary is a Subordinated Obligation, such guarantee in respect of a Subordinated Obligation shall be subordinated in right of payment to the Guarantee of the Notes to at least the same extent that such Subordinated Obligation is subordinated to the Notes.
- (c) The Issuer will cause any Restricted Subsidiary which is required to become an Additional Guarantor pursuant to paragraph (a) or (b) above (or any Restricted Subsidiary which the Issuer, acting in its sole discretion, decides shall become an Additional Guarantor) to:
 - (i) execute and deliver to the Trustee a deed of accession to the Trust Deed, pursuant to which such Restricted Subsidiary will, on a joint and several basis with each other Guarantor, unconditionally and irrevocably, to the maximum extent permitted by law but subject to the limitations and restrictions set out in the Trust Deed (including such deed of accession), guarantee the due payment of all sums expressed to be payable by the Issuer under the Notes and the Trust Deed; and
 - (ii) waive and not in any manner whatsoever claim or take the benefit or advantage of any rights of reimbursement, indemnity or subrogation or any other rights against the Issuer or another Restricted Subsidiary of the Issuer as a result of any payment by such Restricted Subsidiary under its Guarantee.
- (d) Notwithstanding paragraphs (a), (b) and (c) above, the Issuer shall not be required to cause any Restricted Subsidiary, and no Restricted Subsidiary shall be required, to grant a Guarantee in respect of the Notes to the extent that such Guarantee would reasonably be expected to give rise to or result in:
 - (i) any violation of applicable law or regulation which cannot be avoided or otherwise prevented through measures reasonably available to the Issuer or such Restricted Subsidiary (including, but not limited to 'whitewash' or similar procedures);

- (ii) personal liability or criminal sanctions for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, the directors or shareholders of the partners of such partnership);
- (iii) a breach or violation of general corporate or contractual restrictions applicable to such Restricted Subsidiary, after the Issuer has used its reasonable efforts to enable such Restricted Subsidiary to provide such Guarantee; or
- (iv) a breach of the Issuer's or its Restricted Subsidiaries' obligations under the Intercreditor Agreement.

If the Issuer, by virtue of this paragraph (d), is not required to cause a Restricted Subsidiary to provide a Guarantee, the Issuer shall deliver to the Trustee an Officer's Certificate as to the circumstances falling within (i) through (iv) above and the Trustee shall be entitled to rely on such Officer's Certificate without further investigation or liability.

- (e) Notwithstanding paragraphs (a), (b) and (c) above, each Guarantee may be limited as necessary to recognise certain defences generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defences affecting the rights of creditors generally) or other considerations under applicable law.
- (f) A Guarantor will be automatically and unconditionally released and discharged from its Guarantee:
 - (i) upon any sale, exchange, transfer or other disposition of Capital Stock of such Guarantor or any holding company of such Guarantor to a Person that is not the Issuer or a Restricted Subsidiary (which sale, exchange, transfer or other disposition is not prohibited by these Conditions) and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale, exchange, transfer or other disposition;
 - (ii) upon any sale, exchange, transfer or other disposition of all or substantially all of the assets of such Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not the Issuer or a Restricted Subsidiary (which sale, exchange, transfer or other disposition is not prohibited by these Conditions);
 - (iii) upon the reorganisation (whether by way of merger or accession and which is not prohibited by these Conditions) of the relevant Guarantor pursuant to which such Guarantor accedes to or is merged into the Issuer or another Guarantor;
 - (iv) to the extent otherwise permitted by the Intercreditor Agreement and the Security Documents;
 - (v) where the Notes have been redeemed, or purchased and cancelled, in whole, but not in part, pursuant to Condition 6 (*Redemption and Purchase*);
 - (vi) pursuant to an Extraordinary Resolution of the Noteholders;
 - (vii) as a result of a transaction permitted by Condition 4.9 (*Mergers and Similar Transactions*);
 - (viii) with respect to the Guarantee of any Guarantor that was required to provide such Guarantee pursuant to Condition 4.12(b), upon such Guarantor being unconditionally released and discharged from its liability with respect to the Indebtedness giving rise to the requirement to provide such Guarantee so long as no Potential Event of Default or Event of Default would arise as a result and no other Indebtedness is at that time guaranteed by the relevant Guarantor that would result in the requirement that such Guarantor provide a Guarantee pursuant to Condition 4.12(b);

- (ix) when the Issuer designates such Guarantor as an Unrestricted Subsidiary in compliance with the terms of Condition 4.17 (*Designation of Restricted and Unrestricted Subsidiaries*),

provided, in each case, that no amount is owing by that relevant Guarantor under any Notes Document.

- (g) The Issuer will give written notice to the Trustee in accordance with the Trust Deed of any Guarantor becoming or ceasing to be a Guarantor (upon which the Trustee shall be entitled to rely without further enquiry or liability) and, so long as the Notes are listed on the International Securities Market of the London Stock Exchange and/or any other stock exchange, shall comply with applicable rules of the London Stock Exchange and/or such other exchange in relation to any Guarantor becoming or ceasing to be a Guarantor.
- (h) The Issuer shall maintain an updated list of Guarantors which shall be available for inspection by Noteholders at the registered office of the Trustee upon request during normal business hours.

4.13 Payments for Consent

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any of the Noteholders for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Trust Deed, the Guarantees or the Notes unless such consideration is offered to be paid and is paid to all Noteholders that consent, waive or agree to amend in the time frame set out in the solicitation documents relating to such consent, waiver or agreement. Notwithstanding the foregoing, the Issuer and its Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Trust Deed, the Notes or the Guarantees to exclude Noteholders in any jurisdiction and/or of any categorisation where (i) the solicitation of such consent, waiver or amendment, including in connection with an offer to purchase for cash, or (ii) the payment of the consideration therefor would either (A) require the Issuer or any of its Restricted Subsidiaries to file a registration statement, prospectus or similar document under any applicable securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), which the Issuer in its sole discretion determines (acting in good faith) would be materially burdensome (it being understood that it would not be materially burdensome to file the consent document(s) used in other jurisdictions, any substantially similar documents or any summary thereof with the securities or financial services authorities in such jurisdiction), or (B) be prohibited under any applicable law or regulation.

4.14 Maintenance of Listing

The Issuer shall use its commercially reasonable efforts to obtain and maintain the listing of the Notes on the International Securities Market of the London Stock Exchange for so long as such Notes are outstanding; *provided that*, if the Issuer is unable to obtain such listing or if at any time the Issuer determines that it can no longer reasonably comply with the requirements for the listing of the Notes on the International Securities Market of the London Stock Exchange or if the maintenance of such listing becomes unduly onerous, then the Issuer shall use its commercially reasonable efforts to obtain and maintain, a listing or admission to trading and/or quotation of such Notes on another internationally recognised stock exchange.

4.15 Financial Information

- (a) The Issuer will furnish to the Trustee the following reports:
 - (i) as soon as the same become available, but in any event within (x) 120 days after the end of the Issuer's financial year beginning with the financial year ending 31 December 2023 (other than the financial year in which the Permitted Acquisition is consummated); or (y) 150 days after the end of the Issuer's financial year in which the

Permitted Acquisition is consummated, the Issuer's consolidated financial statements for such financial year, prepared in accordance with IFRS and containing the following information:

- (A) consolidated statements of financial position of the Issuer as of the end of the two most recent financial years and consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flow of the Issuer for the two most recent financial years, including complete footnotes to the respective consolidated financial statements and the report of the independent auditors on the consolidated financial statements;
 - (B) *pro forma* income statement and balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalisations that have occurred since the beginning of the most recently completed financial year to which such annual report relates (unless such *pro forma* information has been provided in a previous report pursuant to Conditions 4.15(a)(ii) or 4.15(a)(iii) below (provided that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case, the Issuer will provide, in the case of a material acquisition, target financial statements or financial information));
 - (C) an operating and financial review of the financial information, including a discussion of the results of operations, a discussion of financial condition and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies;
 - (D) a description of the business, management and shareholders of the Issuer, material affiliate transactions and material debt instruments; and
 - (E) material risk factors and material recent developments;
- (ii) as soon as the same become available, but in any event within (x) 60 days after the end of each of the first three financial quarters in each financial year of the Issuer beginning with the financial quarter ending 30 September 2023 (other than the financial quarter in which the Permitted Acquisition is consummated); or (y) 90 days after the end of the financial quarter of the Issuer in which the Permitted Acquisition is consummated, the Issuer's interim condensed consolidated financial statements for such period, prepared in accordance with IFRS and containing the following information:
- (A) an interim condensed consolidated statement of financial position as of the end of such quarter and interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity, and interim condensed consolidated statement of cash flows for the quarterly and year to date periods ending on the interim condensed consolidated statement of financial position date, and the comparable prior year periods for the Issuer, together with respective interim condensed consolidated footnote disclosure;
 - (B) *pro forma* income statement and balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalisations that have occurred since the beginning of the most recently completed financial quarter to which such quarterly report relates (provided that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case, the Issuer will provide, in the case of a material acquisition, target financial statements or financial information));

- (C) an operating and financial review of the unaudited financial information, including a discussion of the consolidated financial condition and results of operations of the Issuer, and any material change between the current quarterly period and the corresponding period of the prior year;
 - (D) material recent developments; and
 - (iii) promptly after the occurrence of any material acquisition, disposition or restructuring of the Issuer and the Restricted Subsidiaries, taken as a whole, or any senior executive officer changes or director changes at the Issuer or change in auditors of the Issuer or any other material event that the Issuer or any of its Restricted Subsidiaries announces publicly, information describing such event.
- (b) Substantially concurrently with the delivery to the Trustee of the reports specified in Conditions 4.15(a)(i), 4.15(a)(ii) and 4.15(a)(iii), the Issuer shall also: (i) use its commercially reasonable efforts (A) to post copies of such reports on such website as may be then maintained by the Issuer and its Subsidiaries; or (B) otherwise to provide substantially comparable availability of such reports to holders (as determined by the Issuer in good faith); or (ii) to the extent the Issuer determines in good faith that it cannot make such reports available in the manner described in the preceding sub-paragraph (i) owing to applicable law or after the use of its commercially reasonable efforts, furnish such reports to the holders and, upon their request, prospective purchasers of the Notes. For the avoidance of doubt, there shall be no requirement to issue the information specified in Condition 4.15(a)(iii) to the Trustee if it shall already have been made publicly available under (i)(A) of this paragraph (b).
- (c) No later than 14 Business Days after the date when the financial statements required pursuant to Conditions 4.15(a)(i) and 4.15(a)(ii) are published on the Issuer's website, the Issuer shall hold a conference call (with the time and date for such call to be published by the Issuer on its website at least seven calendar days prior to the date of such call) for investors, providing an overview of the Group's financial performance for the applicable financial period and giving Noteholders a reasonable opportunity to ask questions and answering such questions in good faith, subject to any restrictions regarding insider dealing or market abuse under applicable law.
- (d) The Issuer shall deliver to the Trustee at the time of delivery of any financial statements pursuant to Conditions 4.15(a)(i) and 4.15(a)(ii) above and within 14 Business Days of any request by the Trustee, an Officer's Certificate (i) stating whether or not to the best of the knowledge of the signatory thereof an Event of Default or a Potential Event of Default has occurred and is continuing, and, if so, specifying all such Events of Default or Potential Events of Default, the nature and status thereof of which the signatory may have knowledge and what action the Issuer is taking or proposes to take with respect thereto, (ii) stating whether or not to the best of the knowledge of the signatory thereof a Change of Control has occurred and (iii) certifying which Subsidiaries are Material Subsidiaries. The Trustee may rely on such Officer's Certificate absolutely without liability to any person for so doing.
- (e) If the Issuer has designated any of its Subsidiaries as Unrestricted Subsidiaries and such Subsidiaries are Material Subsidiaries, then the quarterly and annual financial information required pursuant to Conditions 4.15(a)(i) and 4.15(a)(ii) will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto or otherwise in supplementary document made available to the Trustee and on the Issuer's website, of the financial condition and results of operations of the Issuer and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer.
- (f) For so long as any Notes remain outstanding and during any period during which the Issuer is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Issuer shall furnish to the holders of the Notes and to securities analysts and prospective investors, upon their request, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

- (g) The Issuer undertakes to furnish to the Trustee (i) such additional information (so far as permitted by applicable law) regarding the financial position or the business of the Issuer, the Guarantors and the Restricted Subsidiaries of the Issuer as the Trustee may request, acting reasonably, for the purposes of the discharge of the duties and discretions vested in it under the Trust Deed or by operation of law and (ii) such information as the London Stock Exchange (or any other or further stock exchange or stock exchanges or any relevant authority or authorities on which the Notes may, from time to time, be listed or admitted to trading) may require to be published in connection with the listing or admission to trading of the Notes (at the same time as such information is provided to the London Stock Exchange or other exchange or authority, as the case may be).
- (h) Following a public Equity Offering on a Recognised Stock Exchange (a “**Qualifying IPO**”) the requirements of Condition 4.15(a) and (b) shall be considered to have been fulfilled if the IPO Entity complies with the reporting requirements of such stock exchange; *provided* that quarterly financial information shall be provided even if such Recognised Stock Exchange does not have a formal requirement for quarterly reporting. Such reports may consolidate reporting at the level of the IPO Entity, provided that such reports contain such information with respect to the Issuer and the Restricted Subsidiaries, taken as a whole, that is at least as reasonably detailed (including with respect to financial information) as that provided under this covenant immediately prior to such Qualifying IPO.

4.16 Covenant suspension

- (a) If on any date following the Issue Date:
- (i) the Notes have achieved Investment Grade Status; and
 - (ii) no Potential Event of Default or Event of Default has occurred and be continuing on such date,
- then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (such period, the “**Suspension Period**”), the Conditions specifically listed under the following captions will no longer be applicable and any related default provisions of these Conditions will cease to be effective and will not be applicable to the Issuer and its Restricted Subsidiaries (the “**Suspended Conditions**”):
- (1) Condition 4.1 (*Incurrence of Indebtedness*);
 - (2) Condition 4.2 (*Limitation on Restricted Payments*);
 - (3) Condition 4.4 (*Transactions with Affiliates*);
 - (4) Condition 4.5 (*Asset Sales*);
 - (5) Condition 4.6 (*Limitations on Restrictions on Distributions from Subsidiaries*);
 - (6) paragraph (iii) of Condition 4.9(a) (*Mergers and Similar Transactions*);
 - (7) Condition 4.12 (*Additional Guarantees and Limitation on Guarantees*);
 - (8) Condition 4.17 (*Designation of Restricted and Unrestricted Subsidiaries*).
- (b) The Suspended Conditions and any related default provisions will again apply according to their terms from the date the Notes cease to have Investment Grade Status. Such conditions will not, however, be of any effect with regard to the actions of the Issuer and the Restricted Subsidiaries properly taken during the continuance of the Suspension Period; *provided that* (A) with respect to the Restricted Payments made after any such reinstatement, the amount of Restricted Payments will be calculated as though Condition 4.2 (*Limitation on Restricted Payments*) had been in effect prior to, but not during the Suspension Period, and (B) all Indebtedness incurred during the Suspension Period will be classified to

have been incurred pursuant to one of the paragraphs of the definition of “Permitted Debt” in Condition (b) (to the extent such Indebtedness would be permitted to be incurred thereunder and after giving effect to Indebtedness incurred prior to the Suspension Period). To the extent such Indebtedness would not be so permitted to be incurred pursuant to a paragraph of the definition of “Permitted Debt”, such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under paragraph (v) of Condition 4.1(b) (*Incurrence of Indebtedness*). Upon the occurrence of a Suspension Period, the amount of Excess Proceeds shall be reset at zero.

- (c) The Issuer shall notify the Trustee in writing upon the occurrence and termination of a Suspension Period; *provided that* such notice will not be a precondition of the suspension of the Conditions described under this Condition 4.16 (*Covenant suspension*).

4.17 Designation of Restricted and Unrestricted Subsidiaries

- (a) The Board of Directors of the Issuer may designate any Restricted Subsidiary (including any newly acquired or newly formed Subsidiaries) to be an Unrestricted Subsidiary if that designation would not cause an Event of Default or a Potential Event of Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Issuer and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described above under Condition 4.2 or under one or more paragraphs of the definition of Permitted Investments, as determined by the Issuer. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.
- (b) Any designation of a Subsidiary of the Issuer as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee on the effective date of such designation a certified copy of the resolution of the Board of Directors giving effect to such designation and an Officer’s Certificate certifying that such designation complies with the preceding conditions and was permitted by Condition 4.2. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Trust Deed and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary as of such date and, if such Indebtedness is not permitted to be incurred as of such date under Condition 4.1, the Issuer will be in default of Condition 4.1.
- (c) The Board of Directors of the Issuer may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided that* such designation will be deemed to be an Incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation will only be permitted if (i) such Indebtedness is permitted under Condition 4.1 (*Incurrence of Indebtedness*), calculated on a *pro forma* basis as if such designation had occurred at the beginning of the four-quarter reference period and (ii) no Event of Default or Potential Event of Default would be in existence following such designation.

4.18 Financial Calculations

- (a) When determining the availability under any basket or ratio under these Conditions in connection with any transaction or whether such transaction is permitted under these Conditions (including, for the avoidance of doubt and without limitation, testing any incurrence or assumption of Indebtedness or Liens, the making of any Restricted Payment, Permitted Payment or Investment, any Asset Sale, any acquisition, merger, consolidation, amalgamation or other business combination and any other transaction requiring the testing of any basket based on the Consolidated EBITDA of the Issuer), the date of determination of such basket or ratio or the testing of any such transaction and of any Potential Event of Default or Event of Default shall, at the option of the Issuer, be the date the definitive agreements for such transaction are entered into (the “**Transaction Commitment Date Election**”).

- (b) If the Issuer makes a Transaction Commitment Date Election, such baskets or ratios shall be calculated with such *pro forma* adjustments as are appropriate and consistent with the *pro forma* provisions set forth in the definition of Consolidated Net Leverage Ratio or Priority Leverage Ratio (as applicable) after giving effect to such transaction and other transactions to be entered into in connection therewith (including any incurrence of Indebtedness and the use of proceeds thereof) as if they had occurred at the beginning of the applicable period for purposes of determining the ability to consummate any such transaction, and, for the avoidance of doubt (x) if any of such baskets or ratios are exceeded as a result of fluctuations in such basket or ratio (including due to fluctuations in the Consolidated Net Income or Consolidated EBITDA of the Issuer or that arises from an asset or a target company subject to such transaction) subsequent to such date of determination and at or prior to the consummation of the relevant transaction, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the transaction is permitted hereunder and (y) such baskets or ratios shall not be tested at the time of consummation of such transaction or related transactions.
- (c) If the Issuer makes a Transaction Commitment Date Election, any such transactions (including any incurrence of Indebtedness and the use of proceeds therefrom) shall be deemed to have occurred on the date the definitive agreements are entered into for purposes of calculating any baskets or ratios under these Conditions after the date of such agreement and before the consummation of such transaction. To the extent the date of determination of a basket or ratio is tested prior to the date of consummation of a transaction, such basket or ratio shall be deemed utilised to the same extent until the earlier of the date of consummation of such transaction or the date such transaction is terminated or expires without consummation, except that, in the case of an acquisition, merger or consolidation, any calculation of Consolidated EBITDA for purposes other than incurrences of Indebtedness or Liens or the making of Restricted Payments (not related to such acquisition, merger or consolidation) shall not reflect such transaction until it has been consummated.

5. INTEREST

5.1 Interest Rate

The Notes bear interest on their outstanding principal amount from and including the Issue Date and for so long as any Notes remain outstanding at the rate of 9.375 per cent. per annum, payable in equal instalments semi-annually in arrear on 3 April and 3 October in each year (each, an “**Interest Payment Date**”), beginning on 3 April 2024. Each Note will cease to bear interest from and including the due date for redemption, unless, upon surrender of the Certificate representing such Note, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at the rate of 9.375 per cent. per annum (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the date seven days after the Trustee or the Principal Paying Agent has notified the Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

5.2 Calculation of Interest

If interest is required to be calculated for a period of less than a complete Interest Period, the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed. The period beginning on (and including) 3 October 2023 and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an “**Interest Period**”.

6. REDEMPTION AND PURCHASE

6.1 Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date at its then outstanding principal amount.

6.2 Redemption at the Option of the Issuer

- (a) At any time prior to, but excluding, 3 October 2025, the Issuer may redeem all or, from, time to time, part of the Notes upon giving not less than 10 nor more than 60 days' notice to the Noteholders at a redemption price equal to 100 per cent. of the principal amount thereof plus the Applicable Premium plus accrued and unpaid interest, if any, to, but excluding, the applicable redemption date.
- (b) On and after 3 October 2025, the Issuer may redeem all or, from time to time, part of the Notes upon giving not less than 10 nor more than 60 days' notice to the Noteholders, at the redemption prices (expressed as a percentage of the principal amount of the Notes) set forth below, plus accrued and unpaid interest, if any, to (but excluding) the applicable redemption date, if redeemed during the periods indicated below:

Period	Percentage
Twelve months beginning on 3 October 2025	104.6875 per cent.
Twelve months beginning on 3 October 2026	102.34375 per cent.
3 October 2027 and thereafter	100.000 per cent.

- (c) If the optional redemption date is on or after an interest record date and on or before the related Interest Payment Date, then the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.
- (d) Any such redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent. If such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed, provided that in no case shall the notice have been delivered less than 10 days or more than 60 days prior to the date on which such redemption (if any) occurs.
- (e) Notices of redemption delivered in accordance with this Condition 6.2 (*Redemption at the Option of the Issuer*) will specify (i) the date fixed for redemption, (ii) the amount to be redeemed and (iii) the applicable redemption price (determined in accordance with Condition 6.2(a) or (b), as the case may be).
- (f) If fewer than all of the Global Note Certificates are subject to redemption, the Notes are to be redeemed on a *pro rata* pass-through distribution of principal basis.

6.3 Optional Redemption in the event of an Equity Offering

- (a) At any time prior to 3 October 2025, having given not less than 10 nor more than 60 days' notice to the Noteholders, the Issuer will be entitled at its option on one or more occasions to redeem the Notes (including any Additional Notes) in an aggregate principal amount not to exceed 40 per cent. of the aggregate principal amount of the Notes (including any Additional Notes) originally issued at a redemption price (expressed as a percentage of the principal amount of the Notes) of 109.375 per cent., plus accrued and unpaid interest to (but excluding) the redemption date, with the net cash proceeds from one or more Equity Offerings; *provided, however, that:*

- (i) at least 60 per cent. of such aggregate principal amount of Notes (including any Additional Notes) originally issued remains outstanding immediately after the occurrence of each such redemption; and
- (ii) each such redemption occurs within 180 days after the closing of the related Equity Offering.

Notice of any redemption upon any Equity Offering may be given prior to the completion thereof, and any such redemption or notice may, at the Issuer's discretion, be subject to one or more conditions precedent, including but not limited to, completion of the related Equity Offering.

- (b) If the optional redemption date is on or after an interest record date and on or before the related Interest Payment Date, then the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to holders whose Notes will be subject to redemption by the Issuer.
- (c) Notices of redemption delivered in accordance with this Condition 6.3 (*Optional Redemption in the event of an Equity Offering*) will specify (i) the date fixed for redemption, (ii) the amount to be redeemed (which shall be limited by the provisions of Condition 6.3(a)) and (iii) the applicable redemption price (which is set out in Condition 6.3(a)).

6.4 Redemption at the Option of the Noteholders Upon a Change of Control

- (a) Upon the occurrence of a Change of Control, each Noteholder shall have the right to require that the Issuer repurchase all or any part of such Noteholder's Notes at a purchase price in cash equal to 101 per cent. of the outstanding principal amount thereof on the date of purchase plus accrued and unpaid interest, if any, to (but excluding) the date of purchase.
- (b) Within 30 days following any Change of Control, the Issuer will give notice in accordance with Condition 17 (*Notices*) to each Noteholder with a copy to the Trustee (the "**Change of Control Offer**") stating:
 - (i) that a Change of Control has occurred and that such Noteholder has the right to require the Issuer to purchase such Noteholder's Notes at a purchase price in cash equal to 101 per cent. of the principal amount thereof on the date of purchase, plus accrued and unpaid interest, if any, to (but excluding) the date of purchase;
 - (ii) the circumstances and relevant facts regarding such Change of Control (including, if the Change of Control was affected by way of a merger or amalgamation involving the Issuer, information with respect to *pro forma* historical income, cash flow and capitalisation, in each case after giving effect to such Change of Control);
 - (iii) that each Noteholder has 30 days to exercise its option to require the Issuer to redeem all or part of the Notes and the purchase date (which shall be 15 days after the end of such option period); and
 - (iv) the instructions, as determined by the Issuer, consistent with the covenant described hereunder, that a Noteholder must follow in order to have its Notes purchased.
- (c) The Issuer will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set out in these Conditions applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict

with the provisions of this Condition 6.4 (*Redemption at the Option of the Noteholders Upon a Change of Control*), the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Condition 6.4 (*Redemption at the Option of the Noteholders Upon a Change of Control*) by virtue of its compliance with such securities laws or regulations.

6.5 Redemption for Taxation Reasons

(a) The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 10 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their principal amount (together with accrued and unpaid interest, if any, to (but excluding) the date fixed for redemption and all Additional Amounts (if any) then due and that will become due on the date fixed for redemption) if the Issuer confirms to the Trustee immediately prior to the giving of such notice that:

- (i) it (or, if the Guarantees were to be called, one or more of the Guarantors) has or would become obliged to pay Additional Amounts (as defined in Condition 7 (*Taxation*)) and/or as provided for, or referred to, in any undertaking given in addition to, or in substitution for, Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Relevant Taxing Jurisdiction and/or any other taxing jurisdiction that the Issuer or the relevant Guarantor is, or would at the time of the relevant payment be, subject to and/or, in each case, any political or governmental subdivision or any authority thereof or therein having power to tax, or any change in the official position regarding application or official interpretation or administration of such laws or regulations (including by virtue of a change in published practice in such jurisdictions), which change or amendment has not been formally issued by the applicable taxing authority or government in the Relevant Taxing Jurisdiction before and becomes effective on or after the Issue Date (or, if the applicable Relevant Taxing Jurisdiction becomes a Relevant Taxing Jurisdiction on a date after the Issue Date, the date on which such taxing jurisdiction becomes a Relevant Taxing Jurisdiction under the Trust Deed); and
- (ii) such obligation cannot be avoided by the Issuer (or the relevant Guarantor(s), as the case may be, but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by the Issuer or another Guarantor without the obligation to pay Additional Amounts and it is reasonable for the Issuer or such other Guarantor to make such payment) taking reasonable measures available to it or them (as the case may be) (it being understood that "reasonable measures" for this purpose shall not include the Issuer or the relevant Guarantor(s) changing their jurisdiction of tax residence),

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the relevant Guarantor(s), as the case may be) would be obliged to pay such Additional Amounts were a payment in respect of the Notes (or the Guarantees, as the case may be) then due; *provided, further, that* for these purposes, references to the Issuer or any Guarantor shall (if applicable) be read as also referring to any entity substituted for any of them as contemplated in Condition 11.3 (*Substitution*) and Clause 13.2 (*Substitution*) of the Trust Deed.

(b) Prior to the publication of any notice of redemption pursuant to this Condition 5.5 (*Redemption for Taxation Reasons*), the Issuer will deliver to the Trustee an Opinion of Counsel to the effect that there has been such change or amendment which would entitle the Issuer to redeem the Notes hereunder. In addition, prior to the publication of any notice of redemption pursuant to this Condition 6.5 (*Redemption for Taxation Reasons*), the Issuer shall deliver to the Trustee an Officers' Certificate signed by two directors of the Issuer (or the relevant Guarantor(s), as the case may be) stating that the circumstance referred to in (a)(i) above has arisen and that such obligation cannot be avoided by the Issuer (or the

relevant Guarantor(s), as the case may be, but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by the Issuer or another Guarantor without the obligation to pay Additional Amounts and it is reasonable for the Issuer or such other Guarantor to make such payment) taking reasonable measures available to it or them (as the case may be) (it being understood that “reasonable measures” for this purpose shall not include the Issuer or the relevant Guarantor(s) changing their jurisdiction of tax residence) and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out in paragraphs (a)(i) and (ii) above, in which event it shall be conclusive and binding on the Noteholders. If the optional redemption date is on or after an interest record date and on or before the related Interest Payment Date, then the accrued and unpaid interest, if any, and Additional Amounts (if any) in respect thereof, will be paid to the Person in whose name the Note is registered at the close of business on such record date.

6.6 Purchases

The Issuer, the Guarantors, any of their respective Subsidiaries or any Affiliate of the Issuer may, at any time, purchase Notes (in any manner and at any price). The Notes so purchased, while held by or on behalf of any of them, shall not entitle them to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders, the passing of any other resolution by way of Written Resolution or Electronic Consent, or for the purposes of Conditions 10 (*Events of Default*), 11 (*Meetings of Noteholders, Modification, Waiver and Substitution*) or 13 (*Enforcement*).

6.7 Cancellation

All Notes purchased by or on behalf of or otherwise transferred to the Issuer, the Guarantors or any of their respective Subsidiaries may be held, resold or surrendered for cancellation to the Registrar and, in such latter case shall, together with all Notes redeemed by the Issuer, be cancelled forthwith. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantors in respect of any such Notes shall be discharged.

6.8 Multiple Notices

In the event of more than one notice being published under this Condition 6 (*Redemption and Purchase*), the first in time shall prevail.

7. PAYMENTS

7.1 Method of Payment

Payments of principal, premium, interest and fees shall be made by transfer to a U.S. dollar account (or any account to which U.S. dollars may be credited or transferred) maintained by the payee with a bank in New York City and, in the case of payments of principal and premium, if any, in respect of the Notes and accrued interest payable on a redemption of the Notes otherwise than on an Interest Payment Date, shall only be made upon surrender (or, in the case of part payment only, endorsement) of the relevant Note at the specified office of the Principal Paying Agent.

7.2 Payments subject to laws

All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

7.3 **Payments on Business Days**

Where payment is to be made by transfer to a U.S. dollar account, payment instructions (for value the due date or, if the due date is not a Business Day, for value the next succeeding Business Day) will be initiated. A holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a Business Day. In this paragraph, “**Business Day**” means any day on which banks are open for general business (including dealings in foreign currencies) in London and New York City and, in the case of surrender (or, in the case of part payment only, endorsement) of a Note, in the place in which the Note is surrendered (or, as the case may be, endorsed).

7.4 **Partial payments**

If a Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note, that a statement indicating the amount and the date of such payment is endorsed on the schedule to the Global Note Certificates or the Definitive Note Certificates.

7.5 **Record date**

Save where the following paragraph applies, each payment in respect of a Note will be made to the Person shown as the holder in the Register at the close of business in the place of the Registrar’s specified office on the fifteenth day before the due date for such payment (the “**Record Date**”).

So long as the Global Note Certificates are held on behalf of DTC, Euroclear or Clearstream, Luxembourg, the Record Date shall instead be the close of business on the Clearing System Business Day before the due date for such payment, where “**Clearing System Business Day**” means a day on which each Clearing System for which the Note is being held is open for business.

7.6 **Agents**

The initial Agents and their initial specified offices are listed below. The Issuer and the Guarantors reserve the right at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of any Agent and appoint additional or other Agents, *provided that* they will maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Paying Agent (which may be the Principal Paying Agent) and a Transfer Agent (which may be the Principal Paying Agent and/or the Registrar), and (iv) such other agents as may be required by the London Stock Exchange or any other stock exchange on which the Notes may be listed from time to time (in the case of sub-paragraphs (iii) and (iv) above, as approved in writing by the Trustee).

Notice of any change in the Agents or their specified offices will promptly be given to the Noteholders.

8. **TAXATION**

All payments of the principal of, premium on, if any, and interest on or with respect to the Notes or under or with respect to the Guarantees shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, levies, imposts, assessments or governmental charges of whatever nature (including, without limitation, penalties and interest and other similar liabilities related thereto) (“**Taxes**”) imposed, levied, collected, withheld or assessed by, on behalf of or within the Relevant Taxing Jurisdiction of the Issuer (in the case of the Issuer) or the Relevant Taxing Jurisdiction of the relevant Guarantor (in the case of a Guarantor), unless such withholding or deduction is required by law. In that event, the Issuer (or, as the case may be, the relevant Guarantor) shall, save to the extent any such party is not permitted to do so by the laws or regulations of the Relevant Taxing Jurisdiction at the time, pay such additional amounts as will result in receipt by the Noteholders of such net amounts as would have been received by them had no such withholding or

deduction been required (“**Additional Amounts**”), except that no such Additional Amounts shall be payable with respect to:

- (a) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Noteholder (or between a fiduciary, settlor, beneficiary, partner, member or shareholder of, or possessor of power over the relevant Noteholder, if the relevant Noteholder is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including, without limitation, being resident for tax purposes, or being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding any connection arising from the acquisition, ownership or holding of such Note or the receipt of any payment or the exercise or enforcement of rights under such Note or a Guarantee;
- (b) any Taxes, to the extent that such Taxes were imposed as a result of the presentation of the Certificate representing the Note for payment more than 30 days after the Relevant Date, except to the extent that the relevant Noteholder would have been entitled to Additional Amounts on presenting such Certificate for payment on the thirtieth day within such 30-day period;
- (c) any Tax that is imposed or withheld by reason of the failure by the Noteholder or the beneficial owner of the Note to comply with a written request of the Issuer (or, as the case may be, the relevant Guarantor), the relevant Paying Agent, or any other person acting as an agent for the Issuer, the relevant Guarantor or the relevant Paying Agent, addressed to the Noteholder, after reasonable notice (at least 30 days before any such withholding would be payable), to provide certification, information, documents or other evidence concerning the nationality, tax residence or identity of the Noteholder or such beneficial owner or to make any declaration or similar claim, provide any other information or satisfy any other reporting requirement relating to such matters, which is required by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption or relief from all or part of such Tax, but only to the extent that it is not unlawful for the Noteholder or beneficial owner to provide such certification or documentation;
- (d) any estate, inheritance, gift, sales, transfer, personal property or similar Taxes;
- (e) any Tax that is payable other than by deduction or withholding from payments made under or with respect to any Note or Guarantee;
- (f) any Taxes that were withheld, deducted or imposed on or with respect to any payment under, or with respect to, a Note or a Guarantee by reason of the Noteholder being, or having been, a fiduciary or partnership or any person other than the sole beneficial owner of such payment to the extent that no Additional Amounts would have been payable had the beneficial owner of the applicable Note been the holder of such Note; or
- (g) any combination of paragraphs (a) through (f) above.

Notwithstanding any other provision of these Conditions, any amounts to be paid on the Notes by the Issuer or any of the Guarantors hereunder will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in section 1471(b) of the Code, or otherwise imposed pursuant to sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). None of the Issuer, any of the Guarantors nor any other person will be required to pay any Additional Amounts in respect of a FATCA Withholding.

In addition to the foregoing, the Issuer and the Guarantors will pay and indemnify the Noteholder for any present or future stamp, issue, registration, transfer, court or documentary Taxes, or any other excise, property or similar Taxes levied by any Relevant Taxing Jurisdiction (or, in the case of enforcement, any jurisdiction) on or in connection with the execution, delivery, registration or

enforcement of any of the Notes, any Guarantee or any other document or instrument referred to therein, or the receipt of any payments with respect thereto (limited, in the case of any Taxes that arise or are imposed with respect to any payment, to those Taxes other than any Taxes described under paragraphs (a) through (d) and (f) above in the first paragraph of this Condition 8 (*Taxation*)).

Any reference in these Conditions to principal, premium and/or interest shall be deemed to include, without duplication, any Additional Amounts in respect of principal, premium or interest (as the case may be) which may be payable under this Condition 8 (*Taxation*) or any undertaking given in addition to or substitution for it under the Trust Deed. In addition, under this Condition 8 (*Taxation*), references to the Issuer or any Guarantor shall (if applicable) be read as also referring to any entity substituted for any of them as contemplated in Condition 11.3 (*Substitution*) and Clause 13.2 (*Substitution*) of the Trust Deed.

9. PRESCRIPTION

Claims in respect of principal, premium and interest will become void, unless presentation for payment is made as required by Condition 7 (*Payments*) within a period of ten years, in the case of principal and premium, and five years, in the case of interest, from the appropriate Relevant Date.

10. EVENTS OF DEFAULT

10.1 Events of Default

If any of the following events (each, an “**Event of Default**”) occurs and is continuing, the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. in aggregate principal amount of the Notes then outstanding, shall (subject in all cases to being indemnified and/or secured and/or prefunded to its satisfaction) give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their outstanding principal amount together with accrued and unpaid interest (other than with respect to the Events of Default described in paragraphs (g), (h) or (i) below, upon occurrence of which all outstanding Notes will become due and payable immediately without further action or notice or other act on the part of the Trustee or any holder of Notes):

- (a) **Non-Payment:** the Issuer or the Guarantors fail to pay (i) principal, or premium, if any, on any of the Notes when due and such failure continues for a period of five Business Days, or (ii) interest, or Additional Amounts, if any, on any of the Notes when due and such failure continues for a period of 30 days; or
- (b) **Breach of Merger Covenant:** the Issuer or any of the Guarantors fail to comply with Condition 4.9 (*Mergers and Similar Transactions*); or
- (c) **Breach of Other Obligations:** the Issuer or any of its Restricted Subsidiaries does not perform or comply with any one or more of its other obligations under the Notes or the Notes Documents, which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 60 days after written notice of such default shall have been given to the Issuer or the relevant Restricted Subsidiary by the Trustee; or
- (d) **Cross-Payment Default and Cross-Acceleration:**
 - (i) any present or future Indebtedness of the Issuer or any Restricted Subsidiary becomes due and payable prior to its Stated Maturity by reason of any actual or potential default, event of default or the like (howsoever described);
 - (ii) any such Indebtedness is not paid when due or, as the case may be, within any applicable grace period; or

- (iii) the Issuer or any Restricted Subsidiary fails to pay when due or, as the case may be, within any applicable grace period, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any Indebtedness,

provided that the aggregate amount of the relevant Indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (d) have occurred equals or exceeds U.S.\$25.0 million (or its equivalent in any other currency or currencies); or

- (e) **Enforcement Proceedings:** (i) any Lien with respect to the Revolving Credit Facility is enforced or (ii) a distress, attachment, execution, sequestration or other analogous legal process is levied, enforced or sued on or against, in the opinion of the Trustee, any material part of the property, assets or revenues of the Issuer, or substantially all of the property, assets or revenues of any Guarantor or any Restricted Subsidiary that is a Material Subsidiary, and in each case is not discharged or stayed within 60 days; or
- (f) **Judgment Default:** any one or more final, non-appealable judgments or orders is made against the Issuer or any Guarantor or any of the Restricted Subsidiaries that are Material Subsidiaries involving an aggregate liability not paid or fully covered by insurance in respect of a matter (or a series of related matters) greater than U.S.\$25.0 million (or its equivalent in any other currency or currencies), unless all those judgments and orders are paid, vacated or discharged within 60 days of their being made (or, if later, prior to the end of the period of any deferral of enforcement granted for any such judgment or order); or
- (g) **Insolvency:**
 - (i) (A) the Issuer, any Guarantor or any Restricted Subsidiary that is a Material Subsidiary seeking, consenting to or acquiescing in the introduction of proceedings for its liquidation or bankruptcy or the appointment to it of a liquidation commission or a similar officer; (B) the commencement of any proceedings in respect of the Issuer, any Guarantor or any Restricted Subsidiary that is a Material Subsidiary in any court, arbitration court or before any agency for its bankruptcy, insolvency, dissolution or liquidation which, in the case of any proceedings that are commenced pursuant to a petition presented or filed by a Person other than the Issuer, such Guarantor or such Restricted Subsidiary that is a Material Subsidiary, as the case may be, is not dismissed within 60 days or, with respect to any Guarantor or Restricted Subsidiary that is a Material Subsidiary, is otherwise being contested in good faith and any such court, arbitration court or agency has not issued an official order against the Guarantor or the relevant Restricted Subsidiary that is a Material Subsidiary with respect to such proceeding; (C) the institution of supervision, external management or bankruptcy management in respect of the Issuer, any Guarantor or any Restricted Subsidiary that is a Material Subsidiary; (D) the convening by the Issuer, any Guarantor or any Restricted Subsidiary that is a Material Subsidiary of a meeting of its creditors generally and for the purposes of considering an amicable settlement with its creditors generally; and/or (E) any extra-judicial liquidation or analogous act in respect of the Issuer, any Guarantor or any Restricted Subsidiary that is a Material Subsidiary by any applicable governmental agency which is not being contested in good faith; or
 - (ii) the Issuer, any Guarantor or any Restricted Subsidiary that is a Material Subsidiary: (A) is unable to pay its debts generally as they become due; (B) consents by answer or otherwise to the commencement against it of an involuntary case in bankruptcy or to the appointment of a custodian of it or of, in the opinion of the Trustee, a substantial part of its property; or
- (h) **Winding-up:** (A) an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any Guarantor or any Restricted Subsidiary that is a Material Subsidiary; or (B) the Issuer or any of the Guarantors or any Restricted Subsidiary that is a Material Subsidiary ceases to carry on all or substantially all of its business or operations, in each case except (A) for the purpose of a

reconstruction, amalgamation, reorganisation, de-merger, merger or consolidation (x) on terms approved by the Trustee or by an Extraordinary Resolution of the Noteholders, or (y) in compliance with Condition 4.9 (*Mergers and Similar Transactions*) or (z) in the case of a Guarantor or Restricted Subsidiary that is a Material Subsidiary, whereby the undertaking and assets of the relevant Guarantor or any Restricted Subsidiary that is a Material Subsidiary (as the case may be) are transferred to or otherwise vested in the Issuer, any Guarantors or any of their respective Subsidiaries and/or (B) in connection with the sale of any Guarantor or any Restricted Subsidiary that is a Material Subsidiary or its assets where such sale otherwise complies with these Conditions and the Notes Documents; or

- (i) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (g) and (h) above; or
- (j) **Illegality:** it is or will become unlawful for the Issuer or any of the Guarantors to perform or comply with any one or more of its obligations under any of the Notes or the Notes Documents, as applicable; or
- (k) **Trust Deed, Notes and Guarantees:** the Trust Deed, the Notes or any Guarantees are not (or are claimed by the Issuer or any Guarantor not to be) in full force and effect or unenforceable or are repudiated by any party thereto (except any Guarantees released in accordance with Condition 4.12(f)); or
- (l) **Collateral:** any default by the Issuer or any other grantor of the Collateral in the performance of any of its obligations under the Security Documents which adversely affects the enforceability, validity, perfection or priority of the applicable Collateral or which adversely affects the condition or value of the Collateral, taken as a whole; or
- (m) **Security Ceasing to be in Full Force and Effect:** any security interest under the Security Documents on any Collateral having a Fair Market Value in excess of U.S.\$5.0 million, at any time, ceases to be in full force and effect (other than in accordance with the terms of the relevant Notes Documents) for any reason other than the satisfaction in full of all obligations under the Trust Deed or the release or amendment of any such security interest in accordance with the terms of the Notes Documents, or the Issuer or any Subsidiary of the Issuer asserts in writing that any such security interest is invalid or unenforceable, provided that if a failure of the sort described in this paragraph (m) is susceptible of cure, no Event of Default shall arise under this paragraph (m) with respect thereto until 30 days after such a failure has occurred and is continuing.

10.2 Waiver of Event of Default

The holders of a majority in aggregate principal amount of the Notes then outstanding (a) may by notice to the Issuer and the Trustee in writing or by Extraordinary Resolution waive any existing Potential Event of Default or Event of Default and its consequences under the Trust Deed (other than a continuing Event of Default specified in Condition 10.1(a), which may only be waived by an Extraordinary Resolution passed in accordance with Condition 11.1(a) or Condition 11.1(b) and (b) after any acceleration pursuant to Condition 10.1 (*Events of Default*), but before a judgment or decree based on acceleration has been issued, may by notice to the Issuer and the Trustee in writing rescind and annul any acceleration notice (or instruct the Trustee to do so) if all Events of Default, other than the non-payment of accelerated principal, interest and other amounts due, have been cured or waived. Upon the receipt of any such notice, the Issuer shall procure that notice thereof is given to Noteholders in accordance with Condition 17 (*Notices*).

11. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

11.1 Meetings of Noteholders

- (a) The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed, the Intercreditor Agreement, any Security

Document or other Notes Document. Such a meeting may be convened by the Issuer or the Trustee at any time and shall be convened by the Trustee if requested by Noteholders holding not less than 10 per cent. in aggregate principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution (other than an Extraordinary Resolution for a Reserved Matter (as defined below)) shall be one or more Persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate a clear majority in principal amount of the Notes for the time being outstanding, or, if the quorum is not present, then the meeting may be adjourned for not less than 14 days and not more than 42 days (an “**Adjourned Meeting**”) and the quorum shall be one or more Persons present in person holding Notes or being proxies or representatives (whatever the principal amount of the Notes held or represented). If the business of such meeting includes consideration of proposals, *inter alia*:

- (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest on the Notes;
- (ii) to modify the circumstances in which the Issuer or Noteholders are entitled to redeem the Notes pursuant to Condition 6 (*Redemption and Purchase*);
- (iii) to modify or cancel any of the Guarantees except in accordance with these Conditions and the Trust Deed;
- (iv) to reduce or cancel the principal amount of, or any premium payable on redemption of, or interest on, the Notes;
- (v) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest;
- (vi) to modify the provisions of, or the order of priority under, clauses 2 (*Ranking and Priority*) and 13 (*Application of Proceeds*) of the Intercreditor Agreement;
- (vii) to release the Collateral unless such release is otherwise permitted without the consent of Noteholders in accordance with the Conditions, the Security Documents or the Intercreditor Agreement;
- (viii) to change the currency or currencies of payment or denomination of the Notes;
- (ix) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, the list of Reserved Matters or sign a resolution in writing or approve by way of electronic consent;
- (x) to waive a redemption payment with respect to any Note;
- (xi) to change the law governing the Notes; or
- (xii) to change the ranking of the Notes or the Guarantees,

each of (i) to (xii) above, a “**Reserved Matter**”), the necessary quorum shall be one or more Persons so present holding Notes or being proxies or representatives and holding or representing in aggregate not less than 75 per cent., or at any Adjourned Meeting not less than 25 per cent., in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on all the Noteholders (whether or not they were present at the meeting at which such resolution was passed).

- (b) The Trust Deed provides that a resolution in writing signed by or on behalf of holders of not less than 75 per cent. of the aggregate outstanding principal amount of Notes (a “**Written Resolution**”) shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. A Written Resolution shall be binding on all Noteholders, whether or not they

participated in such Written Resolution. A Written Resolution may be contained in one document or several documents in substantially the same form, each signed by or on behalf of one or more Noteholders. The Trust Deed further provides that an approval given by way of electronic consents communicated through the electronic communications systems of the relevant Clearing System(s) by or on behalf of holders of not less than 75 per cent. of the aggregate outstanding principal amount of Notes (an “Electronic Consent”) shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. An Electronic Consent shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective, and whether or not they participated in such Electronic Consent.

- (c) Each Noteholder will be deemed to represent and warrant to the Trustee on each and every occasion it (a) requests the Trustee to take any action, or submits any instruction to the Trustee under the Trust Deed or these Conditions or (b) votes at a meeting of Noteholders convened in accordance with the Trust Deed or otherwise provides a consent or instructions in the form of a written resolution or electronic consent in accordance with the Trust Deed, that it is not the Issuer, a Guarantor, any of their Subsidiaries or an Affiliate of the Issuer. The Trust Deed provides that the Notes which are beneficially held by or on behalf of the Issuer, the Guarantors, any of their respective Subsidiaries or any Affiliate of the Issuer and not cancelled shall (unless no longer so held) be deemed not to remain outstanding.

11.2 Modification and Waiver

- (a) Notwithstanding Condition 11.1 (*Meetings of Noteholders*), without the consent of the Noteholders, the Issuer and the Trustee may amend or supplement any Notes Document:
- (i) to provide for the assumption of the Issuer’s or a Guarantor’s obligations under the Notes and the Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Issuer’s or such Guarantor’s assets, as applicable, pursuant to Condition 4.9 (*Mergers and Similar Transactions*);
 - (ii) to make any change that would provide any additional rights or benefits to the Noteholders;
 - (iii) to enter into additional or supplemental Security Documents to secure the Notes and the Guarantees;
 - (iv) to release the Collateral in accordance with the terms of these Conditions, the Trust Deed, the Intercreditor Agreement and the Security Documents;
 - (v) to allow any Subsidiary to become a Guarantor in accordance with Condition 2.2 (*Addition of Guarantors*);
 - (vi) to allow any Guarantor to be released from its Guarantee in accordance with the terms of these Conditions, the Trust Deed and the Intercreditor Agreement;
 - (vii) to evidence and provide for the acceptance and appointment under the Trust Deed of a successor trustee or under the Agency Agreement of a successor agent in any role; or
 - (viii) to add additional parties to the Intercreditor Agreement, any Security Document or the Agency Agreement to the extent permitted by the Trust Deed.

The Trustee may request and rely on (X) an Officer’s Certificate and/or (Y) an Opinion of Counsel, to confirm that the conditions to the amendments and/or supplements to the Notes Documents pursuant to the foregoing and/or the Trust Deed have been satisfied in accordance with the terms of the relevant Notes Documents. The Trustee shall be entitled to accept and rely on such Officer’s Certificate and/or Opinion of Counsel without further enquiry or liability to any person as sufficient evidence of the matters certified therein.

- (b) The Trustee may agree, without the consent of the Noteholders, to (A) any modification of any of the provisions of the Notes Documents (including, without limitation, the Trust Deed and these Conditions) which is in its opinion of a formal, minor or technical nature, is made to correct a manifest error or an error which in the opinion of the Trustee is proven and (B) any other modification (except as mentioned in the Trust Deed), and, without prejudice to its rights in respect of any subsequent breach, from time to time and at any time, any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Notes Documents (including, without limitation, the Trust Deed and these Conditions) or determine that an Event of Default or Potential Event of Default shall not be treated as such if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby, *provided that* the Trustee shall not do so in contravention of an express direction given by an Extraordinary Resolution or a request made pursuant to Condition 10 (*Events of Default*). No such direction or request shall affect a previous waiver, authorisation or determination. The power of the Trustee under this paragraph does not extend to any such modification, authorisation or waiver to the extent such modification, authorisation or waiver constitutes a Reserved Matter.
- (c) Any such modification, authorisation or waiver shall be binding on the Noteholders and, if the Trustee so requires, such modification shall be notified to the Noteholders by the Issuer as soon as practicable and in accordance with Condition 17 (*Notices*).

11.3 Substitution

Subject to the terms of the Trust Deed, the Trustee may, without the consent of the Noteholders, agree to the substitution of the Issuer's successor in business or any Subsidiary of the Issuer (or its successor in business) or any of the Guarantors (or its/their successor(s) in business) or any of the Subsidiaries of the Guarantors (or its/their successor(s) in business) in place of the Issuer (or of any previous substitute under this Condition 11.3 (*Substitution*)) as the principal debtor under the Trust Deed and the Notes, and the Trustee may, without the consent of the Noteholders, agree to the substitution of any Guarantor's successor in business or any Subsidiary of the Issuer or any Subsidiary of any Guarantor or any of their respective successors in business in place of such Guarantor (or any previous substitute under this Condition 11.3 (*Substitution*)) as a Guarantor under the Notes Documents to which it is a party and the Guarantees.

11.4 Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in this Condition 11 (*Meetings of Noteholders, Modification, Waiver and Substitution*)), the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer or the Guarantors any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

12. TRUSTEE RELIANCE

The Trustee shall be entitled to rely on any certificate delivered to it pursuant to Condition 4.15(d) and shall not be obliged to monitor independently any compliance by the Issuer or the Guarantors with the covenants set out in Condition 4 (*Covenants*), nor shall it be liable to any person for not so doing and the Trustee need not enquire further as regards to circumstances existing on the date of such certificate or the date of delivery of any financial statements pursuant to Conditions 4.15(a)(i) and 4.15(a)(ii).

13. ENFORCEMENT

At any time after the Notes become and remain due and payable, but subject always to the provisions of the Intercreditor Agreement, the Trustee may, at its discretion and without further notice, institute such steps, actions or proceedings against the Issuer and/or any of the Guarantors as it may think fit to enforce the terms of the Notes Documents and the Notes, but it need not take any such steps, actions or proceedings, unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in

writing by Noteholders holding at least 25 per cent. in aggregate principal amount of the Notes outstanding and (b) in all such cases, it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith, and *provided that* the Trustee shall not be held liable for the consequences of taking any such action without having regard to the effect of such action on individual Noteholders. The Trustee shall not be liable to any Noteholder or to any other person for any act or omission under this Condition 13 (*Enforcement*), except to the extent that such act or omission amounts to fraud, gross negligence or wilful misconduct by the Trustee. No Noteholder may proceed directly against the Issuer and/or any of the Guarantors unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period of becoming so bound and such failure is continuing.

14. INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantors and any entity related to the Issuer or the Guarantors without accounting for any profit.

The Trustee may rely without further enquiry and without liability to Noteholders on any report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to the Trustee and whether or not liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to monetary cap, methodology or otherwise.

15. REPLACEMENT OF NOTES

If any Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity and otherwise as the Issuer and the Registrar may require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

16. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders, but subject always to compliance with the provisions of the Notes Documents, create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the Notes or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 16 (*Further Issues*) and forming a single series with the Notes. Any further securities forming a single series with the Notes may be constituted by a deed supplemental to the Trust Deed; *provided that* any Additional Notes that are not fungible with the Notes offered hereunder for U.S. federal income tax purposes shall have a separate CUSIP, ISIN or other identifying number from such Notes.

17. NOTICES

Notices required to be given to the Noteholders pursuant to these Conditions will be sent to them by first-class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses in the Register. Any such notice shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. In addition, notices to Noteholders will (so long as the Notes are listed on the International Securities Market of the London Stock Exchange and the rules of the London Stock Exchange so require) be published on the website of the London Stock Exchange. Any such notice shall be deemed to have been given on the date of such

publication or, if published more than once or on different dates, on the first date on which publication is made.

So long as the Notes are represented by the Global Note Certificates and the Global Note Certificates are held on behalf of DTC, Euroclear or Clearstream, Luxembourg, notices to Noteholders required to be given under these Conditions may be given by delivery of the relevant notice to DTC, Euroclear or Clearstream, Luxembourg for communication by it to entitled accountholders in substitution for notification as otherwise required by these Conditions. Any such notice shall be deemed to have been given to the Noteholders on the second day after the day on which such notice is delivered to DTC, Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

So long as the Notes are represented by the Global Note Certificates and the Global Note Certificates are held on behalf of DTC, Euroclear or Clearstream, Luxembourg, notices to be given by Noteholders to the Issuer may be given by any such Noteholder to any Paying Agent or Transfer Agent through DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, in such a manner as the Paying Agents and the Transfer Agents and DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No Person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

19. GOVERNING LAW AND DISPUTE RESOLUTION

19.1 Governing Law

The Trust Deed and the Notes, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, English law.

19.2 Arbitration

- (a) Subject to Condition 19.3 (*Jurisdiction*), any dispute, difference, controversy or claim arising out of or in connection with the Trust Deed, the Notes or the Guarantees (including any claim, dispute or difference regarding the existence, validity, interpretation, performance, breach or termination hereof or thereof or this Condition 19.2 (*Arbitration*) or any non-contractual obligations arising out of or in connection herewith or therewith) (each, a “**Dispute**”) shall be referred to and finally resolved by arbitration under the LCIA Arbitration Rules (the “**Rules**”) as at present in force and as modified by this Condition 19.2 (*Arbitration*), which Rules are deemed incorporated by reference into this Condition 19.2 (*Arbitration*) (with the exception of Article 6 which shall not apply) and as amended herein.
- (b) The arbitral tribunal shall consist of three arbitrators. The claimant(s), irrespective of number, shall nominate jointly one arbitrator; the respondent(s), irrespective of number, shall nominate jointly the second arbitrator; and a third arbitrator, who shall serve as presiding arbitrator, shall be (unless the parties agree otherwise in writing) nominated by agreement of the two party-nominated arbitrators within 15 days of the confirmation of the nomination of the second arbitrator or, in default of such agreement, shall be selected and appointed by The London Court of International Arbitration (the “**LCIA**”) as soon as possible, preferably within 15 days of the nomination of the second arbitrator.
- (c) In the event the claimant(s) shall fail to nominate an arbitrator within the time limits specified in the Rules, such arbitrator shall be selected and appointed by the LCIA as soon as possible, preferably within 15 days of such failure. In the event that both the claimant(s) and the respondent(s) fail to nominate an arbitrator within the time limits specified in the Rules, all three arbitrators shall be selected and appointed by the LCIA as soon as possible, and preferably within 15 days of such failure, one of whom the LCIA shall designate as presiding arbitrator.

- (d) The seat of arbitration shall be London, England and the language of arbitration shall be English. Sections 45 and 69 of the Arbitration Act 1996 shall not apply.

19.3 Jurisdiction

- (a) Before the Trustee has filed a “Request” for arbitration or “Response” (each as defined in the Rules), as the case may be, it may by notice in writing to the Issuer require that a Dispute be heard by a court of law. If the Trustee gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 19.3(c) and any arbitration commenced under Condition 19.2 (*Arbitration*) will be terminated. Each of the parties to the terminated arbitration will bear its own costs in relation thereto.
- (b) If any notice is given in accordance with Condition 19.3(a), the Trustee must also promptly give notice to the LCIA and to any Tribunal (as defined in the Rules) already appointed in relation to the Dispute that such Dispute will be settled by the courts. Upon receipt of such notice by the LCIA, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate and any such arbitrator will be deemed to be *functus officio*. The termination is without prejudice to:
- (i) the validity of any act done or order made by that arbitrator or by the court in support of that arbitration before the arbitrator’s appointment is terminated;
 - (ii) the arbitrator’s entitlement to be paid his or her proper fees and disbursements; and
 - (iii) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.
- (c) In the event that the Trustee issues a notice pursuant to Condition 19.3(a), the following provisions shall apply:
- (i) subject to Condition 19.3(c)(iii), the courts of England shall have exclusive jurisdiction to settle any Dispute;
 - (ii) the Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and
 - (iii) this Condition 19.3(c) is for the benefit of the Trustee. As a result, and notwithstanding Condition 19.3(c)(i), to the extent allowed by law, the Trustee may, in respect of any Dispute or Disputes, take (i) proceedings relating to a Dispute (“**Proceedings**”) in any other court or applicable authority or body with jurisdiction; and (ii) concurrent Proceedings in any number of jurisdictions.

19.4 Service of Process

- (a) Each of the Issuer, each Guarantor and the Trustee agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on the Issuer and the Guarantors by being delivered to Law Debenture Corporate Services Limited at its registered office at 8th Floor, 100 Bishopsgate, London, EC2N 4AG.
- (b) If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer and the Guarantors, the Issuer and the Guarantors shall, on the written demand of the Trustee, appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, the Trustee shall be entitled to appoint such a person by written notice addressed to the Issuer and the Guarantors.
- (c) Nothing in this Condition 19.4 (*Service of Process*) shall affect the right to serve process in any other manner permitted by law. For the avoidance of doubt, this Condition 19.4 (*Service of Process*) applies to Proceedings in England.

20. DEFINITIONS

In these Conditions, the following terms have the meanings given to them in this Condition 20 (*Definitions*).

“**Acceleration Event**” has the meaning given to it in the Intercreditor Agreement.

“**Acquired Debt**” means, with respect to any specified Person, Indebtedness of any other Person existing at the time such other Person is merged, consolidated, amalgamated or otherwise combined with or into or became a Restricted Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging, consolidating, amalgamating or otherwise combining with or into, or becoming a Restricted Subsidiary of, such specified Person.

“**Additional Amounts**” has the meaning given to it in Condition 8 (*Taxation*).

“**Additional Assets**” means:

- (a) all or substantially all of the assets of, or any Capital Stock of, another Person engaged in the Permitted Business, if, after giving effect to any such acquisition of Capital Stock such Person is or becomes a Restricted Subsidiary (which, for the avoidance of doubt, shall exclude any debt securities convertible into or exchangeable for such Capital Stock); or
- (b) other assets (other than Capital Stock) not classified as current assets under IFRS that are used or useful in the ordinary course of the Permitted Business.

“**Additional Guarantors**” means Persons who become guarantors pursuant to Condition 4.12 (*Additional Guarantors and Limitations on Guarantees*).

“**Affiliate**” of any specified Person means any other Person, directly or indirectly controlling, controlled by, or under direct or indirect common control with, such specified Person. For the purposes of this definition, “**control**” (including, with correlative meanings, the terms “**controlling**”, “**controlled by**” and “**under common control with**”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“**Agency**” means any agency, authority, central bank, department, committee, government, legislature, minister, ministry, official or public or statutory person (whether autonomous or not).

“**Applicable Premium**” means, with respect to any Note on any redemption date, the greater of:

- (a) the amount equal to 1.0 per cent. of the then outstanding principal amount of such Note; and
- (b) the excess (to the extent positive of):
 - (i) the present value at such redemption date of (i) the redemption price of the Note at 3 October 2025 (such redemption price being set forth in Condition 6.2(b)) plus (ii) all required interest payments due on the Note through to 3 October 2025 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over
 - (ii) the outstanding principal amount of the Note on such redemption date,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer may engage.

“Approved Jurisdiction” means any member state of the European Union as of the Issue Date, Norway, Switzerland, the United Arab Emirates, the United Kingdom and the United States of America, any state thereof and the District of Columbia.

“Asset Sale” means any direct or indirect lease, sale, sale and lease-back, transfer, issuance or other disposition either in one transaction or in a series of related transactions, by the Issuer or any of its Restricted Subsidiaries to a Person that is not the Issuer or a Restricted Subsidiary of the Issuer, including any disposition by means of a merger, consolidation or similar transaction, of any of its assets (including any shares of Capital Stock of a Restricted Subsidiary of the Issuer (other than directors’ qualifying shares or shares required by applicable law to be held by a Person other than the Issuer or a Restricted Subsidiary of the Issuer)) or properties other than:

- (a) a disposition of all or substantially all the assets of the Issuer or any Guarantor in accordance with Condition 4.9 (*Mergers and Similar Transactions*);
- (b) the creation of a Lien (but not the sale or other disposition of the property subject to such Lien) in compliance with Condition 4.3 (*Limitation on Liens*);
- (c) the licensing or sublicensing of rights to intellectual property or other intangibles in the ordinary course of business;
- (d) the sale, lease or other disposition of obsolete, redundant, written-off (in accordance with IFRS), worn out, negligible, surplus or outdated plant, equipment or machinery or raw materials, inventory or other assets, in each case which is no longer used or usable, in the ordinary course of business;
- (e) the sale, lease, sale and lease-back, assignment, license, rental, transfer, conveyance or sublease of any property, hotel rooms, apartments or units, residential rooms, apartments or units, holiday homes, or any other parts or components in buildings, hotels or developments (whether constructed, acquired or improved) which is entered in the ordinary course of the Issuer or any Restricted Subsidiary conducting the Permitted Business;
- (f) sales or other dispositions of assets or property received by the Issuer or any Restricted Subsidiary of the Issuer upon the foreclosure on a Lien granted in favour of the Issuer or any Restricted Subsidiary of the Issuer or any other transfer of title with respect to any ordinary course secured investment in default;
- (g) the foreclosure, condemnation or any similar action with respect to any property or other assets or the surrender or waiver of contract rights or the settlement, release, or surrender of contract, tort or other claims, in the ordinary course of business;
- (h) sales and other dispositions of trading stock, inventory, receivables and other assets in the ordinary course of business;
- (i) sales and dispositions of cash and Cash Equivalents in the ordinary course of business;
- (j) a sale, lease, transfer or disposition in a single transaction or a series of related transactions of assets or properties having an aggregate Fair Market Value of less than U.S.\$10.0 million;
- (k) a Restricted Payment that does not violate Condition 4.2 (*Limitation on Restricted Payments*) or any transaction excluded from the definition of Restricted Payment or a Permitted Investment;
- (l) any sale, transfer or other disposition of receivables in any factoring or forfeiting transaction;

- (m) the disposition of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;
- (n) any unwinding or termination of any Hedging Obligations; and
- (o) any sale or other disposition of Capital Stock in, or Indebtedness or other securities of, an Unrestricted Subsidiary, for so long as such entities are Unrestricted Subsidiaries.

“**Beneficial Owner**” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the Exchange Act), such “person” will be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. The terms “**Beneficially Owns**” and “**Beneficially Owned**” have a corresponding meaning.

“**Board of Directors**” means, as to any Person, the board of directors, supervisory board or other equivalent executive body of such Person (including, without limitation, a general director) or any duly authorised committee thereof.

“**Business Day**” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, United Kingdom, United Arab Emirates (including any free zone thereof), the British Virgin Islands and New York City, United States.

“**Capital Expenditure**” means the purchase of property, plant and equipment and intangible assets as shown in the financial statements of the Group prepared in accordance with IFRS.

“**Capital Stock**” means, with respect to any Person, any and all shares, interests (including partnership interests), rights to purchase, warrants, options, participations or other equivalents (however designated, whether voting or non-voting) of such Person’s equity, including any Preferred Stock of such Person, whether now outstanding or issued after the Issue Date, including without limitation, all series and classes of such Capital Stock but excluding any debt securities convertible into or exchangeable for such Capital Stock.

“**Cash Equivalents**” means:

- (a) securities or marketable direct obligations issued by or directly and fully guaranteed or insured by the government of an Approved Jurisdiction, or any agency or instrumentality of such government having an equivalent credit rating, having maturities of not more than 12 months from the date of acquisition;
- (b) overnight bank deposits, time deposit accounts, certificates of deposit, banker’s acceptances and money market deposits with maturities (and similar instruments) of 12 months or less from the date of acquisition issued by a bank or trust company, or a local branch or Subsidiary of a bank or trust company, which is organised under, or authorised to operate as a bank or trust company under, the laws of an Approved Jurisdiction or any commercial banking institution that is a member of the US Federal Reserve System, in each case, either (i) having combined capital and surplus and undivided profits of not less than U.S.\$250,000,000 (or the foreign currency equivalent thereof as of the date of such investment), whose long term, unsecured, unsubordinated and unguaranteed debt has a rating, at the time any investment is made therein, of at least “BBB-” or the equivalent thereof from Standard & Poor’s and at least “Baa3” or the equivalent thereof from Moody’s or the equivalent rating category of another internationally recognised rating agency or (ii) which is an initial lender under the Revolving Credit Facility Agreement;

- (c) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in paragraphs (a) and (b) above entered into with any financial institution meeting the qualifications specified in paragraph (b) above;
- (d) commercial paper rated at the time of acquisition thereof at least “A-2” or the equivalent thereof by Standard & Poor’s, “P-2” or the equivalent thereof by Moody’s or “F-2” or the equivalent by Fitch, or carrying an equivalent rating by a Nationally Recognised Statistical Rating Organisation, if the above named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term unsecured and non-credit enhanced debt, and in any case maturing within one year after the date of acquisition thereof;
- (e) Indebtedness issued by Persons with a rating of at least “BBB-” or the equivalent thereof from Standard & Poor’s or Fitch or at least “Baa3” or the equivalent thereof from Moody’s (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognised Statistical Rating Organisation) with maturities of 12 months or less from the date of acquisition; and
- (f) interests in money market funds at least 95 per cent. of the assets of which constitute Cash Equivalents of the type referred to in paragraphs (a) through (e) above.

“**Change of Control**” means the occurrence of any of the following:

- (a) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Issuer and its Subsidiaries taken as a whole to any Person (including any “person” (as that term is used in Section 13(d)(3) of the Exchange Act)) other than one or more Permitted Holders;
- (b) the adoption of a plan relating to the liquidation or dissolution of the Issuer; or
- (c) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person (including any “person” (as defined above)), other than the Permitted Holders, becomes the Beneficial Owner, directly or indirectly, of more than 50 per cent. of the Voting Stock of the Issuer, measured by voting power rather than number of shares.

For the avoidance of doubt and notwithstanding the foregoing, including paragraph (a) of this definition of “Change of Control”, the sale, lease, sale and lease-back, assignment, license, rental, transfer, conveyance or sublease of any property, hotel rooms, apartments or units, residential rooms, apartments or units, holiday homes, or any other parts or components in buildings, hotels or developments (whether constructed, acquired or improved) which is entered in the ordinary course of the Issuer or any Restricted Subsidiary conducting the Permitted Business shall not be deemed to be a Change of Control.

“**Change of Control Offer**” has the meaning set out in Condition 6.4(b).

“**Clearstream, Luxembourg**” has the meaning set out in Condition 1.1 (*Form and denomination*).

“**Collateral**” means the rights, property and assets securing the Notes and the Guarantees, as more particularly described in the Security Documents, and any rights, property or assets from time to time in (or over) which a Lien has been granted to secure the obligations of the Issuer and the Guarantors under the Notes and the Guarantees.

“**Common Security**” means the security created or expressed to be created under the Security Documents.

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended.

“**Connected Party**” means the spouse and/or children of Kabir Mulchandani or any trust, corporation, partnership or other entity, the only beneficiaries, stockholders, partners or owners of which consist of Kabir Mulchandani, his spouse, and/or his children.

“**Consolidated EBITDA**” means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus the following to the extent deducted in calculating such Consolidated Net Income, without duplication:

- (a) provision for current and deferred taxes based on income or profits of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*
- (b) without double counting, the Consolidated Interest Expense of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*
- (c) depreciation, amortisation (including, without limitation, amortisation of intangibles and deferred financing fees) and other non-cash charges and expenses (including without limitation write downs and impairment of property, plant, equipment and intangibles and other long-lived assets and the impact of purchase accounting on the Issuer and its Restricted Subsidiaries for such period) of the Issuer and its Restricted Subsidiaries (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortisation of a prepaid cash charge or expense that was paid in a prior period) for such period; *plus*
- (d) any expenses, charges or other costs related to the issuance of any Capital Stock, any Permitted Investment, acquisition, disposition, recapitalisation, listing or the incurrence of Indebtedness permitted to be incurred under Condition 4.1 (*Incurrence of Indebtedness*) (including refinancing thereof) whether or not successful, including (i) such fees, expenses or charges related to any incurrence of Indebtedness issuance and (ii) any amendment or other modification of any incurrence; *plus*
- (e) any foreign currency translation losses (including losses related to currency remeasurements of Indebtedness) of the Issuer and its Restricted Subsidiaries; *plus*
- (f) the amount of any minority interest expense consisting of subsidiary income attributable to minority equity interests of third parties in any a Restricted Subsidiary of the Issuer that is not a Wholly-Owned Restricted Subsidiary in such period or any prior period, except to the extent of dividends declared or paid on, or other cash payments in respect of, Capital Stock or other equity interests held by such parties; *plus*
- (g) any impairment of property, plant and equipment and prepaid land rent, or withholding tax receivable; *plus*
- (h) loss on revaluation of derivative financial instruments; *plus*
- (i) the amount of expenses, costs or other payments (including all fees or charges related thereto) for such period in respect of the pre-opening and opening of new hotels, and start-up period prior to opening of new hotels, that are operated, or to be operated, by the Issuer or any Restricted Subsidiary, or charges in connection with branding or launch costs, which in aggregate shall not exceed U.S.\$5.0 million in any fiscal year; *plus*
- (j) any foreign currency translation gains (including gains related to currency re-measurements of Indebtedness) of the Issuer and its Restricted Subsidiaries; *minus*
- (k) any extraordinary, exceptional or unusual gain; *minus*

- (l) non-cash items increasing such Consolidated Net Income for such period (other than any non-cash items increasing such Consolidated Net Income pursuant to paragraphs (a) through (k) of the definition of Consolidated Net Income), other than the reversal of a reserve for cash charges in a future period in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with IFRS.

“**Consolidated Interest Expense**” means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income/expense of the Issuer and its Restricted Subsidiaries, whether paid or accrued, including any pension liability interest cost, plus or including (without duplication) any interest, costs and charges consisting of:

- (a) interest expense, finance cost and rental or similar or equivalent payments attributable to any PLF Arrangement and IFRS 16 Lease Obligation;
- (b) amortisation of debt discount, debt issuance cost and premium;
- (c) non-cash interest expense;
- (d) commissions, discounts and other fees and charges owed with respect to financings not included in paragraph (b) above;
- (e) costs associated with Hedging Obligations;
- (f) dividends on other distributions in respect of all Disqualified Stock of the Issuer and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Issuer or a Subsidiary of the Issuer;
- (g) any consolidated interest expense that was capitalised during such period; and
- (h) interest actually paid by the Issuer or any Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person.

Notwithstanding any of the foregoing, Consolidated Interest Expense shall not include (i) any interest accrued, capitalised or paid in respect of Subordinated Shareholder Funding and (ii) any rental payments under any lease, concession or license of property (or guarantee thereof) which would be considered as a Short-term Leases under IFRS as in effect on the Issue Date.

“**Consolidated Net Income**” means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period, on a consolidated basis (excluding the net income (loss) of any Unrestricted Subsidiary), determined in accordance with IFRS and without any reduction in respect of Preferred Stock dividends; *provided that*:

- (a) the net income (loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary which is a Subsidiary of the Person;
- (b) solely for the purpose of determining the amount available for Restricted Payments under Condition 4.2(a)(iii)(A), any net income of any Restricted Subsidiary (other than any Guarantor) will be excluded if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Issuer (or any Guarantor that holds the Capital Stock or other equity interests of such Restricted Subsidiary, as applicable) by operation of the terms of such Restricted Subsidiary’s charter or any agreement, instrument, judgment, decree, order, statute

or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than: (i) restrictions that have been waived or otherwise released; (ii) restrictions pursuant to these Conditions or that are not prohibited pursuant to Condition 4.6 (*Limitations on Restrictions of Distributions from Subsidiaries*); (iii) contractual restrictions in effect on the Issue Date with respect to the Restricted Subsidiary and other restrictions with respect to such Restricted Subsidiary that taken as a whole, are not materially less favourable to the holders of the Notes than such restrictions in effect on the Issue Date; or (iv) restrictions pursuant to applicable law, rule, regulation or order or the terms of any license, authorisation, concession or permit), except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Issuer or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary (other than any Guarantor or the Issuer), to the limitation contained in this paragraph);

- (c) any net gain (or loss) realised upon the sale or other disposition of any asset or disposed operations of the Issuer or any Restricted Subsidiaries (including pursuant to any sale leaseback transaction) which sale or disposal is not in the ordinary course of the Permitted Business (as determined in good faith by the Issuer, and for the avoidance of doubt the sale or disposal of all or part of a development, hotel or asset may be in the ordinary course of Permitted Business if the Issuer considers it to be so at such time) will be excluded;
- (d) any one time non-cash charges or any amortisation or depreciation resulting from purchase accounting, in each case, in relation to any acquisition of, or merger or consolidation with, another Person or business or resulting from any reorganisation or restructuring involving the Issuer or its Subsidiaries will be excluded;
- (e) the cumulative effect of a change in accounting principles will be excluded;
- (f) any extraordinary, exceptional or nonrecurring gains or losses or any charges in respect of any restructuring, redundancy or severance (in each case, as determined in good faith by the Issuer) will be excluded;
- (g) any unrealised gains or losses in respect of Hedging Obligations or any ineffectiveness recognised in earnings related to qualifying hedge transactions or the fair value or changes therein recognised in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations will be excluded;
- (h) any non-cash compensation charge or expenses arising from any grant of stock, stock options or other equity-based awards will be excluded;
- (i) any goodwill or other intangible asset impairment charges will be excluded;
- (j) all deferred financing costs written off and premium paid in connection with any early extinguishment of Indebtedness and any net gain or loss from any write-off or forgiveness of Indebtedness will be excluded; and
- (k) the impact of any capitalised interest (including accreting or pay-in-kind interest) on any Subordinated Shareholder Funding will be excluded.

“Consolidated Net Leverage” means, as of any date of determination, the sum, expressed in U.S. dollars, of the aggregate outstanding Indebtedness of the Issuer and its Restricted Subsidiaries on a consolidated basis (excluding Hedging Obligations), less cash and Cash Equivalents of the Issuer and its Restricted Subsidiaries on that date of determination. The U.S. dollar equivalent of the principal amount of Indebtedness denominated in a different currency shall be calculated in accordance with Condition 4.1(e). In determining the Consolidated Net Leverage Ratio, no cash or Cash Equivalents

shall be included in the calculation of Consolidated Net Leverage to the extent that such cash or Cash Equivalents are the proceeds of Indebtedness Incurred on the date of determination in respect of which the calculation of the Consolidated Net Leverage Ratio is to be made.

“Consolidated Net Leverage Ratio” means, as of any date of determination, with respect to any specified Person, the ratio of (a) Consolidated Net Leverage on such date to (b) the Consolidated EBITDA for the most recently ended four consecutive financial quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or other transaction for which the Consolidated Net Leverage Ratio is being calculated is completed; *provided, however*, that, solely for the purpose of calculating the Consolidated Net Leverage Ratio for the incurrence of Indebtedness pursuant to Condition 4.1 (*Incurrence of Indebtedness*), the *pro forma* calculation of the Consolidated Net Leverage Ratio shall not give effect to (i) any Indebtedness incurred on the date on which the event for which the calculation of the Consolidated Net Leverage Ratio is made (the **“Calculation Date”**) pursuant to Condition 4.1(b) (other than pursuant to Condition 4.1(b)(vii), the incurrence of which is itself subject to the Consolidated Net Leverage Ratio) or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to Condition 4.1(b) (other than Condition 4.1(b)(vii)).

In addition, for purposes of calculating the Consolidated Net Leverage Ratio:

- (a) acquisitions that have been made by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the four consecutive financial quarter reference period or subsequent to such reference period and on or prior to the relevant Calculation Date, or that are to be made on the relevant Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer and may include anticipated cost synergies and expense and cost reductions) as if they had occurred on the first day of the four consecutive financial quarter reference period;
- (b) if since the beginning of such four consecutive financial quarter reference period the Issuer or any Restricted Subsidiary has disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a **“Sale”**) or if the transaction giving rise to the need to calculate the Consolidated Net Leverage Ratio is such a Sale, Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period; *provided that* if any such sale constitutes “discontinued operations” in accordance with IFRS, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period;
- (c) any Person that is a Restricted Subsidiary on the relevant Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four consecutive financial quarter period; and
- (d) any Person that is not a Restricted Subsidiary on the relevant Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four consecutive financial quarter period.

“Consolidated Senior Secured Net Leverage” means, as of any date of determination, the sum, expressed in U.S. dollars, of the aggregate outstanding Senior Secured Indebtedness of the Issuer and

its Restricted Subsidiaries on a consolidated basis, *less* cash and Cash Equivalents of the Issuer and its Restricted Subsidiaries on that date of determination. The U.S. dollar equivalent of the principal amount of Indebtedness denominated in a different currency shall be calculated in accordance with Condition 4.1(e). In determining the Consolidated Senior Secured Net Leverage Ratio, no cash or Cash Equivalents shall be included in the calculation of Consolidated Senior Secured Net Leverage to the extent that such cash or Cash Equivalents are the proceeds of Indebtedness Incurred on the date of determination in respect of which the calculation of the Consolidated Senior Secured Net Leverage Ratio is to be made.

“Consolidated Senior Secured Net Leverage Ratio” means the Consolidated Net Leverage Ratio, but calculated by using Consolidated Senior Secured Net Leverage in substitution of Consolidated Net Leverage.

“Credit Facility” means, one or more secured or unsecured debt facilities, instruments or arrangements incurred or commercial paper facilities and overdraft facilities or indentures or trust deeds or note purchase agreements, in each case, with banks, other institutions, funds or investors, providing for revolving credit loans, term loans, performance guarantees, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit, bonds, notes debentures or other corporate debt instruments or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether or not with the original administrative agent and lenders or another administrative agent or agents or trustees or other banks or institutions and whether provided under one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term “Credit Facilities” shall include any agreement or instrument (i) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (ii) adding Subsidiaries of the Issuer as additional borrowers, issuers or guarantors thereunder, (iii) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

“Currency Agreement” means any foreign exchange contract, currency swap agreement or other similar agreement with respect to currency values.

“Definitive Note Certificate” has the meaning given to it in Condition 1.1 (*Form and denomination*).

“Disinterested Director” means, with respect to any Affiliate Transaction, a member of the Board of Directors of the Issuer or the relevant Restricted Subsidiary having no material direct or indirect financial interest in or with respect to such Affiliate Transaction and who is not an officer or director of the Affiliate that is the counterparty to the Affiliate Transaction. For the avoidance of doubt, the members of the Board of Directors will not be deemed to have such a financial interest solely by virtue of having been appointed to such position by a Permitted Holder or by reason of such member’s holding Capital Stock of the Issuer or a Restricted Subsidiary of the Issuer or any options, warrants or other rights in respect of such Capital Stock.

“Disposal Proceeds” means the aggregate cash and Cash Equivalents received by the Issuer or any of its Restricted Subsidiaries in respect of any Asset Sale, net of the direct costs relating to such Asset Sale, including, without limitation:

- (a) brokerage commissions and other fees and expenses (including fees and expenses of accounting and/or legal advisers and/or investment bankers), title and recording tax expenses, commissions

and other fees and expenses relating to such Asset Sale which are incurred by members of the Group other than to their Affiliates;

- (b) provision for all taxes required to be paid or payable, or required to be accrued as a liability determined in conformity with IFRS as a result of such Asset Sale;
- (c) payments made to repay Indebtedness or any other obligations outstanding at the time of such Asset Sale that either is secured by a Lien on the property or assets sold, or is required, in the ordinary course of business and not in contemplation of such sale, to be paid as a result of such Asset Sale;
- (d) all distribution and other payments required to be made to minority interest holders in Restricted Subsidiaries of the Issuer as a result of such Asset Sale;
- (e) any portion of the purchase price from an Asset Sale placed in escrow, whether as a reserve for adjustment of the purchase price, for satisfaction of indemnities in respect of such Asset Sale or otherwise in connection with that Asset Sale; *provided, however, that*, upon the termination of that escrow, Disposal Proceeds will be increased by any portion of funds in the escrow that are released to the Issuer or any Restricted Subsidiary of the Issuer; and
- (f) appropriate amounts to be provided by the Issuer or any of its Restricted Subsidiaries as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligation associated with such Asset Sale, all as determined in conformity with IFRS.

“**Disqualified Stock**” means, with respect to any Person, any Capital Stock which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder) or upon the happening of any event:

- (a) matures or is mandatorily redeemable (other than redeemable only for Capital Stock of such Person which is not itself Disqualified Stock) pursuant to a sinking fund obligation or otherwise;
- (b) is convertible or exchangeable at the option of the holder for Indebtedness or Disqualified Stock; or
- (c) is mandatorily redeemable or must be purchased upon the occurrence of certain events or otherwise, in whole or in part;

in each case on or prior to the first anniversary of the Stated Maturity of the Notes; *provided, however, that* any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to purchase or redeem such Capital Stock upon the occurrence of an “asset sale” or a “change of control” occurring prior to the first anniversary of the Stated Maturity of the Notes shall not constitute Disqualified Stock if (i) the “change of control” provisions applicable to such Capital Stock are not more favourable to the holders of such Capital Stock than the terms applicable to the Notes and set out in Condition 6.4 (*Redemption at the Option of the Noteholders Upon a Change of Control*), (ii) the “asset sale” provisions are not inconsistent with the provisions of Condition 4.5 (*Asset Sales*) and (iii) any such requirement only becomes operative after compliance with such terms applicable to the Notes.

The amount of any Disqualified Stock that does not have a fixed redemption, repayment or repurchase price will be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were redeemed, repaid or repurchased on any date on which the amount of such Disqualified Stock is to be determined pursuant to the provisions of the Trust Deed; *provided, however, that*, if such Disqualified Stock could not be required to be redeemed, repaid or repurchased at the time of such

determination, the redemption, repayment or repurchase price will be the book value of such Disqualified Stock as reflected in the most recent financial statements of such Person.

“**DTC**” has the meaning set out in Condition 1.1 (*Form and denomination*).

“**EBITDA**” means, with respect to a Subsidiary, the earnings before interest, tax, depreciation and amortisation of the relevant Subsidiary after allocation of the Issuer’s consolidation adjustments, prepared in accordance with IFRS, consistently applied.

“**Environment**” means living organisms including the ecological systems of which they form part and the following media:

- (a) air (including air within natural or man-made structures, whether above or below ground);
- (b) water (including territorial, coastal and inland waters, water under or within land and water in drains and sewers); and/or
- (c) land (including land under water).

“**Environmental Laws**” means all laws and regulations of any relevant jurisdiction which:

- (a) have as a purpose or effect the protection of, and/or prevention of harm or damage to, the Environment;
- (b) provide remedies or compensation for harm or damage to the Environment; and
- (c) relate to hazardous substances or health or safety matters.

“**Environmental Licences**” means any authorisation, consent, approval, resolution, licence, exemption, filing or registration required at any time under Environmental Law for the operation of the business of any member of the Group conducted on or from the properties owned or used by any member of the Group.

“**Event of Default**” has the meaning set out in Condition 10 (*Events of Default*).

“**Equity Offering**” means an underwritten initial public offering or marketed private sale to institutional investors or from a private placement of Capital Stock (other than Disqualified Stock) of the Issuer or a Parent Holdco of the Issuer, to the extent the proceeds of such offering or sale are received by and contributed to the Issuer in the form of a subscription for, or a capital contribution in respect of, Capital Stock (other than Disqualified Stock) of the Issuer or as Subordinated Shareholder Funding to the Issuer.

“**Euroclear**” has the meaning set out in Condition 1.1 (*Form and denomination*).

“**Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended.

“**Existing Indebtedness**” means Indebtedness of the Issuer and its Restricted Subsidiaries in existence on the Issue Date, until such amounts are repaid.

“**Extraordinary Resolution**” means a resolution passed: (a) at a meeting duly convened and held in accordance with the Trust Deed by a majority of at least 75 per cent. of the votes cast or (b) passed in accordance with paragraphs 19 or 20 of Schedule 4 (*Provisions for Meetings of Noteholders*) to the Trust Deed.

“**Fair Market Value**” means the price that would be paid in an arm’s length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the competent management body of the Issuer or the relevant Restricted Subsidiary of the Issuer.

“**Fitch**” means Fitch Ratings Ltd. and any successor to its rating agency business, and any entity in its group providing rating services.

“**FIVE Luxe Mortgage**” means the Dubai law governed mortgage over FIVE Luxe to be granted by FIVE JBR Holding (DIFC) Limited and forming part of the Collateral.

“**Fixed Lease Obligation**” means, in relation to any period, any rental or similar or equivalent payment obligation of the Issuer or any of its Restricted Subsidiaries pursuant to a PLF Arrangement that is not a Variable Lease Obligation. For the avoidance of doubt, for the purposes of this definition, a “period” may be a part of a term of a PLF Arrangement.

“**Global Note Certificate**” has the meaning given to it in Condition 1.1 (*Form and denomination*).

“**Group**” means the Issuer and its Subsidiaries.

“**Guarantees**” means the guarantees of the Guarantors under the Trust Deed and a “**Guarantee**” means any of them.

“**Guarantors**” means FIVE Holding Limited, FIVE JBR Holding (DIFC) Limited, FIVE International Holding Limited, DEVCO Real Estate Development LLC, FIVE International Hotel Management LLC, SKAI Holdings Group Limited, Assas Investments Limited, Rehan Limited, Unlimited 1 Limited, FIVE Hotel FZE, FIVE Luxe Hotel LLC, FIVE Hotel Jumeirah Village LLC, Unlimited 1 Development, Sky’s the Limit 1, FIVE Holiday Homes Rental LLC and Pacha Universe Holding Limited, together with the Additional Guarantors, and a “**Guarantor**” means any of them, but which expressions exclude any entity released for the time being from being a Guarantor pursuant to these Conditions.

“**Hedging Obligations**” of any Person means the obligations of such Person pursuant to any Interest Rate Agreement or Currency Agreement or any other derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (including but not limited to fluctuations with respect to any index or the price of any commodity), with the amount of obligations in respect of any such derivative transaction determined with reference to the marked to market value thereof (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount), without set off for any cash collateral in respect of such obligations.

“**holder**” has the meaning set out in Condition 1.2 (*Register*).

“**IFRS**” means International Financial Reporting Standards (formerly International Accounting Standards) endorsed from time to time by the European Union or any variation thereof with which the Issuer or its Restricted Subsidiaries comply as in effect on the Issue Date or, with respect to Condition 4.15 (*Financial Information*), as in effect from time to time. Except as otherwise set forth in these Conditions, all ratios, calculations and determinations based on IFRS contained in these Conditions shall be computed in accordance with IFRS as in effect on the Issue Date. At any time after the Issue Date, the Issuer may elect to establish that IFRS shall mean the IFRS as in effect on or prior to the date of such election; *provided that* any such election, once made, shall be irrevocable.

“**IFRS 16 Lease Obligation**” means an obligation that is required to be classified and accounted for as a lease liability for financial reporting purposes on the basis of IFRS 16. The amount of Indebtedness will be, at the time any determination is to be made, the amount of such obligation required to be recognised on a balance sheet (excluding any notes thereto) prepared in accordance with IFRS.

“**Incur**” means, with respect to any Indebtedness or other obligation of any Person, to create, issue, incur (including by conversion or exchange, but for the avoidance of doubt, excluding extensions of maturity), assume, guarantee or otherwise become liable in respect of such Indebtedness or other obligation of such Person (and “**Incurrence**”, “**Incurred**” and “**Incurrence**” shall have meanings correlative to the preceding). Indebtedness of any acquired Person or any of its Restricted Subsidiaries existing at the time such acquired Person becomes a Restricted Subsidiary of the Issuer (or is merged

into or consolidated with the Issuer or any Restricted Subsidiary of the Issuer), whether or not such Indebtedness was Incurred in connection with, as a result of, or in contemplation of, such acquired Person becoming a Restricted Subsidiary of the Issuer (or being merged into or consolidated with the Issuer or any Restricted Subsidiary of the Issuer), shall be deemed Incurred at the time any such acquired Person becomes a Restricted Subsidiary of the Issuer (or merges into or consolidates with the Issuer or any Restricted Subsidiary of the Issuer) and Indebtedness outstanding on the Issue Date shall be deemed Incurred on the Issue Date. Notwithstanding the foregoing, the following will not be deemed to be an Incurrence:

- (a) the accrual of interest or Preferred Stock dividends or the accretion of original issue discount;
- (b) the amortisation of debt discount or the accretion of principal with respect to a non-interest bearing or other discount security;
- (c) the payment of regularly scheduled interest in the form of additional Indebtedness of the same instrument or the payment of regularly scheduled dividends on Capital Stock in the form of additional Capital Stock of the same class and with the same terms;
- (d) the reclassification of Preferred Stock as Indebtedness due to a change in accounting principles; and
- (e) the obligation to pay a premium in respect of Indebtedness arising in connection with the issuance of the notice of redemption or the making of a mandatory offer to purchase such Indebtedness.

“Indebtedness” means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables):

- (a) in respect of borrowed money;
- (b) evidenced by bonds, debentures, notes, loan stock, commercial paper, acceptance credits, letters of credit, bills or promissory notes drawn, accepted, endorsed or issued by such Person (but not Trade Instruments);
- (c) representing non-contingent obligations of such Person to reimburse any other Person for amounts paid by that Person under a letter of credit or similar instrument (excluding any letters of credit or similar instrument incurred and payable in the ordinary course of business within 365 days of the date they were incurred);
- (d) representing the amounts attributable to any Fixed Lease Obligation and IFRS 16 Lease Obligation (excluding amounts attributable to any Variable Lease Obligation);
- (e) representing the balance deferred and unpaid of the purchase price of any property or services due more than one year after such property is acquired or such services are completed;
- (f) representing any Hedging Obligations in respect of interest rate or currency hedging; and
- (g) the principal component of all obligations, or liquidation preferences, with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends),

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of the specified Person prepared in accordance with IFRS. In addition, the term “Indebtedness” includes all Indebtedness of others secured by a Lien on any asset of the specified Person, *provided, however*, that the amount of Indebtedness shall be limited to the lesser of the Fair Market Value of such asset at the date of

determination and the amount of Indebtedness secured by such Lien (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the guarantee by the specified Person of any Indebtedness of any other Person, in each case without double counting Indebtedness that meets more than one of the preceding criteria.

The term “Indebtedness” shall not include:

- (a) Subordinated Shareholder Funding;
- (b) any lease, concession or license of property which would be considered an operating lease under IFRS and any guarantee given by the Issuer or a Restricted Subsidiary in the ordinary course of business solely in connection with, and in respect of, the obligations of the Issuer or a Restricted Subsidiary under any such operating lease;
- (c) commitments and contingencies in the ordinary course of business which are classified as off-balance sheet liabilities in accordance with IFRS provided such commitments and contingencies do not relate to obligations that constitute Indebtedness;
- (d) in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing;
- (e) purchase price hold-backs in respect of a portion of the purchase price of an asset to satisfy warranty claims or other unperforming obligations of the seller;
- (f) deposits or advances received from clients or customers, in each case, in the ordinary course of business;
- (g) for the avoidance of doubt, any contingent obligations in respect of workers’ compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes; or
- (h) all amounts attributable to any Variable Lease Obligation.

“**Independent Financial Adviser**” means any investment banking, accountancy, appraisal or financial advisory firm, in each case of international standing, appointed, at the expense of the Issuer, by the Issuer or the relevant Restricted Subsidiary, *provided* that it is not an Affiliate of the Issuer or any Subsidiary of the Issuer.

“**Instructing Group**” has the meaning given to it in the Intercreditor Agreement.

“**Intercreditor Agreement**” means the intercreditor agreement dated on or about 28 September 2023 between, amongst others, the Issuer, the Guarantors, the Security Agent, the Trustee and the facility agent under the Revolving Credit Facility Agreement.

“**Interest Period**” has the meaning set out in Condition 5.2 (*Calculation of Interest*).

“**Interest Rate Agreement**” means any interest rate swap agreement, interest rate cap agreement or other financial agreement or arrangement with respect to exposure to interest rates.

“**Investment Grade Rating**” means a rating equal to or higher than Baa3 (or the equivalent) by Moody’s and BBB- (or the equivalent) by Fitch or Standard & Poor’s.

“**Investment Grade Status**” shall occur when the Notes have an Investment Grade Rating from at least two of Moody’s, Fitch or Standard & Poor’s (or, if any such entity ceases to rate the Notes, the

equivalent investment grade credit rating from any other Nationally Recognised Statistical Rating Organisation).

“Investments” means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan or other extension of credit (excluding advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person made in the ordinary course of business and rent deposits), or capital contribution to (including by means of any transfer of cash or other property to others, but excluding commission, travel and similar advances to officers and employees made in the ordinary course of business and further excluding any Capital Expenditure), or the incurrence of any guarantee of any obligation of, or any purchase or other acquisition of Capital Stock, Indebtedness or other securities issued by, such other Persons, together with all items that are or would be classified as investments on a balance sheet (excluding the footnotes) prepared in accordance with IFRS. If the Issuer or any Restricted Subsidiary of the Issuer sells or otherwise disposes of any Capital Stock of any direct or indirect Restricted Subsidiary of the Issuer such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the Issuer, the Issuer shall be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Issuer’s Investments in such Restricted Subsidiary that were not sold or disposed of. The acquisition by the Issuer or any Restricted Subsidiary of the Issuer of a Person that holds an Investment in a third Person shall be deemed to be an Investment by the Issuer or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investment held by the acquired Person in such third Person. The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer’s option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

“IPO Entity” means the Issuer or a Parent Holdco of the Issuer that is conducting a public Equity Offering on a Recognised Stock Exchange.

“Issue Date” means 3 October 2023.

“Joint Venture” means any joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture or partnership or any other entity.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof, any sale with recourse against the seller or any Affiliate of the seller, or any agreement to give any security interest) securing any obligation of any Person.

“Management Advances” means loans or advances made to, or guarantees with respect to loans or advances made to, directors, officers, employees or consultants of the Issuer or any Restricted Subsidiary:

- (a) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business of the Issuer or any of its Restricted Subsidiaries;
- (b) in respect of moving related expenses incurred in connection with any opening or closing or consolidation of any facility or office of the Issuer or any of its Restricted Subsidiaries; or
- (c) any other such loans, advances or guarantees provided that they are made in the ordinary course of business of the Issuer or any of its Restricted Subsidiaries and do not exceed U.S.\$5.0 million in the aggregate outstanding at any time.

“Material Adverse Effect” means a material adverse effect on:

- (a) the business, results of operations, property, assets, condition (financial or otherwise) or prospects of the Issuer and its Subsidiaries taken as a whole;

- (b) the Issuer’s ability to perform its obligations under the Trust Deed, the Intercreditor Agreement and/or the Security Documents to which the Issuer is party;
- (c) any Guarantor’s ability to perform its obligations under the Trust Deed, the Intercreditor Agreement and/or the Security Documents to which any such Guarantor is party; or
- (d) the validity, legality or enforceability of the Trust Deed, or the rights or remedies of the Noteholders or the Trustee under the Trust Deed.

“**Material Subsidiary**” means at any relevant time a Subsidiary of the Issuer:

- (a) whose total assets, EBITDA or revenue represents 10 per cent. or more of the consolidated total assets, Consolidated EBITDA or consolidated revenue of the Issuer (in each case determined by reference to the most recent publicly available annual or quarterly consolidated financial statements of the Issuer prepared in accordance with IFRS and the latest annual or quarterly financial statements of the Subsidiary determined in accordance with IFRS); or
- (b) to which is transferred all or substantially all the assets and undertakings of a Subsidiary of the Issuer which immediately prior to such transfer is a Material Subsidiary, save that each Guarantor shall at all times be deemed to be a Material Subsidiary.

“**Maturity Date**” means 3 October 2028.

“**Moody’s**” means Moody’s Investors Service, Inc. and any successor to its rating agency business, and any entity in its group providing rating services.

“**Nationally Recognised Statistical Rating Organisation**” means a nationally recognised statistical rating organisation within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, and any entity in its group providing rating services.

“**Net Cash Proceeds**”, with respect to any issuance or sale of Capital Stock or Indebtedness, means the cash proceeds of such issuance or sale net of legal fees, accountants’ fees, underwriters’ or placement agents’ fees, discounts or commissions and brokerage, consultant and other fees actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

“**Non-Guarantor Subsidiary**” means any Restricted Subsidiary of the Issuer that is not a Guarantor.

“**Non-Recourse Debt**” means Indebtedness as to which neither the Issuer nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (b) is directly or indirectly liable as a guarantor or otherwise.

“**Noteholder**” has the meaning set out in Condition 1.2 (*Register*).

“**Notes Documents**” means the Trust Deed, the Agency Agreement, the Security Documents and the Intercreditor Agreement.

“**Obligations**” means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

“**Offering Memorandum**” means the offering memorandum dated 02 October 2023 relating to the Notes;

“**Officer’s Certificate**” means a certificate signed by a director of the Issuer or such other representative of the Issuer who is authorised to represent it in relation to the subject matter thereof.

“Opinion of Counsel” means a written opinion from legal counsel of international standing acceptable to the Trustee and which, for the avoidance of doubt, may contain customary assumptions and qualifications.

“outstanding principal amount” means, in respect of each Note, its nominal amount as reduced from time to time pursuant to Condition 6 (*Redemption and Purchase*).

“Parent Holdco” means any Person (other than a natural person) which legally and beneficially owns more than 50 per cent. of the Voting Stock and/or Capital Stock of another Person, either directly or through one or more Subsidiaries.

“Permitted Acquisition” means the proposed acquisition by the Issuer of the Permitted Acquisition Target pursuant to the Permitted Acquisition Agreement, as described in the Offering Memorandum.

“Permitted Acquisition Agreement” means the sale and purchase agreement dated 30 June 2023 between the Issuer and the sellers party thereto in connection with the acquisition of the entire share capital of the Permitted Acquisition Target;

“Permitted Acquisition Target” means Universo Pacha, S.A.;

“Permitted Business” means (i) any businesses activities engaged in by the Issuer or any of its Restricted Subsidiaries on the Issue Date as described in the Offering Memorandum and (ii) any businesses, services and activities engaged in by the Issuer or any of the Restricted Subsidiaries that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

“Permitted Collateral Liens” means Liens on the Collateral:

- (a) described in one or more of paragraphs (c), (g), (h), (i), (l), (m), (o), (p), (q), (r), (u), (v), (y), (cc) or (ff) (with respect to paragraphs (cc) or (ff), only to the extent covered by one of the foregoing provisions referenced in this paragraph (a)) of the definition of “Permitted Liens” and that, in each case, would not materially interfere with the ability of the Security Agent to enforce the Liens on the Collateral; or
- (b) to secure:
 - (i) the Notes issued on the Issue Date and any related Guarantees;
 - (ii) Indebtedness permitted to be incurred under paragraphs (a), (b)(ii), (vii), (xiii) and (xiv) (in the case of paragraph (xiv) to the extent incurred by a Guarantor and to the extent such guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens) of Condition 4.1 (*Incurrence of Indebtedness*); *provided*, that, in each case, after giving effect thereto on a *pro forma* basis (A) the Issuer’s Consolidated Senior Secured Net Leverage Ratio would not exceed 2.5 to 1.0 or (B) in the case of paragraph (vii) of Condition (4.1) (*Incurrence of Indebtedness*) only, if the Consolidated Senior Secured Net Leverage Ratio is no greater than it was *pro forma* for the incurrence of such Indebtedness;
 - (iii) Indebtedness permitted to be incurred under paragraph (viii) of Condition (4.1) (*Incurrence of Indebtedness*); and
 - (iv) any Refinancing Indebtedness in respect of Indebtedness referred to in the above paragraphs (i) through (iii) and this paragraph (iv),

provided that, in the case of paragraph (b) above:

- (A) each of the secured parties to any such Indebtedness (acting directly or through its respective creditor representative) will have entered into the Intercreditor Agreement; and
- (B) all property and assets (including, without limitation, the Collateral) securing such Indebtedness (including any guarantees thereof) also secures the Notes and the Guarantees on a senior or *pari passu* basis (including by application of payment order, turnover or equalisation provisions substantially consistent with the corresponding provisions set forth in the Intercreditor Agreement), other than:
 - (1) any property and assets of (or capital stock of or intercompany receivables owed to or by) the Permitted Acquisition Target and its Restricted Subsidiaries as at the date of consummation of the Permitted Acquisition; or
 - (2) to the extent that securing any such property and assets in favour of the Notes and the Guarantees would reasonably be expected to give rise to or result in any of the matters referred to in paragraphs (i) through (iv) of Condition 4.12(d) (and the Trustee shall be entitled to rely without further investigation or liability on an Officer's Certificate delivered by the Issuer as to the circumstances falling within such paragraphs).

“Permitted Holders” means any or all of Kabir Mulchandani and the Connected Parties.

“Permitted Investments” means:

- (a) any Investment in the Issuer or any Restricted Subsidiary of the Issuer;
- (b) any Investment in cash (for the avoidance of doubt, including cash held in any current account with any bank or financial institution) and Cash Equivalents;
- (c) any Investment by the Issuer or a Restricted Subsidiary of the Issuer in a Person, if as a result of such Investment: (i) such Person becomes a Restricted Subsidiary of the Issuer; or (ii) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys all or substantially all of its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary of the Issuer;
- (d) any Investment made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Sale, in each case, that was made pursuant to and in compliance with Condition 4.5 (*Asset Sales*);
- (e) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock) or Subordinated Shareholder Funding as consideration;
- (f) any Investments received in settlement of debts created in the ordinary course of business or in compromise or resolution of (x) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Issuer or any Restricted Subsidiary of the Issuer, including pursuant to any plan of reorganisation or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (y) litigation, arbitration or other disputes;
- (g) Investments in receivables owing to the Issuer or any Restricted Subsidiary of the Issuer if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; *provided, however*, that such trade terms may include such concessionary terms as the Issuer or any such Restricted Subsidiary deems reasonable under the circumstances;

- (h) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of “Permitted Liens” or made in connection with Liens permitted under Condition 4.3 (*Limitation on Liens*);
- (i) guarantees of Indebtedness not prohibited by Condition 4.1 (*Incurrence of Indebtedness*) hereof and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business;
- (j) Investments represented by Hedging Obligations, which obligations are permitted by Condition 4.1(b)(viii);
- (k) (x) Investments in the Notes and (y) any Investments in any other Indebtedness (other than Subordinated Obligations) of the Issuer or any Restricted Subsidiary;
- (l) any Investment existing on, or made pursuant to legally binding commitments in existence on, the Issue Date and any extension, modification or renewal of any such Investment; *provided that* the amount of the Investment may be increased (i) as required by the terms of the Investment as in existence on the Issue Date or (ii) as otherwise permitted under the Trust Deed;
- (m) Investments acquired after the Issue Date as a result of the acquisition by the Issuer or any Restricted Subsidiary of another Person, including by way of a merger, amalgamation or consolidation with or into the Issuer or any of its Restricted Subsidiaries in a transaction that is not prohibited by Condition 4.9 (*Mergers and Similar Transactions*), after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;
- (n) the endorsement of negotiable instruments in the ordinary course of business;
- (o) any performance, bid, completion, surety or appeal bonds or similar instruments, guarantees or obligations entered into in the ordinary course of business;
- (p) any guarantee given in respect of the netting or set-off arrangements permitted pursuant to paragraph (k) of the definition of “Permitted Liens”;
- (q) Management Advances;
- (r) any Investment in or in respect of (i) land or real property including in connection with (x) any contract in relation thereto, or any acquisition, disposition, leasing or licensing of land, sites, developments right or options, real property, or any building license, collaboration arrangement or management contract arrangement (or similar) and (y) any acquisition as part of an enforcement, share purchase, public auction, payment-in-kind, or forfeiture process by any legal means (whether a negotiated process or otherwise), in each case, in the ordinary course of business and (ii) the ordinary course of business (including guarantees of the obligation of, and loans to, landlords, lessors, developers, co-developers or franchises) or as required by law or regulation;
- (s) Investment in licences, concessions, authorisations, franchises, permits or similar arrangement that are related to the Issuer’s or any Restricted Subsidiary’s business; and
- (t) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this paragraph (t) that are at the time outstanding do not exceed U.S.\$15 million; *provided that* if an Investment is made pursuant to this paragraph in a Person that is not a Restricted Subsidiary at the date of the making of such Investment and such Person subsequently becomes a Restricted Subsidiary or is

subsequently designated a Restricted Subsidiary pursuant to Condition 4.2 (*Limitation on Restricted Payments*), such Investment shall thereafter be deemed to have been made pursuant to paragraph (a) or (c) above and not this paragraph (t).

“Permitted Liens” means:

- (a) Liens in favour of the Issuer or Restricted Subsidiaries to secure obligations which are not pledged to secure Indebtedness owing to third parties;
- (b) any Lien existing on the Issue Date after giving effect to the offering of the Notes and the application of proceeds therefrom as described in the Offering Memorandum;
- (c) Liens imposed by law or by agreement having the same effect, including but without limitation, Liens of landlords and carriers, warehousemen, mechanics, suppliers, material men, repairmen or other similar Liens arising in the ordinary course of business;
- (d) Liens on property or shares of Capital Stock of another Person at the time such other Person becomes a Restricted Subsidiary of or is merged or consolidated with or into the Issuer or any of its Restricted Subsidiaries; *provided, however, that* the Liens may not extend to any other property owned by the Issuer or any of its Restricted Subsidiaries (other than assets and property affixed or appurtenant thereto);
- (e) Liens on property (including Capital Stock) at the time the Issuer or any of its Restricted Subsidiaries acquires the property, including any acquisition by means of a merger or consolidation with or into the Issuer or such Restricted Subsidiary; *provided, however, that* the Liens may not extend to any other property owned by the Issuer or any of its Restricted Subsidiaries (other than assets and property affixed or appurtenant thereto);
- (f) any Lien securing the Notes and any Guarantee;
- (g) any Lien incurred, or pledges or deposits in connection with workers’ compensation, unemployment insurance and other social security benefits and other obligations of like nature in the ordinary course of business;
- (h) Liens (including deposits) to secure the performance of bids, trade contracts, government contracts, leases, statutory obligations, customs duties, guarantees, completion, surety and appeal bonds, performance or return-of-money bonds or liabilities to insurance carriers under insurance or self-insurance arrangements and other obligations of like nature, in each case so long as such Liens do not secure obligations constituting Indebtedness for money borrowed and are incurred in the ordinary course of business, including Liens to secure letters of credit or other documentary facilities issued to assure payment of such obligations;
- (i) survey exceptions, easements, rights of way, restrictions (including zoning restrictions), reservations, permits, servitudes, defects or irregularities in title and other similar charges and encumbrances, and Liens arising under leases or subleases granted to others, in each case not interfering in any material respect with the business of the Issuer or any of its Restricted Subsidiaries and existing, arising or incurred in the ordinary course of business incidental to the conduct of the business of such Person or to the ownership of its properties which were not Incurred in connection with Indebtedness and which do not individually or in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;
- (j) any Lien securing reimbursement obligations of the Issuer or any of its Restricted Subsidiaries with respect to letters of credit encumbering only documents and other property relating to such letters of credit and the products or proceeds thereof in the ordinary course of business; *provided that* such letters of credit do not constitute Indebtedness;

- (k) (i) a right of set-off, right to combine accounts or any analogous right which any bank or other financial institution may have relating to any credit balance of any member of the Group; *provided, however, that* (x) such deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by the Issuer or any of its Restricted Subsidiaries and (y) such deposit account is not intended by the Issuer or any Restricted Subsidiary of the Issuer to provide collateral to the depository institution and (ii) any Lien arising in the ordinary course of banking transactions;
- (l) any Lien for ad valorem, income or property taxes or assessments, customs or other governmental charges and similar charges, including VAT, which either are not delinquent or are being contested in good faith by appropriate proceedings for which the Issuer or relevant Restricted Subsidiary of the Issuer has set aside in its accounts reserves to the extent required by IFRS;
- (m) Liens arising out of judgments, decrees, orders or awards not constituting an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings or for which adequate reserves have been made;
- (n) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;
- (o) Leases, licenses, subleases and sublicenses of assets in the ordinary course of business;
- (p) any interest or title of a lessor under any operating or finance leases;
- (q) (i) mortgages, liens, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary has easement rights or on any real property leased by the Issuer or any Restricted Subsidiary and subordination or similar agreements relating thereto and (ii) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;
- (r) Liens on property or assets under construction (and related rights) in favour of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;
- (s) Liens Incurred in connection with a cash management programme established in the ordinary course of business; *provided, however, that* the programme does not establish any dedicated cash collateral accounts and cash accounts are not subject to restrictions against access by the Issuer or any of its Restricted Subsidiaries;
- (t) Liens resulting from escrow arrangements unrelated to Indebtedness for borrowed money entered into in connection with an acquisition or disposition of assets;
- (u) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;
- (v) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;
- (w) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

- (x) Liens to secure any Refinancing Indebtedness permitted to be Incurred under these Conditions; *provided, however, that:*
 - (i) the new Lien is limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to such property or replacement assets or proceeds or distributions thereof); and
 - (ii) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (A) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness Refinanced with such Refinancing Indebtedness and (B) an amount necessary to pay any fees and expenses, including premiums, related to such Refinancing;
- (y) any Liens arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to the Issuer or any of its Restricted Subsidiaries in the ordinary course of business and on the supplier's standard or usual terms and not arising as a result of any default or omission by the Issuer or any of its Restricted Subsidiaries;
- (z) Liens (including put and call arrangements) on Capital Stock or other securities of any Unrestricted Subsidiary securing any Indebtedness of such Unrestricted Subsidiary;
- (aa) Liens to secure Indebtedness incurred pursuant to Condition 4.1(a) or Conditions 4.1(b)(i), (ii), (iv), (v), (vii), (xiii) or (xv) (*Incurrence of Indebtedness*) (including any Refinancing of such Indebtedness);
- (bb) Liens securing Hedging Obligations permitted under Condition 4.1(b)(viii) (*Incurrence of Indebtedness*) and any Lien the principal purpose of which is to allow the setting off or netting of obligations under or in connection with any Hedging Obligation, in either case, so long as such Lien is over only (i) the assets that secure the Indebtedness that is the subject of the relevant Hedging Obligations or (ii) cash or Cash Equivalents securing such Hedging Obligations;
- (cc) Liens to secure any guarantee that is permitted by Condition 4.1(b)(xiv) (*Incurrence of Indebtedness*);
- (dd) any Lien given in connection with receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;
- (ee) Liens (i) on escrowed proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or (ii) on cash set aside at the time of incurrence of any Indebtedness, in the case of each of (i) and (ii) above, to the extent such cash prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose; and
- (ff) any extension, renewal or replacement, in whole or in part, of any Lien described in the foregoing paragraphs (a) through (ee); *provided that* any such extension, renewal or replacement shall be no more restrictive in any material respect than the Lien so extended, renewed or replaced and shall not extend to any additional property or assets and that to the extent such Lien secures Indebtedness, the principal amount of the Indebtedness so secured is not increased.

“**Person**” means any individual, corporation, partnership, joint venture, bank, financial institution, trust, unincorporated organisation or government or any Agency or political subdivision thereof or other entity.

“PLF Arrangement” means any sale and lease-back arrangement entered into by the Issuer or any of its Restricted Subsidiaries (in each case, as lessee) with respect to any property, hotel rooms, apartments, residential units, holiday homes or any other parts or components in any buildings, hotels or other developments (whether constructed, acquired or improved) in the ordinary course of the Permitted Business and pursuant to which: (a) the term of the relevant lease is for the substantial useful life of such asset or property; (b) neither the Issuer nor any of its Restricted Subsidiaries is subject to any principal repayment obligations under the relevant lease (for the avoidance of doubt, excluding rental or similar or equivalent payments); and (c) all rental or similar or equivalent payments payable by the Issuer or any of its Restricted Subsidiaries to the lessor under the relevant lease are either (i) a Fixed Lease Obligation for the full term of the relevant lease or (ii) a Variable Lease Obligation for the full term or any part of the term of the relevant lease;

“Potential Event of Default” means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an Event of Default.

“Preferred Stock”, as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

“Priority Indebtedness” means Indebtedness (i) of any Restricted Subsidiary of the Issuer that is not a Guarantor or (ii) incurred by the Issuer or any Restricted Subsidiary of the Issuer and that is secured by a Lien that does not secure the Notes on an equal and rateable basis or on a priority basis, in each case, other than:

- (a) Indebtedness incurred pursuant to the Revolving Credit Facility Agreement (or Refinancing Indebtedness with respect thereto) in an aggregate principal amount at any one time outstanding not to exceed U.S.\$200.0 million; *provided*, that such Indebtedness (or guarantee thereof) is not:
 - (i) incurred by any Restricted Subsidiary of the Issuer that is not a Guarantor, other than (A) the Permitted Acquisition Target and its Restricted Subsidiaries as at the date of consummation of the Permitted Acquisition or (B) to the extent that the granting of a Guarantee by the relevant Restricted Subsidiary would reasonably be expected to give rise to or result in any of the matters referred to in paragraphs (i) through (iv) of Condition 4.12(d) (and the Trustee shall be entitled to rely without further investigation or liability on an Officer’s Certificate delivered by the Issuer as to the circumstances falling within such paragraphs); or
 - (ii) secured by a Lien that does not secure the Notes, other than (A) a Lien with respect to the property and assets of (or capital stock of or intercompany receivables owed to or by) the Permitted Acquisition Target and its Restricted Subsidiaries as at the date of consummation of the Permitted Acquisition or (B) to the extent that granting such Lien to secure the Notes would reasonably be expected to give rise to or result in any of the matters referred to in paragraphs (i) through (iv) of Condition 4.12(d) (and the Trustee shall be entitled to rely without further investigation or liability on an Officer’s Certificate delivered by the Issuer as to the circumstances falling within such paragraphs); and
- (b) Indebtedness incurred under Conditions 4.1(b)(vi), (viii), (ix), (x), (xi) or (xii) (or Refinancing Indebtedness of any of the foregoing),

in each case, without double counting Indebtedness that meets more than one of the preceding criteria.

“Priority Leverage Ratio” means, as of any date of determination, the ratio (expressed as a percentage) of (a) Priority Indebtedness on such date to (b) the consolidated total assets of the Issuer and its Restricted Subsidiaries as at the latest date for which an internal balance sheet is available immediately preceding the date on which such additional Indebtedness is incurred or other transaction for which the Priority Leverage Ratio is being calculated is completed.

In addition, for purposes of calculating the Priority Leverage Ratio:

- (a) acquisitions that have been made by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, subsequent to such balance sheet date and on or prior to the relevant Determination Date, or that are to be made on the relevant Determination Date, will be given pro forma effect (as determined in good faith by a responsible accounting or financial officer of the Issuer);
- (b) if since such balance sheet date the Issuer or any Restricted Subsidiary has disposed of any company, any business, or any group of assets constituting an operating unit of a business (a **“Disposition”**) or if the transaction giving rise to the need to calculate the Priority Leverage Ratio is such a Disposition, consolidated total assets will be reduced by an amount equal to the consolidated total assets (if positive) attributable to the assets which are the subject of such Disposition or increased by an amount equal to the consolidated total assets (if negative) attributable thereto; provided that if any such disposition constitutes “discontinued operations” in accordance with IFRS, consolidated total assets shall be reduced by an amount equal to the consolidated total assets (if positive) attributable to such operations or increased by an amount equal to the consolidated total assets (if negative) attributable thereto;
- (c) any Person that is a Restricted Subsidiary on the relevant Determination Date will be deemed to have been a Restricted Subsidiary as at such balance sheet date; and
- (d) any Person that is not a Restricted Subsidiary on the relevant Determination Date will be deemed not to have been a Restricted Subsidiary as at such balance sheet date.

“Recognised Stock Exchange” means any nationally recognised stock exchange in the United Arab Emirates, United States or any member of the European Union, the United Kingdom or Switzerland.

“Refinance” means, in respect of any security or Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease, discharge or retire, or to issue a security or Indebtedness in exchange or replacement for, such security or Indebtedness in whole or in part; and **“Refinanced”** and **“Refinancing”** shall have correlative meanings.

“Refinancing Indebtedness” means Indebtedness of the Issuer or any of its Restricted Subsidiaries that Refinances any Indebtedness of the Issuer or any Restricted Subsidiary of the Issuer existing on the Issue Date or Incurred in compliance with the Trust Deed, including Indebtedness that Refinances Refinancing Indebtedness; *provided, however, that:*

- (a) such Refinancing Indebtedness has a final maturity date that is either (i) no earlier than the final maturity date of the Indebtedness being Refinanced or (ii) after the final maturity date of the Notes;
- (b) such Refinancing Indebtedness has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being Refinanced;

- (c) such Refinancing Indebtedness has an aggregate principal amount (or if Incurred with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if Incurred with original issue discount, the aggregate accreted value) then outstanding (plus accrued interest, fees and expenses, including any premium and defeasance costs) under the Indebtedness being Refinanced;
- (d) if the Indebtedness being Refinanced is subordinated in right of payment to the Notes or any Guarantee, such Refinancing Indebtedness is subordinated in right of payment to the Notes and such Guarantee at least to the same extent as the Indebtedness being Refinanced; and
- (e) if the Issuer or any Guarantor was the obligor on the Indebtedness being Refinanced, such Indebtedness is Incurred either by the Issuer or by a Guarantor,

provided further, however, that Refinancing Indebtedness shall not include (A) Indebtedness of a Restricted Subsidiary that is not a Guarantor that Refinances Indebtedness of the Issuer or a Guarantor or (B) Indebtedness of the Issuer or a Restricted Subsidiary that Refinances Indebtedness of an Unrestricted Subsidiary.

“**Register**” has the meaning set out in Condition 1.2 (*Register*).

“**Regulation S Global Note Certificate**” has the meaning given to it in Condition 1.1 (*Form and denomination*).

“**Relevant Date**” in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note, being made in accordance with the Conditions, such payment will be made; *provided that* payment is in fact made upon such presentation.

“**Relevant Taxing Jurisdiction**” means, in the case of the Issuer or any Guarantor, the jurisdiction of incorporation or organisation of the Issuer or such Guarantor and (if different) the jurisdiction in which the Issuer or such Guarantor is resident for tax purposes, any jurisdiction in which the Issuer or applicable Guarantor is engaged in business for tax purposes (to the extent such engagement gives rise to a taxable presence under or with respect to the Notes) or from or through which any payment on the Notes is made by or on behalf of the Issuer or any Guarantor (including the jurisdiction of any Paying Agent), and any political subdivision or taxing authority thereof or therein having power to tax.

“**Restricted Investment**” means an Investment other than a Permitted Investment.

“**Restricted Payment**” with respect to any Person means:

- (a) the declaration or payment of any dividends or any other distributions of any sort in respect of its Capital Stock (including any payment in connection with any merger or consolidation involving such Person) or similar payment to the direct or indirect holders of its Capital Stock (other than (A) dividends or distributions payable solely in its Capital Stock (other than Disqualified Stock) or in options, warrants or other rights to purchase such stock or in Subordinated Shareholder Funding and (B) dividends or distributions payable solely to the Issuer or a Restricted Subsidiary of the Issuer);
- (b) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of any Capital Stock of the Issuer or any Parent Holdco of the Issuer held by any Person (other than by a Restricted Subsidiary of the Issuer), including in connection with any merger or consolidation and including the exercise of any option to exchange any Capital Stock (other than into Capital Stock of the Issuer that is not Disqualified Stock);

- (c) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment of any Subordinated Obligations of the Issuer or any Guarantor (other than (i) any intercompany Indebtedness between or among the Issuer and any Restricted Subsidiary of the Issuer or (ii) the purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Obligations purchased in anticipation of satisfying a sinking fund obligation, principal instalment or final maturity, in each case due within one year of the date of such purchase, repurchase, redemption, defeasance or other acquisition or retirement);
- (d) the making of any payment (whether in respect of interest or principal), or the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Shareholder Funding (other than any payment of interest thereon in the form of additional Subordinated Shareholder Funding); or
- (e) the making of any Restricted Investment.

“Restricted Subsidiary” means any Subsidiary of the Issuer that is not an Unrestricted Subsidiary.

“Revolving Credit Facility Agreement” means the revolving credit facility agreement dated 27 September 2023, between, amongst others, the Issuer, as borrower, and Commercial Bank of Dubai PSC, as RCF agent, as amended, varied or supplemented from time to time.

“Revolving Credit Facility” means Indebtedness under the Revolving Credit Facility Agreement.

“Rule 144A Global Note Certificate” has the meaning given to it in Condition 1.1 (*Form and denomination*).

“Securities Act” means the U.S. Securities Act of 1933, as amended.

“Security Agent” means Commercial Bank of Dubai PSC in its capacity as security agent for the Secured Parties (as defined under the Intercreditor Agreement), unless and until a successor replaces it in accordance with the applicable provisions of the Intercreditor Agreement and thereafter means the successor thereof.

“Security Documents” means the “Security Documents”, as defined under the Intercreditor Agreement and as amended, varied or supplemented from time to time, under which the Collateral is pledged to secure the Notes, the obligations under these Conditions and the Trust Deed.

“Senior Indebtedness” means, whether outstanding on the Issue Date or thereafter incurred, all amounts payable by, under or in respect of all other Indebtedness of the Issuer or any Restricted Subsidiary, including premiums and accrued and unpaid interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganisation relating to the Issuer or such Restricted Subsidiary at the rate specified in the documentation with respect thereto whether or not a claim for post filing interest is allowed in such proceeding) and fees relating thereto; *provided, however, that* Senior Indebtedness will not include:

- (a) any obligation of the Issuer or any Restricted Subsidiary to the Issuer or any Restricted Subsidiary of the Issuer;
- (b) any liability for Taxes owed or owing by the Issuer or any Restricted Subsidiary of the Issuer;
- (c) any Indebtedness of the Issuer or any Restricted Subsidiary in respect of Subordinated Obligations or Disqualified Stock;
- (d) any accounts payable or other liability to trade creditors arising in the ordinary course of business (including guarantees thereof or instruments evidencing such liabilities); and

- (e) that portion of any Indebtedness which at the time of Incurrence is Incurred in violation of these Conditions.

“Senior Secured Indebtedness” means any Indebtedness secured by a Lien on the Collateral on a basis *pari passu* with or senior to the security in favour of the Notes or the Guarantees, other than Indebtedness incurred under Conditions 4.1(b)(vi), (viii) (ix), (x), (xi) or (xii) (or Refinancing Indebtedness of any of the foregoing).

“Shareholder Funding” means, collectively, any funds provided to the Issuer by any Parent Holdco of the Issuer or any Permitted Holder, including any Subsidiary or Affiliate of any Parent Holdco or Permitted Holder that is not a Subsidiary of the Issuer, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case, issued to and held by any of the foregoing Persons.

“Short-term Leases” means leases that are for a period of one year or less.

“Specified Existing Indebtedness” means Indebtedness outstanding on the Issue Date under the credit facilities agreement dated 24 December 2020 (as amended) between 5 Atlantis AG as borrower, the Issuer as corporate guarantor, Kabir Mulchandani as beneficial owner and personal guarantor and Deutsche Bank (Suisse) SA as lender.

“Standard & Poor’s” means Standard & Poor’s, a division of The McGraw-Hill Companies, Inc., and any successor to its rating agency business, and any entity in its group providing rating services.

“Stated Maturity” means:

- (a) with respect to any Indebtedness, the date specified in such Indebtedness as the fixed date on which the final instalment of principal of such Indebtedness is due and payable; and
- (b) with respect to any scheduled instalment of principal of or interest on any Indebtedness, the date specified in such Indebtedness as the fixed date on which such instalment is due and payable.

“Subordinated Obligation” means, with respect to a Person, any Indebtedness of such Person (whether outstanding on the Issue Date or thereafter Incurred) which is subordinate or junior in right of payment to the Notes or a Guarantee, pursuant to a written agreement to that effect.

“Subordinated Shareholder Funding” means Shareholder Funding which:

- (a) does not mature or require any amortisation, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition);
- (b) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts, except for any such payments made in compliance with Condition 4.2 (*Limitation on Restricted Payments*) or the making of any such payment is restricted by the Intercreditor Agreement;
- (c) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes or any such provision or right is restricted by the Intercreditor Agreement;
- (d) does not provide for or require any Lien over any property or asset of the Issuer or any of its Restricted Subsidiaries; and

- (e) is made to the Issuer (and not to any of its Restricted Subsidiaries) and pursuant to its terms is fully subordinated and junior in right of payment to the Notes pursuant to a written instrument to that effect.

“**Subsidiary**” of any Person means (a) any corporation more than 50 per cent. of the outstanding voting power of the Capital Stock of which is owned or controlled, directly or indirectly, by such Person or by one or more other Subsidiaries of such Person, or by such Person and one or more other Subsidiaries thereof, (b) any limited partnership of which such Person or any Subsidiary of such Person is a general partner, (c) any other Person in which such Person, or one or more other Subsidiaries of such Person, or such Person and one or more other Subsidiaries, directly or indirectly, has more than 50 per cent. of the outstanding partnership or similar interests or has the power, by contract or otherwise, to direct or cause the direction of the policies, management and affairs thereof or (d) any Person whose financial statements are required by IFRS to be consolidated into the consolidated financial statements of the relevant Person.

“**Taxes**” has the meaning set out in Condition 8 (*Taxation*).

“**Treasury Rate**” means, as of any redemption date, the yield to maturity as of such redemption date of the most recently issued United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to 3 October 2025, except that if the period from the redemption date to 3 October 2025 is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given; *provided, however, that* if the period from the redemption date to 3 October 2025, is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

“**Trust Deed**” has the meanings given to it in the introductions to these Conditions.

“**Trustee**” means Citibank, N.A., London Branch, in its capacity as trustee under the Trust Deed and any successor thereto as provided thereunder or such other trustee as may be appointed in accordance with the Trust Deed from time to time.

“**Unrestricted Subsidiary**” means any Subsidiary of the Issuer that is designated by the Board of Directors of the Issuer as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors but only to the extent that such Subsidiary at the time of such designation:

- (a) has no Indebtedness other than Non-Recourse Debt;
- (b) except as permitted by Condition 4.4 (*Transactions with Affiliates*), is not party to any agreement, contract, arrangement or understanding with the Issuer or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favourable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Issuer; and
- (c) is a Person with respect to which neither the Issuer nor any Restricted Subsidiary has any direct or indirect obligation (i) to subscribe for additional Capital Stock or (ii) to maintain or preserve such Person’s financial condition or to cause such Person to achieve any specified levels of operating results.

“**U.S. Dollar Equivalent**” means with respect to any amount denominated in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such other currency involved into U.S. dollars at the spot rate for the purchase of U.S. dollars with the

applicable foreign currency as quoted by Reuters at approximately 11:00 a.m. (New York City time) on the date not more than two Business Days prior to the date of determination.

“Variable Lease Obligation” means, in relation to any period, any rental or similar or equivalent payment obligation of the Issuer or any of its Restricted Subsidiaries pursuant to a PLF Arrangement that is variable in nature as regards the amounts payable thereunder (such that no payment obligation arises if the Issuer or the relevant Restricted Subsidiary receives no revenues from one or more referenced properties or assets in respect of such period). For the avoidance of doubt, for the purposes of this definition, a “period” may be a part of a term of a PLF Arrangement.

“VAT” means value added tax or any other tax of a similar nature.

“Voting Stock” of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

“Weighted Average Life to Maturity” means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

- (a) the sum of the products obtained by multiplying:
 - (i) the amount of each then remaining instalment, sinking fund, serial maturity or other required payment of principal or liquidation preference, as the case may be, including payment at final maturity, in respect thereof (*provided that* any payments of principal, the making of which is subject to any conditions, including availability of cash of an obligor, shall be not treated as “required” for the purposes of this paragraph), by
 - (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment, by
- (b) the then outstanding aggregate principal amount or liquidation preference, as the case may be, of such Indebtedness.

“Wholly-Owned Restricted Subsidiary” means a Restricted Subsidiary of the Issuer, all of the Capital Stock of which (other than directors’ qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Issuer or another Wholly-Owned Restricted Subsidiary) is owned by the Issuer or another Wholly-Owned Restricted Subsidiary.

TAXATION

The following is a general description of certain BVI, Cayman Islands, UAE, DIFC and United States tax considerations relating to the Notes. It does not constitute tax advice, nor does it purport to be a complete analysis of all tax considerations relating to the Notes in the BVI, the Cayman Islands, the UAE, the DIFC, the United States or elsewhere. Prospective investors in the Notes and Noteholders should consult their tax advisers as to which countries' tax laws could be relevant to their acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries.

The information and analysis contained within this section are limited to taxation issues, and prospective investors should not apply any information or analysis set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.

Certain BVI Tax Considerations

Payments of interest and principal on the Notes will not be subject to taxation in the BVI and no withholding will be required on the payment of interest and principal to any holder of the Notes nor will gains derived from the disposal of the Notes be subject to BVI income or corporation tax, provided that the payments are made to persons who are not resident in the BVI.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the BVI with respect to the Notes.

There are currently no withholding taxes or exchange control regulations in the BVI applicable to the Company.

If neither the Company nor any subsidiary holds an interest in real estate in the BVI, no stamp duty is payable in respect of the issue of the Notes or on an instrument of transfer in respect of the Notes.

Cayman Islands Taxation Considerations

The following is a general summary of present Cayman Islands income tax law considerations of the entry into the Guarantees by the Cayman Guarantors. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under Existing Cayman Islands Laws

The Cayman Islands currently has no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax. Payments of any amounts by the Cayman Guarantors under the Guarantees will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of any amount to the Trustee under the Trust Deed.

No stamp duty is payable in respect of the entry into the Trust Deed although duty may be payable if the original Trust Deed is executed in or an original thereof is thereafter brought into the Cayman Islands or produced before the courts of the Cayman Islands.

Certain UAE and DIFC Tax Considerations

Under currently applicable legislation, there is no requirement for withholding or deduction for or on account of UAE or Dubai taxation in respect of payments on debt securities (including in relation to the Notes and the Guarantees). The UAE has entered into "Double Taxation Arrangements" with certain other countries.

Notwithstanding the above, on 9 December 2022, the UAE government issued Federal Decree-Law No. 47 of 2022 on the taxation of corporations and businesses (the "CT Law"). The CT Law applies to financial years beginning on or after 1 June 2023 and imposes corporate tax on: (i) all legal persons incorporated or effectively managed and controlled in the UAE; (ii) natural persons who conduct business in the UAE; and (iii) foreign entities that have a permanent establishment in, or nexus to, the UAE, or otherwise derive UAE-sourced income. The tax rate will be 9 per cent. on taxable income exceeding AED 375,000.

Pursuant to Article 14 of Law No. 9 of 2004 in respect of the DIFC (the “**DIFC Law**”), entities licensed, registered or otherwise authorised to carry on financial services in the DIFC and their employees shall be subject to a zero rate of tax for a period of 50 years from 13 September 2004. This zero rate of tax applies to income, corporation and capital gains tax. In addition, this zero rate of tax will also extend to repatriation of capital and to transfers of assets or profits or salaries to any party outside the DIFC. Article 14 of the DIFC Law also provides that it is possible to renew the 50 year period to a similar period upon issuance of a resolution by the Ruler of Dubai.

Pursuant to the CT Law, the zero-rate applicable in the DIFC will only apply to “qualifying free zone persons” on their “qualifying income”. In order to be treated as a qualifying free zone person, the free zone entity must generate qualifying income, comply with transfer pricing requirements, maintain adequate substance in the UAE, and comply with any other conditions that may be set under future UAE government directives. The definition of the term “qualifying income” has not been established to date.

Pursuant to the CT Law, the withholding tax rate for any cross-border payments that are subject to withholding tax will be subject to the prevailing rate of zero per cent. Accordingly, no tax should be payable in respect of any payments to foreign persons in connection with the Notes by any DIFC Guarantor or any UAE Guarantor.

In the event of the imposition of any withholding in the future, the Issuer and the Guarantors have undertaken to gross-up any payments subject to certain limited exceptions, as described in Condition 8 (*Taxation*).

Certain U.S. Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax considerations of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This discussion deals only with persons who purchase the Notes for cash at their “issue price” (the first price at which a substantial amount of Notes are sold for money, excluding sales to bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers) pursuant to the Offering that are U.S. Holders and that will hold Notes as capital assets within the meaning of Section 1221 of the Code (as defined below) (generally, property held for investment), except for the discussion below addressing FATCA (as defined under “*Foreign Account Tax Compliance Act*”). This discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors (including consequences under the alternative minimum tax or net investment income tax) and does not address state, local, non-U.S. or other tax laws. This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, investors using the accrual method of accounting for U.S. federal income tax purposes and who are required to recognise income for such purposes no later than when such income is taken into account in an applicable financial statement, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding Notes in connection with a trade or business conducted outside of the United States, U.S. citizens or lawful permanent residents living abroad or investors whose functional currency is not the U.S. dollar).

As used herein, the term “**U.S. Holder**” means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source, or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for U.S. federal

income tax purposes should consult their tax advisers concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Notes by the partnership.

This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended (the “Code”), its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

U.S. Federal Income Tax Characterisation of the Notes

U.S. Treasury regulations provide that, subject to certain exceptions, a debt instrument that provides for one or more contingent payments is a “contingent payment debt instrument” (“CPDI”). In certain circumstances, the Issuer may be obligated to redeem the Notes prior to maturity or to make additional payments on the Notes in excess of the stated interest and principal amount (e.g., as described under Condition 6.2 (*Redemption at the Option of the Issuer*), Condition 6.3 (*Optional Redemption in the event of an Equity Offering*) and Condition 6.4 (*Redemption at the Option of the Noteholders Upon a Change of Control*)). These potential payments may implicate the provisions of the U.S. Treasury regulations relating to CPDIs, but we do not intend to treat the possibility of such contingent payments on the Notes as subjecting the Notes to the contingent payment debt instrument rules. Our determination that the Notes are not subject to the contingent payment debt instrument rules is binding on a holder, unless such holder discloses its contrary position in the matter required by applicable U.S. Treasury regulations. It is possible that the Internal Revenue Service (the “IRS”) may take a different position, in which case, if such position is sustained, a U.S. Holder might be required to recognise income for U.S. federal income tax purposes at different times and in different amounts than described below, to treat any gain recognised on the sale, retirement or other taxable disposition of a Note as ordinary income rather than capital gain, and potentially to suffer additional adverse U.S. federal income tax consequences. Prospective purchasers of the Notes should consult their tax advisers regarding the possible application of the CPDI rules to the Notes. The remainder of this discussion assumes that the Notes will not be treated as CPDIs.

Payments of Interest

Payments of stated interest on a Note will be includible in the gross income of a U.S. Holder as ordinary interest income at the time such payments are received or accrued, depending on such holder’s method of accounting for U.S. federal income tax purposes. It is expected, and this discussion assumes, that the Notes will be issued without original issue discount for U.S. federal income tax purposes. Interest paid by the Issuer on the Notes will constitute income from sources outside the United States and generally will be considered passive category income for foreign tax credit purposes. Prospective purchasers should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to income attributable to the Notes.

Sale, Exchange, Retirement, Redemption or Other Taxable Disposition of the Notes

A U.S. Holder generally will recognise gain or loss on the sale, exchange, retirement, redemption or other taxable disposition of a Note equal to the difference between the amount realised on the sale, exchange, retirement, redemption or other taxable disposition and the U.S. Holder’s adjusted tax basis in the Note. A U.S. Holder’s adjusted tax basis in a Note generally will be its U.S. dollar cost. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be includible in income as interest income to the extent not previously included in income. Gain or loss realised by a U.S. Holder on the sale, retirement or other taxable disposition of a Note generally will be U.S. source income for foreign tax credit purposes.

Gain or loss recognised by a U.S. Holder on the sale, exchange, retirement, redemption or other taxable disposition of a Note generally will be capital gain or loss and will be long-term gain or loss if the Note was

held by the U.S. Holder for more than one year. Capital gains of non-corporate U.S. Holders (including individuals) derived with respect to capital assets held for more than one year are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. U.S. Holders should consult their own tax advisers concerning the treatment of any non-U.S. income tax imposed on the disposition of Notes in their particular circumstances.

Substitution of the Issuer

Condition 11.3 (*Substitution*) provides that, in certain circumstances, the obligations of the Issuer under the Notes may be assumed by another entity. Any such assumption might be treated for U.S. federal income tax purposes as a deemed exchange of Notes by a U.S. Holder in exchange for new notes issued by the new obligor. As a result of this deemed exchange, a U.S. Holder could be required to recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the issue price of the new notes, as determined for U.S. federal income tax purposes (which is generally expected to equal the fair market value of the new notes, so long as the new notes are “publicly traded” within the meaning of U.S. Treasury regulations), and the U.S. Holder’s tax basis in the Notes (although any such loss could be disallowed). Any amounts attributable to accrued but unpaid interest would be includible in income as ordinary interest income to the extent not previously included in income. Depending on their issue price, the new notes may be treated as issued with original issue discount or premium for U.S. federal income tax purposes. U.S. Holders should consult their tax advisers concerning the U.S. federal income tax consequences to them of a change in obligor with respect to the Notes.

Information Reporting and Backup Withholding

Payments of principal, and interest on, and the proceeds of the sale, exchange, retirement, redemption or other taxable disposition of Notes by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of Notes, including requirements related to the holding of certain “specified foreign financial assets” as described below.

Information with Respect to Foreign Financial Assets

Certain U.S. Holders who are individuals (and certain entities) that hold an interest in “specified foreign financial assets” (which may include the Notes) are required to report information (generally on IRS Form 8938) relating to such assets, subject to certain exceptions (including an exception for Notes held in accounts maintained by certain financial institutions). U.S. Holders who fail to report the required information could be subject to substantial penalties. In addition, the statute of limitations for assessment of tax would be suspended, in whole or part. U.S. Holders should consult their tax advisers regarding the effect, if any, of this requirement on their ownership and disposition of the Notes.

Foreign Account Tax Compliance Act

Pursuant to sections 1471 through 1474 of the Code (provisions commonly known as “**FATCA**”) and subject to the proposed regulations discussed below, a “foreign financial institution” may be required to withhold U.S. tax on certain foreign passthru payments to the extent such payments are treated as attributable to certain U.S. source payments. Obligations issued on or prior to the date that is six months after the date on which applicable final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be “grandfathered” unless materially modified after such date. Accordingly, if the Issuer is treated as a foreign financial institution, withholding under FATCA could apply to payments on the Notes only if there is a significant modification of the Notes for U.S. federal income tax purposes after the expiration of this grandfathering period. Under proposed regulations, any withholding on foreign passthru payments on Notes that are not otherwise grandfathered would apply to passthru payments made on or after the date that is two years after the date of publication in the U.S. Federal Register of applicable final regulations defining foreign passthru payments. Taxpayers generally may rely on these proposed regulations until final regulations are

issued. Certain non-U.S. governments have entered into an intergovernmental agreement with the United States (and additional non-U.S. governments are expected to enter into such agreements) to implement FATCA in a manner that alters the rules described herein. Holders should consult their own tax advisers on how these rules may apply to their investment in the Notes. In the event any withholding under FATCA is imposed with respect to any payments on the Notes, there will be no additional amounts payable to compensate for the withheld amount.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The Global Note Certificates contain provisions which apply to the Notes in respect of which the Global Note Certificates are issued, some of which modify the effect of the Conditions set out in this Offering Memorandum. Terms defined in the Conditions have the same meaning in the paragraphs below. The following is a summary of those provisions:

Meetings

The registered holder of each Global Note Certificate will be treated as having one vote in respect of each U.S.\$1,000 in principal amount of Notes for which the Global Note Certificates are issued. The Trustee may allow a person with an interest in Notes in respect of which the Global Note Certificates have been issued to attend and speak (but not vote) at a meeting of Noteholders on appropriate proof of his or her identity and interest.

Trustee's Powers

In considering the interests of Noteholders while the Global Note Certificates are registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, (i) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Notes and (ii) consider such interests on the basis that such accountholders were the holders of the Notes in respect of which the Global Note Certificates are issued.

Payment

Payments of principal, interest and premium (if any) in respect of Notes represented by the Global Note Certificates will be made to the person who appears at the relevant time on the Register without presentation and, if no further payment is to be made in respect of the Notes, against presentation and surrender of the Global Note Certificates to or to the order of the Principal Paying Agent and Transfer Agent or such other Paying Agent and Transfer Agent as shall have been notified to the Noteholders for such purpose.

Notices

So long as the Notes are represented by a Global Note Certificate and the Global Note Certificate is held on behalf of DTC, Euroclear or Clearstream, Luxembourg or any alternative clearing system, notices to Noteholders may be given by delivery of the relevant notice to DTC, Euroclear or Clearstream, Luxembourg, or such alternative clearing system (as the case may be), for communication by it to entitled accountholders in substitution for notification as otherwise required by the Conditions, provided that, for so long as the Notes are listed on Nasdaq Dubai and/or the ISM, and if and to the extent that the listing rules of Nasdaq Dubai or the DFSA and/or the London Stock Exchange (as the case may be) so require, notices will also be sent to Nasdaq Dubai or the DFSA and/or the London Stock Exchange (as the case may be).

Prescription

Claims in respect of principal, premium and interest on the Notes while the Notes are represented by the Global Note Certificates will be prescribed after 10 years, in the case of principal and premium, and five years, in the case of interest, from the appropriate Relevant Date (as defined in Condition 20 (*Definitions*)).

BOOK-ENTRY, DELIVERY AND FORM

The Global Note Certificates

The Regulation S Notes will be evidenced on issue by the Regulation S Global Note Certificate registered in the name of a nominee for, and deposited with the Common Depositary on behalf of, Euroclear and Clearstream, Luxembourg. Beneficial interests in the Regulation S Global Note Certificate may be held only through Euroclear or Clearstream, Luxembourg at any time. See “—*Book-entry Procedures for the Global Note Certificates*”. By acquisition of a beneficial interest in the Regulation S Global Note Certificate, the purchaser thereof will be deemed to represent, among other things, that it is located outside the United States.

The Rule 144A Notes will be evidenced on issue by the Rule 144A Global Note Certificate deposited with a custodian for, and registered in the name of a nominee of, DTC. Beneficial interests in the Rule 144A Global Note Certificate may only be held through DTC at any time. See “—*Book-entry Procedures for the Global Note Certificates*”. By acquiring a beneficial interest in the Rule 144A Global Note Certificate, the purchaser thereof will be deemed to represent, among other things, that it is a QIB and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the Trust Deed. See “*Selling and Transfer Restrictions*”. Terms defined in the Conditions have the same meaning in the paragraphs below.

Beneficial interests in Global Note Certificates will be subject to certain restrictions on transfer set forth therein and in the Trust Deed, and the Global Note Certificates will bear the applicable legends regarding the restrictions set forth under “*Selling and Transfer Restrictions*”. A beneficial interest in the Regulation S Global Note Certificate may be transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note Certificate only in denominations greater than or equal to the minimum denominations applicable to interests in the Rule 144A Global Note Certificate and only upon receipt by the Registrar of a written certification (in the form provided in the Agency Agreement) to the effect that the transferor reasonably believes that the transferee is a QIB and that such transaction is in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. Beneficial interests in the Rule 144A Global Note Certificate may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note Certificate only upon receipt by the Registrar of a written certification (in the form provided in the Agency Agreement) from the transferor to the effect that the transfer is being made in an offshore transaction in accordance with Regulation S.

Any beneficial interest in the Regulation S Global Note Certificate that is transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note Certificate will, upon transfer, cease to be an interest in the Regulation S Global Note Certificate and become an interest in the Rule 144A Global Note Certificate, and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the Rule 144A Global Note Certificate for as long as it remains such an interest. Any beneficial interest in the Rule 144A Global Note Certificate that is transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note Certificate will, upon transfer, cease to be an interest in the Rule 144A Global Note Certificate and become an interest in the Regulation S Global Note Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the Regulation S Global Note Certificate for so long as it remains such an interest. No service charge will be made for any registration of transfer or exchange of Notes.

Except in the limited circumstances described below, owners of beneficial interests in Global Note Certificates will not be entitled to receive physical delivery of Definitive Note Certificates. The Notes are not issuable in bearer form.

Exchange and Registration of Title

Owners of interests in the Notes in respect of which the Global Note Certificate is issued will only be entitled to have title to the Notes registered in their names and to receive individual definitive Notes if a Global Note Certificate is held by or on behalf of (i) DTC, and DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Global Note Certificate or ceases to be a “clearing agency” registered under the Exchange Act or if at any time it is no longer eligible to act as such, and

the Issuer is unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC, or (ii) Euroclear or Clearstream, Luxembourg (or any other clearing system as shall have been designated by the Issuer and approved by the Trustee on behalf of which the Notes evidenced by the Global Note Certificate may be held), as the case may be, is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

In such circumstances, the Issuer will cause sufficient Definitive Note Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholders. A person with an interest in the Notes in respect of which the Global Note Certificate is issued must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Notes.

If only one of the Global Note Certificates (the “**Exchanged Global Note Certificate**”) becomes exchangeable for Definitive Note Certificates in accordance with the above paragraphs, transfers of Notes may not take place between, on the one hand, persons holding Definitive Note Certificates issued in exchange for beneficial interests in the Exchanged Global Note Certificate and, on the other hand, persons wishing to purchase beneficial interests in the other Global Note Certificate.

Legends

The holder of a Definitive Note Certificate may transfer the Notes evidenced thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the Registrar or any Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of a Rule 144A Definitive Note Certificate bearing the legend referred to under “*Selling and Transfer Restrictions*”, or upon specific request for removal of the legend on a Rule 144A Definitive Note Certificate, the Issuer will deliver only Rule 144A Definitive Note Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Book-entry Procedures for the Global Note Certificates

Euroclear, Clearstream, Luxembourg and DTC

Custodial and depository links have been established between Euroclear, Clearstream, Luxembourg and DTC to facilitate the initial issue of the Notes and cross-market transfers of the Notes associated with secondary market trading. See “—*Book-entry Ownership—Settlement and Transfer of Notes*”.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in such Global Note Certificates directly through Euroclear or Clearstream, Luxembourg if they are accountholders (“**Direct Participants**”) or indirectly (“**Indirect Participants**” and, together with Direct Participants, “**Participants**”) through organisations which are accountholders therein.

DTC

DTC has advised the Issuer as follows: DTC is a limited-purpose trust company organised under the laws of the State of New York, a “banking organisation” under the laws of the State of New York, a member of the U.S. Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants (“**DTC Participants**”) and facilitate the clearance and settlement of securities transactions between DTC Participants through electronic computerised book-entry changes in accounts of its DTC Participants, thereby eliminating the need for physical movement of certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a DTC Participant, directly or indirectly.

Investors may hold their interests in the Rule 144A Global Note Certificate directly through DTC if they are DTC Participants in the DTC system, or indirectly through organisations which are DTC Participants in such system.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more DTC Participants and only in respect of such portion of the aggregate principal amount of the relevant Rule 144A Global Note Certificates as to which such DTC Participant or DTC Participants has or have given such direction. However, in the circumstances described under “*Book-entry Ownership*”, DTC will surrender the relevant Rule 144A Global Note Certificates for exchange for individual Rule 144A Definitive Note Certificates (which will bear the legend applicable to transfers pursuant to Rule 144A).

Book-entry Ownership

Euroclear and Clearstream, Luxembourg

The Regulation S Global Note Certificate will have an ISIN and a Common Code and will be registered in the name of a nominee for, and deposited with the Common Depository on behalf of, Euroclear and Clearstream, Luxembourg.

The address of Euroclear is 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium, and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855, Luxembourg.

DTC

The Rule 144A Global Note Certificate will have a CUSIP number, an ISIN and a Common Code and will be deposited with a custodian (the “**Custodian**”) for, and registered in the name of a nominee of, DTC. The Custodian and DTC will electronically record the principal amount of the Notes held within the DTC system. The address of DTC is 55 Water Street, New York, New York 10041, United States.

Relationship of Participants with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the holder of a Note evidenced by a Global Note Certificate must look solely to Euroclear, Clearstream, Luxembourg or DTC (as the case may be) for his share of each payment made by the Issuer to the holder of such Global Note Certificate and in relation to all other rights arising under the Global Note Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or DTC (as the case may be). The Issuer expects that, upon receipt of any payment in respect of Notes evidenced by a Global Note Certificate, the Common Depository by whom such Note is held, or nominee in whose name it is registered, will immediately credit the relevant participants’ or account holders’ accounts in the relevant clearing system with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Note Certificate as shown on the records of the relevant clearing system or its nominee. The Issuer also expects that payments by Direct Participants or DTC Participants, as the case may be, in any clearing system to owners of beneficial interests in any Global Note Certificate held through such Direct Participants or DTC Participants, as the case may be, in any clearing system will be governed by standing instructions and

customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are evidenced by such Global Note Certificate and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Note Certificate in respect of each amount so paid. None of the Issuer, the Trustee or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Note Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

Settlement and Transfer of Notes

Subject to the rules and procedures of each applicable clearing system, purchases of Notes held within a clearing system must be made by or through Direct Participants or DTC Participants, as the case may be, which will receive a credit for such Notes on the clearing system's records. The ownership interest of each actual purchaser of each such Note (the "**Beneficial Owner**") will in turn be recorded on the Direct Participants' or DTC Participants', as the case may be, records. Beneficial Owners will not receive written confirmation from any clearing system of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or DTC Participants, as the case may be, through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in Notes held within the clearing system will be affected by entries made on the books of Direct Participants or DTC Participants, as the case may be, acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in any Global Note Certificate held within a clearing system are exchanged for Definitive Note Certificates.

No clearing system has knowledge of the actual Beneficial Owners of the Notes held within such clearing system and their records will reflect only the identity of the Direct Participants or DTC Participants, as the case may be, to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct Participants or DTC Participants, as the case may be, will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to Direct Participants or DTC Participants, as the case may be, by Direct Participants to Indirect Participants, and by Direct Participants, Indirect Participants or DTC Participants, as the case may be, to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Note Certificate to such persons may be limited. Because DTC can only act on behalf of DTC Participants, the ability of a person having an interest in the Rule 144A Global Note Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Trading between Euroclear and/or Clearstream, Luxembourg Participants

Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds.

Trading between DTC Participants

Secondary market sales of book-entry interests in the Notes between DTC Participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to U.S. corporate debt obligations in DTC's Same-Day Funds Settlement system in same-day funds, if payment is effected in U.S. dollars or, free of payment, if payment is not effected in U.S. dollars. Where payment is not effected in U.S. dollars, separate payment arrangements outside DTC are required to be made between DTC Participants.

Trading between DTC Seller and Euroclear/Clearstream, Luxembourg Purchaser

When book-entry interests in Notes are to be transferred from the account of a DTC Participant holding a beneficial interest in the Rule 144A Global Note Certificate to the account of a Euroclear or Clearstream, Luxembourg accountholder wishing to purchase a beneficial interest in the Regulation S Global Note Certificate (subject to the certification procedures provided in the Agency Agreement), the DTC Participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12:00 p.m. (New York City time) on the settlement date. Separate payment arrangements are required to be made between the DTC Participant and the relevant Euroclear or Clearstream, Luxembourg Participant. On the settlement date, the custodian of the Rule 144A Global Note Certificate will instruct the Registrar to (i) decrease the amount of Notes registered in the name of Cede & Co. and evidenced by the Rule 144A Global Note Certificate and (ii) increase the amount of Notes registered in the name of the nominee of the Common Depositary for Euroclear and Clearstream, Luxembourg and evidenced by the Regulation S Global Note Certificate. Book-entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first business day following the settlement date.

Trading between Euroclear/Clearstream, Luxembourg Seller and DTC Purchaser

When book-entry interests in the Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC Participant wishing to purchase a beneficial interest in the Rule 144A Global Note Certificate (subject to the certification procedures provided in the Agency Agreement), Euroclear or Clearstream, Luxembourg Participant must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 7:45 p.m. (Brussels or Luxembourg time) one business day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn transmit appropriate instructions to the Common Depositary for Euroclear and Clearstream, Luxembourg and the Registrar to arrange delivery to the DTC Participant on the settlement date. Separate payment arrangements are required to be made between the DTC Participant and the relevant Euroclear or Clearstream, Luxembourg accountholder, as the case may be. On the settlement date, the Common Depositary for Euroclear and Clearstream, Luxembourg will (i) transmit appropriate instructions to the custodian of the Rule 144A Global Note Certificate who will in turn deliver such book-entry interests in the Notes free of payment to the relevant account of the DTC Participant and (ii) instruct the Registrar to (a) decrease the amount of Notes registered in the name of the nominee of the Common Depositary for Euroclear and Clearstream, Luxembourg and evidenced by the Regulation S Global Note Certificate; and (b) increase the amount of Notes registered in the name of Cede & Co. and evidenced by the Rule 144A Global Note Certificate.

Although Euroclear, Clearstream, Luxembourg and DTC have agreed to the foregoing procedures in order to facilitate transfers of beneficial interest in Global Note Certificates among participants and accountholders of Euroclear, Clearstream, Luxembourg and DTC, they are under no obligation to perform or continue to perform such procedure, and such procedures may be discontinued at any time. None of the Issuer, the Trustee or any Agent will have the responsibility for the performance by Euroclear, Clearstream, Luxembourg or DTC or their respective Direct Participants, Indirect Participants or DTC Participants, as the case may be, of their respective obligations under the rules and procedures governing their operations.

CERTAIN INSOLVENCY AND ENFORCEABILITY CONSIDERATIONS

The following is a brief description of certain insolvency and enforceability considerations in the BVI, the Cayman Islands, UAE and the DIFC. The descriptions below do not purport to be complete or discuss all of the limitations or considerations that may affect the Notes, the Guarantees or the Common Security. Proceedings of bankruptcy, insolvency or a similar event could be initiated in any of these jurisdictions. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect Noteholders' ability to enforce their rights and to collect payment in full under the Notes, the Guarantees and the Common Security. Prospective investors in the Notes should consult their own legal advisers with respect to such limitations and considerations. See "Risk Factors—Risks Relating to Enforcement" and "Risk Factors—Risks Relating to the Common Security".

The British Virgin Islands

The Issuer is incorporated in the British Virgin Islands and is subject to the insolvency laws of the British Virgin Islands, including the BVI Insolvency Act (As Revised) (the "**Insolvency Act**").

The liquidation of a BVI company may be a voluntary solvent liquidation or a liquidation under the Insolvency Act. Where a company has been struck off the Register of Companies under the BVI Business Companies Act (As Revised) continuously for a period of 7 years it is dissolved with effect from the last day of that period.

Voluntary Liquidation

If the liquidation is a solvent liquidation, the provisions of the Act governs the liquidation. A company may only be liquidated under the Act as a solvent liquidation if it has no liabilities or it is able to pay its debts as they fall due and the value of its assets exceeds its liabilities. Subject to the memorandum and articles of association of a company, a liquidator may be appointed by a resolution of directors, or resolution of members but if the directors have commenced liquidation by a resolution of directors the members must approve the liquidation plan by a resolution of members save in limited circumstances.

A liquidator is appointed for the purpose of collecting in and realising the assets of a company and distributing proceeds to creditors.

Liquidation under the Insolvency Act

The Insolvency Act governs an insolvent liquidation. Pursuant to the Insolvency Act, a company is insolvent if: (a) it fails to comply with the requirements of a statutory demand that has not been set aside pursuant to the Insolvency Act; or (b) execution or other process issued on a judgment, decree or order of a BVI court (the "**Court**") in favour of a creditor of the company is returned wholly or partly unsatisfied; or (c) either the value of the company's liabilities exceeds its assets; or (d) the company is unable to pay its debts as they fall due. The liquidator must be either the Official Receiver in the BVI or a BVI licensed insolvency practitioner. An individual resident outside the BVI may be appointed to act as liquidator jointly with a BVI licensed insolvency practitioner or the Official Receiver. The members of the company may appoint an insolvency practitioner as liquidator of the company or the Court may appoint an Official Receiver or an eligible insolvency practitioner. The application to the Court can be made by one or more of the following: (a) the company; (b) a creditor; (c) a member; (d) the supervisor of a creditors' arrangement in respect of the company, the Financial Services Commission and the Attorney General in the BVI.

The Court may appoint a liquidator if:

- (a) the company is insolvent;
- (b) the Court is of the opinion that it is just and equitable that a liquidator should be appointed; or
- (c) the Court is of the opinion that it is in the public interest for a liquidator to be appointed.

An application under (a) above by a member may only be made with leave of the Court, which shall not be granted unless the Court is satisfied that there is *prima facie* a case that the company is insolvent. An application

under (c) above may only be made by the Financial Services Commission or the Attorney General and they may only make an application under (c) above if the company concerned is, or at any time has been, a regulated person (i.e. a person that holds a prescribed financial services licence) or the company is carrying on, or at any time has carried on, unlicensed financial services business.

Order of Preferential Payments upon Liquidation

Upon the insolvent liquidation of a company, the assets of a company shall be applied in accordance with the following priorities: (a) in paying, in priority to all other claims, the costs and expenses properly incurred in the liquidation in accordance with the prescribed priority; (b) after payment of the costs and expenses of the liquidation, in paying the preferential claims admitted by the liquidator (wages and salary, amounts to the BVI Social Security Board, pension contributions, government taxes) – preferential claims rank equally between themselves and, if the assets of the company are insufficient to meet the claims in full, they shall be paid rateably; (c) after the payment of preferential claims, in paying all other claims admitted by the liquidator, including those of non-secured creditors – the claims of non-secured creditors of the company shall rank equally among themselves and if the assets of the company are insufficient to meet the claims in full, such non-secured creditors shall be paid rateably; (d) after paying all admitted claims, paying any interest payable under the Insolvency Act; and finally (e) any surplus assets remaining after payment of the costs, expenses and claims above shall be distributed to the members in accordance with their rights and interests in the company. Part VIII of the Insolvency Act provides for various applications which may be made by a liquidator to set aside transactions which have unfairly diminished the assets which are available to creditors.

The appointment of a liquidator over the assets of a company does not affect the right of a secured creditor to take possession of and realise or otherwise deal with assets of the company over which that creditor has a security interest. Accordingly, a secured creditor may enforce its security directly without recourse to the liquidator, in priority to the order of payments described in the paragraph above. However, so far as the assets of a company in liquidation available for payment of the claims of unsecured creditors are insufficient to pay the costs and expenses of the liquidation and the preferential creditors, those costs, expenses and claims have priority over the claims of chargees in respect of assets that are subject to a floating charge created by a company and shall be paid accordingly out of those assets.

Voidable Transactions

In the event of the insolvency of a company, there are four types of voidable transaction provided for in the Insolvency Act:

- (a) **Unfair Preferences**: Under section 245 of the Insolvency Act a transaction entered into by a company, if it is entered into within the hardening period at a time when the company is insolvent, or it causes the company to become insolvent (an “**insolvency transaction**”), and which has the effect of putting the creditor into a position which, in the event of the company going into insolvent liquidation, will be better than the position it would have been in if the transaction had not been entered into, will be deemed an unfair preference. A transaction is not an unfair preference if the transaction took place in the ordinary course of business. It should be noted that this provision applies regardless of whether the payment or transfer is made for value or at an undervalue.
- (b) **Undervalue Transactions**: Under section 246 of the Insolvency Act the making of a gift or the entering into of a transaction on terms that the company is to receive no consideration, or where the value of the consideration for the transaction, in money or money’s worth, is significantly less than the value, in money or money’s worth, of the consideration provided by the company will (if it is an insolvency transaction entered into within the hardening period) be deemed an undervalue transaction. A company does not enter into a transaction at an undervalue if it is entered into in good faith and for the purposes of its business and, at the time the transaction was entered into, there were reasonable grounds for believing the transaction would benefit the company.
- (c) **Voidable Floating Charges**: Under section 247 of the Insolvency Act, a floating charge created by a company is voidable if it is an insolvency transaction created within the hardening period. A floating charge is not voidable to the extent that it secures: (i) money advanced or paid to the company, or at

its direction, at the same time as, or after, the creation of the charge; (ii) the amount of any liability of the company discharged or reduced at the same time as, or after, the creation of the charge; (iii) the value of assets sold or supplied, or services supplied, to the company at the same time as, or after, the creation of the charge; and (iv) the interest, if any, payable on the amount referred to in (i) to (iii) pursuant to any agreement under which the money was advanced or paid, the liability was discharged or reduced, the assets were sold or supplied or the services were supplied.

- (d) Extortionate Credit Transactions: Under section 248 of the Insolvency Act, an insolvency transaction entered into by a company for, or involving the provision of, credit to the company, may be regarded as an extortionate credit transaction if, having regard to the risk accepted by the person providing the credit, the terms of the transaction are or were such to require grossly exorbitant payments to be made in respect of the provision of the credit, or the transaction otherwise grossly contravenes ordinary principles of fair trading and such transaction takes place within the hardening period.

The “hardening period” (known in the Insolvency Act as the “vulnerability period”) in respect of each voidable transaction provision set out above is as follows:

- (a) for the purposes of sections 245, 246 and 247 of the Insolvency Act the period differs depending on whether the person(s) that the transaction is entered into with, or the preference is given to, are “connected persons” of the company within the meaning of the Insolvency Act:
- (i) in the case of “connected persons”, the “hardening period” is the period beginning two years prior to the “onset of insolvency” and ending on the appointment of a liquidator of the company; and
 - (ii) in the case of any other person, the “hardening period” is the period beginning six months prior to the “onset of insolvency” and ending on the appointment of a liquidator of the company; and
- (b) for the purposes of section 248 of the Insolvency Act, the “hardening period” is the period beginning five years prior to the “onset of insolvency” and ending on the appointment of a liquidator of the company regardless of whether the person(s) that the transaction is entered into with is a connected person.

The onset of insolvency for these purposes is the date on which an application for the appointment of a liquidator was filed (if the liquidator was appointed by the Court) or the date of the appointment of the liquidator (where the liquidator was appointed by the members).

A conveyance made by a person with intent to defraud creditors is voidable at the instance of the person thereby prejudiced. There is no requirement that the relevant transaction was entered into at a time when one party was insolvent or became insolvent as a result of the transaction, and there is no requirement that the transferring party subsequently went into liquidation. However, no conveyance entered into for valuable consideration and in good faith to a person who did not have notice of the intention to defraud may be impugned.

The Cayman Islands

Each of the Cayman Guarantors is an exempted company incorporated with limited liability in the Cayman Islands. Given that the Cayman Guarantors are Cayman Islands incorporated companies, insolvency or restructuring proceedings could be commenced in respect of the Cayman Guarantors in the Cayman Islands and such proceedings would be governed by Cayman Islands insolvency and restructuring laws. However, insolvency or restructuring proceedings in respect of Cayman Islands companies can, in certain circumstances, be commenced in other jurisdictions and so it should not be assumed that, in the event of insolvency, the Cayman Guarantors would be subject solely to Cayman Islands insolvency proceedings.

The Cayman Islands are a British Overseas Territory. The legal system is a common law system founded on the English system. Specific sources of Cayman Islands law are Cayman Islands legislation, English legislative provisions extended to the Cayman Islands by United Kingdom Orders in Council, Cayman Islands case law and comparative case law from England and other common law jurisdictions.

The doctrine of judicial precedent applies in the Cayman Islands as it applies in England. The sitting courts of the Cayman Islands are the Grand Court, a court of first instance, and the Court of Appeal, an appellate court in which appeals from the Grand Court are heard and determined. The ultimate court of appeal from these courts, as with many other Commonwealth jurisdictions, is the Judicial Committee of the Privy Council (the "**Privy Council**") in London. Decisions of the Privy Council on appeal from the courts of the Cayman Islands are binding on the Court of Appeal and the Grand Court. Decisions of the Court of Appeal are similarly binding on the Grand Court. Where there is no applicable Cayman Islands case law, the courts of the Cayman Islands will generally follow English authorities to the extent they are not inconsistent with Cayman Islands statute or authority and do not relate to English statutory provisions that have no equivalent in the Cayman Islands. Such authorities are persuasive but not binding. Similarly, decisions of the courts of other Commonwealth jurisdictions, including decisions of the Privy Council on appeal from other Commonwealth jurisdictions, are also of persuasive, but not binding, authority. Generally, the decisions of the appellate courts of other Commonwealth jurisdictions are of more persuasive value before the courts of the Cayman Islands, while decisions of the Privy Council on appeal from other Commonwealth jurisdictions are of the highest persuasive value.

Insolvency and restructuring procedures in the Cayman Islands are primarily governed by the Companies Act (As Revised) (the "**Companies Act**") and the Companies Winding Up Rules (As Revised). A number of other enactments may also be relevant, including the Insolvency Practitioners' Regulations (As Revised) and the Foreign Bankruptcy Proceedings (International Cooperation) Rules (As Revised). Under the Companies Act, companies can be subject to voluntary or involuntary winding-up proceedings. The Grand Court can also appoint a provisional liquidator after the presentation of a petition for the winding up of the company but before an order for the winding up of the debtor company is made where, for example, there is a *prima facie* case for making a winding-up order but there is an immediate need for the appointment of a provisional liquidator to take certain actions, which may include the safeguarding of assets for creditors. Further, under Cayman Islands law a provisional liquidator may be appointed on the application of the company itself with intention to present a compromise or arrangement with its creditors (for example, where the restructuring of the company's debts is sought to be achieved by way of a foreign proceeding such as chapter 11, a consensual deal with creditors or a Cayman Islands scheme of arrangement). Although there is an automatic stay of proceedings against a company when an order for winding up has been made or on the appointment of a provisional liquidator, the stay does not prevent a secured creditor from enforcing its security. Further, secured creditors do not have any statutorily implied right to appoint a receiver under Cayman Islands law and any right to do so must be contractual.

Cayman Islands law emphasises a company's cash flow position as being determinative of a company's ability to pay its debts, but whether the company is balance sheet insolvent could also be relevant. A company is cash flow insolvent if it is unable to pay its debts (this test contains an element of futurity; how far into the future a court may look is highly fact sensitive). A company is balance sheet insolvent if the value of the company's assets is less than the amount of its liabilities, taking into account its contingent and prospective liabilities.

Under the Companies Act, the Grand Court may wind up a company incorporated under the laws of the Cayman Islands (such as the Cayman Guarantors) in certain circumstances and as set out in section 92 of the Companies Act, and may accept and hear petitions for the winding up of such company from a creditor or contributory of such company in accordance with the Companies Act. Where a company incorporated under the laws of the Cayman Islands is wound up by way of voluntary liquidation commenced in the circumstances set out in section 116 of the Companies Act or is subject to a winding up order by the Grand Court, then the provisions of the Companies Act, including Cayman Islands insolvency law, would apply.

Notwithstanding that a liquidator and the Grand Court would apply Cayman Islands insolvency law to a winding up under the Companies Act, foreign laws, including foreign insolvency laws, may nevertheless be relevant in certain instances in the Cayman Islands. For example, foreign law may be relevant in a Cayman liquidation where it is the proper law of a creditor's claim. If under foreign law the creditor's claim has been compromised (for example, in a foreign scheme of arrangement), then the Cayman liquidator is likely to be bound by that compromise. Furthermore, where a company incorporated under the laws of the Cayman Islands is also being wound up in a foreign jurisdiction, the insolvency laws of that foreign jurisdiction are likely to apply to the treatment of any of the company's assets that are under the jurisdiction of the foreign court. The rules applicable in such a foreign (ancillary) winding up may be different to the rules applicable to the winding

up in the Cayman Islands. Section 95(2) of the Companies Act provides that the Grand Court shall dismiss a winding up petition or adjourn the hearing of a winding up petition in circumstances where a petitioner is contractually bound not to present a winding up petition against the company.

Section 140(2) of the Companies Act provides that upon the insolvency of a company that the collection in and application of the property of a company is without prejudice to any agreement between the company and any creditors that the claims of such creditors shall be subordinated or otherwise deferred to the claims of any other creditors and after taking into account and giving effect to any contractual rights of set-off or netting of claims between the company and any person or persons (including without limitation any bilateral or any multi-lateral set-off or netting arrangements between the company and any person or persons).

There is no established doctrine or statutory provision authorizing substantive consolidation (whereby a court can agree to consolidate the assets and liabilities of separate legal entities within a group on bankruptcy, winding up, liquidation or other insolvency proceeding) under the insolvency laws of the Cayman Islands. However, the Cayman Islands courts could approve a pooling arrangement in very limited and specific circumstances. Such jurisdiction exists pursuant to a Cayman Islands court-appointed liquidator's power to make any compromise or arrangement with creditors with the sanction of the Grand Court. This jurisdiction will only be exercised in exceptional circumstances where the affairs of two or more companies (or other entities) are so hopelessly intertwined that a pooling of their assets and liabilities is the only sensible way to proceed.

A similar commercial effect to a pooling arrangement could potentially be achieved through schemes of arrangement under section 86 of the Companies Act. A scheme of arrangement is a formal arrangement between a company and its creditors, which, when approved by the creditors (a simple majority of creditors by number holding 75% by value in each class who attend and vote, either in person or by proxy) and sanctioned by the Grand Court, becomes binding on the parties to the scheme. It may be possible to have linked schemes of arrangement in respect of multiple companies within the same group that would result in those companies' assets and liabilities being pooled. However, the companies' creditors would need to approve such an arrangement (in accordance with the majorities set out above) and the final arrangement would need to be approved by the Grand Court.

Factors Affecting Rights of Creditors

Rights of creditors may be affected by a scheme of arrangement. A compromise or arrangement between a company and its creditors or any class of them shall, if sanctioned by the Grand Court, be binding on all the creditors or a class of creditors. If there are creditors who form a class, the class will be bound by the scheme if a majority representing 75 per cent. in value of the class who attended (whether in person or by proxy) and voted approved the scheme. Cayman Islands law provides that a class is constituted by those persons "whose rights against the company which are to be released or varied under the scheme, or the new rights which the scheme gives in their place, are not so dissimilar as to make it impossible for them to consult together with a view to their common interest". Two or more creditors could constitute separate classes in a compromise or arrangement if they hold security over different assets or hold security over the same asset but do not rank equally.

Where a company is or is likely to become unable to pay its debts, it may also present a petition for the appointment of restructuring officers to obtain the protection of a moratorium and negotiate with creditors to explore a restructuring (a restructuring moratorium). Creditors are not permitted to present a petition for the appointment of restructuring officers. A moratorium on unsecured creditor claims will apply as soon as the petition for restructuring officers is filed: (a) which gives the company immediate breathing space in which to negotiate a restructuring with its creditors; and (b) the moratorium, as a matter of Cayman Islands law, has worldwide effect. Restructuring officers may be appointed where the company: (i) is or is likely to become unable to pay its debts (a commercial cash flow test with an element of futurity); and (ii) intends to present a compromise or arrangement to its creditors. A restructuring may be implemented through a Cayman Islands scheme of arrangement, a foreign restructuring proceeding (for example US Chapter 11 proceedings or an English scheme or arrangement) or a consensual deal with creditors. Restructuring officers are independent Court-appointed fiduciaries who supervise the restructuring process. The functions and powers of a restructuring officer will be a product of what the Order appointing them permits and the Court can tailor the terms of the Order to meet the purpose for which the restructuring officer is being appointed.

Section 99 of the Companies Act provides that: "when a winding up order has been made, any disposition of the company's property and any transfer of shares or alteration in the status of the company's members made after the commencement of the winding up is, unless the Court otherwise orders, void". Although there is no published decision of a Cayman Islands court of which we are aware, a creditor who has security over the whole or part of the assets of a company is entitled to enforce his security without the leave of the Grand Court and without reference to its liquidator.

A liquidator has no statutory right to disclaim an onerous contract under Cayman Islands law. There is no reported Cayman Islands authority as to whether a liquidator would have a right under common law as applied in the Cayman Islands to disclaim onerous contracts, although English case law indicates that no right of disclaimer exists under the common law.

On a winding up of a Cayman Islands company, the following debts are paid in priority to all unsecured debts:

- any sum due by the company to an employee, whether employed in the Cayman Islands or elsewhere, in respect of salaries, wages and gratuities accrued during the four months immediately preceding the commencement of the liquidation;
- any sum due and payable by the company on behalf of an employee in respect of medical health insurance premiums or pension fund contributions;
- any sum due in respect of severance pay and earned vacation leave where the employee's contract has been terminated as a result of the winding up;
- any compensation payable to a workman in respect of injuries incurred at work pursuant to the Workmen's Compensation Act (As Revised) of the Cayman Islands ("WCL");
- certain taxes and related penalties due to the Cayman Islands government comprising customs duties and penalties, stamp duty and penalties, license fees, sums payable under the Companies Act, such as annual return fees, and sums due in respect of taxes payable under the Tourist Accommodation (Taxation) Act (As Revised) of the Cayman Islands;
- certain preferential claims in respect of severance pay and pension contributions may also rank ahead of secured creditors in limited circumstances. See section 40(2) of the Labour Act (As Revised) of the Cayman Islands and section 65(3) of the National Pensions Act (As Revised) of the Cayman Islands;
- subject to certain exceptions, eligible depositors with a bank incorporated in the Cayman Islands which holds a category "A" License issued under the Banks and Trust Companies Act (As Revised) of the Cayman Islands in respect of the first CI\$20,000 (or its equivalent in any foreign currency) of each of their deposits on a winding up; and
- section 21 of the WCL provides that a workman is subrogated to the company's rights against an insurance company in respect of liabilities insured under the WCL, and that those rights of subrogation are preferential debts.

Security over assets under Cayman Islands law

As a general matter, it is not possible to take a "pledge" of shares of a Cayman Islands company in registered form. The relevant distinction is between negotiable instruments (such as bearer shares and bonds) which embody title to securities and non-negotiable instruments such as registered shares. The right to the former is transferred by delivery of the instrument and security in the same may be created by way of pledge. The latter, however, cannot be pledged as title does not pass on delivery.

The fundamental distinction between an equitable charge and a legal mortgage is that, in the former case, the party granting the charge (for the purposes of this section, the "**Chargor**") retains legal title to the assets until default, whilst in the latter case, legal title is transferred to the party to whom the charge is granted (for the purposes of this section, the "**Chargee**") when the charge is created.

From a security point of view, an equitable charge is less satisfactory than a legal mortgage in that it will rank behind any subsequent legal mortgage granted by a third party without notice of the equitable mortgage and will generally rank behind any prior equities. Further, the articles of association of the relevant Cayman Islands company will often give its directors discretion to accept or or decline the registration of share transfers, and may contain other restrictions or impediments to share transfers, which could impact enforcement. On the other hand, a major disadvantage of a legal mortgage over shares is that it may operate to group the Chargee and the Cayman Islands company with potential adverse tax and regulatory consequences and accounting complications. For example, depending on the level of ownership represented by the shares, the Chargee may find that it is required by the accounting rules of its own jurisdiction to produce consolidated accounts, which include those of the Cayman Islands company.

Note that some of the disadvantages associated with an equitable charge of shares can be addressed to improve the quality of the security, such as the following:

- *Mortgage Agreement:* There should be an agreement evidencing the equitable mortgage and setting out its terms which will be substantially similar to those set out in a legal mortgage.
- *Power of Attorney:* The Chargor should grant a power of attorney to the Chargee enabling it to execute a share transfer form transferring the title to the shares into its name (or that of a nominee) and/or any other related documentation upon a default.
- *Executed Share Transfer:* The power of attorney referred to above would normally be combined with the delivery of a signed but undated share transfer form executed by the Chargor, which the Chargee can then date and deliver to the company upon a default.
- *Articles of Association:* If the secured shares carry sufficient voting rights to pass a special resolution of the company, the Chargor should be required to amend the company's articles of association to make enforcement of the security easier. Such changes would normally include the removal of any discretion of the directors to refuse to register share transfers, and an obligation to take notice of security interests in the shares. In addition, the articles of association may be amended to exclude the power of a Chargor to surrender the mortgaged shares.
- *Stop Notice:* The Chargee may file a "Stop Notice" with the Cayman Islands Grand Court (a prescribed form of notice together with an affidavit must be filed at court), and serve a copy of the notice and the affidavit, stamped by the court, on the Cayman Islands company preventing the Cayman Islands company from registering a transfer (or other dealing) in the shares until it has given 14 days' notice to the Chargee of its intention to do so. The purpose of the rule is to allow the Chargee an opportunity to take steps (including an application for an injunction) to stop the proposed transfer or dealing although the "Stop Notice" will not prevent the transfer being registered.

Note also that, apart from security interests in land and certain types of personal property (i.e. aircraft and vessels), there is no system for registration of security interests in the Cayman Islands. Section 54 of the Companies Act (As Revised) provides that a Cayman Islands Chargor granting a mortgage or charge of its assets must record the same in its Register of Mortgages and Charges, but failure to do so does not have any consequences to attachment, perfection or priority of the security interest. However, the register of members provides *prima facie* evidence of the legal ownership of registered shares in the Cayman Islands. No purported transfer of legal title to any shares (by way of security or otherwise) is effective until the register of members is updated by the company.

Documents creating security in the assets of a Cayman Islands company will be subject to stamp duty in the event the documents are executed in or brought into the Cayman Islands for enforcement or otherwise. Stamp duty is calculated at 1.5 per cent. of the amount charged, but is subject to a cap of CI\$500 (US\$610) where the Chargor is a foreign company or is a Cayman Islands non-resident or exempted company.

Enforcement of Cayman Islands law security

If the Chargee has taken an equitable mortgage of the assets, and has been granted a power of attorney and/or had delivered to it an executed share transfer in respect of the secured shares, upon default the Chargee would be able to deliver the executed share transfer to the company and, subject to any discretion of the directors to refuse to register the transfer, it will be registered as the legal owner of the shares and may proceed to sell the assets, including any shares (subject to any contractual restrictions contained in the charge). At this point it will be in the position of a legal mortgagee and may take the same enforcement steps as would be available in respect of a legal mortgage. Note that the articles of association of the relevant Cayman Islands company may contain restrictions or impediments to share transfers to the extent the articles of association have not been amended by the mortgage agreement entered into evidencing the equitable share mortgage to remove such restrictions or impediments.

FIVE Holding Limited has granted the following Cayman Islands law security pursuant to the Cayman Security Documents:

- (a) an equitable share mortgage over all of its present and future shares in Sky's the Limit 1 in favour of the Security Agent; and
- (b) an equitable share mortgage over all of its present and future shares in Unlimited 1 Development in favour of the Security Agent.

The United Arab Emirates

Effectiveness of guarantees in the UAE

In order to enforce a guarantee given by any UAE Guarantor in the UAE courts, the underlying debt obligation for which such guarantee has been granted may need to be proved before the UAE courts. In addition, under the laws of the UAE, the obligation of a guarantor is incidental to the obligations of the principal debtor, and the obligations of a guarantor will only be valid to the extent of the continuing obligations of the principal debtor. UAE law does not contemplate a guarantee by way of indemnity of the obligations of the debtor by the guarantor. Guarantees are regulated under UAE law by the UAE Civil Code on "suretyship" (in respect of guarantees of civil obligations). A guarantee is contingent on the principal debtor failing to perform its primary liability. So, the guarantor will only be liable to the extent of the continuing obligations of the principal debtor and his liability will be affected by any discharge of the principal's liability or by the fact that the primary obligation is void or unenforceable.

UAE law regulates guarantees of commercial obligations and civil obligations. Whether the UAE Civil Code provisions apply to a guarantee depends on whether a UAE court categorises the contract as a commercial or a civil transaction. Case law indicates that the UAE courts may consider a guarantee as a civil (as opposed to a commercial) transaction and therefore subject to the provisions of the UAE Civil Code. Courts of different Emirates in the UAE have reached different conclusions on this point. There are various provisions of the UAE Civil Code which may provide protection to guarantors, notably Article 1092 of the UAE Civil Code which states that where a debt becomes due and payable but is unpaid, the beneficiary of the guarantee must claim for the debt within six months from the date on which the debt became due, otherwise the guarantor may be deemed to have been discharged from its obligations under the guarantee. It is not clear from the UAE Civil Code whether this provision is mandatory or not. Parties to a guarantee may contract out of the operation of Article 1092 and the courts have confirmed that adherence to this time-bar provision is not required as a matter of public policy. Any provision of an agreement disapplying provisions of the UAE Civil Code applicable to guarantees should be effective, but there remains some residual uncertainty as the UAE courts may take a different approach in future cases. In addition, there are the following exceptions to enforcement of guarantees in the UAE:

- UAE courts may not recognise indemnities. The concept of indemnity is undeveloped and unregulated under UAE law. The effectiveness of indemnity provisions may be restricted by UAE law, for example on the basis of unjust enrichment. Indemnities may be enforceable under UAE law to the extent that (a) the obligation to indemnify is clearly expressed in the agreement and (b) the cost or loss can be established in monetary terms (and may not include amounts which are unforeseeable at the time the

indemnity was granted, such as losses of profit, the costs of litigation or losses relating to a currency indemnity). Costs and losses may need to be proved. The amount recoverable will be determined in the discretion of the court if the cost or loss cannot be determined from the face of the agreement;

- all limitations resulting from the laws of bankruptcy, liquidation, reorganisation, suretyship and similar law of general application affecting creditor's rights;
- UAE courts may give effect to the *Shari'ah* concept of '*gharar*' and refuse to give effect to a provision which is deemed too vague or uncertain;
- conflicts with public order or morals in the UAE, or mandatory provisions of UAE law (such as compliance with limitations on liability), may be ineffective;
- injunctions, orders for specific performance and other equitable remedies are unlikely to be available in the UAE;
- where a party to the guarantee is vested with a discretion or may determine a matter in its opinion, by law that discretion may be required to be exercised reasonably or that opinion may be required to be based on reasonable grounds;
- claims may also be time barred under UAE Federal Decree-Law No. 50 of 2022 promulgating the Commercial Transactions Law; and
- guarantees for "all monies" may not be enforceable in the UAE, with Article 1061 of the UAE Civil Code requiring that guarantees must be issued with respect to a specified debt or a thing certain in amount.

In addition, if a guarantee does become the subject of any court proceedings in the UAE, then a legalised Arabic translation of the guarantee would need to be presented to the court.

Bankruptcy regime

In the event of an insolvency of a UAE Guarantor, UAE bankruptcy law may adversely affect such Guarantor's ability to perform its obligations under its Guarantee and, therefore, the Issuer's ability to make payments to Noteholders. There is little precedent to predict how the claims on behalf of Noteholders would be resolved in the event of the insolvency of any of the UAE Guarantors. The rules and procedures generally governing bankruptcy of companies that carry out commercial activities are set out in Federal Decree-Law No. 9 of 2016 (as amended, the "**UAE Bankruptcy Law**"). The UAE Bankruptcy Law is applicable to each UAE Guarantor and remains relatively untested. Certain of these procedures are supervised by the UAE courts and/or a trustee in bankruptcy, which are granted certain discretions. There can be no assurance that a UAE court would compel a bankruptcy administrator to perform any obligation of any UAE Guarantor under its Guarantee during an administration period. In addition, the UAE Bankruptcy Law does not expressly provide that ordinary unsecured creditors (excluding any such creditors that are subject to subordination arrangements or that are preferred by law or have a priority claim over specific assets) will recover *pari passu* with each other in a liquidation of a UAE company to which the UAE Bankruptcy Law applies.

Avoidance of pre-insolvency transactions

Pursuant to Article 168 of the UAE Bankruptcy Law, a UAE court may set aside certain transactions which took place prior to the commencement of bankruptcy proceedings. Transactions that are capable of being set aside include: (i) donations, gifts or transactions without consideration; (ii) transactions where the obligations (financial or otherwise) of the debtor significantly exceed the obligations of the other party; (iii) the payment of debts prior to their repayment date (regardless of the method of payment); (iv) the payment of due debts by means other than that agreed upon or in a manner unusual for the type of debt; and (v) the provision of security or guarantees for a pre-existing debt, in each case, where the transaction was entered into on any date up to a maximum of two years before the court opened proceedings (the "**Claw Back Period**"). While the law is not

clear on this point, in theory a liquidator may seek to disclaim any other contracts entered into by the debtor during the Claw Back Period which harm its general body of creditors.

The UAE courts have the discretion to set aside any other transaction detrimental to the company's creditors as a whole if the contracting party was aware, or should have been aware, at the time of entering into the contract that the debtor had ceased to pay its debts or was insolvent. Transactions can be approved by a UAE court (and thereby exempt from challenge) where a UAE court finds that such exemption is in the public interest or reflects the good faith of a third party. A challenge under Article 168 of the UAE Bankruptcy Law may also be defended where it can be shown that the bankrupt party acted in good faith and in the course of its business at a time when there were grounds to believe that the disposition in question would be beneficial to its business.

Subordination and intercreditor arrangements

The general position under UAE Law is that contractual subordination and other intercreditor arrangements are permitted. The UAE Bankruptcy Law, however is still relatively new and there are limited examples of its application. A UAE Court dealing with a formal insolvency may accordingly not recognise contractual subordination or intercreditor arrangements between multiple creditors, and instead may focus on the relationship between each creditor and the insolvent debtor (rather than intercreditor relationships). On formal insolvency of a debtor, each creditor may therefore be treated equally and be entitled to and paid a pro rata amount of the debt due to it. The senior creditor would have to rely on the contractual agreement between the parties so that any funds received by the subordinated creditor on insolvency would be reimbursed to the senior creditor pursuant to the relevant subordination or intercreditor agreement. Accordingly there can be no assurance that distributions made from an insolvent UAE company would be made in accordance with any subordination or intercreditor arrangements to which the insolvent company was party.

Creditors preferred by law

Creditors preferred by law will obtain priority over unsecured creditors, including certain government debt and employee claims.

Enforcement of foreign court judgments

There is uncertainty regarding the enforceability of foreign court judgments in the UAE. It may be difficult for investors to enforce judgments for the payment of a specific sum of money rendered by non-UAE courts against the UAE Guarantors as there is general uncertainty as to the enforceability in the UAE of judgments of foreign courts.

Whilst historically the UAE courts have ruled that foreign judgments cannot be enforced in the UAE based on reciprocity and jurisdiction of the UAE courts, under the UAE Civil Procedure Law, a judgment or order of a foreign court may be ordered to be enforced in the UAE under the same conditions prescribed in the law of that foreign state for the enforcement of judgments and orders issued in the UAE. However, enforcement may only be ordered after the following are verified:

- UAE courts do not have exclusive jurisdiction over the dispute on which the judgment or order has been issued, and that the foreign courts that issued the judgment or order have jurisdiction according to the rules of international jurisdiction prescribed in its law;
- the judgment or order has been issued by a court in accordance with the law of the jurisdiction in which the judgment or order has been issued and duly certified;
- the parties to the proceedings on which the foreign judgment is issued had been required to appear and were properly represented;
- the judgment or order has acquired the legal effect of *res judicata* according to the law of the issuing court, provided that a certificate shall be furnished indicating that the judgment has acquired the legal effect of *res judicata*, or where the same is already stated in the judgment itself; and

- the judgment neither conflicts with a judgment or an order previously issued by a UAE court nor involves anything that violates UAE public order or morality.

The execution judge has the authority to demand documents that support the application for enforcement of the foreign judgment before his decision is made. Accordingly, if sufficient documents are not submitted to evidence the factors above it is unlikely an order for an enforcement will be granted.

Reciprocity continues to be a requirement, however, under the UAE Civil Procedure Law it should be sufficient to provide evidence of reciprocity in the relevant jurisdiction (i.e. evidence UAE judgments have been recognised) as opposed to a formal reciprocal arrangement for the enforcement of foreign judgments between the UAE and that jurisdiction.

The UAE Civil Procedure Law came into effect on 2 January 2023 and, as yet, there are no case examples of how the above criteria are likely to be interpreted and applied by the UAE courts. Therefore, there is uncertainty as to how a foreign judgment may be enforced against any of the UAE Guarantors under the UAE Civil Procedure Law.

Moreover, judicial precedent in the UAE has no binding effect on subsequent decisions, and there is no formal system of reporting court decisions in the UAE. These factors create greater judicial uncertainty than would be expected in certain other jurisdictions. In addition, the UAE has a federal court system which has jurisdiction in the Emirates of Sharjah, Ajman, Umm Al Quwain and Fujairah. The Emirates of Abu Dhabi, Dubai and Ras Al Khaimah have separate court systems. This has, on occasion, led to divergent interpretations of UAE federal laws in different Emirates.

Enforcement of foreign arbitral awards

The UAE formally acceded to the New York Convention on 21 August 2006. The terms of the New York Convention became law throughout the UAE on 19 November 2006. The result of this is that the enforcement of foreign arbitral awards (i.e. those that are issued from a seat outside of the UAE such as London or Paris and thus subject to the procedural laws of a foreign state) should occur pursuant to the terms of the New York Convention. Under the terms of the New York Convention, the UAE courts will be entitled to refuse to enforce a foreign arbitral award only on certain narrowly defined grounds. Broadly speaking, enforcement may be refused where (i) the arbitration agreement was invalid, (ii) a party was not given an opportunity to present its case, (iii) the tribunal of arbitrators that decided the dispute was incorrectly formed or acted beyond its competence, (iv) the award is not final in the state in which it was made, (v) under UAE Law the subject matter of the dispute cannot be decided by arbitration and (vi) enforcement of the award would be against the public policy of the UAE. There have been instances where the UAE courts have ordered the recognition and enforcement of foreign arbitral awards under the New York Convention.

Enforcement of foreign arbitral awards in the UAE pursuant to the New York Convention is also subject to the UAE Civil Procedure Law. The UAE Civil Procedure Law provides that a foreign arbitral award may also be enforced in the UAE under the same conditions prescribed in the law of that foreign state for the enforcement of arbitral awards. The arbitration award must have been issued on a matter for which arbitration is permissible in accordance with UAE law and be enforceable in the jurisdiction wherein it has been issued and provided that the UAE court does not find that the subject matter of the dispute cannot be decided by arbitration and enforcement of the foreign arbitral award would be against public order or public morality in the UAE.

The execution judge has the authority to demand documents that support the application for enforcement of the foreign arbitral award before his decision is made. Accordingly, if sufficient documents are not submitted to evidence the factors above it is unlikely an order for an enforcement will be granted.

As explained above, the UAE Civil Procedure Law came into effect on 2 January 2023 and, as yet, there is no established track record to demonstrate how the UAE courts will apply the UAE Civil Procedure Law alongside the provisions of the New York Convention in practice.

Enforcement of the UAE Security

Enforcement of security under UAE Security Documents

The security interests granted under the UAE Security Documents will be subject to certain generally available defences and laws, such as laws of the UAE relating to bankruptcy, liquidation, insolvency, administration, reorganisation, moratorium and reconstruction.

A UAE Court may not enforce any provision of the UAE Security Documents to the extent it is in conflict with public policy, morals or mandatory law in the UAE.

Enforcement of security over moveable assets

Federal Law No. 4 of 2020 concerning security of rights over movable property (the “**Movables Law**”) governs security created over certain present and future tangible and intangible movable assets, including fixtures to real property, accounts receivable (under contracts and policies of insurance), and credit balances on bank accounts, and also includes lessor rights under finance leases, sellers rights under sale contracts, transfer of ownership by way of security together with assignments by way of security.

The UAE Security Documents will be perfected through, among other things, registration on the Emirates Integrated Registries Company or where the relevant Security Provider is incorporated in a free zone, with the free zone authority if such free zone authority maintains a security register. A security interest perfected under the Movables Law obtains priority over other creditors, with priority dictated by the time of perfection. A super priority right over other security interests is afforded under the Movables Law to: (a) account banks benefit from a priority set off right over any accounts maintained by them; and (b) any party who finances the purchase of movable assets may obtain a priority interest over those assets (irrespective of the date on which the security interest is perfected).

The Movables Law expressly allows certain limited self-help remedies outside of the usual court process. However, the Movables Law is relatively new and untested and there can be no assurance that the security held by the Security Agent would fully benefit from the self-help remedies provided under the Movables Law, without the need for a court order. Any enforcement of the security, which is subject to the Movables Law, by the Security Agent may therefore be subject to a court process.

Enforcement of the Mortgages and UAE Share Pledges

Any mortgage and share pledge effected under UAE law will only be effective in relation to assets and rights which are specifically identified and existing at the time of such mortgage and pledge. In relation to the Mortgages and UAE Share Pledges, future assets and rights are secured through the relevant Security Provider executing addenda to such Mortgages and UAE Share Pledges that identify such assets and rights.

The Mortgages will be perfected through, among other things, registration with the Dubai Land Department. The UAE Share Pledges will be perfected through among other things, registration with the relevant competent authority, being the department of economic development of the relevant Emirate. Any addenda to Mortgages and UAE Share Pledges will have to be registered in order to have a valid security interest in the assets or rights subject to such addenda. If the relevant Security Providers have granted to any third party security over any such assets and rights prior to the execution and, if applicable, registration of the addenda to the Mortgages or UAE Share Pledges (as the case may be), the security created pursuant to the addenda will be subject to such third party security interests.

Unlike in the DIFC where secured creditors may, among other things, appoint a receiver to coordinate the disposal of the relevant secured assets which are subject to DIFC law security, judicial sale is the only remedy (over and above normal remedies for breach of contract) available to a mortgagee and pledgee of shares in the UAE, and it is a discretionary remedy. A judicial sale of the properties subject to the Mortgages would involve a court-supervised public auction. Under the Dubai Mortgage Law, a mortgagee is required to provide the mortgagor with 30 days’ prior written notice through the notary public before commencing foreclosure proceedings. In addition, Article 27 of the Dubai Mortgage Law provides a mortgagor with the ability to request the execution judge to postpone the sale by public auction for a single period of up to 60 days if the enforcement

judge finds that the mortgagor will be able to satisfy the secured liabilities if granted an extension and provided that the sale of the mortgaged property would cause significant harm to the mortgagor.

To the extent that the Mortgages and the UAE Share Pledges provide for additional remedies in the nature of enforcement of security without court order, step in/cure rights, receivership, the use of powers of attorney or otherwise, these will be considered contractual provisions only and would require an order of a UAE court in order to be enforced.

The Dubai International Financial Centre

Insolvency

DIFC law provides a framework for the reorganisation and liquidation of insolvent companies. The DIFC regime remains largely untested as there have only been limited formal insolvency applications of any entity incorporated under DIFC law since the inception of the DIFC's original insolvency laws in 2009. A more recent insolvency law, DIFC Law No. 1 of 2019 (the "**DIFC Insolvency Law**"), came into effect on 6 June 2019. The DIFC Insolvency Law provides for company voluntary arrangements, rehabilitation (including a stay and cram-down mechanism), an administration process, company receivership, and both voluntary and involuntary winding-up procedures, and incorporates the UNCITRAL Model Law on cross-border insolvency (adapted for the DIFC). The DIFC Insolvency Law is supported by the DIFC Insolvency Regulations 2019, which were enacted pursuant to Article 128 of the DIFC Insolvency Law. The DIFC Insolvency Law may not be as favourable to investors' interests as the laws of the United Kingdom, the United States or other jurisdictions with which investors are familiar. In the event that any DIFC Guarantor experiences financial difficulty, it is not possible to predict with certainty the outcome of insolvency or similar proceedings.

The DIFC Insolvency Law is applicable to any company under the jurisdiction of the DIFC and incorporated under DIFC Law No. 5 of 2018. To the extent that there are any gaps in the DIFC Insolvency Law, it is likely that the DIFC Courts would consider foreign law when interpreting provisions of the DIFC Insolvency Law. DIFC law specifically provides for a hierarchy of applicable law for any civil or commercial matter as follows: (i) so far as there is a regulatory content, the laws in force in the DIFC; (ii) the laws of any jurisdiction other than that of the DIFC expressly chosen by any DIFC law; (iii) the laws of any jurisdiction as agreed between the contracting parties; (iv) the laws of the jurisdiction that appears to the DIFC Courts or the arbitrator to be the one most closely related to the facts and the persons concerned in the matter; and (v) the laws of England and Wales.

Moratorium

If a winding-up order has been issued against a DIFC company, no action or proceeding may be proceeded with or commenced against such company or its property, except by leave of the DIFC Courts and subject to such terms as the DIFC Courts may impose.

Under the DIFC Insolvency Law, a moratorium may be granted for the company by a DIFC Court either on an application to it (in a case where the company makes a proposal to its shareholders and creditors for an arrangement of its affairs ("**Voluntary Arrangement**")) or automatically (where the company has notified a DIFC Court that it is or is likely to become unable to pay its debts and there is a reasonable likelihood of a successful rehabilitation plan being reached between the company and its creditors and shareholders ("**Rehabilitation**")). During the period for which a moratorium is in force, amongst other things:

- (a) in the case of Voluntary Arrangement:
 - (i) no petition may be presented for the winding up of the company;
 - (ii) no resolution may be passed or order made for the winding up of the company;
 - (iii) no administrative receiver may be appointed on the company;

- (iv) no steps may be taken (including by a secured party) to enforce any security interest in the company's property, except with the leave of a DIFC Court and subject to such terms as such DIFC Court may impose;
 - (v) no other proceedings or other legal process (including execution proceedings) may be commenced or continued, and no distress may be levied, against the company or its property except with the leave of a DIFC Court and subject to such terms as such DIFC Court may impose.
- (b) in the case of Rehabilitation, an automatic moratorium shall immediately apply to all creditors, secured or unsecured and without their consent, in respect of the company and its assets wherever located and, in addition to (a) above:
- (i) it will not render any undue debt due and payable. Any contrary provision in a contract, or in any applicable law, shall be deemed unenforceable for the moratorium period (i.e., unless otherwise ordered by a DIFC Court, a period of 120 days from the date the company notifies the Rehabilitation to such DIFC Court);
 - (ii) any termination or modification provision in any contract linked to an insolvency-related term ceases to have effect during the moratorium period, unless:
 - (A) the company agrees to the termination; or
 - (B) a DIFC Court grants permission to terminate; or
 - (C) any sum due after the commencement of the moratorium period which the company has agreed to pay and remain unpaid for a period of more than 20 days after the payment is due; and
 - (iii) a creditor of the company is precluded from exercising any right of set-off in respect of any obligation due from such company.

A DIFC Court may however grant relief from the moratorium in relation to any specific creditor(s) on such terms and conditions as such DIFC Court finds to be equitable, upon the application of any creditor(s).

Priority funding

In the case of Rehabilitation, a DIFC Court may, in its discretion, authorise the company to obtain secured or unsecured credit and incur secured or unsecured debt which debt (including any interest) has priority over unsecured debt or is secured by an interest on the property of the company that is not otherwise subject to a security interest or is secured by a junior security interest on property of the company that is already subject to a security interest. If the company is unable to obtain credit a DIFC Court may authorise the obtaining of credit or the incurring of debt secured by a senior or equal security interest on property of the company that is already subject to a security interest.

A DIFC Court may, however, only provide such authorisation if adequate protection is available to the existing secured creditor against a diminution in the value of its security interest to the extent such diminution is occasioned by the moratorium or with the consent of that existing holder of the security interest.

Appointment of administrator in case of mismanagement

Where an application for Rehabilitation has been made and there is evidence of misconduct, one or more creditors may make an application regarding the appointment of an administrator. Notice of the application for the appointment of an administrator must be given to all creditors of the company. The court may adjourn or dismiss the application or make such other order as it thinks fit.

The administrator must be registered as an insolvency practitioner in the DIFC and for the period in which the court order is in force, the affairs, business and property of the company shall be managed by the administrator

whilst a moratorium shall continue to apply. On appointment of the administrator, any petition for winding up shall be dismissed and any administrative receiver shall vacate their position.

Creditors and shareholders may also apply to the court for protection of their interests if they believe the business and property of the company have been managed by the administrator in a manner that is unfairly prejudicial to them.

Preferred creditors

In the event of the winding-up of any of the DIFC Guarantors, the liabilities in connection with the Guarantee given by it will rank behind certain regulatory and government debts and expenses properly incurred in the winding-up (including the remuneration of the liquidator) and those debts of the company that are entitled to priority under DIFC law.

Preferential debts under DIFC law fall into two categories:

- (a) contributions to pension schemes and end of service gratuity payments; and
- (b) various forms of employee remuneration.

Preferences and transactions at undervalue

Where the company has, during the period specified in the DIFC Insolvency Law, given a preference to any person, a DIFC Court may order for the relevant transaction to be set aside if, in deciding to give the preference, the company was influenced by a desire to put that person into a better position. For this purpose, a preference will have been given to a person if (a) that person is one of the company's creditors or a surety or guarantor for any of the company's debts or other liabilities; and (b) the company does anything or suffers anything to be done which (in either case) has the effect of (if the company goes into insolvent liquidation) putting that person into a better position.

Where the company has, during the period specified in the DIFC Insolvency Law, entered into a transaction with any person at an undervalue, the DIFC Courts may order for the relevant transaction to be set aside, unless they are satisfied that (a) the company entered into the transaction in good faith and for the purpose of carrying on its business, and (b) at the time the company entered into the transaction, there were reasonable grounds for believing that the transaction would benefit the company. For this purpose, a transaction will be at an undervalue if the company makes a gift to a person or otherwise enters into a transaction with that person on terms that provide for the company to receive no consideration or consideration the value of which (in money or money's worth) is significantly less than the value (in money or money's worth) of the consideration provided by the company.

Proof of debts

Where the company is being wound up, a creditor of the company must submit its claim to the liquidator and, at its cost, prove the debt payable by the company to it.

Enforcement of foreign arbitration awards

Article 13(2) of the Application Law provides that any express submission to arbitration in a contract shall be effective (subject to, in practice, certain exceptions such as the arbitration agreement being null and void). Article 24 of the DIFC Court Law provides that, pursuant to the Judicial Authority Law, the DIFC Court of First Instance has jurisdiction to ratify any judgment, order or award of any recognised: (i) foreign court; (ii) courts of the Emirate of Dubai or UAE courts; (iii) DIFC or foreign (including the UAE) arbitral award or any award recognised by the DIFC Court Law; or (iv) orders for the purposes of any subsequent application for enforcement in the Dubai courts in the manner prescribed in DIFC law.

Article 24(2) of the DIFC Court Law provides that where the UAE has entered into an applicable treaty for the mutual enforcement of judgments, orders or awards, the DIFC Court of First Instance will comply with the terms of such a treaty. The UAE is a signatory to the New York Convention. The DIFC Court of First Instance

should therefore recognise a foreign arbitral award if it complies with the requirements of the New York Convention subject to the exceptions to the New York Convention and the applicable grounds under DIFC law.

Accordingly, it is therefore expected that the validity of an agreement to submit to arbitration in the circumstances set out in the Notes Documents and the Conditions would be recognised by the DIFC Courts and the DIFC Courts would, on the application of a party to such arbitration agreement, stay proceedings in the DIFC Courts brought in contravention of the arbitration agreement set out in the Notes Documents and the Conditions. However, recognition of an arbitral award, irrespective of the state or jurisdiction in which it was made, may be refused by the DIFC Courts on the grounds set out in Article 44(1)(a) and Article 44(1)(b) of the DIFC Arbitration Law.

Enforcement of foreign law and foreign court judgments

Article 8 of DIFC Law No. 3 of 2004 on the Application of Civil and Commercial Laws in the DIFC provides that the governing law employed to determine the rights and liabilities as between parties in a civil or commercial matter is the one first ascertained in accordance with the following provisions:

- so far as there is a regulatory content, DIFC Law or any other law in force in the DIFC, failing which,
- the law of any jurisdiction other than that of the DIFC expressly chosen by any DIFC Law, failing which,
- the laws of a jurisdiction as agreed between all the relevant persons concerned in the matter, failing which,
- the laws of any jurisdiction which appears to the court or arbitrator to be the one most closely related to the facts of and the persons concerned in the matter, failing which,
- the laws of England and Wales.

In any proceedings taken in the DIFC in relation to a transaction, the choice of foreign law as governing law will be recognised and given effect to, however:

- pursuant to Article 30 of the DIFC Court Law, the DIFC Courts may consider decisions made in other jurisdictions for the purpose of making its decision;
- pursuant to Article 6 of the Judicial Authority Law, the DIFC Courts may not apply the governing law agreed by the parties to a contract if such law conflicts with public policy and public morals; and
- the DIFC Courts may apply the rules of law of another jurisdiction where all elements of the relevant agreement are connected with that jurisdiction and may not be derogated from by contract. In addition, where there is a conflict of laws, the DIFC Courts may require that specific issues be determined by reference to foreign law.

Article 13(1) of the Application Law provides that any express submission in a contract to the courts of a jurisdiction shall be effective, subject to, in practice, certain exceptions (such as any argument of inconvenient forum being successfully raised). Investors should, however, note that Article 5A(1) of the Judicial Authority Law provides that the DIFC Court of First Instance will have exclusive jurisdiction over certain matters (such as civil, commercial or labour actions and claims to which the DIFC or any of the DIFC's bodies, any of the DIFC establishments or any of the licensed DIFC establishments, are party).

As stated above, pursuant to Article 24 of the DIFC Court Law, the DIFC Court of First Instance has jurisdiction to ratify, *inter alia*, a judgment, order or award of any recognised "foreign court". Whilst there is no clear guidance on how a recognised foreign court is defined, the Chief Justice of the DIFC Courts and the Judge in Charge of the United Kingdom's Commercial Court have entered into the Memorandum of Guidance setting out their understanding of the procedures for the enforcement of each party's money judgments in the other party's courts. The Memorandum of Guidance is expressed to have no binding legal effect and does not constitute a bilateral enforcement treaty or legislation (and therefore is not binding on the judges of either party

and does not supersede any existing laws, judicial decisions or court rules) but it may provide useful insight into the position that is likely to be adopted by the DIFC Courts when considering whether to enforce monetary judgments issued by the Commercial Court. The Memorandum of Guidance includes a list of requirements for enforcing a Commercial Court judgment in the DIFC Courts and a non-exhaustive list of grounds upon which the enforcement of such judgments may be challenged in the DIFC Courts. In theory, therefore, an English Court judgment could be enforced within the DIFC against the DIFC Guarantors. However, this is relatively untested and it remains to be seen in practice whether any additional hurdles will need to be satisfied before the DIFC Court will ratify and enforce an English Court judgment.

General limitations

A number of provisions of DIFC law are, at this stage, relatively untested. Consequently, it is not clear how such laws and regulations will be interpreted and implemented by the DIFC Courts. Moreover, the Notes Documents may not be enforced against the DIFC Guarantors in all circumstances in accordance with their terms. For instance, claims may become time-barred or become subject to a counterclaim. These factors create greater judicial uncertainty.

Enforcement of the DIFC Security

The security interests granted under the DIFC Security Documents will be subject to certain generally available defences and laws, such as laws of the DIFC relating to insolvency, liquidation, bankruptcy, administration, moratorium, reorganisation, voidance preference or corporate purpose. A DIFC court may not enforce any provision of the DIFC Security Documents to the extent it is in conflict with public policy, morals or mandatory law in the DIFC.

Transfer of, and other acts in relation to, the DIFC Collateral

Any transfer of shares in the DIFC Guarantors which occurs following the commencement of a winding-up of any such DIFC Guarantor will be void unless such transfer is, in the case of a voluntary winding-up, approved by the liquidator or, in the case of a compulsory winding up, ordered by the DIFC courts. Any attachment, sequestration or other appropriation of the assets of such DIFC Guarantor which occurs following the commencement of a compulsory winding-up of such DIFC Guarantor will be void unless such attachment, sequestration or other appropriation is ordered by the DIFC courts.

Cost recovery

A Secured Party's entitlement to recover expenses in respect of collection and enforcement in the DIFC (including legal fees) is limited by a reasonableness test when undertaking the disposal of collateral, including as to the method, manner, time, place and other terms of the disposal.

Perfection of security

The DIFC Security Documents have been perfected through, among other things, registration of a financing statement with the relevant security registry. If further shares in the DIFC Guarantors are issued, in order for the security interests in respect of those shares to be perfected, an amendment to the existing registration of the relevant DIFC Security Document will need to be registered with the relevant security registry. The effectiveness of a registration lapses on the expiration of a period of five years after the date of its filing unless a continuation statement is filed within a six-month period before the end of that five-year period and each subsequent five-year period. Further, if any of the DIFC Guarantors changes its name, registration number or other identifier with the result that a registration becomes seriously misleading, the registration will cease to be effective to perfect a security interest in collateral acquired by such DIFC Guarantor more than four months after the change (for example, additional shares that are issued in such DIFC Guarantor and secured by the relevant DIFC Security Document), unless an amendment to the registration is filed within four months after the change. The registration will remain effective in respect of existing collateral.

SELLING AND TRANSFER RESTRICTIONS

The Notes and the Guarantees have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes and the Guarantees are being offered and sold outside the United States in reliance on Regulation S. The Subscription Agreement (as defined in “*Subscription and Sale*”) provides that the Joint Lead Managers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Notes and the Guarantees within the United States only to qualified institutional buyers in reliance on Rule 144A.

Rule 144A Notes

Each purchaser of Rule 144A Notes within the United States, by accepting delivery of this Offering Memorandum and the Notes, will be deemed to have represented, agreed and acknowledged that:

- (1) It is (a) a QIB, (b) acquiring such Notes for its own account, or for the account of one or more QIBs, and (c) aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes to it is being made in reliance on Rule 144A. If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the acknowledgments, representations and agreements set out herein on behalf of each such account.
- (2) It understands that the Rule 144A Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of one or more QIBs each of which is purchasing not less than U.S.\$200,000 principal amount of Notes, (b) outside the United States in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), and in each case in accordance with any applicable securities laws of any state of the United States.
- (3) It understands that the Rule 144A Notes, unless otherwise agreed between the Issuer, the Guarantors and the Trustee in accordance with applicable law, will bear a legend to the following effect:

THIS NOTE AND THE GUARANTEES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT (“**RULE 144A**”) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A “**QIB**”) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, AND IN AN AMOUNT NOT LESS THAN U.S.\$200,000 PRINCIPAL AMOUNT OF NOTES OR (2) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT (“**REGULATION S**”), OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF ANY EXEMPTION UNDER THE SECURITIES ACT FOR REALES OF THIS NOTE.

- (4) The Issuer, the Guarantors, the Agents, the Joint Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.
- (5) It understands that the Rule 144A Notes will be evidenced by the Rule 144A Global Note Certificate. Before any interest in the Rule 144A Global Note Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

Regulation S Notes

Each purchaser of Regulation S Notes outside the United States will be deemed to have represented, agreed and acknowledged that:

- (1) It understands that the Notes and the Guarantees have not been and will not be registered under the Securities Act, and such Notes and the Guarantees are being offered and sold in accordance with Regulation S;
- (2) It or any person on whose behalf it is acting is, or at the time the Notes and the Guarantees are purchased will be, the beneficial owner of such Notes and the Guarantees and (i) it is purchasing the Notes and the Guarantees in an offshore transaction (within the meaning of Regulation S) and (ii) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate;
- (3) It will not offer, sell, pledge or otherwise transfer Notes, except in accordance with the Securities Act and any applicable securities laws of any states of the United States; and
- (4) The Issuer, the Guarantors, the Agents, the Joint Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

SUBSCRIPTION AND SALE

Arab African International Bank, Citigroup Global Markets Limited, Commercial Bank of Dubai P.S.C., Deutsche Bank AG, London Branch, Emirates NBD Bank PJSC and Mashreqbank psc (the “**Joint Lead Managers**”) have agreed with the Issuer and the Guarantors, pursuant to a subscription agreement to be dated on or about the date of this Offering Memorandum (the “**Subscription Agreement**”), severally (and not jointly or jointly and severally) and subject to the satisfaction of certain conditions, to subscribe for the Notes.

The Issuer will pay the Joint Lead Managers a customary fee and will reimburse the Joint Lead Managers for certain expenses related to the Offering.

The Issuer and the Guarantors have agreed, jointly and severally, to indemnify the Joint Lead Managers against certain liabilities, including liabilities under the Securities Act.

The Issuer and the Guarantors have agreed that, from the date of the Subscription Agreement to (and including) the Issue Date, they will not, without the prior written consent of the Joint Lead Managers, directly or indirectly, issue, sell, offer or agree to sell, grant any option for the sale of, or otherwise dispose of, any debt securities of the Issuer or the Guarantors which are substantially similar to the Notes (including, without limitation, direct issues of debt securities by the Issuer or the Guarantors or by any other person and guaranteed by the Issuer or the Guarantors) or that are convertible into, or exchangeable for, the Notes or such other debt securities.

If a jurisdiction requires that the Offering be made by a licensed broker or dealer and one or more of the Joint Lead Managers is/are or any affiliate of one or more of the Joint Lead Managers is/are a licensed broker or dealer in that jurisdiction, the Offering shall be deemed to be made by such Joint Lead Manager(s) or such affiliate(s) on behalf of the Issuer and the Guarantors in such jurisdiction.

The Conditions will not incorporate, or include any of, or otherwise be subject to, the provisions of the U.S. Trust Indenture Act of 1939, as amended.

Selling Restrictions

United States

The Notes and the Guarantees have not been and will not be registered under the Securities Act or any state securities laws of any other jurisdiction and may not be offered or sold within the United States except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Each Joint Lead Manager has severally (and not jointly or jointly and severally) represented that it has not offered or sold, and agrees that it will not offer or sell, the Notes or the Guarantees as part of its distribution at any time except (i) outside the United States in offshore transactions in accordance with Rule 903 or 904 of Regulation S or (ii) to persons reasonably believed to be QIBs in reliance on Rule 144A. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes and the Guarantees. Terms used in the paragraph have the meaning given to them by Regulation S.

Each Joint Lead Manager has severally (and not jointly or jointly and severally) represented, warranted and undertaken that neither it nor any of its affiliates (as defined in Rule 501(b) of Regulation D), nor any person acting on its or their behalf, has engaged or will engage in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with any offer or sale of the Notes and the Guarantees in the United States.

The Joint Lead Managers may directly or through their respective U.S. registered broker-dealer affiliates arrange for the offer and resale of Notes and the Guarantees in the United States only to QIBs in accordance with Rule 144A.

Each Joint Lead Manager has severally (and not jointly or jointly and severally) represented that it has not entered and agrees that it will not enter into any contractual arrangement with any distributor (as that term is defined in Regulation S) with respect to the distribution or delivery of the Notes and the Guarantees except with its affiliates or with the prior written consent of the Issuer.

European Economic Area

Each Joint Lead Manager has severally (and not jointly or jointly and severally) represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Prohibition of sales to United Kingdom retail investors

Each Joint Lead Manager has severally (and not jointly or jointly and severally) represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

Other United Kingdom regulatory restrictions

Each Joint Lead Manager has severally (and not jointly or jointly and severally) represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the UK.

Hong Kong

Each Joint Lead Manager has severally (and not jointly or jointly and severally) represented, warranted and agreed that:

- (a) it has not be offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than: (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”) and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “**C(WUMPO)**”) or which do not constitute an offer to the public within the meaning of the C(WUMPO); and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons

outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Singapore

Each Joint Lead Manager has severally (and not jointly or jointly and severally) acknowledged that this Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has severally (and not jointly or jointly and severally) represented, warranted and agreed that it has not offered or sold any Notes or caused any Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Memorandum or any document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor (as defined in the SFA) pursuant to Section 274 of the SFA; (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each, as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (A) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (B) where no consideration is or will be given for the transfer;
- (C) where the transfer is by operation of law;
- (D) as specified in Section 276(7) of the SFA; or
- (E) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Kingdom of Saudi Arabia

No action has been or will be taken in Saudi Arabia that would permit a public offering of the Notes.

Any investor in Saudi Arabia or who is a Saudi person (a “**Saudi Investor**”) who acquires Notes pursuant to any offering should note that the offer of Notes is a private placement under Article 8(a)(1) of the “Rules on the Offer of Securities and Continuing Obligations” as issued by the Board of the Capital Market Authority resolution number 3-123-2017 dated 27 December 2017 and amended by Capital Market Authority resolution number 8-5-2023 dated 18 January 2023 (the “**KSA Regulations**”), through a capital market institution licensed to carry out arranging activities by the Capital Market Authority and following a notification to the Capital Market Authority under Article 10 of the KSA Regulations.

The Notes may thus not be advertised, offered or sold to any person in Saudi Arabia other than to “institutional and qualified clients” under Article 8(a)(1) of the KSA Regulations. Each Joint Lead Manager has severally (and not jointly or jointly and severally) represented and agreed or will be required to represent and agree, that

any offer of Notes by it to a Saudi Investor will be made in compliance with Article 8(a)(1) and Article 10 of the KSA Regulations.

The Notes shall not therefore constitute a “public offer”, an “exempt offer” or a “parallel market offer” pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 14 of the KSA Regulations. Any Saudi Investor who has acquired any Notes pursuant to a private placement under Article 8(a)(1) of the KSA Regulations may not offer or sell those Notes to any person unless the offer or sale is made through a capital market institution appropriately licensed by the Capital Market Authority and one of the following requirements is met: (a) the Notes are offered or sold to an investor under the categories of institutional and qualified clients; or (b) the Notes are being offered or sold in such other circumstances as the Capital Market Authority may prescribe.

Each of the Joint Lead Managers has represented and agreed that any offer of the Notes to a Saudi Investor will comply with the KSA Regulations.

United Arab Emirates (excluding the Dubai International Financial Centre and the Abu Dhabi Global Market)

Each Joint Lead Manager has severally (and not jointly or jointly and severally) represented and agreed that the Notes have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Joint Lead Manager has severally (and not jointly or jointly and severally) represented and agreed that it has not offered and will not offer the Notes to any person in the DIFC unless such offer is:

- (a) an “Exempt Offer” in accordance with the Market Rules (MKT) Module of the DFSA Rulebook; and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business (COB) Module of the DFSA Rulebook.

Abu Dhabi Global Market

Each Joint Lead Manager has severally (and not jointly or jointly and severally) represented and agreed that it has not offered and will not offer the Notes to any person in the ADGM unless such offer is:

- (a) an “Exempt Offer” in accordance with the FSRA Financial Services and Markets Regulations (the “FSMR”) and the FSRA Markets Rules;
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.4.1 of the FSRA Conduct of Business Rules; and
- (c) made only in circumstances in which section 18(1) of the FSMR does not apply.

Kingdom of Bahrain

Each Joint Lead Manager has severally (and not jointly or jointly and severally) represented and agreed that it has not offered or sold, and will not offer or sell, any Notes except on a private placement basis to persons in the Kingdom of Bahrain who are “accredited investors”.

For this purpose, an “**accredited investor**” means:

- (a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more, excluding that person’s principal place of residence;
- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or

- (c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

Qatar (including the Qatar International Financial Centre)

Each Joint Lead Manager has severally (and not jointly or jointly and severally) represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Notes in the State of Qatar (including the Qatar Financial Centre), except (i) in compliance with all applicable laws and regulations of the State of Qatar; and (ii) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar. This Offering Memorandum has not been filed with, reviewed or approved by the Qatar Central Bank, the Qatar Financial Centre Regulatory Authority or any other relevant Qatar governmental body or securities exchange.

British Virgin Islands

Each Joint Lead Manager has severally (and not jointly or jointly and severally) represented, warranted and agreed that no invitation has been made or will be made, directly or indirectly, to any person in the BVI or to the public in the BVI to purchase the Notes and the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the BVI, except as otherwise permitted by BVI law.

Cayman Islands

Each Joint Lead Manager has severally (and not jointly or jointly and severally) represented and agreed that no offer or invitation, whether directly or indirectly, to subscribe for the Notes has been or will be made to any member of the public in the Cayman Islands.

General

No action has been or will be taken in any jurisdiction by any Joint Lead Manager, the Issuer or the Guarantors that would permit a public offering of the Notes, or possession or distribution of this Offering Memorandum (in preliminary, proof or final form) or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to purchase or a solicitation of an offer to sell in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about, and to observe any restrictions relating to, the Offering, the distribution of this Offering Memorandum and re-sale of the Notes. See “*Selling and Transfer Restrictions*”.

The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the Offering, including in the event that certain conditions precedent are not delivered or met to their satisfaction on the Issue Date. In this situation, the Offering may not be completed. Investors will have no rights against the Issuer, the Guarantors or the Joint Lead Managers in respect of any expense incurred or loss suffered in these circumstances.

Other Relationships

The Joint Lead Managers and their respective affiliates have engaged and may engage in transactions with the Issuer and other members of the Group (including, credit agreements and credit lines) in the ordinary course of their business, performing various investment banking, financial advisory, and other services for the Issuer and its subsidiaries, for which they received and may receive customary fees. In particular, CBD is a lender to the Issuer and other members of the Group under the CBD Facilities and the Revolving Credit Facility. See “*Description of Certain Financing Arrangements, the Intercreditor Agreement and the Common Security—Revolving Credit Facility*”. Further, the Joint Lead Managers may subscribe for Notes in the offering (at the same price as other investors) and/or purchase and sell the Notes in the open market.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and/or other members of the Group.

Certain of the Joint Lead Managers or their affiliates that have a lending/financing relationship with the Issuer and/or other members of the Group routinely hedge their credit exposure consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into hedging transactions which may consist of taking certain positions in securities, including potentially the Notes. Any such exposures could adversely affect future trading prices of the Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or other positions in such securities and instruments.

GENERAL INFORMATION

Authorisation

The issue of the Notes was duly authorised by a resolution of board of directors of the Issuer dated 24 September 2023. The giving of the Guarantees was duly authorised by a resolution of the directors, shareholders or partners of each of the Guarantors passed/adopted on 24 September 2023.

The Issuer and the Guarantors have each obtained all necessary consents, approvals and authorisations in connection with the issue of the Notes and the execution and performance of their respective obligations under the Notes and the Guarantees, respectively.

Admission to Listing

Application has been made to the DFSA for the Notes to be admitted to the DFSA Official List and to Nasdaq Dubai for the Notes to be admitted to trading on Nasdaq Dubai.

It is also intended for application to be made to the London Stock Exchange for the Notes to be admitted to trading on the ISM. The ISM is not a regulated market within the meaning of UK MiFIR. The ISM is a market designated for professional investors. Notes admitted to trading on the ISM are not admitted to the Official List of the FCA. The London Stock Exchange has not approved or verified the contents of this Offering Memorandum.

Clearing Information

The Notes have been accepted for clearance through Euroclear, Clearstream, Luxembourg and DTC. The CUSIP number, ISIN and Common Code for the Rule 144A Notes are 33829Q AA0, US33829QAA04 and 261018101, respectively, and the ISIN and Common Code for the Regulation S Notes are XS2611093365 and 261109336, respectively.

No Significant Change or Material Change

Other than as disclosed in the “*Capitalisation*”, “*Risk Factors*”, “*Business of the Group*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” section of this Offering Memorandum, there has been no significant change in the financial performance, financial position or trading position of the Issuer, the Guarantors, or of the Group since 30 June 2023 (the date of its most recently published unaudited quarterly results) and there has been no material adverse change in the prospects of the Issuer, the Guarantors, or of the Group since 31 December 2022.

Litigation

Neither the Issuer, the Guarantors nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantors are aware), or disputes in the 12 months preceding the date of this Offering Memorandum which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer, the Guarantors or the Group.

Issuer Legal Information

The Issuer was incorporated on 30 August 2013 as a BVI Business Company under the laws of the BVI with company number 1789050 and the name “SKAI Global Holdings Limited”. The Issuer was renamed “FIVE Holdings (BVI) Limited” on 6 June 2017 and presently has its registered office at Coastal Building, Wickham’s Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands.

At the time of this Offering Memorandum, the Issuer’s issued and fully-paid shares consisted of 1 (one) share with a nominal value of U.S.\$1.

The Legal Entity Identifier (LEI) code of the Issuer is 894500RYZ0A75W1L6C62.

Guarantor Legal Information

The Notes will be guaranteed on a senior basis. On the Issue Date, the Guarantors will be:

1. FIVE Holding Limited, a private company incorporated on 24 April 2014 under the laws of the Dubai International Financial Centre, under registration number 1568, with registered address at Unit GA-00-SZ-L1-RT-201, Level 1, Gate Avenue – South Zone, Dubai International Financial Centre, Dubai, 506734, United Arab Emirates.
2. FIVE JBR Holding (DIFC) Limited, a private company incorporated on 07 July 2021 under the laws of the Dubai International Financial Centre, under registration number 4865, with registered address at Unit GA-00-SZ-L1-RT-201, Level 1, Gate Avenue – South Zone, Dubai International Financial Centre, Dubai, 506734, United Arab Emirates.
3. FIVE International Holding Limited, a private company incorporated on 25 January 2021 under the laws of the Dubai International Financial Centre, under registration number 4409, with registered address at Unit GA-00-SZ-L1-RT-201, Level 1, Gate Avenue - South Zone, Dubai International Financial Centre, Dubai, 506734, United Arab Emirates.
4. DEVCO Real Estate Development LLC, limited liability company incorporated on 05 July 2021 under the laws of the United Arab Emirates, under registration number 2008459, with registered address at Office No. 107, owned by the Dubai Financial Support Fund, Al Quoz 3, Dubai, United Arab Emirates.
5. FIVE International Hotel Management LLC, a private company incorporated on 28 August 2018 under the laws of the United Arab Emirates, under registration number 1644096, with registered address at Office no. C8 – owned by Assas Investments Limited, Palm Jumeirah, Dubai, United Arab Emirates.
6. SKAI Holdings Group Limited, a free zone company limited by shares incorporated on 07 December 2017 under the laws of the Ras Al Khaimah International Corporate Centre Companies Regulations 2018, under registration number IC20110395, with registered address at Office No. 2111, Level 21, The Prism, Business Bay, Dubai, Emirates P.O. Box 82315, United Arab Emirates.
7. Assas Investments Limited, a freezone offshore company incorporated on 10 April 2012 under the Jebel Ali Freezone Authority Offshore Companies Regulation 2018, under registration number 151486, with registered address at Crowe Mak, Level 21, The Prism, Business Bay, Dubai, United Arab Emirates.
8. Rehan Limited, a free zone offshore company incorporated on 28 June 2017 under the Jebel Ali Freezone Authority Offshore Companies Regulation 2018, under registration number 190177, with registered address at Crowe Mak, Level 21, The Prism, Business Bay, Dubai, United Arab Emirates.
9. Unlimited 1 Limited, a free zone offshore company incorporated on 04 March 2014 under the Jebel Ali Freezone Authority Offshore Companies Regulation 2018, under registration number 163973, with registered address at Crowe Mak, Level 21, The Prism, Business Bay, Dubai, United Arab Emirates.
10. FIVE Hotel FZE, a free zone company incorporated in Trakhees on 20 December 2015 under the laws of the United Arab Emirates, under registration number 1922, with registered address at Plot No. 2069, P.O. Box 6438, Dubai, United Arab Emirates.
11. FIVE Luxe Hotel LLC (formerly FIVE Hotel JBR LLC), a limited liability company incorporated on 14 July 2021 under the laws of the United Arab Emirates, under registration number 2023856, with registered address at Office No. G-L3, owned by Elham Muhammad Amin Mirza Ghafari, Abu Hail, Deira, Dubai, United Arab Emirates.
12. FIVE Hotel Jumeirah Village LLC, a limited liability company incorporated on 05 March 2015 under the laws of the United Arab Emirates, under registration number 2005609, with registered address at Office C11, owned by Unlimited 1 Limited, Al Barsha South Fourth, Dubai United Arab Emirates.

13. Unlimited 1 Development, an exempted company incorporated with limited liability on 24 September 2014 under the laws of the Cayman Islands, under registration number 292058, with registered address at the office of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.
14. Sky's the Limit 1, an exempted company incorporated with limited liability on 6 March 2014 under the laws of the Cayman Islands, under registration number 285788, with registered address at the office of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.
15. FIVE Holiday Homes Rental LLC is a limited liability company incorporated on 10 March 2016 under the laws of the United Arab Emirates under registration number 1644081, with registered address at Office no. C8, owned by Assas Investments Limited, Palm Jumeirah, Dubai, United Arab Emirates.
16. Pacha Universe Holding Limited a private company incorporated on 13 June 2023 under the laws of the Dubai International Financial Centre, under registration number 7032, with registered address at Unit 201, Level 1, Gate Avenue – South Zone, Dubai International Financial Centre, Dubai, United Arab Emirates.

Documents available for inspection

For so long as any Notes remain outstanding, copies of the Notes Documents, the Intercreditor Agreement and the Security Documents will only be available for inspection from the specified office of the Principal Paying Agent and copies (and English translations where the documents in question are not in English) of the following documents will be available for inspection on the Issuer's website at <https://www.fiveglobalholdings.com/investor-relations/> and during normal business hours on any day (excluding Saturdays, Sundays and public holidays), for inspection and/or collection from the registered office of the Issuer and from the specified office of the Principal Paying Agent:

- (a) the Memorandum of Association and Articles of Association of the Issuer;
- (b) the constitutional documents of the Guarantors;
- (c) the Financial Statements; and
- (d) this Offering Memorandum.

Independent Auditors

The consolidated financial statements of Five Holdings (BVI) Limited and its subsidiaries, as at 31 December 2022 and 2021, included in this Offering Memorandum, have been audited by PricewaterhouseCoopers Limited Partnership Dubai Branch, independent auditor, as stated in its reports appearing therein. PwC is a registered audit firm in the UAE, operating under professional licences issued by the Dubai Economic Department and the UAE Ministry of Economy. There is no professional institute of auditors in the UAE and, accordingly, PwC is not a member of a professional body in the UAE. All PwC partners directly involved in the audit are members of the institutes from where they received their professional qualification. PwC's report with respect to the 2021 Financial Statements contains an emphasis of matter paragraph drawing attention to Notes 2.1(a) and 34 to the 2021 Financial Statements which describe the details of amendments made to the previously issued financial statements for the year ended 31 December 2021 following management's reassessment of the accounting of the contractual arrangements in respect of the transfer of certain condominium hotel units and hotel apartments.

With respect to the unaudited interim condensed consolidated financial statements of Five Holdings (BVI) Limited as at 30 June 2023 and for three-month and six-month periods ended 30 June 2023 included in this Offering Memorandum, PricewaterhouseCoopers Limited Partnership Dubai Branch reported that they have applied limited procedures in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope

than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. However, their separate report dated 17 August 2023 appearing herein states that they did not audit and they do not express an opinion on the unaudited financial statements. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

Reports

CBRE of Building 6, Level 5 Emaar Square, P.O. Box 506961, Dubai has prepared the CBRE Valuation Reports and the Condensed Valuation Reports (together, the “**CBRE Reports**”) for and on behalf of the Issuer. CBRE has given and has not withdrawn its written consent for the inclusion of the Condensed Valuation Reports in the form and context in which they appear herein and has authorised the content of the CBRE Reports for use in this Offering Memorandum.

Conflict of Interest

There are no existing or potential conflicts of interest between any duties of any member of the Board of Directors and senior management towards the Issuer and such members’ private interests and/or other duties.

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Review report on interim condensed consolidated financial statements to the board of directors of FIVE Holdings (BVI) Limited

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of FIVE Holdings (BVI) Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2023 and the related interim condensed consolidated statements of comprehensive income for the three-month and six-month periods then ended and the interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended and other explanatory notes.. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, ‘Interim financial reporting’ as issued by the International Accounting Standards Board. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, ‘Review of interim financial information performed by the independent auditor of the entity’. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34.

Emphasis of matter

The interim condensed consolidated financial statements are prepared by the management in connection with the proposed listing of the Company’s bonds on the London Stock Exchange and Nasdaq Dubai. As a result, the interim condensed consolidated financial statements may not be suitable for another purpose. Our conclusion is not modified in respect of this matter.

PricewaterhouseCoopers Limited Partnership Dubai Branch
Dubai, United Arab Emirates

17 August 2023

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Jacques Fakhoury, Douglas O’Mahony, Wassim El Afchal, Murad Alnsour and Rami Sarhan and Virendra Dhirajlal Lodhia are registered as practising auditors with the UAE Ministry of Economy

FIVE Holdings (BVI) Limited and its subsidiaries

Interim condensed consolidated statement of financial position

	Note	As at	
		30 June 2023	31 December 2022
		AED'000 (Unaudited)	AED'000 (Audited)
ASSETS			
Non-current assets			
Property and equipment	3	7,193,135	6,966,866
Right-of-use assets	4	94,264	104,914
Intangible asset		905	235
Other assets	5	118,500	-
		7,406,804	7,072,015
Current assets			
Due from related parties	13	2,815	-
Trade and other receivables	6	666,118	560,011
Prepayments	7	70,546	38,136
Inventories		16,149	17,267
Property held for development and sale		-	6,526
Cash and cash equivalents	8	748,084	696,200
		1,503,712	1,318,140
Total assets		8,910,516	8,390,155
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves attributable to Owner of FIVE Holdings (BVI) Limited			
Share capital		-	-
Contributed capital		252,913	252,913
Statutory reserve		2,238	2,238
Revaluation reserve		4,400,297	4,345,082
Retained earnings		992,805	807,172
		5,648,253	5,407,405
Non-controlling interests		22,110	21,667
Total equity		5,670,363	5,429,072
LIABILITIES			
Non-current liabilities			
Lease liabilities	4	87,088	99,514
Trade and other payables		42,809	51,012
Bank borrowings	9	764,347	1,063,656
Retention payables		31,869	18,648
Provision for employees' end of service benefits		12,139	10,837
Deferred tax liabilities		11,609	23,324
Finance liabilities	11	526,608	466,687
Deferred gain	12	434,063	398,675
		1,910,532	2,132,353
Current liabilities			
Lease liabilities	4	27,222	22,688
Due to related parties	13	826	6,470
Trade and other payables		493,444	482,465
Bank borrowings	9	271,240	106,834
Retention payables		967	339
Contract liabilities	10	363,560	55,145
Finance liabilities	11	101,378	88,984
Deferred gain	12	70,984	65,805
		1,329,621	828,730
Total liabilities		3,240,153	2,961,083
Total equity and liabilities		8,910,516	8,390,155

These interim condensed consolidated financial statements were approved by the Board of Directors on 17 August 2023 and signed on behalf of the Board of FIVE Holdings (BVI) Limited by:


Kabir Mulchandani
Chairman

The notes on pages 6 to 33 form an integral part of these interim condensed consolidated financial statements

FIVE Holdings (BVI) Limited and its subsidiaries

Interim condensed consolidated statement of comprehensive income

	Note	Three-month period ended 30 June		Six-month period ended 30 June	
		2023	2022	2023	2022
		AED'000 (Unaudited)	AED'000 (Unaudited and restated)	AED'000 (Unaudited)	AED'000 (Unaudited and restated)
Revenue	14	401,375	248,407	807,794	574,864
Cost of sales	15	(165,380)	(94,267)	(324,531)	(205,964)
Depreciation	3,4	(49,927)	(43,048)	(103,360)	(90,983)
Gross profit		186,068	111,092	379,903	277,917
General and administrative expenses	16	(48,712)	(68,375)	(100,812)	(109,022)
Selling and marketing expenses	17	(21,936)	(14,580)	(49,092)	(30,613)
Other income		820	13,091	1,939	13,577
Operating profit		116,240	41,228	231,938	151,859
Finance income	18	7,796	185	12,643	5,617
Finance cost	18	(32,146)	(18,370)	(58,624)	(37,765)
Finance cost - net	18	(24,350)	(18,185)	(45,981)	(32,148)
Profit for the period		91,890	23,043	185,957	119,711
Profit for the period attributable to:					
Owner of FIVE Holdings (BVI) Limited		91,155	22,295	184,653	113,897
Non-controlling interests		735	748	1,304	5,814
		91,890	23,043	185,957	119,711

	Three-month period ended 30 June		Six-month period ended 30 June	
	2023	2022	2023	2022
	AED'000 (Unaudited)	AED'000 (Unaudited and restated)	AED'000 (Unaudited)	AED'000 (Unaudited and restated)
Basic and diluted earnings per share attributable to the owner of FIVE Holdings (BVI) Limited	91,155	22,295	184,653	113,897

	Three-month period ended 30 June		Six-month period ended 30 June		
	2023	2022	2023	2022	
	AED'000 (Unaudited)	AED'000 (Unaudited and restated)	AED'000 (Unaudited)	AED'000 (Unaudited and restated)	
Profit for the period	91,890	23,043	185,957	119,711	
Other comprehensive income	-	-	-	-	
Items that will not be reclassified to profit or loss:					
Revaluation gain on property and equipment	113,715	512,987	113,715	512,987	
Exchange losses arising on translation of foreign subsidiary	-	(9,478)	-	(9,478)	
Deferred tax liabilities reversal / addition on fair value loss / (gain) in revaluation of property and equipment	12,480	(4,596)	12,480	(4,596)	
Total comprehensive income for the period	218,085	521,956	312,152	618,624	
Total comprehensive income for the period attributable to:					
Owner of FIVE Holdings (BVI) Limited	217,350	521,208	310,848	612,810	
Non-controlling interests	735	748	1,304	5,814	
	218,085	521,956	312,152	618,624	

FIVE Holdings (BVI) Limited and its subsidiaries

Interim condensed consolidated statement of changes in equity

	Attributable to Owner of FIVE Holdings (BVI) Limited							Non-Controlling Interests	Total
	Share Capital	Contributed Capital	Statutory reserve	Revaluation reserve	Retained earnings	Total	Total		
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000		
At 1 January 2023 (Audited)	-	252,913	2,238	4,345,082	807,172	5,407,405	21,667	5,429,072	
Profit for the period	-	-	-	-	184,653	184,653	1,304	185,957	
Other comprehensive income	-	-	-	126,195	-	126,195	-	126,195	
Total comprehensive income for the period ended 30 June 2023 (Unaudited)	-	-	-	126,195	184,653	310,848	1,304	312,152	
<i>Transactions with owner in their capacity as owner:</i>									
Dividend	-	-	-	-	(70,000)	(70,000)	(861)	(70,861)	
Transfer of revaluation reserve upon disposal of property and equipment	-	-	-	(16,245)	16,245	-	-	-	
Depreciation transfer for property and equipment under revaluation model	-	-	-	(54,735)	54,735	-	-	-	
At 30 June 2023 (Unaudited)	-	252,913	2,238	4,400,297	992,805	5,648,253	22,110	5,670,363	
	Attributable to Owner of FIVE Holdings (BVI) Limited							Non-Controlling Interests	Total
	Share Capital	Contributed Capital	Statutory reserve	Revaluation reserve	Foreign exchange reserve	Retained earnings	Total		
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000		
At 1 January 2022 (as previously reported)	-	252,913	2,238	1,306,139	-	514,089	2,075,379	129,397	2,204,776
Impact of restatement	-	-	-	2,179,924	-	(42,998)	2,136,926	-	2,136,926
At 1 January 2022 (Audited and restated)	-	252,913	2,238	3,486,063	-	471,091	4,212,305	129,397	4,341,702
Profit for the period (Unaudited and restated)	-	-	-	-	-	113,897	113,897	5,814	119,711
Other comprehensive income	-	-	-	508,392	(9,478)	-	498,914	-	498,914
Total comprehensive income for the period ended 30 June 2022 (Unaudited and restated)	-	-	-	508,392	(9,478)	113,897	612,811	5,814	618,625

FIVE Holdings (BVI) Limited and its subsidiaries

Interim condensed consolidated statement of cash flows

	Notes	Six-month period ended 30 June	
		2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited and restated)
Cash flows from operating activities			
Profit for the period		185,957	119,711
Adjustments for:			
Depreciation of property and equipment	3	92,710	83,418
Depreciation of right-of-use assets	4	10,650	7,565
Interest on lease liabilities	18	3,782	3,979
Interest cost on finance liabilities	18	39,927	40,351
Amortisation of deferred gain	18	(27,474)	(29,720)
Interest income	18	(12,643)	(5,617)
Interest cost on bank borrowings	18	39,463	21,035
Other finance cost	18	2,926	2,120
Profit on sale of property		(480)	-
Changes in working capital:			
Property held for development and sale		6,526	18,623
Inventory		1,118	2,130
Trade and other receivables	5	(106,107)	15,744
Prepayments	7	(32,410)	1,121
Due from a related party	13	(2,815)	-
Due to related parties	13	(5,644)	(97,740)
Trade and other payables		(183,269)	1,079
Retention payables		13,849	4,073
Contract liabilities	10	308,415	21,824
Provision for employee's end of service benefits		1,302	1,172
Net cash generated from operating activities		335,783	210,868
Cash flows from investing activities			
Purchase of property and equipment	3	(244,784)	(141,368)
Purchase of intangible assets		(670)	(50)
Guarantee deposits paid for acquisition		(118,500)	-
Interest income	18	12,643	5,617
Net cash used in investing activities		(351,311)	(135,801)
Cash flows from financing activities			
Advance received under financing arrangements		186,810	-
Proceeds from financing arrangements	11, 12	140,356	136,239
Interest payment of finance liabilities	11	(39,927)	(40,351)
Purchase of non-controlling interest share in a subsidiary		-	(104,981)
Payment of lease liabilities	4	(7,892)	(19,627)
Interest paid on lease liabilities	4	(3,782)	(3,979)
Dividends paid		(30,861)	(13,321)
Interest paid on bank borrowings	18	(42,389)	(23,155)
Proceed from bank borrowings		-	108,382
Repayment of from bank borrowings		(134,903)	(75,607)
Net cash generated from / (used) in financing activities		67,412	(36,400)
Net increase in cash and cash equivalents		51,884	38,667
Cash and cash equivalents, beginning of the period		696,200	488,385
Cash and cash equivalents, end of the period	8	748,084	527,052

The notes on pages 6 to 33 form an integral part of these interim condensed consolidated financial statements

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements For the three-month and six-month period ended 30 June 2023

1 Legal status and operations

FIVE Holdings (BVI) Limited (the “Company”) is a Company limited by shares registered on 30 August 2013 with Registrar of Corporate Affairs in British Virgin Islands. The registered address of the Company is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. Kabir Mulchandani is the ultimate controlling and ultimate beneficial owner (the “Owner”).

The principal activities of the Company and its Subsidiaries collectively referred as the “Group” are to provide hospitality services primarily in the United Arab Emirates (UAE) and recently started its operations in Switzerland. The Group is also engaged in real estate development.

The Company owns 100% equity stake in FIVE Holding Limited, an entity incorporated in Dubai International Financial Centre (“DIFC”), Dubai – United Arab Emirates (“UAE”). The Company along with its subsidiaries (together the “Group”) acts as an investment vehicle holding interests in the following principal subsidiaries:

Name of entity (subsidiary)	Principal activity	As at	
		30 June 2023	31 December 2022
United Arab Emirates			
FIVE Holding Limited	Holding Company	100	100
SKAI Holdings Group Limited	Holding Company	100	100
FIVE International Holding Limited	Holding Company	100	100
FIVE JBR Holding (DIFC) limited	Property holding Company	100	100
Devco Real Estate Development LLC	Real Estate development Company	100	100
FIVE Hotel JBR LLC	Hotel operating Company	100	100
FIVE Real Estate Development LLC	Real Estate development Company	-	100
Assas Investments Limited	Property holding Company	100	100
FIVE Hotel Jumeirah Village L.L.C	Hotel operating Company	100	100
FIVE Mansion Restaurant LLC	Restaurant operating Company	100	100
FIVE Investment LLC	Holding Company	-	100
Unlimited 1 Limited	Property holding Company	100	100
FIVE Holiday Homes Rental LLC	Holiday Homes Rental Company	100	100
Rehan Limited	Property holding Company	100	100
Ananda Investments Limited	Property holding Company	-	100
FIVE Hotel FZE	Hotel operating Company	100	100
FIVE International Hotel Management L.L.C	Hotel management Company	100	100
Five Beach Club Limited	Property holding Company	85	85
Praia Restaurant FZE	Restaurant operating Company	100	100
FIVE International Hotel Management Limited	Hotel management Company	100	100
FIVE Music FZ-LLC	Music production Company	100	-
Pacha Universe Holding Limited	Holding Company	100	-
Cayman Islands			
FIVE Development LLC	Holding Company	-	100
Unlimited 1 Development	Holding Company	100	100
FIVE Hospitality LLC	Holding Company	-	100
Sky’s the Limit 1	Holding Company	100	100
Switzerland			
5 Atlantis AG	Property holding and Hotel operating Company	100	100

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements For the three-month and six-month period ended 30 June 2023

2 Summary of significant accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard 34: Interim Financial Reporting.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2022. The same accounting policies, methods of computation, significant accounting judgments and estimates and assumptions are followed in these interim condensed consolidated financial statements as compared with the consolidated financial statements for the year ended 31 December 2022, except for policies and the new standards, policies and amendments adopted during the current period and restatement as explained in Note 25.

The Statement of Profit or loss is presented on the basis of by function. However, depreciation is separately presented within gross profit, this is considered appropriate presentation as the depreciation is a material line item, and IAS 1 "Presentation of Financial Statements", permits material items to be separately presented.

Seasonality of operations

The Group's interim results may not be indicative of fiscal year performance because of, among other reasons, macroeconomic conditions, including inflationary pressures, rising interest rates, and seasonal and short-term variations. The Group's hospitality segment is seasonal in nature and there are periods during which our properties experience variations in hotel revenue activities and margins that may vary and depend principally upon location and season. The Group's development business revenue and margins are dependent on the number of new developments and percentage of completion which is prone to natural fluctuations in the real estate market of the region.

New standards, interpretations, and amendments in issue and effective

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards and interpretations effective as of 1 January 2023. Although these new standards and amendments apply for the first time in 2023, they do not have a material impact on the interim condensed consolidated financial statements of the Group or the annual consolidated financial statements of the Group. The new standards, interpretations, and amendments in issue and effective are mentioned below:

New standards or amendments	Effective date
IFRS 17 Insurance Contracts	1 January 2023
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

New standards, interpretations, and amendments in issue and effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's interim condensed consolidated financial statements are disclosed below.

New standards or amendments	Effective date
Non-current liabilities with covenants – Amendments to IAS 1	1 January 2024
Lease liability in sale and leaseback – amendments to IFRS 16	1 January 2024
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	Effective date deferred indefinitely

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements For the three-month and six-month period ended 30 June 2023

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Management is currently assessing the impact of aforementioned new accounting standards, amendments and interpretations. However, the management's preliminary view is that these are expected to have no material impact on the Group in the current or future reporting periods.

Alternative performance measures

The Group has identified certain measures that it believes will assist the understanding of the performance of the business. These alternative performance measures ("APMs") are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for, or superior to, IFRS, provide stakeholders with an additional useful information on the underlying trends, performance and position of the Group and are consistent with how business performance is measured internally. The APMs are not defined by IFRS and therefore may not be directly comparable with other companies' alternative performance measures.

The key APM that the Group uses is EBITDA. This APM is set out in note 33 including an explanation of how it is calculated and how it reconciles to a statutory measure where relevant. These measures exclude the below items as defined below.

Exceptional items

The Group classifies certain one-off charges or credits that have a material impact on the Group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group. Management splits out these costs for internal purposes when reviewing the business.

Pre-opening costs

Pre-opening costs can vary significantly depending on the number of new sites acquired and opened in any period, and so do not reflect the costs of the day-to-day operations of the business. These costs are therefore split out in order to aid comparability with prior periods. Site pre-opening costs refer to costs incurred in getting new sites operational, and primarily include costs incurred before opening and in preparing for launch.

Acquisition-related costs

Acquisition-related costs are costs incurred to effect a business combination. Those costs include advisory, legal, accounting, valuation and other professional or consulting fees including employees bonuses in connection with the successful completion of a transaction. Acquisition-related costs are expensed in the period in which the costs are incurred, and the services are received.

FIVE Holdings (BVI) Limited and its subsidiaries

**Notes to the interim condensed consolidated financial statements
For the three-month and six-month period ended 30 June 2023**

3 Property and equipment

	Land & Buildings* AED'000	Equipment AED'000	Furniture and fixtures AED'000	Motor vehicles AED'000	Leasehold improvements AED'000	Capital work- in- progress** AED'000	Total AED'000
Cost or revaluation							
At 1 January 2022 (Audited and restated)	4,818,110	18,931	76,024	1,932	9,623	1,319,648	6,244,267
Additions	12,539	219	2,532	-	-	309,010	324,300
Transfer	595,081	-	20,620	-	-	(615,701)	-
Revaluation gain	612,731	-	-	-	-	360,100	972,831
At 31 December 2022 (Audited)	6,038,461	19,150	99,176	1,932	9,623	1,373,057	7,541,398
Additions	31,796	212	241	341	-	212,194	244,784
Disposal	(47,506)	-	-	-	-	-	(47,506)
Transfer	32,640	-	-	-	-	(32,640)	-
Revaluation gain	64,838	-	-	-	-	48,877	113,715
At 30 June 2023 (Unaudited)	6,120,229	19,362	99,417	2,273	9,623	1,601,488	7,852,392
Accumulated Depreciation							
At 1 January 2022 (Audited and restated)	330,496	18,750	51,077	1,368	4,720	-	406,411
Charge for the year	150,888	169	14,506	341	2,218	-	168,122
At 31 December 2022 (Audited)	481,384	18,919	65,583	1,709	6,938	-	574,533
Charge for the period	83,416	44	8,142	135	973	-	92,710
Disposal for the period	(7,986)	-	-	-	-	-	(7,986)
At 30 June 2023 (Unaudited)	556,814	18,963	73,725	1,844	7,911	-	659,257
Net book amount							
As at 30 June 2023 (Unaudited)	5,563,415	399	25,692	429	1,712	1,601,488	7,193,135
As at 31 December 2022 (Audited)	5,557,077	231	33,593	223	2,685	1,373,057	6,966,866

*Land and buildings are based on valuation provided by an independent valuer as at 30 June 2023 and 31 December 2022 and includes 20% as value of land which is not depreciated.

**Capital work-in-progress comprises of a property FIVE Luxe JBR hotel and 5 Atlantis AG. Capital work-in-progress includes AED 20,114 thousand of capitalised interest expense (31 December 2022: 28,144 thousand) for the period ended June 30, 2023, the capitalisation rate was UAE EIBOR + 4.75% in FIVE Luxe JBR hotel and 1.25% to 1.5% + LIBOR for 5 Atlantis AG.

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements For the three-month and six-month period ended 30 June 2023

3 Property and equipment (continued)

3.1 Revaluation of land and building classified as property and equipment

As at 30 June 2023, land and building under property and equipment were revalued and by an external independent and qualified valuer the revaluation gain/loss was recognised in the consolidated statement of comprehensive income.

3.1.1 Revaluation of land and building Five Hotel Jumeirah Village

A formal external valuation of the Group's property was performed as at 30 June 2023. The revaluation was supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at a rate of 10.10% and terminal value rate of 8.10%. Based on such valuation, the fair value of the hotel building as at 30 June 2023 was AED 857,434 thousand (31 December 2022: AED 854,143 thousand) which was higher than the net book amount of AED 373,816 thousand (31 December 2022: AED 359,788 thousand).

Fair Value Reconciliation – Jumeirah Village Hotel

	As at	
	30 June 2023 AED'000	31 December 2022 AED'000
Fair Value as per external valuation report	1,394,105	1,389,800
Less: Adjustment of receivables	(244,900)	(244,900)
Less: Adjustment of 5-year leases under IFRS 16	(291,771)	(290,757)
Fair Value of Jumeirah Village Hotel	857,434	854,143

Below is a sensitivity analysis in isolation of the key assumptions used to determine the fair value of the investment. The table reflects change in the fair value with change in key assumptions.

Key assumptions	Change	As at	
		June 2023 AED'000	December 2022 AED'000
Discount rate	+0.5%	(19,262)	(19,161)
	-0.5%	38,336	38,220
Cap rate	+0.5%	(14,798)	(14,714)
	-0.5%	35,713	35,607

3.1.2 Revaluation of land and building Five Hotel Palm Jumeirah

A formal external valuation of the Group's property was performed as at 30 June 2023. The revaluation was supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at a rate of 9.90% and terminal value rate of 7.90%. Based on such valuation, the fair value of the hotel building as at 30 June 2023 was AED 4,136,783 thousand (31 December 2022: AED 4,114 Thousand), which was higher than the net book amount of AED 918,204 thousand (31 December 2022: AED 949,928 thousand).

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements For the three-month and six-month period ended 30 June 2023

3 Property and equipment (continued)

3.1 Revaluation of land and building classified as property and equipment (continued)

Fair Value Reconciliation – Five Hotel Palm Jumeirah

	As at	
	30 June 2023 AED'000	31 December 2022 AED'000
Fair Value as per external valuation report	4,208,072	4,208,200
Less: Adjustment of receivables	(11,700)	(28,000)
Less: Holiday home value	(59,589)	(65,600)
Fair Value of Hotel Palm Jumeirah	4,136,783	4,114,600

	Change	As at	
		June 2023 AED'000	December 2022 AED'000
Key assumptions			
Discount rate	+0.5%	(104,958)	(105,796)
	-0.5%	174,308	171,868
Cap rate	+0.5%	(87,104)	(88,045)
	-0.5%	166,272	163,877

3.1.3 Revaluation of FIVE Luxe JBR hotel

During the year 2021, the Group purchased a property under construction worth AED 671,670 thousand from another developer as per the agreement between the parties, where AED 403,002 thousand (60%) is allocated to the hotel and classified as Land and Building based on Built up Area (BUA), the remaining of AED 268,668 thousand (40%) is allocated to property held for development and sale.

The assets listed below (stated at carrying value) have been pledged as security for borrowings.

<i>Asset pledged</i>	As at 31	
	As at 30 June 2023 AED'000	December 2022 AED'000
Capital work-in-progress	1,601,488	1,366,310

A formal external valuation of the Group's property was performed as at 30 June 2023. The revaluation was done by adopting the Profits method and the Residual method of valuation. The profit method was used to calculate the Gross Development Value of the property from which the remaining construction costs are deducted giving the fair value of the property. Based on such valuation, the fair value of the property as at 30 June 2023 was AED 1,601,488 thousand (31 December 2022: AED 1,366,310 thousand) which was higher than the net book amount of AED 828,967 thousand (31 December 2022: AED 632,867 thousand).

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements For the three-month and six-month period ended 30 June 2023

3 Property and equipment (continued)

3.1 Revaluation of land and building classified as property and equipment (continued)

3.1.3 Revaluation of FIVE Luxe JBR hotel (continued)

Fair Value Reconciliation – Five Luxe JBR:

	As at	
	30 June 2023 AED'000	31 December 2022 AED'000
Fair Value as per external valuation report	2,461,085	2,294,115
Less: Adjustment of receivables	(859,597)	(927,805)
Fair Value of Five Luxe, JBR	1,601,488	1,366,310

Below is a sensitivity analysis in isolation of the key assumptions used to determine the fair value of the investment. The table reflects change in the fair value with change in key assumptions.

Key assumptions	Change	30 June 2023 AED'000	31 December 2022 AED'000
		Discount rate	+0.5%
	-0.5%	49,124	42,307
Cap rate	+0.5%	(65,680)	(67,744)
	-0.5%	65,344	66,094

3.1.4 Revaluation of 5 ATLANTIS AG HOTEL, Zürich

During the period ended 31 December 2020, the 5 Atlantis AG ("The Subsidiary") acquired new building from Neue Hotel Atlantis AG, the purchase agreement amounted to AED 340,292,529 (CHF 83,985,000).

A formal external valuation of the Group's property was performed as at 30 June 2023. The revaluation was supported by cash flow projections which have been discounted at a rate of 4.50% and terminal value rate of 2.50%. Based on such valuation, the fair value of the property as at 30 June 2023 was AED 568,717 thousand (CHF 138,600 thousand) (31 December 2022: AED 595,081 thousand (CHF 149,800 thousand) which was higher than the net book amount of AED 456,216 thousand (31 December 2022: AED 422,147 thousand).

Below is a sensitivity analysis in isolation of the key assumptions used to determine the fair value of the investment. The table reflects change in the fair value with change in key assumptions.

Key assumptions	Change	30 June 2023 AED'000	31 December 2022 AED'000
		Discount rate	+0.5%
	-0.5%	22,298	36,890
Cap rate	+0.5%	(72,475)	(63,873)
	-0.5%	146,250	119,349

The current use of the property is at its highest and best use. The valuation technique uses significant unobservable inputs. Accordingly, the fair value was classified to level 3 for all the properties mentioned above. There were no transfers between fair value hierarchy during the six-month period ended 30 June 2023.

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements For the three-month and six-month period ended 30 June 2023

3 Property and equipment (continued)

3.1 Revaluation of land and building classified as property and equipment (continued)

At each financial year end the finance department:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

Carrying amounts that would have been recognised if property and equipment were stated at cost:

If property and equipment were stated on the historical cost basis, the amounts would be as follows:

	Land and Buildings	Capital Work in Progress	Total
	AED'000	AED'000	AED'000
30 June 2023			
Cost	2,140,500	670,035	2,810,535
Transfers	32,640	(53,261)	(20,621)
Additions	31,796	212,193	243,989
Disposal	(29,101)	-	(29,101)
Accumulated depreciation	(263,000)	-	(263,000)
Net book amount	1,912,835	828,967	2,741,802
31 December 2022			
Cost	1,700,941	788,184	2,489,125
Transfers	427,019	(427,019)	-
Additions	14,421	308,870	323,291
Disposal	(1,881)	-	(1,881)
Accumulated depreciation	(238,217)	-	(238,217)
Net book amount	1,902,283	670,035	2,572,318

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements For the three-month and six-month period ended 30 June 2023

4 Right-of-use assets and lease liabilities

The Group's right-of-use asset mainly relates to the right obtained to use certain lands, staff accommodations and hotel rooms under sale and leaseback agreements through tenancy agreements. The leases typically ranges from 1 to 35 years. Some leases include an option to renew the lease when all terms are negotiable. None of the leases include variable lease payments other than leases under sale and leaseback agreements.

	Land AED'000	Buildings AED'000	Total AED'000
Cost			
At 1 January 2022 (Audited and restated)	33,355	133,464	166,819
Additions	-	63,268	63,268
Lease termination	-	(55,735)	(55,735)
At 31 December 2022 (Audited)	33,355	140,997	174,352
At 30 June 2023 (Uaudited)	33,355	140,997	174,352
Accumulated depreciation			
At 1 January 2022 (Audited and restated)	438	63,430	63,868
Charge for the year	-	23,066	23,066
Lease termination	-	(17,496)	(17,496)
At 31 December 2022 (Audited)	438	69,000	69,438
Charge for the period	-	10,650	10,650
At 30 June 2023 (Uaudited)	438	79,650	80,088
Net book amount			
At 30 June 2023 (Uaudited)	32,917	61,347	94,264
At 31 December 2022 (Audited)	32,917	71,997	104,914

	As at	
	30 June 2023	31 December 2022
	AED'000 Unaudited	AED'000 Audited
Lease liabilities		
Non-current	87,088	99,514
Current	27,222	22,688
	114,310	122,202

	As at	
	30 June 2023	31 December 2022
	AED'000 Unaudited	AED'000 Audited
Lease liabilities		
At 1 January	122,202	127,130
Addition	-	62,894
Finance cost	3,782	7,218
Payment of lease liability	(13,186)	(24,227)
Other Movement	1,512	-
Lease termination	-	(50,813)
	114,310	122,202

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements For the three-month and six-month period ended 30 June 2023

5 Other assets

The other asset represents the amount deposited in the escrow account as guarantee for the obligation assumed by the Group pursuant to the sale and purchase agreement (“SPA”) dated 30 June 2023 of Universo Pacha, S.A. incorporated in Ibiza, Spain (‘the Target’). The Target is engaged in hospitality business comprises of two operational hotels under the brand name Destino and El Hotel Pacha and one night club under the brand name Pacha in Ibiza, Spain. The aforementioned transaction is subject to fulfilment of certain conditions which includes but not limited to completion of the required reorganisation to carve out the Target companies outside the seller’s Group and necessary approval from the regulatory authorities.

6 Trade and other receivables

	As at	
	30 June 2023	31 December 2022
	AED’000	AED’000
	Unaudited	Audited
Trade receivables*	8,549	33,933
Unbilled receivables**	548,886	369,015
Advances to suppliers	77,692	113,307
Municipality fees receivable	500	1,462
Other receivables	30,491	42,294
	666,118	560,011

Analysed as follows:

Current portion	666,118	560,011
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*Included within trade receivables are amounts due from hotel customers who have paid by credit card, these amounts are usually collected during the next working day and do not carry any significant credit risk

** The unbilled receivables represent revenue recognised under percentage of completion method for the off-plan sale of properties held for development and sale for which collection is due at later date in accordance with the contractual terms. The increase in the balance is attributable to revenue recognised for FIVE Luxe residence project during the six-month period ended 30 June 2023 for which collection is due upon completion of the project.

The fair value of trade receivable approximates their carrying value. Trade and other receivables of the Group are denominated in AED and CHF.

The Group has a broad base of customers with no concentration of credit risk within trade and other receivables as at 30 June 2023 and 31 December 2022. Management is of the opinion that this concentration of credit risk will not result in a significant loss to the Group for the period ended 30 June 2023. Other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables. There is no collateral against other receivables.

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements For the three-month and six-month period ended 30 June 2023

7 Prepayment

	As at	
	30 June 2023	31 December 2022
	AED'000	AED'000
	Unaudited	Audited
Deferred sales commission*	58,836	25,023
Prepaid Visa fees	4,335	4,830
Others	7,375	8,283
	70,546	38,136

*It mainly relates to sales commission that is paid to the real estate brokers (refer note 13) and amortized in the statement of profit and loss based on percentage of completion of the related project. The increase in the balance pertains to sale commission paid to the agents by the Group for facilitating the sale of units in the new tower in FIVE Luxe and Sensoria, JBR.

8 Cash and cash equivalents

	As at	
	30 June 2023	31 December 2022
	AED'000	AED'000
	Unaudited	Audited
Cash on hand	1,761	1,583
Cash at banks	746,323	694,617
Cash and cash equivalents	748,084	696,200

Bank balances are held with locally incorporated banks and branches of international banks.

Cash at banks includes an amount of AED 550,696 thousand (31 December 2022: AED 361,705 thousand) held in escrow accounts and collateral reserve accounts. Cash held in escrow accounts represents cash received from customers that is held with banks authorised by the Real Estate Regularity Authority ("RERA"). Use of this cash is limited to specific development projects to which the cash receipts relate.

9 Bank borrowings

	As at	
	30 June 2023	31 December 2022
	AED'000	AED'000
	Unaudited	Audited
Term loans	1,034,873	1,165,876
Bank overdrafts	24,325	41,070
Less: unamortised borrowing costs	(23,611)	(36,456)
	1,035,587	1,170,490
Analysed as follows:		
Current portion	271,240	106,834
Non-current portion	764,347	1,063,656
	1,035,587	1,170,490

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements For the three-month and six-month period ended 30 June 2023

10 Contract liabilities

Contract liabilities represent instalments received from customers towards the purchase of development properties, net of revenue recognised.

	As at	
	30 June 2023	31 December 2022
	AED'000	AED'000
	Unaudited	Audited
Opening	55,145	26,549
Advance from customers*	413,475	82,633
Revenue recognised	(105,060)	(54,037)
	363,560	55,145

Analysed as follows:

Current portion	363,560	55,145
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* Increase is mainly attributable to advance collected from the customers for sale of new tower in FIVE Luxe, JBR i.e. Sensoria residence for which the percentage of completion as at 30 June 2023 is below the advance collected.

The aggregate amount of the sale price allocated to the performance obligations of the Group that are unsatisfied partially unsatisfied as at 30 June 2023 of AED 960.1 million (2022: AED 212.8 million), the Group expects to recognize these unsatisfied performance obligations as revenue over a period of 12 month.

11 Finance liabilities

	As at	
	30 June 2023	31 December 2022
	AED'000	AED'000
	Unaudited	Audited
Opening Balance	555,671	453,814
Net movement during the period / year	72,315	101,857
Payments made during the period / year	(39,928)	(78,169)
Interest on finance liabilities	39,928	78,169
Closing Balance	627,986	555,671

Analysed as follows:

Current portion	101,378	88,984
Non-current portion	526,608	466,687
	627,986	555,671

Fixed/Variable

Fixed portion	67,743	25,271
Variable portion	560,243	530,400
	627,986	555,671

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements For the three-month and six-month period ended 30 June 2023

12 Deferred gain

	As at	
	30 June 2023	31 December 2022
	AED'000	AED'000
	Unaudited	Audited
Opening Balance	464,480	434,810
Net movement during the period / year	71,120	84,926
Amortisation during the period / year	(30,553)	(55,256)
Closing Balance	505,047	464,480
Analysed as follows:		
Current portion	70,984	65,805
Non-current portion	434,063	398,675
	505,047	464,480

13 Transactions and balances with related parties

Related parties include the Owner, non-controlling interests, key management personnel and any businesses which are controlled, directly or indirectly by the Owner and directors or over which they exercise significant management influence (the "other related parties"). During the period, the Group entered into the following significant transactions with related parties in the normal course of business and at prices and terms agreed by the Group's management.

	Six-month period ended 30 June	
	2023	2022
	AED'000	AED'000
	(Unaudited)	(Unaudited and restated)
Non-controlling interest		
Dividend declared (refer note 19)	861	3,956
Owner		
Dividend declared (refer note 19)	70,000	-
Key management remuneration:		
Salaries and other short term employee benefits	14,910	16,705
Termination and post-employment benefits	180	180
Other related party*		
Sales incentive and commission expenses	20,425	7,787

*Other related party transaction includes a transaction with Five Real Estate Brokers LLC, a company under common control.

The Group's owner agreed to waive his termination and post-employment benefits. Therefore, the Group did not provide for such benefits in current and previous years.

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements For the three-month and six-month period ended 30 June 2023

13 Transactions and balances with related parties (continued)

Balances with related parties

The amounts due to related parties, represent balances arising from funds and services provided and received in the normal course of business. The majority of the balance due to other related party, is in relation to the sales commission due to be paid.

	As at	
	30 June 2023 AED'000 Unaudited	31 December 2022 AED'000 Audited
Due to related party		
Owner	826	6,332
Other related party*	-	138
	826	6,470

*Five Real Estate Brokers LLC, a company under the common control.

	As at	
	30 June 2023 AED'000 Unaudited	31 December 2022 AED'000 Audited
Due from a related party		
Other related party*	2,815	-
	2,815	-

*Five Real Estate Brokers LLC, a company under the common control.

Due from / to related parties is unsecured in nature, bears no interest and receivable / payable on demand.

14 Revenue

	Three-month period ended 30 June		Six-month period ended 30 June	
	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited and restated)	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited and restated)
At a point in time:				
Food and beverages	113,524	106,275	226,674	236,620
Other operating departments	22,327	13,753	42,173	30,251
	135,851	120,028	268,847	266,871
Over time:				
Sale of property held for development and sale*	176,638	45,051	344,532	100,636
Room revenue	88,259	82,021	192,924	205,184
	264,897	127,072	537,456	305,820
Rental income and other income	627	1,307	1,491	2,173
	401,375	248,407	807,794	574,864

*Revenue from sale of property held for development is recognised based on unit sales for completed property and percentage completion basis for under construction property. These contracts were signed for a fixed cash consideration on varying instalment payment plans.

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements For the three-month and six-month period ended 30 June 2023

15 Cost of sales

	Three-month period ended 30 June		Six-month period ended 30 June	
	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited and restated)	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited and restated)
Cost of property held for development and sale	74,151	18,704	140,736	43,730
Staff costs	44,082	35,202	87,644	72,990
Inventory consumption	23,183	23,206	46,782	51,377
Utility costs	9,478	8,015	17,989	15,458
Lease charges - holiday homes	8,511	5,193	16,708	11,872
Music and entertainment	5,975	3,947	14,672	10,537
	165,380	94,267	324,531	205,964

16 General and administrative expenses

	Three-month period ended 30 June		Six-month period ended 30 June	
	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited and restated)	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited and restated)
Staff costs	11,875	19,285	25,605	24,149
Hotel operating expenses*	17,155	15,791	34,713	31,074
Repairs and maintenance	7,957	7,327	16,380	14,463
Legal and professional fees	4,657	6,542	9,842	10,068
Credit card commission expenses	3,805	3,413	7,897	8,211
Pre-operating expenses	-	12,150	-	16,448
Travelling expenses	1,040	2,381	4,119	3,123
Charity	277	-	310	-
Others	1,946	1,486	1,946	1,486
	48,712	68,375	100,812	109,022

*Operating expenses include indirect costs such as IT support, hotel maintenance, other hotel support costs etc. and hence these costs have been classified to general and administrative expenses.

17 Selling and marketing expenses

	Three-month period ended 30 June		Six-month period ended 30 June	
	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited and restated)	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited and restated)
Sales incentive and commission to agents	17,575	10,185	37,323	21,379
Advertising expenses	4,361	4,395	11,769	9,234
	21,936	14,580	49,092	30,613

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Notes to the interim condensed consolidated financial statements For the three-month and six-month period ended 30 June 2023

18 Finance costs, net

	Three-month period ended 30 June		Six-month period ended 30 June	
	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited and restated)	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited and restated)
<i>Finance costs:</i>				
- Interest on bank borrowings	33,805	16,037	59,577	33,201
- Unwinding of interest on finance liabilities	18,213	15,704	39,927	40,351
- Unwinding of interest on lease liabilities	1,885	1,920	3,782	3,979
- Others	1,457	1,053	2,926	2,120
Less: Interest capitalised on qualifying assets	(10,166)	(6,022)	(20,114)	(12,166)
Less: Amortisation of deferred gain	(13,048)	(10,322)	(27,474)	(29,720)
Total finance costs (A)	32,146	18,370	58,624	37,765
<i>Finance income:</i>				
- Interest income	7,796	185	12,643	5,617
Total finance income (B)	7,796	185	12,643	5,617
Finance costs – net ((A) - (B))	24,350	18,185	45,981	32,148

19 Dividend

During the six-month period ended 30 June 2023, the Group paid dividend of AED 861 thousand and AED 70,000 thousand (for the year ended 31 December 2022: AED 3,956 thousand and AED Nil) to its minority shareholders and the Owner respectively. The dividend to the Owner is paid in cash amounting to AED 30,000 thousand out of the sale proceeds of the units of FIVE Jumeirah Village hotel and AED 40,000 thousand in the form of residential unit owned by Rehan Limited at fair market value. The aforesaid unit was in the occupation of the Owner for the residential purpose in consideration of the rent payments determined as per arms' length principle.

20 Commitments and contingencies

Capital commitments

The Group has capital expenditure commitments arising from its contracts with contractors of AED 317,170 thousand as at 30 June 2023 (31 December 2022: AED 318,693 thousand). These commitments represent the value of contracts issued as at 30 June 2023, net of accruals, payments and invoices made till that date.

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Notes to the interim condensed consolidated financial statements For the three-month and six-month period ended 30 June 2023

21 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	As at	
	30 June 2023	31 December 2022
	AED'000	AED'000
	Unaudited	Audited
Assets as per the consolidated statement of financial position		
<i>At amortised cost</i>		
Trade and other receivables, excluding advances to suppliers and municipality fees receivable (Note 6)	587,926	445,242
Due from a related party (Note 13)	2,815	-
Cash and cash equivalents (Note 8)	748,084	696,200
	1,338,825	1,141,442

	As at	
	30 June 2023	31 December 2022
	AED'000	AED'000
	Unaudited	Audited
Liabilities as per the consolidated statement of financial position		
<i>At amortised cost</i>		
Trade and other payables (excluding advances from customers, municipality fees and VAT payable)	228,886	289,315
Bank borrowings (Note 9)	1,035,587	1,170,490
Lease liabilities (Note 4)	114,310	122,202
Finance liabilities (Note 11)	627,986	555,671
Due to related parties (Note 13)	826	6,470
	2,007,595	2,144,148

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Notes to the interim condensed consolidated financial statements For the three-month and six-month period ended 30 June 2023

22 Financial risk management

22.1 Financial risk factors

The Group's multinational operations and borrowings expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022. There have been no changes in any risk management policies since year end.

Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk on its interest-bearing liabilities. As at 30 June 2023, bank borrowings carried at variable rates comprise of AED 1,035,587 thousand (31 December 2022: AED 1,170,490 thousand) i.e., 58% of the Group's total borrowings of AED 1,777,883 (31 December 2022: AED 1,848,363 thousand). Other borrowings carried at fixed rate such as the finance liabilities and lease liabilities as at 30 June 2023 comprise of AED 742,296 thousand i.e., 42% (31 December 2022: AED 677,873 thousand).

At 30 June 2023, if interest rates on variable rate borrowings had been 1% higher/lower with all other variables held constant, the impact on the consolidated statement of comprehensive income would be a decrease/increase of AED 5,296 thousand (for six-month period ended 30 June 2022: AED 5,853 thousand) as a result of higher/lower interest expense.

22.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines. Cash flow forecasting is performed by the Group on an ongoing basis to ensure it has sufficient cash to meet operational needs.

Liquidity risk management is carried out by a central treasury department at the Group level. Surplus cash held by the Group over and above the balance required are used for the payment of debt and to reduce the interest charges. The table on the next page analyses the Group's financial liabilities into relevant maturity Groupings based on the remaining period at the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Contractual maturities of financial liabilities				Carrying value AED'000
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total contractual cash flows	
	AED'000	AED'000	AED'000	AED'000	
At 30 June 2023 (Unaudited)					
Trade and other payables	515,941	42,809	-	558,750	536,253
Bank borrowings	340,361	825,495	-	1,165,856	1,035,587
Finance liabilities	103,979	441,563	2,295,586	2,841,128	627,986
Lease liabilities	28,654	55,584	87,107	171,345	114,310
Due to related party	826	-	-	826	826
	989,761	1,365,450	2,382,693	4,737,905	2,314,962
At 31 December 2022 (Audited)					
Trade and other payables	482,465	51,012	-	533,477	533,477
Bank borrowings	152,340	1,045,902	-	1,198,242	1,170,490
Finance liabilities	88,894	316,038	2,192,381	2,597,313	555,671
Lease liabilities	22,688	34,515	79,692	136,895	122,202
Due to related party	6,470	-	-	6,470	6,470
	752,857	1,447,467	2,272,073	4,472,397	2,388,310

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Notes to the interim condensed consolidated financial statements For the three-month and six-month period ended 30 June 2023

22.3 Capital risk management

The Groups' objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, finance liabilities, and lease liabilities less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt, if any.

The gearing ratios as at 30 June 2023 and 31 December 2022 were as follows:

	As at	
	30 June 2023	31 December 2022
	AED'000	AED'000
	Unaudited	Audited
Total bank borrowings (Note 9)	1,035,587	1,170,490
Total finance liabilities (Note 11)	627,986	555,671
Total lease liabilities (Note 4)	114,310	122,202
Less: cash and cash equivalents (Note 8)	(748,084)	(696,200)
Net debt (A)	1,029,799	1,152,163
Total equity (B)	5,670,363	5,429,072
Total capital ((C) = (A) + (B))	6,700,162	6,581,235
Gearing ratio ((A)/(C))	15%	18%

22.4 Fair value estimation

Financial instruments comprise financial assets and financial liabilities. Financial assets of the Group include bank balances and cash, trade and unbilled receivables, loans and advances, and other receivables. Financial liabilities of the Group include advances from customer, interest-bearing loans and borrowings, accounts payable, retentions payable and other payable.

The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise.

22.5 Net debt reconciliation

The below table summarises the net debt reconciliation for the six-month period ended 30 June 2023.

	Liabilities from financing activities				Cash and cash equivalents	Total
	Finance liabilities	Lease liabilities	Bank borrowings	Sub-total		
Net debt as at 31 December 2021 (Audited and restated)	453,814	127,129	1,238,762	1,819,705	(488,385)	1,331,320
Addition	101,857	62,895	139,733	304,485	(207,815)	96,670
Interest	78,169	7,218	53,125	138,512	-	138,512
Payments	(78,169)	(24,227)	(261,130)	(363,526)	-	(363,526)
Lease termination	-	(50,813)	-	(50,813)	-	(50,813)
Net debt as at 31 December 2022 (Audited)	555,671	122,202	1,170,490	1,848,363	(696,200)	1,152,163
Addition	72,315	-	-	72,315	(51,884)	20,431
Interest	39,928	3,782	42,389	86,099	-	86,099
Payments	(39,928)	(13,186)	(177,292)	(230,406)	-	(230,406)
Other movement	-	1,512	-	1,512	-	1,512
Net debt as at 30 June 2023 (Unaudited)	627,986	114,310	1,035,587	1,777,883	(748,084)	1,029,799

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Notes to the interim condensed consolidated financial statements For the three-month and six-month period ended 30 June 2023

23 Segment Reporting

The Group's operating segments are Real estate development and Hospitality. The Management evaluates the operating results of its operating segments separately for the purpose of making strategic decisions about allocating resources and assessing performance. Segment performance is measured based on the adjusted profit or loss calculated in accordance with IFRS.

The Chief Operating Decision Maker reviews mainly the segment profit and loss for its strategic decision and therefore, the segment assets and liabilities are not disclosed in this section.

a) For the six-month ended 30 June 2023 (Unaudited)

Particulars	Hospitality	Real estate development	Others	Total
	AED'000	AED'000	AED'000	AED'000
Total Segment Results	196,570	174,353	-	370,923
Unallocated Items				
Corporate office	-	-	(35,625)	(35,625)
EBITDA	196,570	174,353	(35,625)	335,298

a) For the six-month ended 30 June 2022 (Unaudited and restated)

Particulars	Hospitality	Real estate development	Others	Total
	AED'000	AED'000	AED'000	AED'000
Total Segment Results	233,399	40,026	-	273,425
Add: Preopening expenses	16,448	-	-	16,448
Unallocated Items				
Corporate office	-	-	(30,583)	(30,583)
EBITDA	249,847	40,026	(30,583)	259,290

Reconciliation between profit for the period and earnings before interest, tax, depreciation and amortisation:

Particulars	Three-month period ended 30 June		Six-month period ended 30 June	
	2023	2022	2023	2022
	AED'000 (Unaudited)	AED'000 (Unaudited and restated)	AED'000 (Unaudited)	AED'000 (Unaudited and restated)
Profit for the period	91,890	23,043	185,957	119,711
Add:				
Depreciation	49,927	43,048	103,360	90,983
Pre-opening expenses (Note 16)	-	12,150	-	16,448
Finance costs (Note 18)	32,146	18,370	58,624	37,765
Finance income (Note 18)	(7,796)	(185)	(12,643)	(5,617)
Earning before interest, tax, depreciation and amortisation ("EBITDA")	166,167	96,426	335,298	259,290

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements For the three-month and six-month period ended 30 June 2023

23 Segment Reporting (continued)

Particulars	Three-month period ended 30 June		Six-month period ended 30 June	
	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited and restated)	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited and restated)
Segment Revenue				
Hospitality	224,737	203,356	463,262	474,228
Real estate development	176,638	45,051	344,532	100,636
Total Segment Revenue	401,375	248,407	807,794	574,864
Segment Result				
Hospitality	92,395	91,274	196,570	233,399
Real estate development	88,748	16,806	174,353	40,026
Total Segment Results	181,143	108,080	370,923	273,425
Less: Unallocated Items				
Finance costs (Note 18)	32,146	18,370	58,624	37,765
Finance income (Note 18)	(7,796)	(185)	(12,643)	(5,617)
Corporate office	14,976	23,804	35,625	30,583
Depreciation	49,927	43,048	103,360	90,983
Net Profit	91,890	23,043	185,957	119,711

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements For the three-month and six-month period ended 30 June 2023

23 Segment Reporting (continued)

Other Information

The Management of the entity further evaluates the result of the Hospitality segment separately into Hotel Rooms, Food and Beverage - Entertainment, Food and Beverage - Non entertainment, and others, which are the key drivers of the performance of the business.

	Three-month period ended 30 June		Six-month period ended 30 June	
	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited and restated)	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited and restated)
Hospitality - Revenue stream wise				
Rooms	88,259	82,021	192,924	205,184
Food and Beverage – Entertainment	60,829	57,769	123,034	137,468
Food and Beverage – Non Entertainment	52,695	48,506	103,640	99,152
Others	22,954	15,060	43,664	32,424
Total Hospitality - Revenue stream wise	224,737	203,356	463,262	474,228
Hospitality - Result stream wise				
Rooms	44,879	46,881	105,172	128,690
Food and Beverage – Entertainment	23,811	22,887	45,106	56,337
Food and Beverage – Non Entertainment	15,815	15,323	30,757	35,729
Others	7,890	6,183	15,535	12,643
Total Hospitality - Result stream wise	92,395	91,274	196,570	233,399
Add: Pre-opening Expenses				
Rooms	-	4,900	-	6,855
Food and Beverage – Entertainment	-	3,452	-	4,717
Food and Beverage – Non Entertainment	-	2,898	-	3,703
Others	-	900	-	1,173
Total Other Adjustments Hospitality	-	12,150	-	16,448
Earning before interest, tax, depreciation and amortization (EBITDA)				
Rooms	44,879	51,781	105,172	135,545
Food and Beverage – Entertainment	23,811	26,339	45,106	61,054
Food and Beverage – Non Entertainment	15,815	18,221	30,757	39,432
Others	7,890	7,083	15,535	13,816
Total EBITDA	92,395	103,424	196,570	249,847

Notes: -

- Segment Result = Revenue – Cost of sales – General and administrative expenses – Selling and marketing expenses + Other Income
- Preopening expense allocated in the sub-segment of hospitality based on the revenue of that sub-segment.

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements For the three-month and six-month period ended 30 June 2023

24 Corporate tax

On 16 January 2023 the UAE government published a Cabinet Decision setting the threshold at which the new Corporate Income Tax will apply. This event made the Corporate Income Tax substantively enacted and enacted within the meaning of IAS 12. Current taxes will only be payable for financial years beginning on or after 1 June 2023 so the company will be subject to current tax for the first time effective from 1 January 2024. However, enactment of the legislation requires the Group to record deferred taxes using the enacted rate of 9%.

The Group assessed the deferred tax implication and concluded it is not material as of and for the six-month period ended 30 June 2023. The impact of any future changes in enacted law will be accounted for when such changes are substantively enacted or enacted.

25 Restatement of previously issued interim condensed consolidated financial statements

In accordance with the requirements of IAS 8 “Accounting policies, changes in accounting estimates and errors” (“IAS 8”), management has restated the figures to adjust the previously issued consolidated financial statements. The note below sets out the details of adjustments and the line items in the interim condensed consolidated statements of profit or loss, comprehensive income and cash flows:

Restatement 1: Sale and lease back

In the prior years the Group entered into three types of arrangements with buyers, as follows:

- Sale and leaseback of units at Five Palm Jumeirah for a period of 30 years, with a handover in 2017
- Sale and leaseback of units at Five Jumeirah Village Circle for a period of 30 years, with a handover in 2019
- Sale and leaseback of units at Five Palm Jumeirah for a period of 1 year, with auto-renewal terms, with a handover in 2017

A significant portion of these units were sold in the prior periods and revenue from the sale of the condominiums was recognised under IFRS 15 “Revenue from contracts with customers”. Upon the adoption of IFRS 16 “Leases” on 1 January 2019, the arrangements were reassessed and accounted for as sale and lease back arrangements. This was on the basis that management had assessed that control over the units passed to the customer under the requirements of IFRS 15, and the sale and leaseback criteria was met. As a result of this a right of use asset was recognised and a lease liability was recorded in the consolidated statement of financial position from 1 January 2019.

During 2022, the Group’s management reassessed the accounting treatment of these arrangements. Upon reassessment of the contractual terms, it was concluded that the arrangements fall under the scope of IFRS 9 “Financial Instruments” as these are in substance a form of financing in nature. It was assessed that the contractual terms resulted in there being no transfer of control of the condominiums under IFRS 15 “Revenue from Contracts with Customers”. It was concluded that the arrangements failed to qualify as a sale and should have been accounted for as financing under IFRS 9 Financial Instruments. Accordingly, a restatement has been recognised to reflect the arrangements as financing in the previously issued consolidated financial statements.

Restatement 2: Reclassification of direct costs

The Group identified music, entertainment and other operational expenses relating to the entertainment revenue stream included within selling and marketing costs, and general and administrative expenses. These have been reclassified to cost of sales as they are direct in nature.

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements For the three-month and six-month period ended 30 June 2023

25 Restatement of previously issued interim condensed consolidated financial statements (continued)

Restatement 3: Reclassification of costs in “Cost of Sales” and “Selling and marketing expenses” to “General and Administrative expenses” in relation to certain indirect costs for the hotel

The Group identified certain indirect costs pertaining to the hotel which were classified as direct costs and selling and marketing expenses reclassified them to general and administrative expenses

Restatement 4: Reclassification of holiday home rent as direct costs

Pursuant to the holiday homes rental agreement with unit owners of residential units, the Group incurred the lease charges - rooms and hotel apartments during the period ended 30 June 2022. These were recognised in general and administrative expenses. However, as they relate to arrangements which generate revenue from hotel rooms the amounts should be recognised in cost of sales.

Restatement 5: Separate presentation of depreciation

In prior periods the Group presented depreciation within cost of sales. Given that this amount is material, this has been separately presented within gross profit in accordance with IAS 1 Presentation of Financial Statements. Interim condensed consolidated financial statements for the period ended have been restated for this reclassification.

Restatement 6: Presentation of restricted cash in escrow

As at 30 June 2022, the Group classified balances in escrow relating to ongoing project development, and collateral and other reserve accounts relating to bank borrowings as restricted cash. These balances can be used in the operations of the business as per specific criteria, as such management has assessed these balances to be cash and cash equivalents.

Restatement 7: Recognition of deferred tax liability in relation to the 5 Atlantis AG

During the six-month period ended 30 June 2022, deferred tax on revaluation gain of hotel in Switzerland should have been recorded in accordance with IAS 12 “Income taxes”. As a result of a fair value gain on the fixed assets in Switzerland being taxable only upon realisation (i.e., sale of the assets) in accordance with the provisions of Federal and Cantonal taxes applicable in Zurich, Switzerland, the Group has recognised the deferred tax liability as at balance sheet date.

FIVE Holdings (BVI) Limited and its subsidiaries

**Notes to the interim condensed consolidated financial statements
For the three-month and six-month period ended 30 June 2023**

25 Restatement of previously issued interim condensed consolidated financial statements (continued)

a) Impact on interim condensed statement of profit or loss for the three-month period ended 30 June 2022 is summarized below:

	As previously reported AED'000	Restatement 1 AED'000	Restatement 2 AED'000	Restatement 3 AED'000	Restatement 4 AED'000	Restatement 5 AED'000	As restated AED'000
Revenue	248,407		-	-	-	-	248,407
Cost of sales	(112,510)		(3,947)	3,360	(5,193)	24,023	(94,267)
Depreciation	-	(19,025)	-	-	-	(24,023)	(43,048)
Gross profit	135,897	(19,025)	(3,947)	3,360	(5,193)	-	111,092
General and administrative expenses	(73,658)	2,162	3,947	(6,019)	5,193	-	(68,375)
Selling and Marketing expenses	(17,239)	-	-	2,659	-	-	(14,580)
Other income	13,091	-	-	-	-	-	13,091
Operating profit	58,091	(16,863)	-	-	-	-	41,228
Finance income	-	185	-	-	-	-	185
Finance costs	(25,022)	6,652	-	-	-	-	(18,370)
Finance Costs, net	(25,022)	6,837	-	-	-	-	(18,185)
Profit for the period	33,069	(10,026)	-	-	-	-	23,043

FIVE Holdings (BVI) Limited and its subsidiaries

**Notes to the interim condensed consolidated financial statements
For the three-month and six-month period ended 30 June 2023**

25 Restatement of previously issued interim condensed consolidated financial statements (continued)

b) Impact on interim condensed statement of profit or loss for the six-month period ended 30 June 2022 is summarized below:

	As previously reported AED'000	Restatement 1 AED'000	Restatement 2 AED'000	Restatement 3 AED'000	Restatement 4 AED'000	Restatement 5 AED'000	As restated AED'000
Revenue	577,956	(3,092)	-	-	-	-	574,864
Cost of sales	(239,147)	1,288	(10,537)	6,053	(11,872)	48,251	(205,964)
Depreciation	-	(42,732)	-	-	-	(48,251)	(90,983)
Gross profit	338,809	(44,536)	(10,537)	6,053	(11,872)	-	277,917
General and administrative expenses	(125,118)	7,239	5,695	(8,710)	11,872	-	(109,022)
Selling and Marketing expenses	(38,114)	-	4,842	2,659	-	-	(30,613)
Other income	13,579	-	-	(2)	-	-	13,577
Operating profit	189,156	(37,297)	-	-	-	-	151,859
Finance income	-	5,617	-	-	-	-	5,617
Finance costs	(45,623)	7,858	-	-	-	-	(37,765)
Finance Costs, net	(45,623)	13,475	-	-	-	-	(32,148)
Profit for the period	143,533	(23,822)	-	-	-	-	119,711

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements for the three-month and six-month period ended 30 June 2023 (continued)

25 Restatement of previously issued interim condensed consolidated financial statements (continued)

(b) Impact on interim condensed statement of comprehensive income for the Three-month period ended 30 June 2022 is summarised below:

	As previously reported AED'000	Restatement 1 AED'000	Restatement 7 AED'000	As Restated AED'000
Profit for the period	33,069	(10,026)	-	23,043
<u>Items that will not be classified to Profit or Loss</u>				
Revaluation gain on property and equipment	-	512,987	-	512,987
Deferred tax liabilities on fair value gain in revaluation of property and equipment	-	-	(4,596)	(4,596)
Exchange losses arising on translation of foreign subsidiary	(9,478)	-	-	(9,478)
Total comprehensive income for the period	23,591	502,961	(4,596)	521,956

(c) Impact on interim condensed statement of comprehensive income for the Six-month period ended 30 June 2022 is summarised below:

	As previously reported AED'000	Restatement 1 AED'000	Restatement 7 AED'000	As Restated AED'000
Profit for the period	143,533	(23,822)	-	119,711
<u>Items that will not be classified to Profit or Loss</u>				
Revaluation gain on property and equipment	-	512,987	-	512,987
Deferred tax liabilities on fair value gain in revaluation of property and equipment	-	-	(4,596)	(4,596)
Exchange losses arising on translation of foreign subsidiary	(9,478)	-	-	(9,478)
Total comprehensive income for the period	134,055	489,165	(4,596)	618,624

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements for the three-month and six-month period ended 30 June 2023 (continued)

25 Restatement of previously issued interim condensed consolidated financial statements (continued)

(c) Impact on statement of changes in cashflow for the six-month period ended 30 June 2022 (extract) is summarised below:

	As previously reported AED'000	Restatement 1 AED'000	Restatement 6 AED'000	As Restated AED'000
Net cash generated from operating activities	149,576	(54,922)	116,214	210,868
Net cash used in investment activities	(58,285)	(77,516)	-	(135,801)
Net cash used in financing activities	(168,838)	132,438	-	(36,400)
Net (decrease) / increase in cash and cash equivalents	(77,747)	-	116,214	38,667
Cash and cash equivalents, beginning of the period	244,632	-	243,753	488,385
Cash and cash equivalents, end of the period	167,085	-	359,967	527,052



Independent auditor's report to the shareholder of FIVE Holdings (BVI) Limited

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of FIVE Holdings (BVI) Limited (the "Company") and its subsidiaries (together the "Group") as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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Jacques Fakhoury, Douglas O'Mahony, Wassim El Afchal, Murad Alnsour, Rami Sarhan and Virendra Dhirajlal Lodhia are registered as practicing auditors with the UAE Ministry of Economy



Independent auditor's report to the shareholder of FIVE Holdings (BVI) Limited (continued)

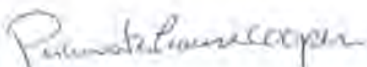
Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


PricewaterhouseCoopers
Dubai, United Arab Emirates
17 May 2023

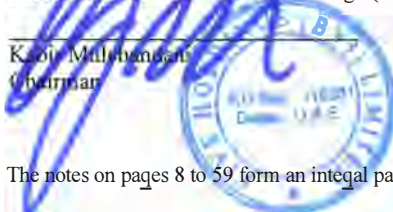
FIVE Holdings (BVI) Limited

Consolidated statement of financial position

	Note	As at 31 December	
		2022 AED'000	2021 AED'000
ASSETS			
Non-current assets			
Property and equipment	5	6,966,867	5,837,857
Right-of-use assets	6	104,914	102,951
Intangible asset		235	133
		7,072,016	5,940,941
Current assets			
Trade and other receivables	8	560,011	535,656
Prepayments		38,136	50,920
Inventories	9	17,267	13,950
Property held for development and sale	10	6,526	18,623
Cash and cash equivalents	11	696,200	488,385
		1,318,140	1,107,534
Total assets		8,390,156	7,048,475
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves attributable to owner of FIVE Holdings (BVI) Limited			
Share capital	12	-	-
Contributed capital	13	252,913	252,913
Statutory reserve	14	2,238	2,238
Revaluation reserve		4,345,082	3,486,063
Retained earnings		807,172	471,091
		5,407,405	4,212,305
Non-controlling interests		21,666	129,397
Total equity		5,429,071	4,341,702
LIABILITIES			
Non-current liabilities			
Lease liabilities	6	99,514	101,706
Trade and other payables	15	51,012	63,591
Bank borrowings	16	1,063,656	1,166,052
Retention payables		18,648	772
Contract liabilities	17	-	878
Provision for employees' end of service benefits	18	10,837	5,855
Deferred tax liabilities	19	23,324	14,133
Finance liabilities	20	466,687	375,645
Deferred gain	20	398,677	367,678
		2,132,355	2,096,310
Current liabilities			
Lease liabilities	6	22,688	25,423
Due to related parties	7	6,470	134,575
Trade and other payables	15	482,465	206,550
Bank borrowings	16	106,834	72,710
Retention payables		339	231
Contract liabilities	17	55,145	25,671
Finance liabilities	20	88,984	78,169
Deferred gain	20	65,805	67,134
		828,730	610,463
Total liabilities		2,961,085	2,706,773
Total equity and liabilities		8,390,156	7,048,475

These consolidated financial statements were approved by the Board of Directors on 17 May 2023 and signed on behalf of the Board of FIVE Holdings (BVI) Limited by:

Khalid Mulholland
Chairman



The notes on pages 8 to 59 form an integral part of these consolidated financial statements

FIVE Holdings (BVI) Limited

Consolidated statement of profit or loss

	Note	Year ended 31 December	
		2022 AED'000	2021 AED'000
Revenue	21	1,236,949	1,408,873
Cost of sales	22	(494,958)	(537,652)
Depreciation	5,6	(191,187)	(138,306)
Gross profit		550,804	732,915
Expenses			
General and administrative expenses	23	(183,989)	(145,937)
Selling and marketing expenses	24	(77,705)	(68,560)
Net impairment reversal / (losses) on financial assets		4,877	(10,362)
Other income	26	19,847	15,955
Operating profit		313,834	524,011
Finance income	27	5,967	-
Finance cost	27	(87,133)	(57,545)
Finance cost, net	27	(81,166)	(57,545)
Profit for the year		232,668	466,466
Profit for the year attributable to:			
Owner of FIVE Holdings (BVI) Limited		225,520	455,027
Non-controlling interests		7,148	11,439
		232,668	466,466

	Year ended 31 December	
	2022 AED	2021 AED
Basic and diluted earnings per share attributable to the owner of FIVE Holdings (BVI) Limited (Note 30)	225,520	455,027

FIVE Holdings (BVI) Limited

Consolidated statement of comprehensive income

	Year ended 31 December	
	2022 AED'000	2021 AED'000
Profit for the year	232,668	466,466
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss</i>		
Revaluation surplus on property and equipment (Note 5)	972,831	1,748,312
Deferred tax liabilities on fair value gain in revaluation of property and equipment	(9,191)	(14,133)
Total comprehensive income for the year	1,196,308	2,200,645
Total comprehensive income for the year attributable to:		
Owner of FIVE Holdings (BVI) Limited	1,189,160	2,175,932
Non-controlling interests	7,148	24,713
	1,196,308	2,200,645

FIVE Holdings (BVI) Limited

Consolidated statement of changes in equity

	Attributable to Owner of FIVE Holdings (BVI) Limited						Non-Controlling Interests AED'000	Total AED'000
	Share Capital AED'000	Contributed Capital AED'000	Statutory reserve AED'000	Revaluation reserve AED'000	Retained earnings AED'000	Total AED'000		
At 1 January 2021	-	252,913	2,238	1,835,034	(67,122)	2,023,063	144,272	2,167,335
Profit for the year	-	-	-	-	455,027	455,027	11,439	466,466
Other comprehensive income	-	-	-	1,720,905	-	1,720,905	13,274	1,734,179
Total comprehensive income for the year ended 31 December 2021	-	-	-	1,720,905	455,027	2,175,932	24,713	2,200,645
Transactions with non-controlling interests								
Purchase of non-controlling interest share in a subsidiary	-	-	-	-	-	-	(31,635)	(31,635)
Dividend paid (Note 29)	-	-	-	-	-	-	(7,953)	(7,953)
Transactions with owner in their capacity as owner:								
Profit on purchase of non-controlling interest	-	-	-	-	13,310	13,310	-	13,310
Depreciation transfer for property and equipment under revaluation model	-	-	-	(69,876)	69,876	-	-	-
At 31 December 2021	-	252,913	2,238	3,486,063	471,091	4,212,305	129,397	4,341,702
Profit for the year	-	-	-	-	225,520	225,520	7,148	232,668
Other comprehensive income	-	-	-	963,640	-	963,640	-	963,640
Total comprehensive income for the year ended 31 December 2022	-	-	-	963,640	225,520	1,189,160	7,148	1,196,308
Transactions with non-controlling interests								
Dividend paid (Note 29)	-	-	-	-	5,940	5,940	(110,923)	(104,983)
Transactions with owner in their capacity as owner:								
Depreciation transfer for property and equipment under revaluation model	-	-	-	(104,621)	104,621	-	-	-
At 31 December 2022	-	252,913	2,238	4,345,082	807,172	5,407,405	21,666	5,429,071

The notes on pages 8 to 59 form an integral part of these consolidated financial statements

FIVE Holdings (BVI) Limited

Consolidated statement of cash flows

	Note	Year ended 31 December	
		2022 AED'000	2021 AED'000
Cash flows from operating activities			
Profit for the year		232,668	466,466
Adjustments for:			
Depreciation of property and equipment	5	168,121	119,504
Depreciation of right-of-use assets	6	23,066	18,802
Net impairment losses trade receivables		-	10,362
Interest on lease liabilities	27	7,218	7,676
Interest cost on finance liabilities	27	78,169	62,207
Provision for employees' end of service benefits	18	6,105	1,826
Amortisation of deferred gain	27	(55,256)	(41,142)
Interest income	27	(5,967)	-
Interest cost on bank borrowings	27	53,127	24,797
Other finance cost	27	3,874	4,007
Gain on lease termination	26	(12,748)	-
Changes in working capital:			
Property held for development and sale	10	12,097	(18,623)
Inventories	9	(3,317)	(7,155)
Trade and other receivables	8	(24,355)	(412,375)
Prepayments		12,784	(44,086)
Due from a related party	7	-	63,822
Due to a related party	7	(128,105)	134,574
Trade and other payables	15	272,701	29,021
Retention payables		17,983	1,003
Contract liabilities	17	28,596	26,549
Employee's end of service benefits paid	18	(1,123)	(876)
Net cash generated from operating activities		685,638	447,359
Cash flows from investing activities			
Purchase of property and equipment	5	(324,300)	(814,958)
Proceed from sale of property and equipment		-	32,220
Purchase of intangible assets		(101)	(133)
Interest income	26	5,967	-
Net cash used in investing activities		(318,434)	(782,871)
Cash flows from financing activities			
Proceeds from financing arrangements	20	186,783	14,683
Interest payment of finance liabilities	27	(78,169)	(62,207)
Purchase of non-controlling interest share in a subsidiary	28	(104,982)	(18,325)
Payment of lease liabilities	6	(17,009)	(19,573)
Interest paid on lease liabilities	6	(7,218)	(7,675)
Dividends paid	7	(13,321)	(9,425)
Interest paid on bank borrowings	27	(57,001)	(28,804)
Proceed from bank borrowings		139,637	1,195,926
Repayment of from bank borrowings		(208,109)	(268,064)
Net cash (used in)/generated from financing activities		(159,389)	796,536
Net increase in cash and cash equivalents		207,815	460,024
Cash and cash equivalents, beginning of the year		488,385	28,361
Cash and cash equivalents, end of the year	11	696,200	488,385

The notes on pages 8 to 59 form an integral part of these consolidated financial statements

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2022

1 Legal status and operations

FIVE Holdings (BVI) Limited (the “Company”) is a Company limited by shares registered on 30 August 2013 with Registrar of Corporate Affairs in British Virgin Islands. The registered address of the Company is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. Kabir Mulchandani is the ultimate controlling and ultimate beneficial owner (the “Owner”).

The principal activities of the Company and its Subsidiaries collectively referred as the “Group” are to provide hospitality services primarily in the United Arab Emirates (UAE) and recently started its operations in Switzerland. The Group is also engaged in real estate development.

The Company owns 100% equity stake in FIVE Holding Limited, an entity incorporated in Dubai International Financial Centre (“DIFC”), Dubai – United Arab Emirates (“UAE”). The Company along with its subsidiaries (together the “Group”) acts as an investment vehicle holding interests in the following principal subsidiaries:

Name of entity (subsidiary)	Principal activity	31 December	
		2022	2021
<i>United Arab Emirates</i>			
FIVE Holding Limited	Holding Company	100	100
SKAI Holdings Group Limited	Holding Company	100	100
FIVE International Holding Limited	Holding Company	100	100
FIVE JBR Holding (DIFC) limited	Property holding Company	100	100
Devco Real Estate Development LLC	Real Estate development Company	100	100
FIVE Hotel JBR LLC	Hotel operating Company	100	100
FIVE Real Estate Development LLC	Real Estate development Company	100	100
Assas Investments Limited	Property holding Company	100	90
FIVE Hotel Jumeirah Village L.L.C	Hotel operating Company	100	100
FIVE Mansion Restaurant LLC	Restaurant operating Company	100	100
FIVE Investment LLC	Holding Company	100	100
Unlimited 1 Limited	Property holding Company	100	100
FIVE Holiday Homes Rental LLC	Holiday Homes Rental Company	100	100
Rehan Limited	Property holding Company	100	100
Ananda Investments Limited	Property holding Company	100	100
FIVE Hotel FZE	Hotel operating Company	100	100
FIVE International Hotel Management L.L.C	Hotel management Company	100	100
Five Beach Club Limited	Property holding Company	85	85
Praia Restaurant FZE	Restaurant operating Company	100	100
FIVE International Hotel Management Limited	Hotel management Company	100	-
<i>Cayman Islands</i>			
FIVE Development LLC	Holding Company	100	100
Unlimited 1 Development	Holding Company	100	100
FIVE Hospitality LLC	Holding Company	100	100
Sky’s the Limit 1	Holding Company	100	100
<i>Switzerland</i>			
5 Atlantis AG	Property holding and Hotel operating Company	100	100

2 Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention except land and buildings at fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements except as disclosed in Note 4.

The Statement of Profit or loss is presented on the basis of by function. However, depreciation is separately presented within gross profit, this is considered appropriate presentation as the depreciation is a material line item, and IAS 1 "Presentation of Financial Statements", permits material items to be separately presented.

New standards and amendments adopted by the Company

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2022:

- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16;
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37;
- Annual Improvements to IFRS Standards 2018-2020; and
- Reference to the Conceptual Framework – Amendments to IFRS 3.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and amendments that had been issued but were not mandatory for annual reporting periods ending on 31 December 2022

The Company intends to adopt these new and amended standards, if applicable, when they become effective.

- Definition of accounting estimates - Amendments to IAS 8;
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12; and
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1.

Management is currently assessing the impact of aforementioned new accounting standards, amendments and interpretations. However, the management's preliminary view is that these are expected to have no material impact on the Group in the current or future reporting periods.

Alternative performance measures

The Group has identified certain measures that it believes will assist the understanding of the performance of the business. These alternative performance measures ("APMs") are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for, or superior to, IFRS, provide stakeholders with an additional useful information on the underlying trends, performance and position of the Group and are consistent with how business performance is measured internally. The APMs are not defined by IFRS and therefore may not be directly comparable with other companies' alternative performance measures.

2 Significant accounting policies (continued)**2.1 Basis of preparation (continued)**

The key APM that the Group uses is EBITDA. This APM is set out in note 33 including an explanation of how it is calculated and how it reconciles to a statutory measure where relevant. These measures exclude the below items as defined below.

Exceptional items

The Group classifies certain one-off charges or credits that have a material impact on the Group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group. Management splits out these costs for internal purposes when reviewing the business.

Pre-opening costs

Pre-opening costs can vary significantly depending on the number of new sites acquired and opened in any period, and so do not reflect the costs of the day-to-day operations of the business. These costs are therefore split out in order to aid comparability with prior periods. Site pre-opening costs refer to costs incurred in getting new sites operational, and primarily include costs incurred before opening and in preparing for launch.

Acquisition-related costs

Acquisition-related costs are costs incurred to effect a business combination. Those costs include advisory, legal, accounting, valuation and other professional or consulting fees including employees bonuses in connection with the successful completion of a transaction. Acquisition-related costs are expensed in the period in which the costs are incurred, and the services are received.

2.2 Basis of consolidation*(a) Subsidiaries*

Subsidiaries are all entities over which the Group has control. The group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Any subsequent change to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2 Significant accounting policies (continued)**2.2 Basis of consolidation (continued)***(a) Subsidiaries (continued)*

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the recognised directly in the retained earnings in the statement of equity. This reserve is used to record the differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transfer of businesses under common control is accounted for under the uniting of interest method. Business combinations involving entities under common control do not fall under the scope of IFRS 3 “Business Combinations”. Under the uniting of interest method there is no requirement to fair value the assets and liabilities of the transferred entities and hence no goodwill is created as the balances remain at book value. The results and cash flows of the subsidiaries are consolidated from the beginning of the comparative financial period. The consolidated statement of comprehensive income and the consolidated statement of financial position comparatives are also presented as if the Company had been the intermediate parent undertaking of the Group throughout the current and previous year. The aim is to present the consolidated financial statements as though the Group had always been consolidated.

(b) Interests in equity-accounted investees

The Group’s interest in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is a joint arrangement whereby the parties have joint control of the arrangement and have rights to the net assets of the arrangement.

Investments in equity-accounted investees are accounted for using the equity method of accounting and are initially recognised at cost. The Group’s investment in equity-accounted investees includes goodwill identified on acquisition, net of any accumulated impairment loss.

Subsequent to initial recognition, the consolidated financial statements include the Group’s share of post-acquisition profits or losses in the consolidated statement of comprehensive income, its share of post-acquisition movements in other comprehensive income is recognised as other comprehensive income within the consolidated statement of comprehensive income and its share of post-acquisition movements in reserves is recognised in the consolidated statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group’s share of losses in equity-accounted investees equals or exceeds its interest in the equity-accounted investees, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the equity-accounted investees. Unrealised gains on transactions between the Group and its equity-accounted investees are eliminated to the extent of the Group’s interest in the equity-accounted investees. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

2 Significant accounting policies (continued)**2.2 Basis of consolidation (continued)***(c) Disposal of subsidiaries*

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Acquisitions that do not meet the definition of a business

When an entity is acquired which under IFRS 3 meets the definition of an asset acquisition as opposed to a business combination, the individual assets and liabilities acquired are identified, and the cost of the transaction is allocated to the assets acquired and liabilities assumed based on their relative fair values at the date of purchase. No goodwill is recognised on these transactions. All transactions costs are capitalised as part of the assets acquired.

2.3 Foreign currency translation*(a) Functional and presentation currency*

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in United Arab Emirates Dirham (“AED”), which is the Groups functional and presentation currency. Each subsidiary in the Group determines its own functional currency and items included in the financial statements of each subsidiary are measured using the respective functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in consolidated statement of profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised consolidated statement of profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in consolidated statement of other comprehensive income.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.3 Foreign currency translation (continued)

(c) Consolidation of the foreign operations

On consolidation, the results of overseas operations are translated into AED at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange translation reserve. Exchange differences recognised in profit or loss in Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange translation reserve on consolidation. On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

2.4 Property and equipment

Land, buildings and capital work-in-progress are initially recognised at cost, and classified as buildings upon commissioning, are stated at fair value based on annual valuations performed by external independent valuers less impairment and depreciation. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. All other property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in revaluation reserve in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between the depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation reserve to the retained earnings.

The leasehold improvements are depreciated over the period of lease or life of asset whichever is less.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Type of assets	Years
Buildings	30
Equipment	4 - 5
Furniture and fixtures	5
Motor vehicles	5
Leasehold improvements	5-10

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.4 Property and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each consolidated statement of financial position date. An asset carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the asset's carrying amount. These are recognised in the consolidated statement of comprehensive income. When revalued assets are sold, the amounts included in revaluations reserves are transferred to retained earnings.

When commissioned, capital work-in-progress is transferred to the respective category and depreciated in accordance with the Group's policy.

2.5 Transfers

Transfers between property, plant and equipment, and property held for development and sale are made when there is a change in use evidenced by commencement of owner-occupation or development with a view to sale, end of owner-occupation or commencement of an operating lease to another party, as applicable. All transfers are made at carrying value on the date of transfer.

2.6 Financial instruments

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets at amortised cost

The Group classifies its financial assets at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group's financial assets include cash and cash equivalents, due from related parties, and trade and other receivables (excluding advances to suppliers, prepayments and municipality fees receivable). There are no financial assets carried at fair value through profit and loss or through other comprehensive income.

At initial recognition, the Group measures financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Such financial assets are subsequently measured at amortised cost using the 'EIR' method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the consolidated statement of profit or loss. The losses arising from impairment and subsequent reversal of such losses are recognised in the consolidated statement of profit or loss under Net impairment reversal / (losses) on financial assets (excluding advances to suppliers, prepayments and municipality fees receivable).

2 Significant accounting policies (continued)

2.6 Financial instruments (continued)

Financial assets at amortised cost (continued)

- Cash and cash equivalents comprise balances in current accounts at banks and cash on hand including escrow accounts.
- Trade receivables are amounts due from customers for properties sold or services provided in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.
- Deferred sales commission relates to the amortization of sales commission to be paid to the brokers based on percentage of completion.
- Contract assets or unbilled receivables relate to the Group's right to receive consideration for the satisfied performance obligations but not billed at the reporting date, unbilled receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

Impairment of financial assets

The Group's financial assets that are subject to the expected credit loss model are trade and other receivables (excluding advances to suppliers, prepayments and municipality fees receivable).

While cash and cash equivalents and short term deposits are also subject to the impairment requirements of IFRS 9, the identified impairment loss is immaterial.

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and unbilled receivables. To measure the expected credit losses, trade receivables and unbilled receivables have been grouped based on shared credit risk characteristics and the days past due. The unbilled receivables relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the unbilled receivables. The Group has established a provision matrix that is based on the Group's historical credit loss experience, which is adjusted for expected cash flows from the realisation of the assets' collateral, if any, and further adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and unbilled receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. Impairment losses on trade receivables and unbilled receivables are written off when there is no reasonable expectation of recovery. Subsequent recoveries of amounts previously written off are credited against the same line item.

At each reporting date, the Group assess whether financial assets carried at amortised cost are impaired. Evidence of credit impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and an observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. The company also on case to case basis assesses the risk of default for amounts outstanding for over 90 days.

Recognition and derecognition of financial assets

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2 Significant accounting policies (continued)**2.6 Financial instruments (continued)***Recognition and derecognition of financial assets (continued)*

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired,
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass through’ arrangement,
- the Group has transferred its rights to receive cash flows from the asset and either:
 - i) has transferred substantially all risks and rewards of the asset or
 - ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group’s continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.7 Financial liabilities*Classification and measurement*

The Group classifies its financial liabilities at amortised cost which include trade and other payables (excluding advances from customers, VAT payable and municipality fee payable), bank borrowings, finance liability, lease liability, retention payable, contract liabilities and due to related parties. There are no financial liabilities carried at fair value through profit and loss or through other comprehensive income.

*Financial liabilities at amortised cost**Trade payables*

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Other liabilities at amortised cost

The Group has entered into agreements with buyers-lessors of condo hotel units sold in current and previous years. The terms of these arrangements are such that they are in substance financing arrangements, whilst the legal form reflects a sale and lease back. As per the significant judgements made in note 4.7a, it has been assessed that the arrangements meet the definition of a financial liability. At initial recognition these arrangements are measured at fair value taking into account the estimated future cash flows to be generated from these arrangements. The estimated cash flows are based on the terms of the contractual arrangements, these arrangements include both fixed and variable payment terms.

The expected cash flows are discounted using the effective interest rate method (“EIR Method”), using a discount rate which is reflective of the risks inherent with such an arrangement. The determination of the discount rate is considered a significant judgement and the assumptions have been disclosed in Note 4.7b. The interest expenses

2 Significant accounting policies (continued)**2.7 Financial liabilities (continued)**

recognised using effective interest rate method in the consolidated statement of profit or loss within 'Finance cost'.

Upon discounting the cash flows using the EIR Method, the financial liability is recognised at fair value. Due to the assumptions used in determining the discount rate, this results in a day 1 difference in the fair value of the cash flows. For the arrangements in place at the reporting date, there was a day 1 gain, which is deferred on the balance sheet as the measurement of these instruments was not based on observable market prices and therefore cannot be recognised in the Statement of Comprehensive Income on day 1. The gain has been deferred and is being amortised over systematic basis relative to the underlying term of the financing arrangements. These amounts are recognised in the Statement of Profit or loss as "Finance Income".

The deferred gain is presented in the Statement of Financial Position separately from the underlying financial liability.

At the end of each reporting period, the Group will re-estimate the future cash outflows based on revised assumptions, and discount these using the original EIR. Any difference between the carrying value of financial liability and the re-estimated liability value will be recognised in the consolidated statement of profit or loss within finance costs.

The financial liability is split between current and non-current based on the expected cash out flow in within twelve months from the reporting date. The deferred day 1 gain or loss is split between current and non-current based on the expected amortisation to consolidated statement of profit or loss within twelve months from the reporting date.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

2.8 Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

2.9 Trade receivables and unbilled receivables

Trade and unbilled receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

The carrying amount of the asset is reduced through the use of a loss allowance account, and the amount of the loss is recognised in the consolidated statement of comprehensive income.

2.10 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, current accounts including restricted cash held with financial institutions.

2 Significant accounting policies (continued)**2.11 Provision for employees' end of service benefits**

An accrual is made for employee's entitlements to annual leave and leave passage as a result of service rendered by the employees up to the reporting date.

A provision is made, using actuarial techniques, for the full amount of end of service benefits due to non-UAE national employees in accordance with the UAE Labour Law for their periods of service up to the statement of financial position date. The accrual relating to annual leave and leave passage is disclosed as a current liability and included in other payables, while that relating to end of service benefits is disclosed as a non-current liability in the consolidated statement of financial position.

The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the end of the reporting period of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and have terms approximating to the estimated term of the retirement benefit obligations.

Actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognised in equity through the consolidated statement of comprehensive income in the period in which they arise.

2.12 Contract liabilities

Instalments received from customers, for sale of property, prior to meeting the revenue recognition criteria, are recognised as contract liabilities. These are subsequently released to the consolidated statement of comprehensive income once the revenue recognition criteria are met.

2.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and risks specific to the obligation. Increases in provisions due to the passage of time are recognised as interest expense.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2 Significant accounting policies (continued)**2.14 Property held for development and sale (“PHDS”)**

Properties acquired, constructed or in the course of construction for sale in the ordinary course of business are classified as Property held for development and sale (“PHDS”) and are stated at the lower of cost or net realisable value. Cost includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction including the cost of construction of buildings; and
- Planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and applicable variable selling expenses.

2.15 Impairment of non-financial assets

Assets that are subject to depreciation/amortisation are reviewed for impairment (other than land and buildings classified under property and equipment) whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (“cash generating units”). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. A reversal of an impairment loss for an asset shall be recognised immediately in the consolidated statement of comprehensive income. After a reversal of an impairment loss is recognised, the depreciation/amortisation charge of the asset shall be adjusted in future periods to allocate the asset’s revised carrying amount, less residual value over the remaining useful life.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right or has met all conditions (if applicable) to defer settlement of the liability for at least twelve months after the reporting date.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Both specific and general borrowing costs are capitalised using appropriate capitalisation rates. In all cases, the amount of borrowings capitalised is limited to the amount of borrowing costs actually incurred during the year.

The capitalisation of borrowing costs commences from date of incurring the expenditure relating to the qualifying asset and ceases when all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Borrowing costs relating to the period after acquisition, construction or production are expensed.

2 Significant accounting policies (continued)**2.17 Revenue from contracts with customers***Revenue from contracts with customers*

IFRS 15 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers. It establishes a five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group recognises revenue from contracts with customers based on a five-step model as set out below:

- Step 1 Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.
- Step 2 Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.
- Step 3 Determine the transaction price: Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to a customer, excluding amounts collected on behalf of third parties.
- Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5 Recognise revenue as and when the Group satisfies a performance obligation.

The Group recognises revenue over time if any one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance obligations completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability – advances from customers.

Revenue is measured at the transaction price agreed under the contract. Amounts disclosed as revenue are net of variable consideration and payments to customers, which are not for distinct services, which may include discounts, trade allowances, rebates and amounts collected on behalf of third parties. Revenue is recognised in the consolidated statement of comprehensive income to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Revenue is recognised in the consolidated statement of comprehensive income to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

(a) *Revenue from sale of property held for development and sale*

Revenue on sale of development properties is recognised when control over the properties has been transferred to the customer, in some circumstances this is over time, where the criteria as per IFRS 15 paragraph 35 is met and in other circumstances revenue is recognised at a point in time, when the customer has control of the property and is able to direct the use of the property, this is typically when the customer has taken possession of the property

2 Significant accounting policies (continued)**2.17 Revenue from contracts with customers (continued)***(a) Revenue from sale of property held for development and sale (continued)*

Over time contracts

However, the Group has determined that, for its typical contracts, its performance does not create an asset with alternative use to the Group and it has concluded that, at all times, it has an enforceable right to payment for performance completed to date. Therefore, control transfers over time for these contracts. For contracts that meet the overtime revenue recognition criteria, the Group's performance is measured using an input method, by reference to the costs incurred to the satisfaction of a performance obligation (e.g., resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) relative to the total expected inputs to the completion of the property.

The Group excludes the effect of any costs incurred that do not contribute to the Group's performance in transferring control of goods or services to the customer (such as unexpected amounts of wasted materials, labour or other resources) and adjusts the input method for any costs incurred that are not proportionate to the Group's progress in satisfying the performance obligation (such as uninstalled materials).

Infrastructure costs allocated to each project are released to the consolidated statement of profit or loss, as cost of properties sold within 'cost of sales', based on the percentage of construction completed for each project and the percentage of infrastructure cost incurred at each period end to the total estimated infrastructure cost.

(b) Room and hotel ancillary services revenue

Revenue from rental of rooms and provision of other ancillary services is recognised over time, net of discounts and municipality fees where applicable, when the rooms are rented, and the services are rendered.

(c) Rental income

Rental income received as lessor from properties under operating leases is recognised in profit or loss on a straight-line basis over the lease term.

(d) Food and beverage revenue

Restaurant revenue from sales of food and beverages and other services is recognised when goods are sold and services are rendered, respectively. Amounts recognised are net of discounts and municipality fees where applicable. Mandatory service charge and surcharge collectible are included in revenue. Revenue is recognised at the point in time at which the performance obligation is satisfied.

2.18 Other income

Other income mainly comprises of income from units returned and other miscellaneous items which are not in scope of IFRS 15 Revenue from contracts with customers.

Income from returned units, arises when customers are unable to complete their scheduled payments according to the contractual terms and forfeit the right to retain the units and their deposits which have been paid. As such other income is recognised when the contracts are cancelled by the customers, and the units are recorded in properties held for development. Forfeited income is recognised in the reissued consolidated statement of comprehensive income when a customer turns down a pending sale or does not fulfil the contractual payment terms, in accordance with the regulation and procedures set out by the Dubai Real Estate Regulatory Authority.

2.19 Dividends distribution

The liability for dividend is provided for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2 Significant accounting policies (continued)**2.20 Share capital**

Ordinary shares are classified as equity.

2.21 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involved the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where all the decisions about how and for what purpose the asset is used are predetermined, the Group has the right to direct the use of the asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At the inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-to-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discounted rate, which is determined in a range of 4% to 12% per annum depending on the tenure of the lease and the location of the leased asset.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

2 Significant accounting policies (continued)**2.21 Leases (continued)**

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or terminate option.

Lease liability is subsequently increased by the finance costs on the lease liability and decreased by lease payments made. Each lease payment is allocated between the liability and finance cost. The finance costs are charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the consolidated statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases including holiday homes agreement that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

When the Group acts as a lessor, it determines at the lease commencement whether each lease is a finance lease or an operating lease. To classify each lease the Group makes an overall assessment of whether the lease transfer to the lessee substantially all of the risk and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for major part of the economic life of the asset. When assets are leased out under an operating lease, the asset is included in the consolidated statement of financial position based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis. The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Revenue'.

Sales and leaseback

For sale and leaseback transactions, the Group considers whether the initial transfer of the underlying asset to the buyers-lessors is a sale. The Group applies IFRS 15 to determine whether a sale has taken place. When the transfer to buyers-lessors is a sale, the Group derecognises the underlying asset and applies the lessee accounting model to the leaseback, the Group measures the right-of-use asset at the retained portion of the previous carrying amount (i.e., at cost), and recognises only the amount of any gain or loss related to the rights transferred to the lessors. When the transfer to buyers-lessors is not a sale, the Group continues to recognise the underlying asset, and recognises a financial liability for any amount received from the buyers-lessors. On or after the commencement of the hotels' operations, the Group has entered into a sale and leaseback agreements with customers (buyers-lessors) to sell and leaseback hotel room units. Management has performed the assessment of the above transaction and concluded that the transfer of hotel room units satisfies the requirements of IFRS 15 to be accounted for as a sale.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.21 Leases (continued)

The Group has entered into lease agreements with buyers-lessors of most of the hotel apartments sold in previous years (sale and leaseback agreements). The lease contracts were made for a period of 5 years for hotel apartments. Lease amount is based on variable payment terms which is equivalent to 40% of room revenue of the hotels net off admissible expenses. This lease amount is fully contingent on the performance of the hotels operated by the Group and there are no minimum lease payments stated per lease agreement. The Group recognised the right of use asset at the proportion of the cost of assets that relates to the right of use retained by the Group. The lease liabilities arising from above lease transactions is measured at the present value of the lease payments, discounted using the Group's incremental borrowing rate (6.0% per annum). Incremental borrowing rate is that rate the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

2.22 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

2.23 Value Added Tax

Expenses and assets are recognised net of the amount of VAT, except:

- a) When the VAT incurred on a purchase of assets or goods or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; or
- b) When receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

2.24 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate in a particular jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated statement of financial position. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

2 Significant accounting policies (continued)

2.24 Income tax (continued)

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognized in consolidated statement of other comprehensive income or directly in consolidated statement of changes in equity, respectively.

3 Financial risk management

3.1 Financial risk factors

The Group's activities potentially expose it to a variety of financial risks: market risk (including currency risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) *Market risk*

(i) *Currency risk*

Currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group is exposed to foreign exchange risks primarily with respect to the Swiss franc (CHF). Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities. There is no material impact to profit or loss due to the sensitivity in CHF currency risk.

The Group does not have an exposure to other foreign currency risks for transactions are denominated in UAE Dirham, US Dollars or currencies pegged to the US Dollar.

(ii) *Price risk*

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all the instruments traded in the market. The Group has no significant exposure to price risk as it does not hold any listed equity securities or commodities.

(iii) *Cash flow and fair value interest rate risk*

The Group is exposed to interest rate risk on its interest-bearing liabilities. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. The ratio of variable rate borrowings to fixed rate borrowings is 100:0 (2021: 97:3 variable rate borrowings).

At 31 December 2022, if interest rates on variable rate borrowings had been 1% higher/lower with all other variables held constant, the impact on the consolidated statement of comprehensive income would be a decrease/increase of AED 11,705,000 (2021: AED 12,390,000) as a result of higher/lower interest expense.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. When such an event happens, it is considered as a default event. The Group is exposed to credit risk in relation to its monetary assets, mainly trade receivables, unbilled receivables, related party balances and bank balances. The Group has no other significant concentrations of credit risk.

Bank balances

Bank balances are limited to high-credit-quality financial institutions. The table below presents an analysis of cash and cash equivalents by rating agency designation at the end of reporting period based on Moody's ratings or its equivalent for the main banking relationships:

	Moody's/ CI Rating	As at 31 December 2022 AED'000	As at 31 December 2021 AED'000
Counterparty 1	Baa1	613,133	320,740
Counterparty 2	A2	28,137	124,733
Counterparty 3	Ba1	10,317	5,273
Counterparty 4	Ba3	2,026	2,955
Counterparty 5	Aa2	35	30
Counterparty 6*	b+	40,969	33,697
		694,617	487,428

*Balances maintained with one bank that has a credit rating from Capital Intelligence (CI) and is currently not rated by Moody's.

The table above excludes cash on hand amounting to AED 1,583 thousand (2021: AED 957 thousand).

As at 31 December 2022, cash and cash equivalents balance included balances with two banks accounted for 94% (2021: two banks accounted for 91%) of the cash and cash equivalents of the Group.

Management is of the opinion that this concentration of credit risk will not result in a significant loss to the Group.

Trade and other receivables

Trade receivables are either made to customers with an appropriate credit history or secured by deposits and/or underlying real estate assets, which can be called upon if the counterparty is in default under the terms of the agreement. The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The group has entered into contracts for the sale of residential units on an instalment basis. The instalments are specified in the contracts. The group is exposed to credit risk in respect of instalments due. However, the legal ownership of residential units, and plots of land is transferred to the buyer only after all the instalments are collected. In addition, instalment dues are monitored on an ongoing basis. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information including significant changes in the value of the collateral supporting the obligation.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

Other financial assets

With respect to the credit risk arising from other financial assets of the Group, which comprise related party receivables and other receivables, the Group's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these assets.

Excessive risk of concentration

Concentration arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentration of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines. Cash flow forecasting is performed by the Group on an ongoing basis to ensure it has sufficient cash to meet operational needs.

Liquidity risk management is carried out by a central treasury department at the Group level. Surplus cash held by the Group over and above the balance required are used for the payment of debt and to reduce the interest charges.

The table on the next page analyses the Group's financial liabilities into relevant maturity Groupings based on the remaining period at the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Contractual maturities of financial liabilities				
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total contractual cash flows	Carrying value
	AED'000	AED'000	AED'000	AED'000	AED'000
At 31 December 2022					
Trade and other payables* (Note 15)	482,465	51,012	-	533,477	533,477
Bank borrowings (Note 16)	152,340	1,045,902	-	1,198,242	1,170,491
Finance liabilities (Note 20)	88,984	316,038	2,192,381	2,597,403	555,671
Lease liabilities (Note 6)	22,688	34,515	79,692	136,895	122,202
Due to related parties (Note 7)	6,470	-	-	6,470	6,470
	752,947	1,447,467	2,272,073	4,472,487	2,388,311

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

	Contractual maturities of financial liabilities				
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total contractu al cash flows	Carrying value
	AED'000	AED'000	AED'000	AED'000	AED'000
At 31 December 2021					
Trade and other payables* (Note 15)	171,620	63,591	-	235,211	235,211
Bank borrowings (Note 16)	130,204	1,221,880	-	1,352,084	1,238,762
Finance liabilities (Note 20)	78,169	370,739	2,270,533	2,719,441	453,814
Lease liabilities (Note 6)	25,423	56,950	66,950	149,323	127,129
Due to related parties (Note 7)	134,575	-	-	134,575	134,575
	539,991	1,713,160	2,337,483	4,625,564	2,189,491

*Excluding, advance from customers, VAT payable, municipality fees payable.

3.2 Capital risk management

The Groups' objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Refer to Note 16 for covenants related information.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, finance liabilities, and lease liabilities less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt, if any. Liabilities arising out of financing arrangements are included in Note 20.

The gearing ratios as at 31 December 2022 and 2021 were as follows:

	As at 31 December 2022 AED'000	As at 31 December 2021 AED'000
Total bank borrowings (Note 16)	1,170,490	1,238,762
Total finance liabilities (Note 20)	555,671	453,814
Total lease liabilities (Note 6)	122,202	127,129
Less: cash and cash equivalents (Note 11)	(696,200)	(488,385)
Net debt (A)	1,152,163	1,331,320
Total equity (B)	5,429,071	4,341,702
Total capital ((C) = (A) + (B))	6,581,234	5,673,022
Gearing ratio ((A)/(C))	18%	23%

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.3 Fair value estimation

The financial instruments carried at fair value by valuation method are categorised as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group does not carry any financial asset or and liability that is measured at fair value at 31 December 2022 except Finance Liabilities (note 20). The Group's non-financial assets carried on the revaluation model is disclosed in Note 5. These assets are included in Level 3.

As at 31 December 2022 and 2021, the carrying value of financial assets and liabilities approximate their fair values. For lease liabilities, the fair value is determined by discounting the future contractual cash flows at the current market interest rate at the time of lease commencement that is available to the Company for similar financial instruments.

4 Critical accounting judgements, estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Determination of lessee's incremental borrowing rate (judgement and estimates)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Generally, the Group uses the rate as stated below:

- incremental borrowing rate of 4.29% per annum (2021: 4.29% per annum) for Group's lease in Zurich for 35 years;
- incremental borrowing rate of 6% per annum (2021: 6% per annum) for leases up to 10 years or less (staff accommodation, beach lease of FIVE Palm hotel and seabed lease of FIVE Luxe JBR hotel); and
- discount rate of 12% per annum (2021: 12% per annum) for lease with 25 years tenure (FIVE Luxe JBR hotel – Beach lease)

Below is a sensitivity analysis in isolation of the key assumptions used to determine the impact on lease liability and right-of-use assets for leases at an incremental borrowing rate of 6%:

Key assumptions	Change	Right-of-use asset		Lease liability	
		2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000
Discount rate	+0.5%	(1,285)	(2,218)	(1,257)	(2,481)
	-0.5%	1,289	2,216	1,163	2,473

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

4 Critical accounting judgements, estimates and assumptions (continued)

4.1 Determination of lessee's incremental borrowing rate (judgement and estimates) (continued)

Below is a sensitivity analysis in isolation of the key assumptions used to determine the impact on lease liability and right-of-use assets for leases at an incremental borrowing rate of 12%:

Key assumptions	Change	Right-of-use asset		Lease liability	
		2022	2021	2022	2021
		AED'000	AED'000	AED'000	AED'000
Discount rate	+0.5%	(88)	(92)	(89)	(93)
	-0.5%	94	98	101	99

Below is a sensitivity analysis in isolation of the key assumptions used to determine the impact on lease liability and right-of-use assets for leases at an incremental borrowing rate of 4.29%:

Key assumptions	Change	Right-of-use asset		Lease liability	
		2022	2021	2022	2021
		AED'000	AED'000	AED'000	AED'000
Discount rate	+0.5%	(2,655)	-	(2,655)	-
	-0.5%	2,943	-	2,941	-

4.2 Presentation and measurement of provision for employees' end of service benefits (estimate)

During the year, the estimated provision for employees' end of service benefits were valued by an external, independent and qualified actuary using projected unit credit method. The Group makes significant estimates in relation to the discount rates, mortality rates and inflation rates used to calculate the present value of the defined benefit obligation. Note 18 describes the assumptions used together with an analysis of the sensitivity to changes in key assumptions

4.3 Useful lives and residual values of property and equipment (estimate)

Management assigns useful lives and residual values to 'Property and equipment based on the intended use of the assets and the economic lives of those assets. Subsequent changes in circumstances such as technological advances and prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates. Where management determines that the useful life of an asset group or residual value of the asset requires amendment, the net book amount in excess of the residual value is depreciated over the revised remaining useful life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

4.4 Impairment of financial assets (estimate)

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

4 Critical accounting judgements, estimates and assumptions (continued)

4.5 Revenue recognition (estimate)

The Group uses the percentage-of-completion method in accounting for its Revenue from sale of property held for development and sale. Use of the percentage-of-completion method requires the Group to estimate the stage of completion of the contract to date as a proportion of the total contract work to be performed in accordance with the accounting policy set out in (Note 2.17). As a result, the Group is required to estimate the total cost to completion of all outstanding projects at each year end.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

4.6a Accounting for financing arrangements (judgement)

Management has assessed whether transactions relating to certain sale and leaseback arrangements meet the criteria for a sale under the requirements of IFRS 15 “Revenue from contracts with customers”. In assessing the control criteria in IFRS 15, management judged that whilst contractually a sale takes place, control does not pass to the customer, as the customer cannot obtain economic benefits from the arrangement akin to purchasing an asset. Therefore, the arrangements are not within the scope of IFRS 15. Notwithstanding the control criteria, management also assessed that the overall substance of these transactions were financing in nature and hence also do not meet the criteria to recognise a lease under IFRS 16 “Leases”.

Management has concluded that these arrangements should be accounted for as financial liabilities as per IFRS 9 “Financial Instruments” and the accounting policy is set out in Note 2.6.

4.6b Determination of discount rate for financing arrangement (estimate)

The rent payments in relation to the financing arrangements described above are discounted using the prevailing market rate of interest. Generally, the Group uses the prevailing market rate of interest as the discounted rate, which is determined to be 15.85% per annum (2021: 12.72% per annum). The assumptions used in determining the discount rate were consistent with risk inherent with similar arrangements. The assumptions were determined using external valuers.

Below is a sensitivity analysis in isolation of the key assumptions used to determine the impact on finance liability and deferred gain:

Key assumptions	Change	Finance liability		Deferred gain	
		2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000
Discount rate	+0.5%	(15,576)	(13,614)	2,941	3,256
	-0.5%	16,400	14,348	(3,648)	(3,918)

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

4 Critical accounting estimates and assumptions (continued)

4.7 Revaluation of land and building classified as property and equipment (estimate)

During the year, the estimated fair value of land and buildings were revalued by an external, independent and qualified valuer.

The Group's property and equipment was valued as at 31 December 2022 using the following level 3 valuation methodology:

4.7.1 Revaluation of land and buildings in Jumeirah Village hotel and Five Hotel Palm Jumeirah

The revaluation was supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate by an external, independent, and qualified valuer.

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of the revalued assets. The key assumptions on which management has based its cash flow projections when determining the recoverable amount of the assets are as follows:

- Management's projections have been prepared on the basis of strategic plans, knowledge of the market, and management's views on achievable growth in retail market share over the long-term year of ten years;
- Terminal value upon exit of the 10-year cash flows projection at the rate of 8.10% for Hotel Jumeirah Village hotel and 7.90% for Five Hotel Palm Jumeirah
- The discount rate of 10.10% for Five Hotel Jumeirah Village hotel and 9.90% for Five Hotel Palm Jumeirah is reflective of the return that an investor would make from a similar retail investment;

The net effect of the revaluation changes in the current year of property and equipment was an increase in the revaluation reserve in equity and carrying amount of property by AED 444,700 thousand (2021: AED 979,600 thousand) in FIVE Hotel Palm Jumeirah and AED 36,429 thousand (2021: AED 115,381 thousand) in Jumeirah Village hotel.

The determined fair value is most sensitive to the discount rate and exit cap rate to calculate the terminal value.

4.7.1 Revaluation of land and buildings in Jumeirah Village hotel and Five Hotel Palm Jumeirah (continued)

Below is a sensitivity analysis in isolation of the key assumptions used to determine the fair value of the investment. The table reflects change in the fair value with change in key assumptions.

Key assumptions	Change	Five Hotel Palm Jumeirah		Jumeirah Village hotel	
		2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000
Discount rate	+0.5%	(105,796)	(92,699)	(19,161)	(18,379)
	-0.5%	171,868	155,940	38,220	36,501

Key assumptions	Change	Five Hotel Palm Jumeirah		Jumeirah Village hotel	
		2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000
Cap rate	+0.5%	(88,045)	(76,780)	(14,714)	(14,095)
	-0.5%	163,877	148,755	35,607	33,967

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

4 Critical accounting estimates and assumptions (continued)

4.7.2 Revaluation of FIVE Luxe JBR hotel

During the year, the estimated fair value of land and buildings including retail outlets under construction were revalued by an external, independent and qualified valuer. This is based on management's assumption that these assets are developed and transferred to building class of property upon commissioning.

The net effect of the revaluation changes in the current year was an increase in the revaluation reserve in equity and increase in the carrying amount of property each of AED 506,072 thousand.

The revaluation was supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate by an external, independent and qualified valuer.

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of the revalued assets. The key assumptions on which management has based its cash flow projections when determining the recoverable amount of the assets are as follows:

- Management's projections have been prepared on the basis of strategic plans, knowledge of the market, and management's views on achievable growth in retail market share over the long term year of ten years;
- Terminal value upon exit of the 10-year cash flows projection at the rate of 7.90%; and
- The discount rate of 9.90% is reflective of the return that an investor would make from a similar retail investment.

The determined fair value of the property is most sensitive to the discount rate and exit cap rate to calculate the terminal value.

Below is a sensitivity analysis in isolation of the key assumptions used to determine the fair value of the investment. The table reflects change in the fair value with change in key assumptions.

Key assumptions	Change	2022 AED'000	2021 AED'000
Discount rate	+0.5%	(120,000)	(120,400)
	-0.5%	136,400	137,100

4.7.3 Revaluation of 5 ATLANTIS AG HOTEL, Zürich

During the year, the estimated fair value of land and buildings including retail outlets were revalued by an external, independent and qualified valuer. This is based on management's assumption that these assets are developed and transferred to building class of property upon commissioning.

The net effect of the revaluation changes in the current year was an increase in the revaluation reserve in equity and increase in the carrying amount of property each of AED 135,670 thousand.

The revaluation was supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate by an external, independent and qualified valuer.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

4 Critical accounting estimates and assumptions (continued)

4.7.3 Revaluation of 5 ATLANTIS AG HOTEL, Zürich (continued)

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of the revalued assets. The key assumptions on which management has based its cash flow projections when determining the recoverable amount of the assets are as follows:

- Management's projections have been prepared on the basis of strategic plans, knowledge of the market, and management's views on achievable growth in retail market share over the long term year of ten years;
- Terminal value upon exit of the 10 year cash flows projection at the rate of 2.50%; and
- The discount rate of 4.50% is reflective of the return that an investor would make from a similar retail investment.

The determined fair value of the property is most sensitive to the discount rate and exit cap rate to calculate the terminal value.

Below is a sensitivity analysis in isolation of the key assumptions used to determine the fair value of the investment. The table reflects change in the fair value with change in key assumptions.

Key assumptions	Change	2022 AED'000	2021 AED'000
Discount rate	+0.5%	(3,890)	(3,863)
	-0.5%	9,279	22,471

Key assumptions	Change	2022 AED'000	2021 AED'000
Cap rate	+0.5%	(16,065)	(31,006)
	-0.5%	30,020	15,079

4.8 Cost to complete properties held for development and sale (FIVE Luxe JBR hotel) (judgment)

The Group uses the percentage-of-completion method in accounting for its revenue from the sale of properties and land with infrastructure held for development and sale. The percentage-of-completion method requires the Group to estimate the cost incurred to date as a proportion of the total estimated project cost. The amount of revenue recognised for the period is in proportion to the percentage of cost incurred.

Using the proportion of cost incurred to date to the estimated cost of the project method requires the Group to estimate the obligations performed to date as a proportion of the total obligations to be performed under contracts with customers for sale of land and properties held for development and sale.

Were the estimated total costs to decrease / increase by 1% from management's estimates with all other variables held constant, the profit for the period would have increased / decreased by AED 3,744,572 / AED 3,645,197.

4.9 Satisfaction of performance obligations for property sales (FIVE Luxe JBR hotel) (judgment)

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has assessed that based on the legally enforceable sale and purchase agreements entered into with customers for the provision of real estate assets, the Group does not create an asset with an alternative use and has an enforceable right to payment for performance completed to date. In these circumstances the Group recognises revenue over time. Where this is not the case revenue is recognised at a point in time.

4 Critical accounting estimates and assumptions (continued)

4.10 Measurement of right-of-use assets under sale and leaseback agreements (estimate)

Where the Group (as the seller and future lessee) enters into the sale and leaseback transactions to sell properties to the buyer/lessor, the Group first considers whether the initial transfer of the underlying asset from the Group to the buyer-lessor is considered a financing arrangement in IFRS 9 - Financial Instruments or a sale under IFRS 15 - Revenue from Contracts with Customers (IFRS 15). The Group will derecognise the underlying asset and apply the revenue accounting model to the transaction if control over the assets passes to the buyer-lessor and the sale is accounted for under IFRS 15.

A lease is classified as a finance lease when substantially all the risks and rewards of ownership are transferred by the buyer-lessor. In determining the appropriate classification, the substance of the transaction rather than the form is considered. Factors considered include but are not limited to the following: whether the lease transfers ownership of the asset to the lessee by the end of the lease term; the lessee has the option to purchase the asset at the price that is sufficiently lower than the fair value on exercise date; the lease term is for a major part of the economic life of the asset and the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. The lease back arrangements for 5 years are accounted under IFRS 16 since the lease term for a major part of the economic life of the asset is not with the Group.

On or after the commencement of the hotels' operations, the Group has entered into a sale and leaseback agreements with customers (buyer-lessors) to sell and leaseback of residences and hotel apartments. Right-of-use assets is measured as a proportion of the asset's previous carrying amount to reflect the right of use retained by the Group (seller-lessee). To calculate the proportion, the Group determines a value for the right-of-use retained as the present value of the expected leaseback payments compared to the sale value of the asset. The net present value of future cash flows derived from the expected variable payments which is equivalent to 40% of room revenue of the hotels net off admissible expenses (Note 2.21) which have been discounted at an appropriate rate.

The key assumptions on which management has based its cash flow projections when determining the of the right-of-use assets under sale and leaseback agreements are as follows:

- Management's projections have been prepared on the basis of strategic plans, knowledge of the market, and management's views on achievable growth over the lease term; and
- Incremental borrowing rate as the discounted rate, as disclosed in note 4.2

FIVE Holdings (BVI) Limited
Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)
5 Property and equipment

	Land and Buildings* AED'000	Equipment AED'000	Furniture and fixtures AED'000	Motor vehicles AED'000	Leasehold improvements AED'000	Capital work- in-progress** AED'000	Total AED'000
Cost or revaluation							
At 1 January 2021	3,622,208	18,867	62,942	1,503	9,623	-	3,715,143
Additions	13,199	62	13,083	429	-	788,183	814,956
Disposal	(34,144)	-	-	-	-	-	(34,144)
Revaluation surplus	1,216,847	-	-	-	-	531,465	1,748,312
At 31 December 2021	4,818,110	18,929	76,025	1,932	9,623	1,319,648	6,244,267
Additions	12,539	219	2,532	-	-	309,010	324,300
Disposal	-	-	-	-	-	-	-
Transfer	595,081	-	20,620	-	-	(615,701)	-
Revaluation surplus	612,731	-	-	-	-	360,100	972,831
At 31 December 2022	6,038,461	19,148	99,177	1,932	9,623	1,373,057	7,541,398
Accumulated Depreciation							
At 1 January 2021	229,575	17,333	38,564	856	2,503	-	288,831
Charge for the year	102,845	1,417	12,513	512	2,217	-	119,504
Disposal	(1,925)	-	-	-	-	-	(1,925)
At 31 December 2021	330,495	18,750	51,077	1,368	4,720	-	406,410
Charge for the year	150,888	169	14,506	341	2,217	-	168,121
At 31 December 2022	481,383	18,919	65,583	1,709	6,937	-	574,531
Net book amount							
As at 31 December 2022	5,557,078	229	33,594	223	2,686	1,373,057	6,966,867
As at 31 December 2021	4,487,615	179	24,948	564	4,903	1,319,648	5,837,857

*Land and buildings are based on valuation provided by an independent valuer and includes 20% as value of land which is not depreciated.

**Capital work-in-progress comprises of a property FIVE Luxe JBR hotel and 5 Atlantis AG.

Capital work-in-progress includes AED 28,144 thousand of capitalised interest expense (2021: 8,209 thousand) for the year ended 2022, the capitalisation rate was 1.25% to 1.5% in for 5 Atlantis AG and 4.0% to 5.0%.in FIVE Luxe JBR hotel.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

5 Property and equipment (continued)

5.1 Revaluation of land and building classified as property and equipment

As at 31 December 2022 and 2021, land and building under property and equipment were revalued and by an external independent and qualified valuer the revaluation gain/loss was recognised in the consolidated statement of comprehensive income. The sensitivity analysis for fair value change with changes in key assumptions is specified in Note 4.8

5.1.1 Revaluation of land and building Five Hotel Jumeirah Village

A formal external valuation of the Group's property was performed as at 31 December 2022. The revaluation was supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. Based on such valuation, the fair value of the hotel building as at 31 December 2022 was AED 854,143 thousand (2021: AED 817,713 thousand), which was higher than the net book amount of AED 359,788 thousand (2021: AED 364,944 thousand).

Fair Value Reconciliation – Jumeirah Village Hotel

	As at 31 December	
	2022	2021
	AED'000	AED'000
Fair Value as per external valuation report	1,389,800	1,102,800
Less: Adjustment of receivables	(244,900)	-
Less: Adjustment of 5-year leases under IFRS 16	(290,757)	(285,087)
Fair Value of Jumeirah Village Hotel	854,143	817,713

5.1.2 Revaluation of land and building Five Hotel Palm Jumeirah

A formal external valuation of the Group's property was performed as at 31 December 2022. The revaluation was supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. Based on such valuation, the fair value of the hotel building as at 31 December 2022 was AED 4,114,600 thousand (2021: AED 3,669,900), which was higher than the net book amount of AED 949,928 thousand (2021: AED 979,300 thousand).

Fair Value Reconciliation – Five Hotel Palm Jumeirah

	As at 31 December	
	2022	2021
	AED'000	AED'000
Fair Value as per external valuation report	4,208,200	3,868,300
Less: Adjustment of receivables	(28,000)	(129,200)
Less: Holiday home value	(65,600)	(69,200)
Fair Value of Hotel Palm Jumeirah	4,114,600	3,669,900

5.1.3 Revaluation of FIVE Luxe JBR hotel

During the year 2021, purchased a property under construction worth AED 671,670 thousand from another developer as per the agreement between the parties, where AED 403,002 thousand (60%) is allocated to the hotel and classified as Land and Building based on Built up Area (BUA), the remaining of AED 268,668 thousand (40%) is allocated to property held for development and sale.

The assets listed below (stated at carrying value) have been pledged as security for borrowings.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

5 Property and equipment (continued)

5.1 Revaluation of land and building classified as property and equipment (continued)

5.1.3 Revaluation of FIVE Luxe JBR hotel (continued)

<i>Asset pledged</i>	As at 31 December 2022 AED'000
Capital work-in-progress	1,366,310

Please refer to Note 16 for details of the borrowings to which they relate.

A formal external valuation of the Group's property was performed as at 31 December 2022. The revaluation was done by adopting the Profits method and the Residual method of valuation. The profit method was used to calculate the Gross Development Value of the property from which the remaining construction costs are deducted giving the fair value of the property. Based on such valuation, the fair value of the property as at 31 December 2022 was AED 1,366,310 thousand (2021: AED 860,238 thousand) which was higher than the net book amount of AED 632,867 thousand (2021: AED 415,609 thousand).

Fair Value Reconciliation – Five Luxe JBR:

	As at 31 December	
	2022	2021
	AED'000	AED'000
Fair Value as per external valuation report	2,294,115	860,238
Less: Adjustment of receivables	(927,805)	-
Fair Value of Five Luxe, JBR	1,366,310	860,238

The current use of the property is at its highest and best use. The valuation technique uses significant unobservable inputs. Accordingly, the fair value was classified to level 3.

At each financial year end the finance department:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

5.1.4 Revaluation of 5 ATLANTIS AG HOTEL, Zürich

During the period ended 31 December 2020, the 5 Atlantis AG ("The Subsidiary") acquired new building from Neue Hotel Atlantis AG, the purchase agreement amounted to AED 340,292,529 (CHF 83,985,000). Capital work in progress in 2021 financial statement represents the Subsidiary hotel building and was opened on 30 June 2022.

A formal external valuation of the Group's property was performed as at 31 December 2022. The revaluation was supported by cash flow projections which have been discounted at an appropriate rate. Based on such valuation, the fair value of the property as at 31 December 2022 was AED 595,081 thousand (CHF 149,800 thousand) (2021: AED 459,411 thousand (CHF 114,500 thousand) which was higher than the net book amount of AED 422,147 thousand (2021: AED 372,575 thousand).

The current use of the property is at its highest and best use. The valuation technique uses significant unobservable inputs. Accordingly, the fair value was classified to level 3.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

5 Property and equipment (continued)

5.1 Revaluation of land and building classified as property and equipment (continued)

5.1.4 Revaluation of 5 ATLANTIS AG HOTEL, Zürich (continued)

At each financial year end the finance department:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

Carrying amounts that would have been recognised if property and equipment were stated at cost:

If property and equipment were stated on the historical cost basis, the amounts would be as follows:

	Land and Buildings	Capital Work in Progress	Total
	AED'000	AED'000	AED'000
31 December 2022			
Cost	1,700,941	788,184	2,489,125
Transfers	427,019	(427,019)	-
Additions	14,421	308,870	323,291
Disposal	(1,881)	-	(1,881)
Accumulated depreciation	(238,217)	-	(238,217)
Net book amount	1,902,283	670,035	2,572,318
31 December 2021			
Cost	1,721,886	-	1,721,886
Additions	13,200	788,184	801,384
Disposal	(34,145)	-	(34,145)
Accumulated depreciation	(185,900)	-	(185,900)
Net book amount	1,515,041	788,184	2,303,225

FIVE Holdings (BVI) Limited**Notes to the consolidated financial statements for the year ended 31 December 2022**
(continued)**6 Right-of-use assets and lease liabilities**

The Group leases various land parcels and staff accommodations. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease term of these assets ranges from 1 to 10 years. The lease agreements do not impose any covenants. Leased assets may not be used as security for borrowing purposes.

	Land	Buildings	Total
	AED'000	AED'000	AED'000
Cost			
At 1 January 2021	26,298	122,085	148,383
Additions	7,057	11,379	18,436
At 31 December 2021	33,355	133,464	166,819
Additions	-	63,268	63,268
Lease termination (Note 26)	-	(55,735)	(55,735)
At 31 December 2022	33,355	140,997	174,352
Accumulated depreciation			
At 1 January 2021	438	44,628	45,066
Charge for the year	-	18,802	18,802
At 31 December 2021	438	63,430	63,868
Charge for the year	-	23,066	23,066
Lease termination (Note 26)	-	(17,496)	(17,496)
At 31 December 2022	438	69,000	69,438
Net book amount			
At 31 December 2022	32,917	71,997	104,914
At 31 December 2021	32,917	70,034	102,951

	As at 31 December	
	2022	2021
	AED'000	AED'000
Lease liabilities		
Non-current	99,514	101,706
Current	22,688	25,423
	122,202	127,129

	As at 31 December	
	2022	2021
	AED'000	AED'000
Lease liabilities		
At 1 January	127,129	125,223
Addition	62,894	21,493
Finance cost (Note 27)	7,218	7,661
Payment of lease liability	(24,227)	(27,248)
Lease termination (Note 26)	(50,813)	-
	122,202	127,129

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

7 Transactions and balances with related parties

Related parties include the Owner, non-controlling interests, key management personnel and any businesses which are controlled, directly or indirectly by the Owner and directors or over which they exercise significant management influence (the “other related parties”).

During the period, the Group entered into the following significant transactions with related parties in the normal course of business and at prices and terms agreed by the Group’s management.

	2022	2021
	AED’000	AED’000
Non-controlling interest:		
Dividend declared (Note 29)	3,956	7,953
Key management remuneration:		
Revenue from sale of off plan properties to key management	13,371	4,529
Salaries and other short term employee benefits	8,417	25,889
Termination and post-employment benefits	360	360
Other related party*:		
Sales incentive and commission	138	73,560

*Other related party transaction includes a transaction with Five Real Estate Brokers LLC, a company under common control.

The Group’s owner agreed to waive his termination and post-employment benefits. Therefore, the Group did not provide for such benefits in current and previous years.

Balances with related parties

Amounts due to related parties, represent balances arising from funds and services provided and received in the normal course of business and treasury management activities.

	As at 31 December	
	2022	2021
	AED’000	AED’000
Due to related parties		
Owner	6,332	61,015
Other related party	138	73,560
	6,470	134,575

Due to related parties is unsecured in nature, bears no interest and payable on demand.

FIVE Holdings (BVI) Limited**Notes to the consolidated financial statements for the year ended 31 December 2022**
(continued)**8 Trade and other receivables**

	As at 31 December	
	2022	2021
	AED'000	AED'000
Trade receivables	283,687	93,036
Less: provision for loss allowance	-	(4,877)
	283,687	88,159
Unbilled receivables	119,261	303,206
Advances to suppliers	113,307	93,693
Municipality fees receivable	1,462	3,946
Other receivables	42,294	46,652
	560,011	535,656

*Included within trade receivables are amounts due from hotel customers who have paid by credit card, these amounts are usually collected during the next working day and do not carry any significant credit risk.

The unbilled receivables of AED 119,261 thousand (2021: 303,206 thousand) are mainly arising from the off-plan sale of property held for development and sale.

The fair value of trade receivables approximates their carrying value.

Trade and other receivables of the Group are denominated in AED and CHF (Note 3.1.a.i).

At 31 December 2022, trade receivables net of provision for loss allowance accounted for 51% (2021: 16%) of the Group's balance. At 31 December 2022, the Group has a broad base of customers with no concentration of credit risk within trade and other receivables as at 31 December 2022 and 31 December 2021. Management is of the opinion that this concentration of credit risk will not result in a significant loss to the Group for the year ended 31 December 2022. Other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables. There is no collateral against other receivables.

Ageing of unbilled receivables and trade receivables are stated below:

31 December 2022

	Neither past due nor impaired	Less than 90 days	More than 90 days	Total
Trade receivables (AED)	263,620	11,932	8,135	283,687
Provision (AED)	-	-	-	-
Net trade receivables (AED)	263,620	11,932	8,135	283,687
Unbilled receivables (AED)	119,261	-	-	119,261
Provision (AED)	-	-	-	-
Net unbilled receivables (AED)	119,261	-	-	119,261
Other receivables (AED)	42,294	-	-	42,294
Provision (AED)	-	-	-	-
Net other receivables (AED)	42,294	-	-	42,294

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

8 Trade and other receivables (continued)

31 December 2021

	Neither past due nor impaired	Less than 90 days	More than 90 days	Total
Trade receivables (AED)	-	12,358	80,678	93,036
Provision (AED)	-	-	(4,877)	(4,877)
Net trade receivables (AED)	-	12,358	75,801	88,159
Unbilled receivables (AED)	303,206	-	-	303,206
Provision (AED)	-	-	-	-
Net unbilled receivables (AED)	303,206	-	-	303,206
Other receivables (AED)	46,652	-	-	46,652
Provision (AED)	-	-	-	-
Net other receivables (AED)	46,652	-	-	46,652

The movement in the provision for loss allowance of trade receivables is as follows:

	As at 31 December	
	2022	2021
	AED'000	AED'000
As at 1 January	4,877	7,602
Loss allowance	-	4,877
Reversal	(4,877)	(1,985)
Write off	-	(5,617)
At 31 December	-	4,877

The creation and release of loss allowance is included in the consolidated statement of profit or loss. Amounts charged are generally written off when there is no expectation of recovering cash. The other classes within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security against its receivables.

The Group has applied IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected credit losses ("ECL") that result from all possible default events over the expected life at a financial instrument for all trade and unbilled receivables. The Group is exposed to a small amount of credit risk attributable to its trade and other receivables. The amounts included in the balance sheet are net of expected credit losses, which have been estimated by management based on prior experience and any known factors at the balance sheet date.

9 Inventories

	As at 31 December	
	2022	2021
	AED'000	AED'000
Beverages	14,544	12,212
Food	1,094	718
General Stores	945	542
Others	684	478
	17,267	13,950

The cost of inventory recognised as an expense for the year included in inventory consumption amounted to AED 99,981 thousand (2021: AED 79,194 thousand) (Note 22).

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

10 Property held for development and sale

	AED'000
At 1 January 2021	-
Additions	303,528
Cost of sales (Note 22)	(284,905)
At 31 December 2021	18,623
Additions	131,049
Cost of sales (Note 22)	(143,146)
At 31 December 2022	6,526

11 Cash and cash equivalents

	As at 31 December	
	2022	2021
	AED'000	AED'000
Cash on hand	1,583	957
Cash at banks	694,617	487,428
Cash and cash equivalents	696,200	488,385

Bank balances are held with locally incorporated banks and branches of international banks.

Cash at banks includes an amount of AED 361,705 thousand (2021: AED 203,801 thousand) held in escrow accounts and collateral reserve accounts. Cash held in escrow accounts represents cash received from customers that is held with banks authorised by the Real Estate Regularity Authority ("RERA"). Use of this cash is limited to specific development projects to which the cash receipts relate.

12 Share capital

As at 31 December 2022 and 2021, the total authorised, issued and fully paid share capital of the Group comprises of 1 share of AED 3.67 (USD 1).

13 Contributed capital

Contributed capital of AED 252,913 thousand (2021: AED 252,913 thousand) represents funds provided by the Owner or on his behalf to the Group to support its operations. The Group has no obligation to repay any of these contributions. It is at the sole discretion of the Group to repay any of the amounts contributed.

14 Statutory reserve

Until 31 December 2021, in accordance with the Memorandum of Association of certain subsidiaries registered in UAE under UAE Federal Law No. (2) of 2015, amended, 10% of the profit for the year was to be transferred to a statutory reserve which is non-distributable. Transfers to these reserves were required to be made until such time as it equals 50% of the paid-up share capital for those subsidiaries. Transfers to the legal reserve have accordingly been made by the individual entities within the Group. Effective 1 January 2022, as per UAE Federal Decree Law No. 32 of 2021, the companies are no longer required to transfer 10% of the profit to statutory reserve.

FIVE Holdings (BVI) Limited**Notes to the consolidated financial statements for the year ended 31 December 2022**
(continued)**15 Trade and other payables**

	As at 31 December	
	2022	2021
	AED'000	AED'000
Trade payables	180,242	165,764
Advances from customers	227,742	25,188
Accruals	88,764	21,955
Staff payables	-	15,586
Dividend payable (Note 29)	-	9,365
VAT payable	8,697	6,668
Income to be distributed to hotel room owners	9,481	15,527
Municipality fee	7,723	3,074
Other payables	10,828	7,014
	533,477	270,141
Analysed as follows:		
Current portion	482,465	206,550
Non-current portion	51,012	63,591
	533,477	270,141

As per the Addendum signed with China State Construction Engineering Corporation (Middle East) (LLC) dated 24 January 2021, Assas Investments Limited has to pay AED 65 million to the main contractor of the project FIVE Palm Jumeirah Hotel and will be payable in 86 monthly instalments. The payable amount was discounted to its present value which amounted to AED 47,377 thousand (2021: 50,675 thousand).

16 Bank borrowings

	As at 31 December	
	2022	2021
	AED'000	AED'000
Term loans	1,165,876	1,228,436
Bank overdrafts	41,070	42,976
Less: unamortised borrowing costs	(36,456)	(32,650)
	1,170,490	1,238,762
Analysed as follows:		
Current portion	106,834	72,710
Non-current portion	1,063,656	1,166,052
	1,170,490	1,238,762

The maturity profile of the Group's total borrowings is as follows:

	As at 31 December	
	2022	2021
	AED'000	AED'000
Within 1 year	106,834	72,710
Between 2 to 5 years	1,063,656	1,166,052
	1,170,490	1,238,762

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

16 Bank borrowings (continued)

Following is the breakup of amount utilised against each facility:

	Interest rates	As at 31 December	
		2022 AED'000	2021 AED'000
Facility A	8.50%	-	21,498
Facility B	3 months EIBOR + 3.25%	-	25,898
Facility C	7.00%	-	120
	3 months EIBOR + 3.50%		
Facility D	minimum 5.25% p.a.	-	14,250
Facility E	5.25%	-	15,413
Facility F	3 months EIBOR + 3.65%	113,470	218,842
Facility G	3 months EIBOR + 4.75%	695,397	700,120
Facility H	3 months EIBOR + 4%	11,001	13,000
Facility I – overdraft facility	3 months EIBOR + 4.75%	30,070	29,976
Facility J	3 months EIBOR + 4%	95,095	-
	SARON/LIBOR + 1.25%		
	(0% if SARON/LIBOR is negative)		
Facility K		225,457	199,645
		1,170,490	1,238,762

Facility A and B

As of 31 December 2018, Facility A and B are bank overdrafts of which interest is paid on a monthly basis. In 2018, facility A and B were converted into long term loan with repayment term of twelve years and six years respectively at the same interest rate. The facility amounts were AED 55 million and AED 45 million respectively. As at 31 December 2022, the Group has outstanding borrowing of Nil (2021: AED 21.4 million) and AED (2021: AED 25.8 million) from the facility.

Facility C

The borrowing relates to vehicles loans obtained for business use from Emirates NBD. All vehicle loans were obtained for a period of 3 years and carry fixed interest rate of 7 % per annum charged on a monthly basis. Loans are secured against the vehicles. The loan amount was AED 0.52 million. The fair value of these borrowings equals their carrying amount. These borrowings are denominated in AED or currencies pegged against the AED. The Group has the Nil (2021: AED 0.1 million) undrawn borrowing facilities.

Facility D and E

Facility D and E are term loans drawn during the year ended 31 December 2022 with repayment term of nine years and seven years respectively. The facility amounts were AED 16.9 million and AED 20 million respectively. As at 31 December 2022, the Group has outstanding borrowing of Nil (2021: AED 14.2 million) and Nil (2021: AED 15.4 million) from the facility.

The nature of securities provided by the Group in respect of its Facility A, B, D, and E includes:

- Mortgage on properties and equipment of the Group (Note 5);
- Corporate guarantee from the Group;
- Personal guarantee of Nadia Zaal (a related party – spouse of the Owner);
- Personal guarantee of the Kabir Mulchandani (Owner);
- Security cheque from Kabir Mulchandani (Owner) drawn on another bank; and
- Assignment of cash flows from mortgaged units.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

16 Bank borrowings (continued)

Facility F

On 2 August 2021, the Group entered into a borrowing facility agreement with a branch of an international bank of AED 257 million. As at 31 December 2022, the total outstanding balance from Facility F is AED 113.47 (2021: AED 218.8 million).

The nature of securities provided by the Company in respect of the above bank borrowing is as follows:

- Real estate mortgage over hotel units and retail outlets owned by the Company (Note 5).
- Legal assignment of all current and future receivables of the Group entities.
- Assignment of hotel operations and food and beverage revenues of FIVE Hotel Jumeirah Village.
- Assignment of all risks insurance policies of the hotel endorsing in favour of Arab African International Bank.
- Corporate guarantees from certain Group entities.
- Personal guarantees from the owner.

Facility G, H and I

The Group had drawn down AED 720 million from Facility G and AED 13 million from Facility H. The total outstanding balance from Facility G is AED 695.39 million (2021: AED 700.10 million) and from Facility H is AED 11 million (2021: AED 13 million). At 31 December 2022, Facility I is a bank overdraft on which interest was paid on a monthly respectively.

Facility J

As at 31 December 2022, the Group had drawdown AED 107.58 million from Facility J. The total outstanding balance from facility J is AED 95.09 million.

The nature of securities provided by the Group in respect of its bank borrowing includes real Estate Mortgage (the JBR Hotel Real Estate Mortgage and Palm Hotel Real Estate Mortgage) and share pledge of certain Group entities.

Facility K

During the year ended 31 December 2021, the 5 Atlantis AG (“the subsidiary”) obtained new term loan of AED 201 million from an international bank for the purpose of acquiring the hotel building and to support the additional need for constructing the building. During the year ended 31 December 2022, additional drawdown of AED 32 million was made by the Group from the same facility. The total outstanding balance from Facility K is AED 225.4 million (2021: AED 199.6 million).

Key borrowing covenants

Under the terms of the major borrowing facilities, the group is required to comply with the following financial covenants:

- The Loan to Value Ratio "LTV" shall not exceed 65%;
- As from 31 December 2022, the Debt service coverage ratio shall not fall below a ratio of 1.5:1;
- The Corporate Guarantor's (Five Holdings (BVI) Limited) debt to equity ratio shall not exceed 50%;
- The Borrower, or any designated affiliate of the Borrower, shall maintain at least CHF 20 million (or its equivalent in other currencies) in liquid, marketable net assets under management with the Lender until the Facilities are cancelled and all amounts under the Facilities are repaid in full.

The Group has complied with the above financial covenants of its borrowing facilities as at the reporting date.

FIVE Holdings (BVI) Limited**Notes to the consolidated financial statements for the year ended 31 December 2022**
(continued)**16 Bank borrowings (continued)****Net debt reconciliation**

	Liabilities from financing activities				Cash and cash equivalents	Total
	Finance liabilities	Lease liabilities	Bank borrowings	Sub-total		
Net debt as at 1 January 2021	430,426	125,224	310,901	866,551	(28,361)	838,190
Additions	4,669	20,402	1,205,913	1,230,984	(460,024)	770,960
Payments	(62,207)	(27,248)	(302,849)	(392,304)	-	(392,304)
Interest	62,207	7,661	24,797	94,665	-	94,665
Other movement	18,719	1,090	-	19,809	-	19,809
Net debt as at 31 December 2021	453,814	127,129	1,238,762	1,819,705	(488,385)	1,331,320
Addition	89,979	63,662	139,733	293,374	(207,815)	85,559
Interest	78,169	7,218	53,125	138,512	-	138,512
Payments	(78,169)	(24,227)	(261,130)	(363,526)	-	(363,526)
Lease termination	-	(50,813)	-	(50,813)	-	(50,813)
Other movement	11,878	(767)	-	11,111	-	11,111
Net debt as at 31 December 2022	555,671	122,202	1,170,490	1,848,363	(696,200)	1,152,163

17 Contract liabilities

Contract liabilities represent installments received from customers towards the purchase of development properties, net of revenue recognized.

	As at 31 December	
	2022	2021
	AED'000	AED'000
Opening	26,549	-
Advances from customers	82,633	55,198
Accruals	(54,037)	(28,649)
	55,145	26,549
Analysed as follows:		
Within 1 year	55,145	25,671
More than 1 year	-	878
	55,145	26,549

The aggregate amount of sale price allocated to performance obligations that are unsatisfied / partially satisfied as at 31 December 2022 AED 212.8 million (2021: AED 60.9 million). The Group expects to recognise revenue from these unsatisfied performance obligations within 1 year (2021: 1 to 2 years) from the reporting date.

FIVE Holdings (BVI) Limited**Notes to the consolidated financial statements for the year ended 31 December 2022**
(continued)**18 Provision for employees' end of service benefits**

	As at 31 December	
	2022	2021
	AED'000	AED'000
Balance at the beginning of the year	5,855	4,905
Charge for the year (Note 25)	6,105	1,826
Paid during the year	(1,123)	(876)
Balance at the end of the year	10,837	5,855

In accordance with the provisions of IAS 19 revised, managements' expert has carried out an exercise to assess the present value of its obligations at 31 December 2022, using projected unit credit method, in respect of employees' end of service benefits payable under the UAE labour law. Under this method, an assessment is made of the employees' expected service life with the Company and the expected basic salary at the date of leaving service. A provision is made, using actuarial techniques, for the full amount of end of service benefits due to the employees in accordance with the UAE labour law for their year ended of service up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. These obligations are valued annually by independent qualified actuaries.

The significant actuarial assumptions were as follows:

	2022	2021
Discount rate	5.30%	1.21%
Salary growth rate	3.65%	3.00%

The sensitivity of the provision for employees' end of service benefits to increase/decrease in the principal assumptions is:

Key assumptions	Change	As at 31 December
		2022
		AED'000
Discount rate	+1.0%	9,963
	-1.0%	11,849
Salary growth rate	+1.0%	11,852
	-1.0%	9,946

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the provision for employees' end of service benefits to significant actuarial assumptions the same method (present value of the provision for employees' end of service benefits calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the provision for employees' end of service benefits liability recognised in the consolidated statement of financial position.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

19 Deferred Tax Liability

The Group has a policy to state its land and building and related CWIP under Property and equipment at fair value based on the valuation performed by the external independent valuers and the resultant gain is recognized in the consolidated statement of other comprehensive income. The resultant fair value gain on the fixed assets in Switzerland is taxable only upon the realization (i.e. sale of the assets) in accordance with the provisions of Federal and Cantonal taxes applicable in Zurich, Switzerland. The Group has recognised the deferred tax liability amounting to AED 23,324 thousand (2021: AED 14,133) on the aforesaid timing difference equivalent to the difference between the fair value of the land and building (including CWIP) and its cost.

As the revaluation gain on the land and building is recognised in consolidate statement of other comprehensive income, the resultant deferred tax liability has also been recognised in the same statement. The corporate tax in the United Arab Emirates ('UAE') shall be applicable to the Group with effective from 1 January 2024. Hence, there is no tax impact on the fair value gain on the land and building situated in the UAE for the period prior to 1 January 2023.

20 Finance liabilities and deferred gain

Finance liabilities

	As at 31 December	
	2022	2021
	AED'000	AED'000
Opening Balance	453,814	430,426
Net movement during the year	101,857	23,388
Payments made during the year	(78,169)	(62,207)
Interest on finance liabilities	78,169	62,207
Closing Balance	555,671	453,814

	As at 31 December	
	2022	2021
	AED'000	AED'000
Analysed as follows:		
Current portion	88,984	78,169
Non-current portion	466,687	375,645
	555,671	453,814
Fixed / Variable		
Fixed portion	25,271	18,174
Variable portion	530,400	435,640
	555,671	453,814

The fixed portion of finance liability pertains to the units in FIVE Jumeirah Village Circle LLC which has guaranteed rental payments are to be made to the unit owners.

FIVE Holdings (BVI) Limited**Notes to the consolidated financial statements for the year ended 31 December 2022**
(continued)**20 Finance liabilities and deferred gain (continued)****Deferred gain**

	As at 31 December	
	2022	2021
	AED'000	AED'000
Opening Balance	434,812	484,659
Net movement during the year	84,926	(8,705)
Amortisation during the year	(55,256)	(41,142)
Closing Balance	464,482	434,812

	As at 31 December	
	2022	2021
	AED'000	AED'000
Analysed as follows:		
Current portion	65,805	67,134
Non-current portion	398,677	367,678
	464,482	434,812

21 Revenue

	Year ended 31 December	
	2022	2021
	AED'000	AED'000
At a point in time:		
- Food and beverages	457,646	364,025
- Other operating departments	53,881	46,067
	511,527	410,092
Over time:		
- Sale of property held for development*	318,676	649,743
- Room revenue	393,793	341,173
	712,469	990,916
Rental and other income	12,953	7,865
	1,236,949	1,408,873

*Revenue from sale of property held for development is recognised based on unit sales for completed property and percentage completion basis for under construction property. These contracts were signed for a fixed cash consideration on varying instalment payment plans.

22 Cost of sales

	Year ended 31 December	
	2022	2021
	AED'000	AED'000
Cost of property held for development and sale (Note 10)	143,146	284,905
Staff costs (Note 25)	163,887	116,883
Inventory consumption	99,981	79,194
Utility costs	40,486	33,431
Lease charges – Holiday Homes	23,184	13,365
Music and entertainment	24,274	9,874
	494,958	537,652

FIVE Holdings (BVI) Limited**Notes to the consolidated financial statements for the year ended 31 December 2022**
(continued)**23 General and administrative expenses**

	Year ended 31 December	
	2022	2021
	AED'000	AED'000
Staff costs (Note 25)	26,045	38,356
Hotel operating expenses*	55,275	47,133
Repairs and maintenance	37,525	25,779
Legal and professional fees	16,749	14,902
Credit card Commission expenses	15,441	13,752
Pre-operating expenses	18,906	4,476
Travelling expenses	9,682	-
Charity	573	491
Others	3,793	1,048
	183,989	145,937

*Operating expenses include indirect costs such as IT support, hotel maintenance, other hotel support costs etc and hence these costs have been classified to general and administrative expenses.

24 Selling and marketing expenses

	Year ended 31 December	
	2022	2021
	AED'000	AED'000
Sales incentive and commission to agents	53,730	55,996
Advertising expenses	23,975	12,564
	77,705	68,560

25 Staff costs

	Year ended December	
	2022	2021
	AED'000	AED'000
Salaries and other benefits	183,827	153,413
End of service benefits (Note 18)	6,105	1,826
	189,932	155,239
<i>Staff cost allocated as follows:</i>		
Cost of sales (Note 22)	163,887	116,883
General and administrative expenses (Note 23)	26,045	38,356
	189,932	155,239

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

26 Other income

	Year ended 31 December	
	2022 AED'000	2021 AED'000
Waiver income	-	5,270
Gain on lease termination*	12,748	-
Other income	7,099	10,685
	19,847	15,955

*During the year ended December 2022, the Group early terminated its lease arrangement with remaining lease period of 4.5 years for staff accommodation which had a lease period from 15 March 2017 to 14 March 2027 and relocated to new premises effective from 14 June 2022. On account of early lease termination, the Group derecognised the corresponding right-of-use asset net of accumulated depreciation and lease liabilities for an amount of AED 38,240 thousand (Note 6) and AED 50,988 thousand (Note 6) respectively and accordingly a profit on lease termination of AED 12,748 thousand was recorded within other income in the consolidated statement of profit or loss.

27 Finance costs, net

	Year ended 31 December	
	2022 AED'000	2021 AED'000
<i>Finance costs:</i>		
- Interest on bank borrowings	81,271	33,006
- Unwinding of interest on finance liabilities	78,169	62,207
- Unwinding of interest on lease liabilities (Note 6)	7,218	7,676
- Others	3,875	4,007
Less: Interest capitalised on qualifying assets (Note 5)	(28,144)	(8,209)
Less: Amortisation of deferred gain	(55,256)	(41,142)
Total finance costs (A)	87,133	57,545
<i>Finance income:</i>		
- Interest income	5,967	-
Total finance income (B)	5,967	-
Finance costs – net ((A) - (B))	81,166	57,545

28 Non-controlling interest (NCI)

	2022 AED'000	2021 AED'000
Non -controlling interest (NCI)	21,666	129,397

On the 25 March 2022, the Group has purchased the 10% Non-controlling interest in Assas Investments Limited, a subsidiary of the Group increasing its stake from 90% to 100% for a cash consideration of AED 104,980 thousand. The carrying amount of the Non-controlling interest at the time of the transaction was AED 110,921.

FIVE Holdings (BVI) Limited**Notes to the consolidated financial statements for the year ended 31 December 2022**
(continued)**28 Non-controlling interest (NCI) (continued)**

The carrying value of non-controlling interest has changed as follows:

China State Construction Engineering Corporation (M.E.) LLC

	31 December 2022
	AED'000
Carrying amount of non-controlling interest at 1 January 2022 (audited)	107,243
Total comprehensive income for the year	3,683
Fair Value of Non-controlling interest at the time of transaction	110,923
Total consideration for acquisition of minority	104,983
Profit from change in shareholding	5,940

In year 2021, the Group purchased the 20% Non-Controlling interest in Five Beach Club Limited, a subsidiary of the Group increasing its stake from 65% to 85% for a cash consideration of AED 18,325 thousand. The carrying amount of the Non-controlling interest at the time of the transaction was AED 31,635 thousand.

The carrying value of non-controlling interest has changed as follows:

Lead Enterprise Limited

	31 December 2021
	AED' 000
Carrying amount of non-controlling interest as at 1 January 2020 (audited)	31,635
Fair Value of Non-controlling interest at the time of transaction	31,635
Total consideration for acquisition of minority	18,325
Profit from change in shareholding	13,310

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarized Balance Sheet:

	FIVE Beach Club Limited		Assas Investments	
	As at 31 December		As at 31 December	
	2022	2021	2022	2021
	AED'000	AED'000	AED'000	AED'000
Current Assets	19,407	20,719	-	93,607
Current Liabilities	(6,428)	(9,973)	-	(18,924)
Current net assets	12,979	10,746	-	74,683
Non-current assets	177,975	177,719	-	919,602
Non-current liabilities	(258)	(236)	-	(44,412)
Non-current net assets	177,717	177,483	-	875,190
Net Assets	190,696	188,229	-	949,873
Accumulated NCI	21,666	22,156	-	107,241

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

28 Non-controlling interest (NCI) (continued)

Summarized statement of comprehensive income:

	FIVE Beach Club Limited		Assas Investments	
	Year ended 31 December		Year ended 31 December	
	2022	2021	2022	2021
	AED'000	AED'000	AED'000	AED'000
Revenue	79,996	65,364	-	70,257
Profit for the year	23,108	16,796	-	143,553
Other comprehensive income	-	26,238	-	-
Total comprehensive income	23,108	43,034	-	143,553
Profit allocated to NCI	3,466	10,357	-	14,356
Dividends paid to NCI	3,956	7,953	-	-

Accumulated NCI

29 Dividends per share

During the year ended 31 December 2022 and 2021, the Group did not declare and pay dividends to its Owner and hence dividend per share was nil.

The Group declared dividends of AED 3.9 million (31 December 2021: AED 7.9 million) to its minority shareholders. Dividends per share was AED 263,723 per share (2021: AED 227,221 per share).

	Year ended 31 December	
	2022	2021
	AED'000	AED'000
Dividends payable	9,365	10,837
Paid during the year	(9,365)	(1,472)
Dividend payable at 31 December (Note 15)	-	9,365

30 Basic and diluted earnings per share

	Year ended 31 December	
	2022	2021
	AED'000	AED'000
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	225,520	455,027
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1	1
Total basic and diluted earnings per share attributable to the owner of FIVE Holdings (BVI) Limited	225,520	455,027

Basic earnings per share is calculated by dividing the profit for the year by the number of weighted average shares outstanding at the end of the reporting period. Diluted earnings per share is equivalent to basic earnings per share as the Group did not issue any new instrument that would impact earnings per share when executed.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

31 Capital Commitments

The Group has capital expenditure commitments arising from its contracts with contractors of AED 318,693 thousand for the year 2022 (2021: AED 448,734 thousand). These commitments represent the value of contracts issued as at 31 December 2022, net of accruals, payments and invoices made till that date.

32 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	As at 31 December	
	2022	2021
	AED'000	AED'000
Financial assets as per the consolidated statement of financial position		
<i>At amortised cost</i>		
Trade and other receivables, excluding advances to suppliers and municipality fees (Note 8)	445,242	438,017
Cash and cash equivalents (Note 11)	696,200	488,385
	<u>1,141,442</u>	<u>926,402</u>

Financial liabilities as per the consolidated statement of financial position

At amortised cost

Trade and other payables (excluding Advances from customers, municipality fees and VAT payable) (Note 15)	289,315	235,211
Bank borrowings (Note 16)	1,170,490	1,238,762
Lease liabilities (Note 6)	122,202	127,129
Finance liabilities (Note 20)	555,671	453,814
Due to related parties (Note 7)	6,470	134,575
	<u>2,144,148</u>	<u>2,189,491</u>

33 Segment Reporting

The Group's operating segments are Real estate development and Hospitality. The management evaluates the operating results of its operating segments separately for the purpose of making strategic decisions about allocating resources and assessing performance. Segment performance is measured based on the adjusted profit or loss calculated in accordance with IFRS.

The Chief Operating Decision Makers ("CODM" reviews mainly the segment profit and loss for its strategic decision and therefore, the segment assets and liabilities are not disclosed in this section.

Segment EBIDTA reconciliation

a) For the year ended 31 December 2022

Particulars	Hospitality	Real estate development	Others	Total
	AED'000	AED'000	AED'000	AED'000
Total Segment Results	405,117	141,675	-	546,792
Add: Preopening expenses	18,906	-	-	18,906
Unallocated Items				
Corporate office	-	-	(41,771)	(41,771)
EBITDA	<u>424,023</u>	<u>141,675</u>	<u>(41,771)</u>	<u>523,927</u>

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

33 Segment Reporting (continued)

Segment EBIDTA reconciliation (continued)

b) For the year ended 31 December 2021

Particulars	Hospitality	Real estate development	Others	Total
	AED'000	AED'000	AED'000	AED'000
Total Segment Results	378,044	329,121	-	707,165
Add: Preopening expenses	4,476	-	-	4,476
Unallocated Items				
Corporate office	-	-	(48,162)	(48,162)
Other income	-	-	3,314	3,314
EBITDA	382,520	329,121	(44,848)	666,793

Reconciliation between profit for the year and earnings before interest, tax, depreciation, and amortisation:

Particulars	Year ended 31 December	
	2022	2021
	AED'000	AED'000
Profit for the year	232,668	466,466
Add:		
Depreciation of property and equipment (Note 5)	168,121	119,504
Depreciation of right-of-use assets (Note 6)	23,066	18,802
Pre-opening expenses	18,906	4,476
Finance cost, net (Note 27)	81,166	57,545
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	523,927	666,793

Particulars	Year ended 31 December	
	2022	2021
	AED'000	AED'000
Segment Revenue		
Hospitality	918,273	759,130
Real estate development	318,676	649,743
Total Segment Revenue	1,236,949	1,408,873
Segment Result		
Hospitality	405,117	378,044
Real estate development	141,675	329,121
Total Segment Results	546,792	707,165
Less: unallocated Items		
Finance costs, net	81,166	57,545
Corporate office	41,771	48,162
Depreciation	191,187	138,306
Other Income	-	(3,314)
Net Profit	232,668	466,466

FIVE Holdings (BVI) Limited**Notes to the consolidated financial statements for the year ended 31 December 2022**
(continued)**33 Segment Reporting (continued)****Other Information**

The Management of the entity further evaluates the result of the Hospitality segment separately into Hotel Rooms, Food and Beverage - Entertainment, Food and Beverage - Non entertainment, and others, which are the key drivers of the performance of the business.

Particulars	Year ended 31 December	
	2022 AED'000	2021 AED'000
Hospitality – Revenue stream wise		
Rooms	393,793	341,173
Food and Beverage – Entertainment	262,773	161,134
Food and Beverage – Non entertainment	194,873	202,891
Others	66,834	53,932
Total Hospitality - Revenue stream wise	918,273	759,130
Hospitality - Revenue stream wise result		
Rooms	225,806	212,650
Food and Beverage – Entertainment	92,291	69,633
Food and Beverage – Non entertainment	57,988	79,108
Others	29,032	16,653
Total Hospitality - Revenue stream wise result	405,117	378,044
Add: Pre-opening Expenses		
Rooms	8,108	2,012
Food and Beverage – Entertainment	5,410	950
Food and Beverage – Non entertainment	4,012	1,196
Others	1,376	318
Total Other Adjustments Hospitality - Revenue stream wise result	18,906	4,476
Earnings before interest, tax, depreciation and amortization (EBITDA)		
Rooms	233,914	214,662
Food and Beverage – Entertainment	97,701	70,583
Food and Beverage – Non entertainment	62,000	80,304
Others	30,408	16,971
Total EBITDA	424,023	382,520

Notes: -

- Segment Result = Revenue – Cost of sales – General and administrative expenses – Selling and marketing expenses + Other Income
- Preopening expense allocated in the sub-segment of hospitality based on the revenue of that sub-segment.

34 UAE Corporation Tax law and application of IAS 12 Income Taxes

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax regime in the UAE. The Law was previously gazetted on 10 October 2022, becoming law 15 days later. The Corporate Tax regime will become effective for accounting periods beginning on or after 1 June 2023. Generally, UAE businesses will be subject to a 9% corporate tax rate, while a rate of 0% will apply to taxable income not exceeding a particular threshold to be prescribed by way of a Cabinet Decision (expected to be AED 375,000 based on information released by the Ministry of Finance).

However, there are a number of significant decisions that are yet to be finalised by way of a Cabinet Decision, including the threshold mentioned above, that are critical for entities to determine their tax status and the amount of tax due. Therefore, pending such important decisions by the Cabinet, the Group has determined that the Law was not practically operational as of 31 December 2022, and so not enacted or substantively enacted from the perspective of IAS 12 – Income Taxes. The Company shall continue to monitor the timing of the issuance of these critical Cabinet Decisions to determine its tax status and the applicability of IAS 12 – Income Taxes.

The Group is currently in the process of assessing the possible impact on its financial statements, both from current and deferred tax perspective, once the Law becomes substantively enacted.



Independent auditor's report to the shareholder of FIVE Holdings (BVI) Limited

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of FIVE Holdings (BVI) Limited (the "Company") and its subsidiaries (together the "Group") as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Emphasis of Matter

We draw attention to Notes 2.1 (a) and 34 to the consolidated financial statements which describe the details of amendments made to the previously issued consolidated financial statements for the year ended 31 December 2021. The consolidated financial statements issued previously on 5 April 2022 have been amended following management's reassessment of the accounting of the contractual arrangements in respect of the transfer of certain condominium hotel units and hotel apartments. We previously issued our unqualified independent auditor's report on the consolidated financial statements for the year ended 31 December 2021 on 5 April 2022. Following these changes, we provide this new report on the reissued consolidated financial statements. Our opinion is not modified in respect of this matter.

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Jacques Fakhoury, Douglas O'Mahony, Wassim El Afchal, Murad Alnsour, Rami Sarhan and Virendra Dhirajlal Lodhia are registered as practicing auditors with the UAE Ministry of Economy



Independent auditor's report to the shareholder of FIVE Holdings (BVI) Limited (continued)

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

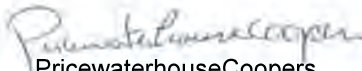


Independent auditor's report to the shareholder of FIVE Holdings (BVI) Limited (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


PricewaterhouseCoopers
Dubai, United Arab Emirates
17 May 2023

FIVE Holdings (BVI) Limited

Consolidated statement of financial position

	Note	As at 31 December	
		2021	2020
		AED'000 (As restated – see Note 34)	AED'000 (As restated – see Note 34)
ASSETS			
Non-current assets			
Property and equipment	5	5,837,857	3,426,312
Right-of-use assets	6	102,951	103,317
Intangible assets		133	-
		5,940,941	3,529,629
Current assets			
Due from a related party	7	-	63,822
Trade and other receivables	8	535,656	130,602
Prepayments		50,920	6,834
Property held for development and sale	9	18,623	-
Inventory	10	13,950	6,795
Cash and cash equivalents	11	488,385	28,361
		1,107,534	236,414
Total assets		7,048,475	3,766,043
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to owner of the parent			
Share capital	12	-	-
Contributed capital	13	252,913	252,913
Statutory reserve	14	2,238	2,238
Revaluation reserve		3,486,063	1,835,034
Retained earnings/(accumulated losses)		471,091	(67,122)
		4,212,305	2,023,063
Non-controlling interests		129,397	144,272
Total equity		4,341,702	2,167,335
LIABILITIES			
Non-current liabilities			
Lease liabilities	6	101,706	106,401
Trade and other payables	15	63,591	66,914
Bank borrowings	16	1,166,052	116,822
Deferred tax liability	17	14,133	-
Contract liabilities	18	878	-
Provision for employees' end of service benefits	19	5,855	4,905
Retention payables		772	-
Deferred gain	20	367,678	424,800
Finance liabilities	20	375,645	364,945
		2,096,310	1,084,787
Current liabilities			
Lease liabilities	6	25,423	18,823
Due to related parties	7	134,575	-
Trade and other payables	15	206,550	175,678
Bank borrowings	16	72,710	194,079
Contract liabilities	18	25,671	-
Retention payables		231	-
Deferred gain	20	67,134	59,860
Finance liabilities	20	78,169	65,481
		610,463	513,921
Total liabilities		2,706,773	1,598,708
Total equity and liabilities		7,048,475	3,766,043

These consolidated financial statements were approved by the Board of Directors on 17 May 2023 and signed on behalf of the Board of FIVE Holdings (BVI) Limited by:

Kabir Munchandan
Chairman

The notes on pages 10 to 69 form an integral part of these consolidated financial statements

FIVE Holdings (BVI) Limited

Consolidated statement of profit or loss

	Note	Year ended 31 December	
		2021	2020
		AED'000 (As restated – see Note 34)	AED'000 (As restated – see Note 34)
Revenue	21	1,408,873	457,570
Cost of sales	22	(537,652)	(183,270)
Depreciation	5,6	(138,306)	(134,774)
Gross profit		732,915	139,526
General and administrative expenses	23	(145,937)	(86,070)
Selling and marketing expenses	24	(68,560)	(24,478)
Net impairment losses on financial assets	8	(10,362)	(2,845)
Other income	26	15,955	25,399
Other expenses		-	(4,651)
Operating profit		524,011	46,881
Finance costs	27	(57,545)	(67,487)
Profit / (loss) for the year		466,466	(20,606)
Profit / (loss) for the year attributable to:			
Owner of the parent		455,027	(21,753)
Non-controlling interests		11,439	1,147
		466,466	(20,606)

	Year ended 31 December	
	2021	2020
	AED	AED
Basic and diluted earnings / (loss) per share attributable to the Owner of FIVE Holdings (BVI) Limited	455,027	(21,753)

FIVE Holdings (BVI) Limited

Consolidated statement of comprehensive income

	Year ended 31 December	
	2021 AED'000 (As restated – see Note 34)	2020 AED'000 (As restated – see Note 34)
Profit / (loss) for the year	466,466	(20,606)
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss</i>		
Revaluation surplus on property and equipment (Note 5)	1,748,312	469,383
Deferred tax liabilities on fair value gain in revaluation of property and equipment	(14,133)	-
Total comprehensive income for the year	2,200,645	448,777
Total comprehensive income for the year attributable to:		
Owner of the parent	2,175,932	451,327
Non-controlling interests	24,713	(2,550)
	2,200,645	448,777

FIVE Holdings (BVI) Limited

Consolidated statement of changes in equity

	Attributable to Owners of the parent					Total AED'000	Non- controlling interests AED'000	Total AED'000
	Share capital AED'000	Contributed capital AED'000	Statutory reserve AED'000	Revaluation reserve AED'000	Retained earnings/ (accumulated losses) AED'000			
At 1 January 2020 (as previously reported)	-	252,913	2,238	678,137	91,351	1,024,639	150,020	1,174,659
Impact of restatement	-	-	-	730,046	(97,519)	632,527	-	632,527
At 1 January 2020 (as restated)	-	252,913	2,238	1,408,183	(6,168)	1,657,166	150,020	1,807,186
Loss for the year	-	-	-	-	(21,753)	(21,753)	1,147	(20,606)
Other comprehensive income	-	-	-	473,080	-	473,080	(3,697)	469,383
Total comprehensive income for the year ended 31 December 2020 (as restated)	-	-	-	473,080	(21,753)	451,327	(2,550)	448,777
Transactions with non-controlling interests								
Subscription to additional share capital (Note 31)	-	-	-	-	-	-	735	735
Dividend paid (Note 28)	-	-	-	-	-	-	(3,933)	(3,933)
Transactions with owner								
Dividend paid (Note 28)	-	-	-	-	(85,430)	(85,430)	-	(85,430)
Depreciation transfer for property and equipment under revaluation model	-	-	-	(46,229)	46,229	-	-	-
At 31 December 2020 (as restated)	-	252,913	2,238	1,835,034	(67,122)	2,023,063	144,272	2,167,335

The notes on pages 10 to 69 form an integral part of these consolidated financial statements

FIVE Holdings (BVI) Limited

Consolidated statement of changes in equity (continued)

	Attributable to owners of the parent					Total AED'000	Non- controlling interests AED'000	Total AED'000
	Share capital AED'000	Contributed capital AED'000	Statutory reserve AED'000	Revaluation reserve AED'000	Retained earnings/ (accumulated losses) AED'000			
At 1 January 2021 (as previously reported)	-	252,913	2,238	469,407	11,860	736,418	144,272	880,690
Impact of restatement	-	-	-	1,365,627	(78,982)	1,286,645	-	1,286,645
At 1 January 2021 (as restated)	-	252,913	2,238	1,835,034	(67,122)	2,023,063	144,272	2,167,335
Profit for the year	-	-	-	-	455,027	455,027	11,439	466,466
Other comprehensive income before tax impact	-	-	-	1,720,905	-	1,720,905	13,274	1,734,179
Total comprehensive income for the year ended 31 December 2021	-	-	-	1,720,905	455,027	2,175,932	24,713	2,200,645
Transactions with non-controlling interests								-
Purchase of non-controlling interest share in a subsidiary (Note 31)	-	-	-	-	-	-	(31,635)	(31,635)
Dividend paid (Note 28)	-	-	-	-	-	-	(7,953)	(7,953)
Transactions with owner in their capacity as owner:								
Profit on purchase of non-controlling interest (Note 31)	-	-	-	-	13,310	13,310	-	13,310
Depreciation transfer for property and equipment under revaluation model	-	-	-	(69,876)	69,876	-	-	-
At 31 December 2021 (As restated)	-	252,913	2,238	3,486,063	471,091	4,212,305	129,397	4,341,702

The notes on pages 10 to 69 form an integral part of these consolidated financial statements

FIVE Holdings (BVI) Limited

Consolidated statement of cash flows

	Note	Year ended 31 December	
		2021 AED'000 (As restated – see Note 34)	2020 AED'000 (As restated – see Note 34)
Cash flows from operating activities			
Profit / (loss) for the year		466,466	(20,606)
Adjustments for:			
Depreciation of property and equipment	5	119,504	109,850
Depreciation of right-of-use assets	6	18,802	24,924
Net impairment losses trade receivables		10,362	2,845
Loss on sale of property and equipment		-	(180)
Interest on lease liabilities	27	7,676	7,892
Interest on finance liabilities	27	62,207	45,185
Provision for employees' end of service benefits	19	1,826	2,417
Amortisation of deferred gain	27	(41,142)	(9,734)
Interest income	27	-	(584)
Interest cost on bank borrowings	27	24,797	24,728
Other finance cost	27	4,007	-
Changes in working capital:			
Property held for development and sale	9	(18,623)	-
Inventories	10	(7,155)	1,585
Trade and other receivables	8	(412,375)	7,731
Prepayments		(44,086)	2,481
Due from a related party	7	63,822	(62,664)
Due to a related parties	7	134,574	(1,363)
Trade and other payables	15	29,021	(53,246)
Retention payables		1,003	-
Contract liabilities	18	26,549	-
Employee's end of service benefits paid	19	(876)	(1,134)
Net cash generated from operating activities		447,359	80,127
Cash flows from investing activities			
Purchase of property and equipment	5	(814,958)	(28,052)
Proceed from sale of property and equipment		32,220	-
Purchase of intangible assets		(133)	-
Proceeds from sale of investment property		-	9,498
Interest income	27	-	584
Net cash used in investing activities		(782,871)	(17,970)
Cash flows from financing activities			
Proceeds from financing arrangements	20	14,683	53,479
Interest payment of finance liabilities	20	(62,207)	(30,113)
Purchase of non-controlling interest share in a subsidiary	31	(18,325)	-
Subscription to share capital by Non-controlling interest	31	-	735
Interest paid on bank borrowings	27	(28,804)	(24,728)
Payment of lease liabilities	6	(19,573)	(15,963)
Interest paid on lease liabilities	27	(7,675)	(7,892)
Dividends paid	7	(9,425)	(89,377)
Proceed from bank borrowings		1,195,926	36,924
Repayment of from bank borrowings		(268,064)	(49,085)
Proceeds from overdraft		-	19,999
Net cash generated for/ (used in) financing activities		796,536	(106,021)
Net increase / (decrease) in cash and cash equivalents		460,024	(43,864)
Cash and cash equivalents, beginning of the year		28,361	72,225
Cash and cash equivalents, end of the year	11	488,385	28,361

The notes on pages 10 to 69 form an integral part of these consolidated financial statements

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021

1 Legal status and operations

FIVE Holdings (BVI) Limited (the “Company”) is a Company limited by shares registered on 30 August 2013 with Registrar of Corporate Affairs in British Virgin Islands. The registered address of the Company is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. Kabir Mulchandani is the ultimate controlling and ultimate beneficial owner (the “Owner”).

The principal activities of the Group is to provide hospitality services in UAE and Switzerland along with real estate development.

The Company owns 100% equity stake in FIVE Holding Limited, an entity incorporated in Dubai International Financial Centre (“DIFC”), Dubai – United Arab Emirates (“UAE”). The Company along with its subsidiaries (together the “Group”) acts as an investment vehicle holding interests in the following principal subsidiaries:

Name of entity (subsidiary)	Principal activity	31 December	
		2021	2020
United Arab Emirates			
FIVE Holding Limited	Holding Company	100	100
SKAI Holdings Group Limited	Holding Company	100	100
FIVE International Holding Limited	Holding Company	100	100
FIVE JBR Holding (DIFC) limited	Property holding Company	100	100
Devco Real Estate Development LLC	Real Estate development Company	100	100
FIVE Hotel JBR LLC	Hotel operating Company	100	100
FIVE Real Estate Development LLC	Real Estate development Company	100	100
Assas Investments Limited	Property holding Company	90	90
FIVE Hotel Jumeirah Village L.L.C	Hotel operating Company	100	100
FIVE Mansion Restaurant LLC	Restaurant operating Company	100	100
FIVE Investment LLC	Holding Company	100	100
Unlimited 1 Limited	Property holding Company	100	100
FIVE Holiday Homes Rental LLC	Holiday Homes Rental Company	100	100
Rehan Limited	Property holding Company	100	100
Ananda Investments Limited	Property holding Company	100	100
FIVE Hotel FZE	Hotel operating Company	100	100
FIVE International Hotel Management L.L.C	Hotel management Company	100	100
Five Beach Club Limited	Property holding Company	85	65
Praia Restaurant FZE	Restaurant operating Company	100	100
FIVE International Hotel Management Limited	Hotel management Company	100	-
Cayman Islands			
FIVE Development LLC	Holding Company	100	100
Unlimited 1 Development	Holding Company	100	100
FIVE Hospitality LLC	Holding Company	100	100
Sky’s the Limit 1	Holding Company	100	100
Switzerland			
5 Atlantis AG	Property holding and Hotel operating Company	100	

2 Significant accounting policies

2.1 Basis of preparation

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, except for adoption of new accounting standards as explained in note 2.1 (b).

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and interpretations issued by the IFRS Interpretations Committee (“IFRSIC”) applicable to companies reporting under IFRS. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (“IASB”).

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

The consolidated financial statements have been prepared under the historical cost convention except for property and equipment carried on revaluation basis. The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The Statement of Profit or loss is presented on the basis of by function. However, depreciation is separately presented within gross profit, this is considered appropriate presentation as the depreciation is a material line item, and IAS 1 "Presentation of Financial Statements", permits material items to be separately presented.

(a) Reissuance of the previously issued consolidated financial statements

The consolidated financial statements of the Group for the year ended 31 December 2021 issued previously on 5 April 2022 have been withdrawn and are replaced by these consolidated financial statements, following management's reassessment of the accounting of the contractual arrangements in respect of the transfer of certain condominium hotel units and hotel apartments, which were previously accounted for under IFRS 15 "Revenue from Contracts with Customers". Upon reassessment, these arrangements were determined to be financing in nature and should have been accounted for under IFRS 9 "Financial Instruments". Further details of the change in accounting treatment is explained in Note 34 besides certain enhanced disclosures. These revisions impact the amounts previously reported in the consolidated statement of financial position as at 31 December 2021 and 2020, consolidated statements of profit or loss, comprehensive income, cash flows, changes in equity and notes to the consolidated financial statements for the years ended 31 December 2021 and 2020.

(b) Changes in accounting polices and disclosures

(i) New and revised IFRS applied with material effect on the financial statements

- COVID-19 - Related rent concessions - Amendment to IFRS 16
- Definition of material – Amendments to IAS 1 and IAS 8;
- Definition of a business – Amendments to IFRS 3;
- Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7; and
- Revised Conceptual Framework for Financial Reporting.

The above amendments and interpretations to accounting standards, which have been adopted from 1 January 2020, did not have any impact on the Group's consolidated financial statements and did not require retrospective adjustments and there are no other standards, amendments or interpretations that became effective for the first time for the annual reporting period commencing 1 January 2020 and have a material impact on the Group.

(ii) New and revised IFRSs in issue but not yet effective

- Amendments to IAS 1 - Classification of liabilities as current or non-current;
- Amendments to IFRS 3 – Reference to conceptual framework;
- Amendments to IAS 16 - Property, plant and equipment - Proceeds before intended use;
- Amendments to IAS 37 – Onerous Contracts;
- Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture; and
- Annual improvements 2018-2020 Cycle.
- Amendments to IAS 1 - Deferment of January 2020 amendments, classification of liabilities and disclosure of accounting policies (effective 1 January 2023); and
- Amendments to IAS 12 - Deferred tax on leases and decommissioning obligations (effective 1 January 2023).

Management's view is that these are not expected to have material impact on the Group in the current or future reporting periods.

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Alternative performance measures

The Group has identified certain measures that it believes will assist the understanding of the performance of the business. These alternative performance measures (“APMs”) are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for, or superior to, IFRS, provide stakeholders with an additional useful information on the underlying trends, performance and position of the Group and are consistent with how business performance is measured internally. The APMs are not defined by IFRS and therefore may not be directly comparable with other companies’ alternative performance measures.

The key APM that the Group uses is EBITDA. This APM is set out in note 32 including an explanation of how it is calculated and how it reconciles to a statutory measure where relevant. These measures exclude the below items as defined below.

Exceptional items

The Group classifies certain one-off charges or credits that have a material impact on the Group’s financial results as ‘exceptional items. These are disclosed separately to provide further understanding of the financial performance of the Group. Management splits out these costs for internal purposes when reviewing the business.

Pre-opening costs

Pre-opening costs can vary significantly depending on the number of new sites acquired and opened in any period, and so do not reflect the costs of the day-to-day operations of the business. These costs are therefore split out in order to aid comparability with prior periods. Site pre-opening costs refer to costs incurred in getting new sites operational, and primarily include costs incurred before opening and in preparing for launch.

Acquisition-related costs

Acquisition-related costs are costs incurred to effect a business combination. Those costs include advisory, legal, accounting, valuation and other professional or consulting fees including employees’ bonuses in connection with the successful completion of a transaction. Acquisition-related costs are expensed in the period in which the costs are incurred, and the services are received.

2.2 Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

2 Significant accounting policies (continued)**2.2 Basis of consolidation (continued)***(a) Subsidiaries (continued)*

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Any subsequent change to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the retained earnings statement of equity. This reserve is used to record the differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transfer of businesses under common control is accounted for under the uniting of interest method. Business combinations involving entities under common control do not fall under the scope of IFRS 3 “Business Combinations”. Under the uniting of interest method there is no requirement to fair value the assets and liabilities of the transferred entities and hence no goodwill is created as the balances remain at book value. The results and cash flows of the subsidiaries are consolidated from the beginning of the comparative financial period. The consolidated statement of comprehensive income and the consolidated statement of financial position comparatives are also presented as if the Company had been the intermediate parent undertaking of the Group throughout the current and previous year. The aim is to present the consolidated financial statements as though the Group had always been consolidated.

(b) Interests in equity-accounted investees

The Group’s interest in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is a joint arrangement whereby the parties have joint control of the arrangement and have rights to the net assets of the arrangement.

Investments in equity-accounted investees are accounted for using the equity method of accounting and are initially recognised at cost. The Group’s investment in equity-accounted investees includes goodwill identified on acquisition, net of any accumulated impairment loss.

Subsequent to initial recognition, the consolidated financial statements include the Group’s share of post-acquisition profits or losses in the consolidated statement of comprehensive income, its share of post-acquisition movements in other comprehensive income is recognised as other comprehensive income within the consolidated statement of comprehensive income and its share of post-acquisition movements in reserves is recognised in the consolidated statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group’s share of losses in equity-accounted investees equals or exceeds its interest in the equity-accounted investees, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the equity-accounted investees. Unrealised gains on transactions between the Group and its equity-accounted investees are eliminated to the extent of the Group’s interest in the equity-accounted investees. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

2 Significant accounting policies (continued)

2.2 Basis of consolidation (continued)

(c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Acquisitions that do not meet the definition of a business

When an entity is acquired which under IFRS 3 meets the definition of an asset acquisition as opposed to a business combination, the individual assets and liabilities acquired are identified, and the cost of the transaction is allocated to the assets acquired and liabilities assumed based on their relative fair values at the date of purchase. No goodwill is recognised on these transactions. All transactions costs are capitalised as part of the assets acquired.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in United Arab Emirates Dirham ("AED"), which is the Groups functional and presentation currency. Each subsidiary in the Group determines its own functional currency and items included in the financial statements of each subsidiary are measured using the respective functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in consolidated statement of profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised consolidated statement of profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in consolidated statement of other comprehensive income.

(c) Consolidation of the foreign operations

On consolidation, the results of overseas operations are translated into AED at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange translation reserve. Exchange differences recognised in profit or loss in Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange translation reserve on consolidation. On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

2 Significant accounting policies (continued)

2.4 Property and equipment

Land, buildings and capital work-in-progress are initially recognised at cost, and classified as buildings upon commissioning, are stated at fair value based on annual valuations performed by external independent valuers less impairment and depreciation. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. All other assets under property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in revaluation reserve in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between the depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation reserve to the retained earnings.

The leasehold improvements are depreciated over the period of lease or life of asset whichever is less.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Type of assets	Years
Land and buildings	30
Equipment	4 - 5
Furniture and fixtures	5
Motor vehicles	5
Leasehold improvements	5-10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each consolidated statement of financial position date. An asset carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the asset's carrying amount. These are recognised in the consolidated statement of comprehensive income. When revalued assets are sold, the amounts included in revaluations reserves are transferred to retained earnings.

When commissioned, capital work-in-progress is transferred to the respective category, and depreciated in accordance with the Group's policy.

2.5 Transfers

Transfers between property, plant and equipment, and property held for development and sale are made when there is a change in use evidenced by commencement of owner-occupation or development with a view to sale, end of owner-occupation or commencement of an operating lease to another party, as applicable. All transfers are made at carrying value on the date of transfer.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

2 Significant accounting policies (continued)

2.6 Financial instruments

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets at amortised cost

The Group classifies its financial assets at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group's financial assets include cash and cash equivalents, due from related parties, and trade and other receivables (excluding advances to suppliers, prepayments and municipality fees receivable). There are no financial assets carried at fair value through profit and loss or through other comprehensive income.

Financial assets at amortised cost

At initial recognition, the Group measures financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Such financial assets are subsequently measured at amortised cost using the 'EIR' method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the consolidated statement of profit or loss. The losses arising from impairment and subsequent reversal of such losses are recognised in the consolidated statement of profit or loss under Net impairment reversal / (losses) on financial assets (excluding advances to suppliers, prepayments and municipality fees receivable).

- Cash and cash equivalents comprise balances in current accounts at banks, and cash on hand excluding escrow accounts.
- Trade receivables are amounts due from customers for properties sold or services provided in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.
- Deferred sales commission relates to the amortization of sales commission to be paid to the brokers based on percentage of completion.
- Contract assets or unbilled receivables relate to the Group's right to receive consideration for the satisfied performance obligations but not billed at the reporting date, unbilled receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

Impairment of financial assets

The Group's financial assets that are subject to the expected credit loss model are trade and other receivables (excluding advances to suppliers, prepayments and municipality fees receivable).

2 Significant accounting policies (continued)

2.6 Financial instruments (continued)

Impairment of financial assets (continued)

While, cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss is immaterial.

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and unbilled receivables. To measure the expected credit losses, trade receivables and unbilled receivables have been grouped based on shared credit risk characteristics and the days past due. The unbilled receivables relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the unbilled receivables. The Group has established a provision matrix that is based on the Group's historical credit loss experience, which is adjusted for expected cash flows from the realisation of the assets' collateral, if any, and further adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and unbilled receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. Impairment losses on trade receivables and unbilled receivables are written off when there is no reasonable expectation of recovery. Subsequent recoveries of amounts previously written off are credited against the same line item.

At each reporting date, the Group assess whether financial assets carried at amortised cost are impaired. Evidence of credit impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and an observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. The company also on case to case basis assesses the risk of default for amounts outstanding for over 90 days.

Recognition and derecognition of financial assets

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired,
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement,
- the Group has transferred its rights to receive cash flows from the asset and either:
 - i) has transferred substantially all risks and rewards of the asset or
 - ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2 Significant accounting policies (continued)

2.6 Financial instruments (continued)

Financial Liabilities

Classification and measurement

The Group classifies its financial liabilities at amortised cost which include trade and other payables (excluding advances from customers, VAT payable and municipality fee payable), bank borrowings, finance liability, lease liability, retention payable, contract liabilities and due to related parties. There are no financial liabilities carried at fair value through profit and loss or through other comprehensive income.

Financial liabilities at amortised cost

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Other liabilities at amortised cost

The Group has entered into agreements with buyers-lessors of condo hotel units sold in current and previous years. The terms of these arrangements are such that they are in substance financing arrangements, whilst the legal form reflects a sale and lease back. As per the significant judgements made in note 4.7a, it has been assessed that the arrangements meet the definition of a financial liability. At initial recognition these arrangements are measured at fair value taking into account the estimated future cash flows to be generated from these arrangements. The estimated cash flows are based on the terms of the contractual arrangements, these arrangements include both fixed and variable payment terms.

The expected cash flows are discounted using the effective interest rate method (“EIR Method”), using a discount rate which is reflective of the risks inherent with such an arrangement. The determination of the discount rate is considered a significant judgement and the assumptions have been disclosed in Note 4.7b. The interest expense recognised using effective interest rate method in the consolidated statement of profit or loss within ‘Finance cost’.

Upon discounting the cash flows using the EIR Method, the financial liability is recognised at fair value. Due to the assumptions used in determining the discount rate, this results in a day 1 difference in the fair value of the cash flows. For the arrangements in place at the reporting date, there was a day 1 gain, which is deferred on the balance sheet as the measurement of these instruments was not based on observable market prices and therefore cannot be recognised in the Statement of Comprehensive Income on day 1. The gain has been deferred and is being amortised over systematic basis relative to the underlying term of the financing arrangements. These amounts are recognised in the Statement of Profit or loss as “Finance Income”.

The deferred gain is presented in the Statement of Financial Position separately from the underlying financial liability.

At the end of each reporting period, the Group will re-estimate the future cash outflows based on revised assumptions, and discount these using the original EIR. Any difference between the carrying value of financial liability and the re-estimated liability value will be recognised in the consolidated statement of profit or loss within finance costs.

The financial liability is split between current and non-current based on the expected cash out flow in within twelve months from the reporting date. The deferred day 1 gain or loss is split between current and non-current based on the expected amortisation to consolidated statement of profit or loss within twelve months from the reporting date.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

2 Significant accounting policies (continued)

2.6 Financial instruments (continued)

Financial Liabilities (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

2.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

2.8 Trade receivables and unbilled receivables

Trade and unbilled receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

The carrying amount of the asset is reduced through the use of a loss allowance account, and the amount of the loss is recognised in the consolidated statement of comprehensive income.

2.9 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, current accounts including restricted cash held with financial institutions.

2.10 Provision for employees' end of service benefits

An accrual is made for employee's entitlements to annual leave and leave passage as a result of service rendered by the employees up to the reporting date.

A provision is made, using actuarial techniques, for the full amount of end of service benefits due to non-UAE national employees in accordance with the UAE Labour Law for their periods of service up to the statement of financial position date. The accrual relating to annual leave and leave passage is disclosed as a current liability and included in other payables, while that relating to end of service benefits is disclosed as a non-current liability in the consolidated statement of financial position.

The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the end of the reporting period of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and have terms approximating to the estimated term of the retirement benefit obligations.

Actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognised in equity through the consolidated statement of comprehensive income in the period in which they arise.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

2 Significant accounting policies (continued)

2.11 Contract liabilities

Instalments received from customers, for sale of property, prior to meeting the revenue recognition criteria, are recognised as contract liabilities. These are subsequently released to the consolidated statement of comprehensive income once the revenue recognition criteria are met

2.12 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and risks specific to the obligation. Increases in provisions due to the passage of time are recognised as interest expense.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2.13 Property held for development and sale (“PHDS”)

Properties acquired, constructed or in the course of construction for sale in the ordinary course of business are classified as Property held for development and sale (“PHDS”) and are stated at the lower of cost or net realisable value. Cost includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction including the cost of construction of buildings; and
- Planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and applicable variable selling expenses.

2 Significant accounting policies (continued)**2.14 Impairment of non-financial assets**

Assets that are subject to depreciation/amortisation are reviewed for impairment (other than land and buildings classified under property and equipment) whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash generating units"). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. A reversal of an impairment loss for an asset shall be recognised immediately in the consolidated statement of comprehensive income. After a reversal of an impairment loss is recognised, the depreciation/amortisation charge of the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less residual value over the remaining useful life.

2.15 Revenue from contracts with customers*Revenue from contracts with customers*

IFRS 15 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers. It establishes a five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group recognises revenue from contracts with customers based on a five-step model as set out below:

- Step 1 Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.
- Step 2 Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.
- Step 3 Determine the transaction price: Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to a customer, excluding amounts collected on behalf of third parties.
- Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5 Recognise revenue as and when the Group satisfies a performance obligation.

The Group recognises revenue over time if any one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance obligations completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability – advances from customers.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

2 Significant accounting policies (continued)

2.15 Revenue from contracts with customers (continued)

Revenue is measured at the transaction price agreed under the contract. Amounts disclosed as revenue are net of variable consideration and payments to customers, which are not for distinct services, which may include discounts, trade allowances, rebates and amounts collected on behalf of third parties. Revenue is recognised in the consolidated statement of comprehensive income to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Revenue is recognised in the consolidated statement of comprehensive income to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

(a) Revenue from sale of property held for development and sale

Revenue on sale of development properties is recognised when control over the properties has been transferred to the customer, in some circumstances this is over time, where the criteria as per IFRS 15 paragraph 35 is met and in other circumstances revenue is recognised at a point in time, when the customer has control of the property and is able to direct the use of the property, this is typically when the customer has taken possession of the property

Over time contracts

However, the Group has determined that, for its typical contracts, its performance does not create an asset with alternative use to the Group and it has concluded that, at all times, it has an enforceable right to payment for performance completed to date. Therefore, control transfers over time for these contracts. For contracts that meet the overtime revenue recognition criteria, the Group's performance is measured using an input method, by reference to the costs incurred to the satisfaction of a performance obligation (e.g., resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) relative to the total expected inputs to the completion of the property.

The Group excludes the effect of any costs incurred that do not contribute to the Group's performance in transferring control of goods or services to the customer (such as unexpected amounts of wasted materials, labour or other resources) and adjusts the input method for any costs incurred that are not proportionate to the Group's progress in satisfying the performance obligation (such as uninstalled materials).

Infrastructure costs allocated to each project are released to the consolidated statement of profit or loss, as cost of properties sold within 'cost of sales', based on the percentage of construction completed for each project and the percentage of infrastructure cost incurred at each period end to the total estimated infrastructure cost.

(b) Room and hotel ancillary services revenue

Revenue from rental of rooms and provision of other ancillary services is recognised over time, net of discounts and municipality fees where applicable, when the rooms are rented and the services are rendered.

(c) Rental income

Rental income received as lessor from properties under operating leases is recognised in profit or loss on a straight line basis over the lease term.

(d) Food and beverage revenue

Restaurant revenue from sales of food and beverages and other services is recognised when goods are sold and services are rendered, respectively. Amounts recognised are net of discounts and municipality fees where applicable. Mandatory service charge and surcharge collectible are included in revenue. Revenue is recognised at the point in time at which the performance obligation is satisfied.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

2 Significant accounting policies (continued)

2.16 Other income

Other income mainly comprises of income from units returned and other miscellaneous items which are not in scope of IFRS 15 Revenue from contracts with customers.

Income from returned units, arises when customers are unable to complete their scheduled payments according to the contractual terms and forfeit the right to retain the units and their deposits which have been paid. As such other income is recognised when the contracts are cancelled by the customers, and the units are recorded in properties held for development. Forfeited income is recognised in the reissued consolidated statement of comprehensive income when a customer turns down a pending sale or does not fulfil the contractual payment terms, in accordance with the regulation and procedures set out by the Dubai Real Estate Regulatory Authority.

2.17 Dividends distribution

The liability for dividend is provided for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.18 Share capital

Ordinary shares are classified as equity.

2.19 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involved the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where all the decisions about how and for what purpose the asset is used are predetermined, the Group has the right to direct the use of the asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At the inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-to-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

2 Significant accounting policies (continued)

2.19 Leases (continued)

As a lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discounted rate, which is determined in a range of 4% to 12% per annum depending on the tenure of the lease and the location of the leased asset.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or terminate option.

Lease liability is subsequently increased by the finance costs on the lease liability and decreased by lease payments made. Each lease payment is allocated between the liability and finance cost. The finance costs is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases including holiday home agreements that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

When the Group acts as a lessor, it determines at the lease commencement whether each lease is a finance lease or an operating lease. To classify each lease the Group makes an overall assessment of whether the lease transfer to the lessee substantially all of the risk and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance leases; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for major part of the economic life of the asset. When assets are leased out under an operating lease, the asset is included in the consolidated statement of financial position based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis. The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Revenue'.

2 Significant accounting policies (continued)**2.19 Leases (continued)***Sales and leaseback*

For sale and leaseback transactions, the Group considers whether the initial transfer of the underlying asset to the buyers-lessors is a sale. The Group applies IFRS 15 to determine whether a sale has taken place. When the transfer to buyers-lessors is a sale, the Group derecognises the underlying asset and applies the lessee accounting model to the leaseback, the Group measures the right-of-use asset at the retained portion of the previous carrying amount (i.e., at cost), and recognises only the amount of any gain or loss related to the rights transferred to the lessors. When the transfer to buyers-lessors is not a sale, the Group continues to recognise the underlying asset, and recognises a financial liability for any amount received from the buyers-lessors. On or after the commencement of the hotels' operations, the Group has entered into a sale and leaseback agreements with customers (buyers-lessors) to sell and leaseback hotel room units. Management has performed the assessment of the above transaction and concluded that the transfer of hotel room units satisfies the requirements of IFRS 15 to be accounted for as a sale.

The Group has entered into lease agreements with buyers-lessors of most of the hotel apartments sold in previous years (sale and leaseback agreements). The lease contracts were made for a period of 5 years for hotel apartments. Lease amount is based on variable payment terms which is equivalent to 40% of room revenue of the hotels net off admissible expenses. This lease amount is fully contingent on the performance of the hotels operated by the Group and there are no minimum lease payments stated per lease agreement. The Group recognised the right of use asset at the proportion of the cost of assets that relates to the right of use retained by the Group. The lease liabilities arising from above lease transactions is measured at the present value of the lease payments, discounted using the Group's incremental borrowing rate (6.0% per annum). Incremental borrowing rate is that rate the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

2.20 Value Added Tax

Expenses and assets are recognised net of the amount of VAT, except:

- a) When the VAT incurred on a purchase of assets or goods or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; or
- b) When receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

2.21 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right or has met all conditions (if applicable) to defer settlement of the liability for at least twelve months after the reporting date.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Both specific and general borrowing costs are capitalised using appropriate capitalisation rates. In all cases, the amount of borrowings capitalised is limited to the amount of borrowing costs actually incurred during the year.

The capitalisation of borrowing costs commences from date of incurring the expenditure relating to the qualifying asset and ceases when all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Borrowing costs relating to the period after acquisition, construction or production are expensed.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

2 Significant accounting policies (continued)

2.22 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate in a particular jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated statement of financial position. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in consolidated statement of other comprehensive income or directly in consolidated statement of changes in equity, respectively.

2.23 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

3 Financial risk management

3.1 Financial risk factors

The Group's activities potentially expose it to a variety of financial risks: market risk (including cash flow, currency risk, price risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Currency risk

Currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group is exposed to foreign exchange risks primarily with respect to the Swiss franc (CHF). Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities. There is no material impact to profit or loss due to the sensitivity in CHF currency risk.

The Group does not have an exposure to other foreign currency risks for transactions are denominated in UAE Dirham, US Dollars or currencies pegged to the US Dollar.

(ii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all the instruments traded in the market. The Group has no significant exposure to price risk as it does not hold any listed equity securities or commodities.

(iii) Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk on its interest bearing liabilities. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. The ratio of variable rate borrowings to fixed rate borrowings is 97:3 (2020: 76:24 variable rate borrowings).

At 31 December 2021, if interest rates on variable rate borrowings had been 1% higher/lower with all other variables held constant, the impact on the reissued consolidated statement of comprehensive income would be a decrease/increase of AED 12,387,620 (2020: AED 3,109,020) as a result of higher/lower interest expense.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. When such an event happens, it is considered as a default event. The Group is exposed to credit risk in relation to its monetary assets, mainly trade receivables, unbilled receivables, related party balances and bank balances. The Group has no other significant concentrations of credit risk.

Bank balances

Bank balances are limited to high-credit-quality financial institutions. The table below presents an analysis of cash and bank balances by rating agency designation at the end of reporting period based on Moody's ratings or its equivalent for the main banking relationships:

	Moody's/ CI Rating	As at 31 December	
		2021 AED'000	2020 AED'000
Counterparty 1	Baa1	320,740	6,581
Counterparty 2	A2	124,733	7,012
Counterparty 3	Ba1	5,273	3,415
Counterparty 4	Ba3	2,955	543
Counterparty 5	Aa2	30	-
Counterparty 6*	b+	33,697	9,847
		487,428	27,398

*Balances maintained with one bank that has a credit rating from Capital Intelligence (CI) and is currently not rated by Moody's and an amount of AED Nil (2019: AED 2,211 thousand) held in escrow account.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Bank Balances (continued)

The table above excludes cash on hand amounting to AED 957 thousand (2020: AED 963 thousand).

As at 31 December 2021, cash and bank balance with two banks accounted for 91% (2020: two banks accounted for 62%) of the cash and bank balances of the Group.

Management is of the opinion that this concentration of credit risk will not result in a significant loss to the Group.

Trade and other receivables

Trade receivables or contract assets are either made to customers with an appropriate credit history or secured by deposits and/or underlying real estate assets, which can be called upon if the counterparty is in default under the terms of the agreement. The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The group has entered into contracts for the sale of residential units on an instalment basis. The instalments are specified in the contracts. The group is exposed to credit risk in respect of instalments due. However, the legal ownership of residential units, and plots of land is transferred to the buyer only after all the instalments are collected. In addition, instalment dues are monitored on an ongoing basis. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information including significant changes in the value of the collateral supporting the obligation.

Other financial assets

With respect to the credit risk arising from other financial assets of the Group, which comprise related party receivables and other receivables, the Group's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these assets.

Excessive risk of concentration

Concentration arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentration of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines. Cash flow forecasting is performed by the Group on an ongoing basis to ensure it has sufficient cash to meet operational needs.

Liquidity risk management is carried out by a central treasury department at the Group level. Surplus cash held by the Group over and above the balance required are used for the payment of debt and to reduce the interest charges.

The table on the next page analyses the Group's financial liabilities into relevant maturity Groupings based on the remaining period at the reissued consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) *Liquidity risk* (continued)

	Contractual maturities of financial liabilities				
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total contractual cash flows	Carrying value
	AED'000	AED'000	AED'000	AED'000	AED'000
At 31 December 2021 (restated)					
Trade and other payables* (Note 15)	171,620	63,591	-	235,211	235,211
Bank borrowings (Note 16)	130,204	1,221,880	-	1,352,084	1,238,762
Finance liabilities (Note 20)	78,169	370,739	2,270,533	2,719,441	453,814
Lease liabilities (Note 6)	25,423	56,950	66,950	149,323	127,129
Due to related parties (Note 7)	134,575	-	-	134,575	134,575
	539,991	1,713,160	2,337,483	4,590,634	2,189,491
At 31 December 2020 (restated)					
Trade and other payables* (Note 15)	151,776	66,914	-	218,690	218,690
Bank borrowings (Note 16)	210,576	136,032	-	346,608	310,901
Finance liabilities (Note 20)	65,481	352,509	2,366,931	2,784,921	430,426
Lease liabilities (Note 6)	18,823	50,850	67,840	137,513	125,224
	446,656	606,305	2,434,771	3,487,732	1,085,241

*Excluding, advance from customers, VAT payable, municipality fees payable.

3.2 Capital risk management

The Groups' objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Refer to Note 16 for covenants related informations.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, finance liabilities, and lease liabilities less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt, if any. Liabilities arising out of financing arrangements are included in Note 16.

The gearing ratios as at 31 December 2021 and 2020 were as follows:

	As at 31 December	
	2021 (restated)	2020 (restated)
	AED'000	AED'000
Total bank borrowings (Note 16)	1,238,762	310,901
Total finance liabilities (Note 20)	453,814	430,426
Total lease liabilities (Note 6)	127,129	125,224
Less: cash and bank balances (Note 11)	(488,385)	(28,361)
Net debt	1,331,320	838,190
Total equity	4,341,702	2,167,335
Total capital	5,673,022	3,005,525
Gearing ratio %	23%	28%

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

3 Financial risk management (continued)

3.3 Fair value estimation

The financial instruments carried at fair value by valuation method are categorised as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group does not carry any financial asset or and liability that is measured at fair value at 31 December 2021 except finance liabilities (note 20). The Group's non-financial assets carried on the revaluation model is disclosed in Note 5. These assets are included in Level 3.

As at 31 December 2021 and 2020, the carrying value of financial assets and liabilities approximate their fair values. For lease liabilities, the fair value is determined by discounting the future contractual cash flows at the current market interest rate at the time of lease commencement that is available to the Company for similar financial instruments.

4 Critical accounting judgements, estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Determination of lessee's incremental borrowing rate (judgement and estimates)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Generally, the Group uses the rate as stated below:

- incremental borrowing rate of 6% per annum (2020: 6% per annum) for leases up to 10 years or less (staff accommodation, beach lease of FIVE Palm hotel and seabed lease of FIVE Luxe JBR hotel); and
- discount rate of 12% per annum (2020: 12% per annum) for lease with 25 years tenure (FIVE Luxe JBR hotel – Beach lease)

Below is a sensitivity analysis in isolation of the key assumptions used to determine the impact on lease liability and right-of-use assets for leases at an incremental borrowing rate of 6%:

Key assumptions	Change	Right-of-use asset		Lease liability	
		2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Discount rate	+0.5%	(2,218)	(2,312)	(2,481)	(2,502)
	-0.5%	2,216	2,294	2,473	2,483

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

4 Critical accounting judgements, estimates and assumptions (continued)

4.1 Determination of lessee's incremental borrowing rate (judgement and estimates) (continued)

Below is a sensitivity analysis in isolation of the key assumptions used to determine the impact on lease liability and right-of-use assets for leases at an incremental borrowing rate of 12%:

Key assumptions	Change	Right-of-use asset		Lease liability	
		2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Discount rate	+0.5%	(92)	-	(93)	-
	-0.5%	98	-	99	-

4.2 Presentation and measurement of provision for employees' end of service benefits (estimate)

During the year, the estimated provision for employees' end of service benefits were valued by an external, independent and qualified actuary using projected unit credit method. The Group makes significant estimates in relation to the discount rates, mortality rates and inflation rates used to calculate the present value of the defined benefit obligation. Note 19 describes the assumptions used together with an analysis of the sensitivity to changes in key assumptions

4.3 Useful lives and residual values of property and equipment (estimate)

Management assigns useful lives and residual values to 'Property and equipment based on the intended use of the assets and the economic lives of those assets. Subsequent changes in circumstances such as technological advances and prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates. Where management determines that the useful life of an asset group or residual value of the asset requires amendment, the net book amount in excess of the residual value is depreciated over the revised remaining useful life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

4.4 Impairment of financial assets (estimate)

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

4.5 Revenue recognition (estimate)

The Group uses the percentage-of-completion method in accounting for its Revenue from sale of property held for development and sale. Use of the percentage-of-completion method requires the Group to estimate the stage of completion of the contract to date as a proportion of the total contract work to be performed in accordance with the accounting policy set out in (Note 2.17). As a result, the Group is required to estimate the total cost to completion of all outstanding projects at each year end.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

4 Critical accounting judgements, estimates and assumptions (continued)

4.6a Accounting for financing arrangements (judgement)

Management has assessed whether transactions relating to certain sale and leaseback arrangements meet the criteria for a sale under the requirements of IFRS 15 “Revenue from contracts with customers”. In assessing the control criteria in IFRS 15, management judged that whilst contractually a sale takes place, control does not pass to the customer, as the customer cannot obtain economic benefits from the arrangement akin to purchasing an asset. Therefore the arrangements are not within the scope of IFRS 15. Notwithstanding the control criteria, management also assessed that the overall substance of these transactions were financing in nature and hence also do not meet the criteria to recognise a lease under IFRS 16 “Leases”.

Management has concluded that these arrangements should be accounted for as financial liabilities as per IFRS 9 “Financial Instruments” and the accounting policy is set out in Note 2.7.

4.6b Determination of discount rate for financing arrangement (estimate)

The rent payments in relation to the financing arrangements described above are discounted using the prevailing market rate of interest. Generally, the Group uses the prevailing market rate of interest as the discounted rate, which is determined to be 12.72% per annum (2020: 14.19% per annum). The assumptions used in determining the discount rate were consistent with risk inherent with similar arrangements. The assumptions were determined using external valuers.

Below is a sensitivity analysis in isolation of the key assumptions used to determine the impact on finance liability and deferred gain:

Key assumptions	Change	Finance liability		Deferred gain	
		2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Discount rate	+0.5%	(13,614)	(12,020)	3,256	3,731
	-0.5%	14,348	12,663	(3,918)	(4,343)

4.7 Revaluation of land and building classified as property and equipment (estimate)

During the year, the estimated fair value of land and buildings (retail outlets) were revalued by an external, independent and qualified valuer.

The Group’s property and equipment was valued as at 31 December 2021 and 2020 using the following level 3 valuation methodology:

4.7.1 Revaluation of Jumeirah Village hotel and Five Hotel Palm Jumeirah

The revaluation was supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate by an external, independent, and qualified valuer.

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of the revalued assets. The key assumptions on which management has based its cash flow projections when determining the recoverable amount of the assets are as follows:

- Management’s projections have been prepared on the basis of strategic plans, knowledge of the market, and management’s views on achievable growth in retail market share over the long-term year of ten years;
- Terminal value upon exit of the 10-year cash flows projection at the rate of 8.10% for Hotel Jumeirah Village hotel and 7.90% for Five Hotel Palm Jumeirah
- The discount rate of 10.10% for Five Hotel Jumeirah Village hotel and 9.90% for Five Hotel Palm Jumeirah is reflective of the return that an investor would make from a similar retail investment;

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

4 Critical accounting judgements, estimates and assumptions (continued)

4.7 Revaluation of land and building classified as property and equipment (estimate) (continued)

4.7.1 Revaluation of Jumeirah Village hotel and Five Hotel Palm Jumeirah (continued)

The net effect of the revaluation changes in the current year of property and equipment was an increase in the revaluation reserve in equity and carrying amount of property by AED 115,381 thousand (2020: AED 236,234 thousand) in Jumeirah Village hotel and AED 979,600 thousand (2020: increase of 166,800) in Five Hotel Palm Jumeirah

The determined fair value is most sensitive to the discount rate and exit cap rate to calculate the terminal value.

Below is a sensitivity analysis in isolation of the key assumptions used to determine the fair value of the investment. The table reflects change in the fair value with change in key assumptions.

Key assumptions	Change	Five Hotel Palm Jumeirah		Jumeirah Village Hotel	
		2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Discount rate	+0.5%	(92,699)	(92,195)	(18,379)	(32,597)
	-0.5%	155,940	96,405	36,501	32,977
Cap rate	+0.5%	(76,780)	(80,315)	(14,095)	(27,590)
	-0.5%	148,755	91,170	33,967	29,033

4.7.2 Revaluation of FIVE LUXE JBR hotel

During the year, the estimated fair value of land and buildings including retail outlets under construction were revalued by an external, independent and qualified valuer. This is based on management's assumption that these assets are developed and transferred to building class of property upon commissioning.

The aforesaid property was acquired during the year 2021 and revalued at fair value of AED 860,237 thousands as at year end.

The revaluation was supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate by an external, independent and qualified valuer.

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of the revalued assets. The key assumptions on which management has based its cash flow projections when determining the recoverable amount of the assets are as follows:

- Management's projections have been prepared on the basis of strategic plans, knowledge of the market, and management's views on achievable growth in retail market share over the long term year of ten years;
- Terminal value upon exit of the 10 year cash flows projection at the rate of 7.9%; and
- The discount rate of 9.9% is reflective of the return that an investor would make from a similar retail investment.

The determined fair value of the property is most sensitive to the discount rate and exit cap rate to calculate the terminal value. Below is a sensitivity analysis in isolation of the key assumptions used to determine the fair value of the investment. The table reflects change in the fair value with change in key assumptions.

Key assumptions	Change	2021	2020
		AED'000	AED'000
Discount rate	+0.5%	(120,400)	-
	-0.5%	137,100	-

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

4 Critical accounting judgements, estimates and assumptions (continued)

4.7 Revaluation of land and building classified as property and equipment (estimate) (continued)

4.7.3 Revaluation of 5 ATLANTIS AG HOTEL, Zürich

During the year, the estimated fair value of land and buildings including retail outlets were revalued by an external, independent and qualified valuer. This is based on management's assumption that these assets are developed and transferred to building class of property upon commissioning.

The aforesaid property was acquired during the year 2021 and revalued at fair value of AED 459,410 thousands as at year end.

The revaluation was supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate by an external, independent and qualified valuer.

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of the revalued assets. The key assumptions on which management has based its cash flow projections when determining the recoverable amount of the assets are as follows:

- Management's projections have been prepared on the basis of strategic plans, knowledge of the market, and management's views on achievable growth in retail market share over the long term year of ten years;
- Terminal value upon exit of the 10 year cash flows projection at the rate of 2.5%; and
- The discount rate of 4.5% is reflective of the return that an investor would make from a similar retail investment.

The determined fair value of the property is most sensitive to the discount rate and exit cap rate to calculate the terminal value. Below is a sensitivity analysis in isolation of the key assumptions used to determine the fair value of the investment. The table reflects change in the fair value with change in key assumptions.

Key assumptions	Change	2021 AED'000	2020 AED'000
Discount rate	+0.5%	(3,863)	-
	-0.5%	22,471	-
Cap rate	+0.5%	(31,006)	-
	-0.5%	15,079	-

4.8 Cost to complete properties held for development and sale (FIVE Luxe JBR hotel) (judgement)

The Group uses the percentage-of-completion method in accounting for its revenue from the sale of properties and land with infrastructure held for development and sale. The percentage-of-completion method requires the Group to estimate the cost incurred to date as a proportion of the total estimated project cost. The amount of revenue recognised for the period is in proportion to the percentage of cost incurred.

Using the proportion of cost incurred to date to the estimated cost of the project method requires the Group to estimate the obligations performed to date as a proportion of the total obligations to be performed under contracts with customers for sale of land and properties held for development and sale.

4.9 Satisfaction of performance obligations for property sales (FIVE LUXE JBR hotel) (judgement)

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has assessed that based on the legally enforceable sale and purchase agreements entered into with customers for the provision of real estate assets, the Group does not create an asset with an alternative use and has an enforceable right to payment for performance completed to date. In these circumstances the Group recognises revenue over time. Where this is not the case revenue is recognised at a point in time.

4 Critical accounting judgements, estimates and assumptions (continued)

4.10 Measurement of right-of-use assets under sale and leaseback agreements (estimate)

Where the Group (as the seller and future lessee) enters into the sale and leaseback transactions to sell properties to the buyer/lessor, the Group first considers whether the initial transfer of the underlying asset from the Group to the buyer-lessor is considered a financing arrangement in IFRS 9 - Financial Instruments or a sale under IFRS 15 - Revenue from Contracts with Customers (IFRS 15). The Group will derecognise the underlying asset and apply the revenue accounting model to the transaction if control over the assets passes to the buyer-lessor and the sale is accounted for under IFRS 15.

A lease is classified as a finance lease when substantially all the risks and rewards of ownership are transferred by the buyer-lessor. In determining the appropriate classification, the substance of the transaction rather than the form is considered. Factors considered include but are not limited to the following: whether the lease transfers ownership of the asset to the lessee by the end of the lease term; the lessee has the option to purchase the asset at the price that is sufficiently lower than the fair value on exercise date; the lease term is for a major part of the economic life of the asset and the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. The lease back arrangements for 5 years are accounted under IFRS 16 since the lease term for a major part of the economic life of the asset is not with the Group.

On or after the commencement of the hotels' operations, the Group have entered into a sale and leaseback agreements with customers (buyer-lessors) to sell and leaseback hotel room units. Right-of-use assets is measured as a proportion of the asset's previous carrying amount to reflect the right of use retained by the Group (seller-lessee). To calculate the proportion, the Group determines a value for the right-of-use retained as the present value of the expected leaseback payments compared to the fair value of the asset. The net present value of future cash flows derived from the expected variable payments which is equivalent to 40% of room revenue of the hotels net off admissible expenses (Note 2.18) which have been discounted at an appropriate rate.

The key assumptions on which management has based its cash flow projections when determining the of the right-of-use assets under sale and leaseback agreements are as follows:

- Management's projections have been prepared on the basis of strategic plans, knowledge of the market, and management's views on achievable growth over the lease term; and
- Incremental borrowing rate as the discounted rate, which is determined to be 6% per annum.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

5 Property and equipment

	Land and Buildings*	Equipment	Furniture and fixtures	Motor vehicles	Leasehold improvement	Capital work- in- progress**	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Cost or revaluation							
At 1 January 2020	3,128,472	18,87	59,907	1,557	8,959	-	3,217,762
Additions	24,353	-	3,035	-	664	-	28,052
Disposals	-	-	-	(54)	-	-	(54)
Revaluation surplus	469,383	-	-	-	-	-	469,383
At 31 December 2020 (restated)	3,622,208	18,867	62,942	1,503	9,623	-	3,715,143
Additions	13,199	62	13,083	429	-	788,183	814,956
Disposal	(34,144)	-	-	-	-	-	(34,144)
Revaluation surplus	1,216,847	-	-	-	-	531,465	1,748,312
At 31 December 2021 (restated)	4,818,110	18,929	76,025	1,932	9,623	1,319,648	6,244,267
Depreciation							
At 1 January 2020	138,873	12,618	26,417	443	331	-	178,682
Charge for the year	90,702	4,715	12,147	467	2,172	-	110,203
Disposal	-	-	-	(54)	-	-	(54)
At 31 December 2020 (restated)	229,575	17,333	38,564	856	2,503	-	288,831
Charge for the year	102,845	1,417	12,513	512	2,217	-	119,504
Disposal	(1,925)	-	-	-	-	-	(1,925)
At 31 December 2021 (restated)	330,495	18,750	51,077	1,368	4,720	-	406,410
Net book amount							
As at 31 December 2021 (restated)	4,487,615	179	24,948	564	4,903	1,319,648	5,837,857
As at 31 December 2020 (restated)	3,392,633	1,534	24,378	647	7,120	-	3,426,312

*Land and buildings are based on valuation provided by an independent valuer and includes 20% as value of land which is not depreciated.

**Capital work-in-progress comprises of a property Five Luxe Jumeirah Beach Residence and Hotel in Zurich.

Capital work-in-progress includes AED 8,209 thousand of capitalised interest expense (2020: Nil) for the year ended 2021, the capitalisation rate was 1.25% to 1.5% in Switzerland and 4.0% to 5.0%.in FIVE Luxe Jumeirah Beach Residence.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

5 Property and equipment (continued)

5.1 Revaluation of land and building classified as property and equipment

As at 31 December 2021 and 2020, land and building under property and equipment were revalued and by an external independent and qualified valuer the revaluation gain/loss was recognised in the reissued consolidated statement of comprehensive income. The sensitivity analysis for fair value change with changes in key assumptions is specified in Note 4.8

5.1.1 Revaluation of Five Hotel Jumeirah Village

A formal external valuation of the Group's property was performed as at 31 December 2021. The revaluation was supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. Based on such valuation, the fair value as at 31 December 2021 was AED 817,713 thousand (2020: AED 702,333 thousand), which was higher than the net book amount of AED 364,944 thousand (2020: AED 372,542 thousand).

Fair Value Reconciliation – Jumeirah Village Hotel

	As at 31 December	
	2021	2020
	AED'000	AED'000
Fair value as per external valuation report	1,102,800	965,400
Less: Adjustment of 5 year leases under IFRS 16	(285,087)	(263,067)
Fair Value of Jumeirah Village Hotel	817,713	702,333

5.1.2 Revaluation of Five Hotel Palm Jumeirah

For valuation of hotel rooms and apartments, the Group has used 'Sales comparison method', which involves determination of the value of the properties with reference to comparable market transactions for properties in close proximity. The revaluation was supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. These values are adjusted for differences in key attributes such as size, gross floor area and location. The most significant input into this valuation approach is price per square foot. The valuation method adopted for these properties is based on inputs that are indirectly derived from prices observable for the assets and then adjusted by inputs that are not based on observable market data (that is, unobservable inputs - Level 3).

Based on the external valuation of hotel rooms in Five Hotel Palm Jumeirah, the fair value of the properties as at 31 December 2021 was AED 3,669,900 thousand (31 December 2020: AED 2,690,300 thousand) which was higher than the net book amount of AED 979,300 thousand (2020: AED 1,031,025 thousand).

Fair Value Reconciliation – Five Hotel Palm Jumeirah

	As at 31 December	
	2021	2020
	AED'000	AED'000
Market Value as per external valuation report	3,868,300	2,912,300
Less: Adjustment of receivables	(129,200)	(169,000)
Less: Holiday home value	(69,200)	(53,000)
Fair Value of Hotel Palm Jumeirah	3,669,900	2,690,300

As at 31 December 2021, hotel apartments and hotel rooms are mortgaged against bank borrowings (Note 16).

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

5 Property and equipment (continued)

5.1 Revaluation of land and building classified as property and equipment (continued)

5.1.3 Revaluation of FIVE LUXE JBR hotel

During the period, the year purchased a property under construction worth AED 671,670, thousands from another developer as per the agreement between the parties, where AED 403,002, thousand (60%) is allocated to the hotel and classified as property based on Built up Area (BUA), the remaining of AED 268,668 thousands (40%) is allocated to property held for development and sale.

Included within capital work-in-progress a land of AED 156,000 thousand.

The property is financed by a Financing Arrangement (Note 16). Total interest capitalised during the period was AED 6,078,067 and allocated accordingly between property. The average rate used to capitalise interest was 5.1%

The assets listed below (stated at carrying value) have been pledged as security for borrowings.

<i>Asset pledged</i>	As at 31 December 2021 AED '000
Capital work-in progress	860,238

Please refer to Note 16 for details of the borrowings to which they relate.

A formal external valuation of the Group's property was performed as at 31 December 2021. The revaluation was supported by residual method of valuation with incorporated profits method. Based on such valuation, the fair value of the Land and Building as at 31 December 2021 was AED 860,238 thousand which was higher than the net book amount of AED 415,609 thousand.

Fair Value Reconciliation – Five Luxe, JBR

	As at 31 December 2021 AED'000
Fair Value as per external valuation report	860,238
Less: Adjustment of receivables	-
Fair Value of Five Luxe, JBR	860,238

The current use of the property is at its highest and best use. The valuation technique uses significant unobservable inputs. Accordingly, the fair value was classified to level 3.

At each financial year end the finance department:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

5.1.4 Revaluation of 5 ATLANTIS AG HOTEL, Zürich

During the period ended 31 December 2020, the 5 Atlantis AG ("The Subsidiary") acquired new building from Neue Hotel Atlantis AG, the purchase agreement amounted to AED 340,292, thousand (CHF 83,985 thousand). Capital work in progress represents the Subsidiary hotel building that is currently under refurbishment and expected to be reopen by 1 July 2022.

A formal external valuation of the Group's property was performed as at 31 December 2021. The revaluation was supported by cash flow projections which have been discounted at an appropriate rate. Based on such valuation, the fair value of the property as at 31 December 2021 was AED 459,411 thousand which was higher than the net book amount of AED 372,575 thousand.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

5 Property and equipment (continued)

5.1 Revaluation of land and building classified as property and equipment (continued)

5.1.4 Revaluation of 5 ATLANTIS AG HOTEL, Zürich (continued)

The current use of the property is at its highest and best use. The valuation technique uses significant unobservable inputs. Accordingly, the fair value was classified to level 3.

At each financial year end the finance department:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

Fair Value Reconciliation – 5 ATLANTIS AG HOTEL, Zürich

	As at 31 December 2021 CHF'000
Fair Value as per external valuation report in CHF	114,500
Less: Adjustment	-
Fair Value of 5 ATLANTIS AG HOTEL, Zürich	114,500

Carrying amounts that would have been recognised if property and equipment were stated at cost:

If property and equipment were stated on the historical cost basis, the amounts would be as follows:

	Land and Building AED'000	Capital Work in Progress AED'000	Total AED'000
Opening balance as on 1 st January 2021 (restated)	1,721,886	-	1,721,886
Additions	13,200	788,184	801,384
Disposal	(34,145)	-	(34,145)
Accumulated depreciation	(185,900)	-	(185,900)
Net book amount as on 31 December 2021 (restated)	1,515,041	788,184	2,303,225
Opening balance as on 1st January 2020	1,697,533	-	1,697,533
Additions	24,353	-	24,353
Accumulated depreciation	(140,809)	-	(140,809)
Net book amount as on 31 December 2020 (restated)	1,581,077	-	1,581,077

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

6 Right-of-use assets and lease liabilities

The Group leases various land parcels and staff accommodations. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease term of these assets ranges from 1 to 10 years. The lease agreements do not impose any covenants. Leased assets may not be used as security for borrowing purposes.

	Land AED'000	Buildings AED'000	Total AED'000
Cost			
At 1 January 2020	26,298	131,258	157,556
Lease modification*	-	(9,173)	(9,173)
At 31 December 2020 (restated)	26,298	122,085	148,383
Additions	7,057	11,379	18,436
At 31 December 2021 (restated)	33,355	133,464	166,819
Accumulated depreciation			
At 1 January 2020	438	19,704	20,142
Charge for the year	-	24,924	24,924
At 31 December 2020 (restated)	438	44,628	45,066
Charge for the year	-	18,802	18,802
At 31 December 2021 (restated)	438	63,430	63,868
Net book amount			
At 31 December 2021 (restated)	32,917	70,034	102,951
At 31 December 2020 (restated)	25,860	77,457	103,317
		2021 (restated) AED'000	2020 (restated) AED'000
Lease liabilities			
Non-current		101,706	106,401
Current		25,423	18,823
		127,129	125,224
		2021 AED'000	2020 AED'000
Lease liabilities			
At 1 January		125,223	150,893
Addition		21,493	-
Finance cost (Note 27)		7,661	7,892
Payment of lease liability		(27,248)	(23,862)
Lease modification*		-	(9,699)
		127,129	125,224

*During the year ended 31 December 2020, the Group has modified certain lease contracts. These modifications resulted in a decrease in the carrying amount of the right-of-use assets by AED 9.2 million and lease liabilities by 9.7 million.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

7 Transactions and balances with related parties

Related parties include the Owner, non-controlling interests, key management personnel and any businesses which are controlled, directly or indirectly by the Owner and directors or over which they exercise significant management influence (the “other related parties”).

During the period, the Group entered into the following significant transactions with related parties in the normal course of business and at prices and terms agreed by the Group’s management.

	2021 AED’000	2020 AED’000
Owner		
Dividend	-	85,430
Charity made on behalf of the Group	6,127	5,635
Fund given to the Group for asset acquisition	54,888	-
Non-controlling interest		
Dividend (Note 28)	7,953	3,933
Other related party*		
Sales incentive and commission	73,560	90
Expenses incurred by the Group	-	21,104
Amount paid on behalf of the Group	-	(489)
Key management personnel:		
Revenue from sale of off plan properties to key management personnel (A)	4,529	-
<i>Key management remuneration</i>		
Salaries and other short term employee benefits	25,889	9,793
Termination and post-employment benefits	360	339

*Other related party transaction includes a transaction with Five Real Estate Brokers LLC, a company under common control.

The Group’s owner agreed to waive his termination and post-employment benefits. Therefore, the Group did not provide for such benefits in current and previous years.

Balances with related parties

Amounts due from and due to related parties, represent balances arising from funds and services provided and received in the normal course of business and treasury management activities. Due to related parties is unsecured in nature, bears no interest and payable on demand.

	As at 31 December	
	2021 (restated) AED’000	2020 (restated) AED’000
Due from a related party		
Owner	-	63,822
Total	-	63,822
Due to related parties		
Owner	61,015	-
Other related party	73,560	-
Total	134,575	-

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

8 Trade and other receivables

	As at 31 December	
	2021 (restated) AED'000	2020 (restated) AED'000
Trade receivables*	93,036	7,740
Contract receivables	-	64,838
Less: provision for loss allowance	(4,877)	(7,602)
Trade receivables net	88,159	64,976
Unbilled receivables	303,206	-
Advances to suppliers	93,693	6,810
Municipality fees receivable	3,946	8,882
Other receivables**	46,652	49,934
	535,656	130,602

*Included within trade receivables are amounts due from hotel customers who have paid by credit card, these amounts are usually collected during the next working day and do not carry any significant credit risk.

The unbilled receivables of AED 303,206 thousand are mainly arising from the off-plan sale of property held for development and sale.

The fair value of trade receivables approximate their carrying value.

At 31 December 2021, trade receivables net of provision for loss allowance accounted for 16% (2020: 50%) of the Group's balance. The Group has a broad base of customers with no concentration of credit risk within trade and other receivables as at 31 December 2021 and 31 December 2020. Management is of the opinion that this concentration of credit risk will not result in a significant loss to the Group for the year ended 31 December 2021.

Other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables.

Ageing of unbilled receivables and trade receivables are stated below:

As at 31 December 2021 (restated)

	Neither past due nor impaired	Less than 90 days	More than 90 days	Total
Trade receivables (AED)	-	12,358	80,678	93,036
Provision (AED)	-	-	(4,877)	(4,877)
Net trade receivables (AED)	-	12,358	75,801	88,159

	Neither past due nor impaired	Less than 90 days	More than 90 days	Total
Unbilled receivables (AED)	303,206	-	-	303,206
Provision (AED)	-	-	-	-
Net unbilled receivables (AED)	303,206	-	-	303,206

	Neither past due nor impaired	Less than 90 days	More than 90 days	Total
Other receivables (AED)	46,652	-	-	46,652
Provision (AED)	-	-	-	-
Net other receivables (AED)	46,652	-	-	46,652

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

8 Trade and other receivables (continued)

As at 31 December 2020 (restated)

	Neither past due nor impaired	Less than 90 days	More than 90 days	Total
Trade receivables (AED)	-	7,740	-	7,740
Provision (AED)	-	(7,602)	-	(7,602)
Net trade receivables (AED)	-	138	-	138

	Neither past due nor impaired	Less than 90 days	More than 90 days	Total
Contract receivables (AED)	43,359	7,565	13,914	64,838
Provision (AED)	-	-	(7,602)	(7,602)
Net contract receivables (AED)	43,359	7,565	6,312	57,236

	Neither past due nor impaired	Less than 90 days	More than 90 days	Total
Other receivables (AED)	-	49,934	-	49,934
Provision (AED)	-	-	-	-
Net other receivables (AED)	-	49,934	-	49,934

The movement in the provision for loss allowance of trade receivables is as follows:

	As at 31 December	
	2021 (restated) AED'000	2020 (restated) AED'000
As at 1 January	7,602	4,708
Loss allowance	4,877	2,894
Reversal	(1,985)	-
Write off	(5,617)	-
At 31 December	4,877	7,602

The creation and release of loss allowance is included in the reissued consolidated statement of profit or loss. Amounts charged are generally written off when there is no expectation of recovering cash. The other classes within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security against its receivables.

The Group has applied IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected credit losses ("ECL") that result from all possible default events over the expected life at a financial instrument for all trade and unbilled receivables. The Group is exposed to a small amount of credit risk attributable to its trade and other receivables. The amounts included in the balance sheet are net of expected credit losses, which have been estimated by management based on prior experience and any known factors at the balance sheet date.

9 Property held for development and sale

	Work-in- progress AED'000
At 1 January 2021 (restated)	-
Additions	303,528
Cost of sales (Note 22)	(284,905)
At 31 December 2021 (restated)	18,623

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

10 Inventories

	As at 31 December	
	2021 (restated) AED'000	2020 (restated) AED'000
Beverages	12,212	5,574
Food	718	376
General Stores	542	553
Others	478	292
	13,950	6,795

The cost of inventories recognised as an expense for the year included in inventories consumption amounted to AED 79,194 thousand (2020: AED 47,810 thousand).

11 Cash and cash equivalents

	As at 31 December	
	2021 (restated) AED'000	2020 (restated) AED'000
Cash on hand	957	963
Cash at banks	487,428	27,398
Cash and cash equivalents	488,385	28,361

Bank balances are held with locally incorporated banks and branches of international banks.

Cash at banks includes an amount of AED 203,801 thousand (2020: AED 2,211 thousand) held in escrow accounts and collateral reserve account. Cash held in escrow accounts represents cash received from customers that is held with banks authorised by the Real Estate Regularity Authority (“RERA”). Use of this cash is limited to the specific development projects to which the cash receipts relate.

12 Share capital

As at 31 December 2021 and 2020, the total authorised, issued and fully paid share capital of the Group comprises of 1 share of AED 3.67 (USD 1).

13 Contributed capital

Contributed capital of AED 252,913 thousand (2020: AED 252,913 thousand) represents funds provided by the Owner or on his behalf to the Group to support its operations. The Group has no obligation to repay any of these contributions. It is at the sole discretion of the Group to repay any of the amounts contributed.

14 Statutory reserve

In accordance with the Memorandum of Association of all the subsidiaries registered in UAE under UAE Federal Law No. (2) of 2015, 10% of the profit for the year is to be transferred to a statutory reserve which is non-distributable. Transfers to these reserves are required to be made for certain subsidiaries until such time as it equals 50% of the paid-up share capital for these subsidiaries. Transfers to the legal reserve have accordingly been made by the individual entities within the Group.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

15 Trade and other payables

	As at 31 December	
	2021 (restated) AED'000	2020 (restated) AED'000
Trade payables	165,764	159,277
Advances from customers	25,188	16,956
Accruals	21,955	15,100
Staff payables	15,586	-
Dividend payable (Note 28)	9,365	10,837
VAT payable	6,668	3,640
Income to be distributed to hotel room owners	15,527	9,583
Municipality fee	3,074	3,306
Other payables	7,014	23,893
	<u>270,141</u>	<u>242,592</u>
Analysed as follows:		
Current portion	206,550	175,678
Non-current portion	63,591	66,914
	<u>270,141</u>	<u>242,592</u>

As per the Addendum signed with China State Construction Engineering Corporation (Middle East) (LLC) dated 24 January 2021, Assas Investments Limited has to pay AED 65,000 thousand to the main contractor of the project FIVE Palm Jumeirah Hotel and will be payable in 86 monthly instalments. The payable amount was discounted to its present value which amounted to AED 50,675 thousand (2020: 51,038 thousand).

16 Bank borrowings

	As at 31 December	
	2021 (restated) AED'000	2020 (restated) AED'000
Term Loans	1,228,436	292,794
Bank overdraft	42,976	19,989
Total bank borrowings	1,271,412	312,783
Less: deferred borrowing costs	(32,650)	(1,882)
	<u>1,238,762</u>	<u>310,901</u>

The maturity profile of the Group's total borrowings is as follows:

	As at 31 December	
	2021 (restated) AED'000	2020 (restated) AED'000
Within 1 year	72,710	194,079
More than 1 year	1,166,052	116,822
	<u>1,238,762</u>	<u>310,901</u>

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

16 Bank borrowings (continued)

Following is the breakup of amount utilised against each facility:

	Interest rates	As at 31 December	
		2021 (restated) AED'000	2020 (restated) AED'000
Facility A	8.50%	21,498	35,579
Facility B	3 months EIBOR + 3.25%	25,898	40,492
Facility C – overdraft facility	5.50%	-	19,989
Facility D	3 months EIBOR + 4.5%	-	179,417
Facility E	7.00%	120	299
	3 months EIBOR + 3.50%		
Facility F	minimum 5.25% p.a.	14,250	16,525
Facility G	5.25%	15,413	18,600
Facility H	3 months EIBOR + 3.65%	218,842	-
Facility I	3 months EIBOR + 4.75%	700,120	-
Facility J	3 months EIBOR + 4%	13,000	-
Facility K – overdraft facility	3 months EIBOR + 4.75%	29,976	-
	3 months LIBOR + 1.25%		
Facility L	minimum 2% p.a.	199,645	-
		1,238,762	310,901

Facility A and B

As of 31 December 2018, Facility A and B are bank overdrafts of which interest is paid on a monthly basis. In 2018, facility A and B were converted into long term loan with repayment term of twelve years and six years respectively at the same interest rate. The facility amounts were AED 55 million and AED 45 million respectively. As at 31 December 2021, the Group has outstanding borrowing of AED 21.4 million (2020: AED 35.6 million) and AED 25.8 million (2020: AED 40.5 million) from the facility.

Facility C

As of 31 December 2020, Facility C is the bank overdraft of which interest is paid on a monthly basis. The overdraft limit to be stepped down is 15% every year. The nature of securities provided by the Group in respect of its Facility C includes the personal assets of the owner. The facility amount is AED 20 million. As at 31 December 2021, the Group has repaid the loan during the year and has an outstanding borrowing of AED Nil (2020: 19.99 million) from the facility.

Facility D

On 30 April 2018, the Group entered into a borrowing facility with branches of an international bank for AED 330 million. Interest on the borrowing facility is 3-month EIBOR plus 4.5% margin and is payable quarterly. As at 31 December 2021, the Group has repaid the loan during the year and have as outstanding borrowing of AED Nil (2020: AED 179.4 million) from the facility.

The nature of securities provided by the Group in respect of Facility D includes:

- Real estate mortgage over land of the Five Jumeirah Village Dubai Project (FJVD) project (Note 5).
- Legal assignment of all current and future receivables of the project once the Building Completion Certificate issued and escrow account is released by Real Estate Regulatory Agency - Dubai Land Department (RERA).
- Assignment of cash releases from the Escrow Account from FJVD.
- Assignment of hotel operations and food and beverage revenues when the project is completed and operational.
- Assignment of all risks insurances of the project endorsing in favour of Arab African International Bank on behalf of lenders as loss payee to be progressively increased on quarterly basis in accordance with project completion covering 110% value of the outstanding finance at all times during the life of the Facility.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

16 Bank borrowings (continued)

The nature of securities provided by the Group in respect of Facility D includes (continued):

- f) Assignment of issued letters of guarantee by China State Construction Engineering Corporation Middle East and sub-contractors favouring the Group to lenders.

Facility E

The borrowing relates to vehicles loans obtained for business use from Emirates NBD. All vehicle loans were obtained for a period of 3 years and carry fixed interest rate of 7 % per annum charged on a monthly basis. Loans are secured against the vehicles. The loan amount was AED 0.52 million. The fair value of these borrowings equals their carrying amount. These borrowings are denominated in AED or currencies pegged against the AED. The Group has the AED 0.1 million (2020: AED 0.3 million) undrawn borrowing facilities.

Facility F and G

Facility F and G are term loans drawn during the year ended 31 December 2021 with repayment term of nine years and seven years respectively. The facility amounts were AED 16.9 million and AED 20 million respectively. As at 31 December 2021, the Group has outstanding borrowing of AED 14.2 million (2020: 16.5 million) and AED 15.4 million (2020: 18.6 million) from the facility.

The nature of securities provided by the Group in respect of its Facility A, B, F, and G includes:

- Mortgage on properties and equipment of the Group (Note 5);
- Corporate guarantee from the Group;
- Personal guarantee of Nadia Zaal (a related party – spouse of the Owner);
- Personal guarantee of the Kabir Mulchandani (Owner);
- Security cheque from Kabir Mulchandani (Owner) drawn on another bank; and
- Assignment of cash flows from mortgaged units.

Facility H

On 2 August 2021, the Group entered into a borrowing facility agreement with a branch of an international bank of AED 257 million. As at 31 December 2021, the total outstanding balance from Facility H is AED 230.56 million (2020 : AED Nil).

The nature of securities provided by the Company in respect of the above bank borrowing is as follows:

- Real estate mortgage over hotel units and retail outlets owned by the Company (Note 5).
- Legal assignment of all current and future receivables of the Group entities.
- Assignment of hotel operations and food and beverage revenues of FIVE Hotel Jumeirah Village.
- Assignment of all risks insurance policies of the hotel endorsing in favour of Arab African International Bank.
- Corporate guarantees from certain Group entities.
- Personal guarantees from the owner.

Facility I, J & K

As of 31 December 2021, Facility K is a bank overdraft on which interest was paid on a monthly respectively. As of the period then ended, Facility B and C were term loans on which interest was paid on a quarterly basis. As at 31 December 2021, the Group had drawn down AED 13 million from Facility I and AED 720 million from Facility J.

The nature of securities provided by the Group in respect of its bank borrowing includes real Estate Mortgage (the JBR Hotel Real Estate Mortgage and Palm Hotel Real Estate Mortgage) and share pledge of certain Group entities.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

16 Bank borrowings (continued)

Facility L

During the year ended 31 December 2021, the 5 Atlantis AG ("The Subsidiary") obtained new term loan of AED 201 million from an international bank for the purpose of acquiring the hotel building and to support the additional need for constructing the building.

Key borrowing covenants

Under the terms of the major borrowing facilities, the group is required to comply with the following financial covenants:

- The Loan to Value Ratio "LTV" shall not exceed 65%;
- As from 31 December 2022, the Debt service coverage ratio shall not fall below a ratio of 1.5:1;
- The Corporate Guarantor's (Five Holdings (BVI) Limited) debt to equity ratio shall not exceed 50%;
- The Borrower, or any designated affiliate of the Borrower, shall maintain at least CHF 20 million (or its equivalent in other currencies) in liquid, marketable net assets under management with the Lender until the Facilities are cancelled and all amounts under the Facilities are repaid in full.

The Group has complied with the above financial covenants of its borrowing facilities as at the reporting date.

Net debt reconciliation

	Liabilities from financing activities				Cash and cash equivalents	Total
	Finance liabilities	Lease liabilities	Bank borrowings	Sub-total		
Net debt as at 1 January 2020	358,800	150,893	303,062	812,755	(72,225)	740,530
Additions	32,926	-	42,630	75,556	43,864	119,420
Payments	(30,113)	(23,862)	(59,519)	(113,494)	-	(113,494)
Interest	45,185	7,892	24,728	77,805	-	77,805
Lease modifications	-	(9,699)	-	(9,699)	-	(9,699)
Other movement	23,628	-	-	23,628	-	23,628
Net debt as at 31 December 2020	430,426	125,224	310,901	866,551	(28,361)	838,190
Addition	4,669	20,402	1,205,913	1,230,984	(460,024)	770,960
Payments	(62,207)	(27,248)	(302,849)	(392,304)	-	(392,304)
Interest	62,207	7,661	24,797	94,665	-	94,665
Other movement	18,719	1,090	-	19,809	-	19,809
Net debt as at 31 December 2021	453,814	127,129	1,238,762	1,819,705	(488,385)	1,331,320

17 Deferred Tax Liability

The Group has a policy to state its land and building and related CWIP under Property and equipment at fair value based on the valuation performed by the external independent valuers and the resultant gain is recognised in the consolidated statement of other comprehensive income. The resultant fair value gain on the fixed assets in Switzerland is taxable only upon the realization (i.e. sale of the assets) in accordance with the provisions of Federal and Cantonal taxes applicable in Zurich, Switzerland. The Group has recognised the deferred tax liability amounting to AED 14,133 on the aforesaid timing difference equivalent to the difference between the fair value of the land and building (including CWIP) and its cost.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

17 Deferred Tax Liability (continued)

As the revaluation gain on the land and building is recognised in consolidated statement of other comprehensive income, the resultant deferred tax liability has also been recognised in the same statement. The corporate tax in the United Arab Emirates ('UAE') shall be applicable to the Group with effective from 1 January 2024. Hence, there is no tax impact on the fair value gain on the land and building situated in the UAE for the period prior to 1 January 2023.

18 Contract liabilities

Contract liabilities represent installments received from customers towards the purchase of development properties, net of revenue recognised.

	As at 31 December	
	2021 (restated) AED'000	2020 (restated) AED'000
Opening balance	-	-
Billed and collected during the year	55,198	-
Revenue recognised from performance obligations satisfied during the year	(28,649)	-
Contract liabilities at 31 December	26,549	-
Analysed as follows:		
Current portion	25,671	-
Non-current portion	878	-
	26,549	-

19 Provision for employees' end of service benefits

	As at 31 December	
	2021 (restated) AED'000	2020 (restated) AED'000
Balance at the beginning of the year	4,905	3,802
Charge for the year	1,826	2,417
Paid during the year	(876)	(1,314)
Balance at the end of the year	5,855	4,905

Assumptions:

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its obligations at 31 December 2021, using projected unit credit method, in respect of employees' end of service benefits payable under the UAE labour law. Under this method, an assessment is made of the employees' expected service life with the company and the expected basic salary at the date of leaving service.

The principal assumptions used were as follows:

	As at 31 December	
	2021 (restated) AED'000	2020 (restated) AED'000
Discount rate per year	1.21%	0.77%
Salary increase per year	3.00%	3.00%

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

20 Finance liabilities and deferred gain

Finance liabilities

	As at 31 December	
	2021 (restated) AED'000	2020 (restated) AED'000
Opening Balance	430,426	358,801
Net movement during the year	23,388	56,553
Payments made during the year	(62,207)	(30,113)
Interest on finance liabilities	62,207	45,185
Closing Balance	453,814	430,426

	As at 31 December	
	2021 (restated) AED'000	2020 (restated) AED'000
Current portion	78,169	65,481
Non-current portion	375,645	364,945
	453,814	430,426
Fixed portion	18,174	18,174
Variable portion	435,640	412,252
	453,814	430,426

The fixed portion of finance liability pertains to the units in FIVE JVC which has guaranteed rental payments are to be made to the unit owners

Deferred gain

	As at 31 December	
	2021 (restated) AED'000	2020 (restated) AED'000
Opening balance	484,659	497,469
Net movement during the year	(8,705)	(3,075)
Amortisation during the year	(41,142)	(9,734)
Closing balance	434,812	484,660

	As at 31 December	
	2021 (restated) AED'000	2020 (restated) AED'000
Analysed as follows:		
Current portion	67,134	59,860
Non-current portion	367,678	424,800
	434,812	484,660

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

21 Revenue

	Year ended 31 December	
	2021 AED'000 (As restated - see Note 34)	2020 AED'000 (As restated - see Note 34)
<i>At a point in time:</i>		
- Food and beverages	364,025	210,745
- Revenue from hotel ancillary services	46,067	34,237
	410,092	244,982
<i>Over time:</i>		
- Sale of property held for development*	649,743	2,606
- Room revenue	341,173	205,072
	990,916	207,678
Rental and other income	7,865	4,910
	1,408,873	457,570

*Revenue from sale of property held for development and sale is recognised based on unit sales. These contracts were signed for a fixed cash consideration on varying instalment payment plans.

22 Cost of sales

	Year ended 31 December	
	2021 (restated) AED'000	2020 (restated) AED'000
Cost of property held for development and sale (Note 9)	284,905	7,664
Staff costs (Note 25)	116,883	82,943
Inventory consumption	79,194	47,810
Music and entertainment	9,874	5,180
Lease charges - rooms and hotel	13,365	6,101
Utility costs	33,431	33,572
	537,652	183,270

23 General and administrative expenses

	Year ended 31 December	
	2021 (restated) AED'000	2020 (restated) AED'000
Staff costs (Note 25)	38,356	16,825
Operating expenses*	47,133	31,558
Repairs and maintenance	25,779	11,450
Legal and professional fees	14,902	10,619
Commission expenses	13,752	7,654
Pre-operating expenses	4,476	4,038
Operator fee	-	1,048
Depreciation of property and equipment (Note 5)	-	353
Charity	491	334
Others	1,048	2,191
	145,937	86,070

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

23 General and administrative expenses (continued)

*Operating expenses include indirect costs such as IT support, hotel maintenance, other hotel support costs etc and hence these costs have been classified to general and administrative expenses.

24 Selling and marketing expenses

	Year ended 31 December	
	2021 (restated) AED'000	2020 (restated) AED'000
Sales incentive and commission to agents	55,996	17,274
Advertising expenses	12,564	7,204
	68,560	24,478

25 Staff costs

	Year ended 31 December	
	2021 (restated) AED'000	2020 (restated) AED'000
Salaries and other benefits	153,413	97,351
End of service benefits (Note 19)	1,826	2,417
	155,239	99,768
<i>Staff cost allocated as follows:</i>		
Cost of sales (Note 22)	116,883	82,943
General and administrative expenses (Note 23)	38,356	16,825
	155,239	99,768

26 Other income

	Year ended 31 December	
	2021 (restated) AED'000	2020 (restated) AED'000
Waiver income	5,270	25,399
Others	10,685	-
	15,955	25,399

27 Finance costs

	Year ended 31 December	
	2021 (restated) AED'000	2020 (restated) AED'000
Interest on bank borrowings	33,006	24,728
Unwinding of interest on finance liabilities	62,207	45,185
Unwinding of interest on lease liabilities (Note 6)	7,676	7,892
Others	4,007	-
Less: Amortisation of deferred gain (Note 20)	(41,142)	(9,734)
Less: Interest capitalised on qualifying assets*	(8,209)	-
Less: Interest income	-	(584)
Finance costs	57,545	67,487

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

27 Finance costs (continued)

Amounts capitalised on qualifying assets comprises of AED 8,209 thousand (2020: nil) which were subsequently charged to cost of sales and capitalised to property and equipment.

28 Dividends per share

During the year ended 31 December 2021, the Group declared and paid dividend of AED NIL (31 December 2020: 85.4 million) to its Owner. Dividends per share was AED Nil per share (2020: 85.4 million).

The Group declared dividends of AED 7,953 thousand (31 December 2020: AED 3,933 thousand) to its minority shareholders. Dividends per share was AED 227,221 per share (2020: AED 112,365 per share).

	Year ended 31 December	
	2021 AED'000	2020 AED'000
Dividends payable	10,837	10,851
Paid during the year	(1,472)	(14)
Dividend payable at 31 December (Note 14)	9,365	10,837

29 Capital commitments

The Group has capital expenditure commitments arising from its contracts with contractors of AED 448,734 thousand for the year 2021 (2020: Nil). These commitments represent the value of contracts issued as at 31 December 2021, net of accruals, payments and invoices made till that date.

30 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	As at 31 December	
	2021 (restated) AED'000	2020 (restated) AED'000
Financial assets as per the reissued consolidated statement of financial position		
<i>At amortised cost</i>		
Trade and other receivables, excluding advances to suppliers, and municipality fees (Note 8)	438,017	114,910
Due from related parties (Note 7)	-	63,822
Cash and cash equivalents (Note 11)	488,385	28,361
	926,402	207,093

Finance liabilities as per the reissued consolidated statement of financial position

At amortised cost

Trade and other payables (excluding advances from customers, VAT payable and municipality fees) (Note 15)	235,211	218,690
Finance liabilities	453,814	430,426
Lease liabilities	127,129	125,224
Bank borrowings (Note 16)	1,238,762	310,901
Due to related parties (Note 7)	134,575	-
	2,189,491	1,085,241

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

31 Non-controlling interest (NCI)

	As at 31 December	
	2021 (restated) AED'000	2020 (restated) AED'000
Non-controlling interest (NCI)	129,397	144,272

In year 2021, the Group has purchased the 20% Non-Controlling interest in Five Beach Club Limited, a subsidiary of the Group increasing its stake from 65% to 85% for a cash consideration of AED 18,325 thousand. The carrying amount of the Non-controlling interest at the time of the transaction was AED 31,635

The carrying value of non-controlling interest has changed as follows:

Lead Enterprises Limited

	31 December 2021 AED '000
Carrying amount of non-controlling interest as at 1 January 2020 (audited)	31,635
Fair Value of Non-controlling interest at the time of transaction	31,635
Total consideration for acquisition of minority	18,325
Profit from change in shareholding	13,310

In year 2020, the Non-controlling minority shareholder i.e., AVZ Investments Limited and Lead Enterprises Limited subscribed to the additional share capital amounting to AED 735 thousands in Five Beach Club Limited, a subsidiary of the Group. As the subscription to the additional share capital was in proportion to its existing shareholding, it did not change its overall % holding in the subsidiary.

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarized Balance Sheet:

	FBCL		Assas Investments	
	31 Dec 2021 AED '000	31 Dec 2020 AED '000	31 Dec 2021 AED '000	31 Dec 2020 AED '000
Current Assets	20,719	14,979	93,607	42,673
Current Liabilities	(9,973)	(7,613)	(18,924)	(23,829)
Current net assets	10,746	7,366	74,683	18,844
Non-current assets	177,719	157,076	919,602	835,098
Non-current liabilities	(236)	(241)	(44,412)	(47,622)
Net non-current assets	177,483	156,835	875,190	787,476
Net Assets	188,229	164,201	949,873	806,320
Accumulated NCI	22,156	51,386	107,241	92,886

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

31 Non-controlling interest (NCI) (continued)

Summarized statement of comprehensive income:

	FBCL		Assas Investments	
	31 Dec 2021 AED'000	31 Dec 2020 AED'000	31 Dec 2021 AED'000	31 Dec 2020 AED'000
Revenue	65,364	45,979	70,257	22,815
Profit for the year	16,796	10,615	143,553	(279,553)
Other comprehensive income	26,238	61,351	-	-
Total comprehensive income	43,034	71,967	143,553	(279,553)
Profit allocated to NCI	10,357	25,406	14,356	(27,955)
Dividends paid to NCI	7,953	3,933	-	-

32 Segment-wise breakup

The Group's operating segments are Real estate development and Hospitality. The Management evaluates the operating results of its operating segments separately for the purpose of making strategic decisions about allocating resources and assessing performance. Segment performance is measured based on the adjusted profit or loss calculated in accordance with IFRS.

The Chief Operating Decision Maker reviews mainly the segment profit and loss for its strategic decision and therefore, the segment assets and liabilities are not disclosed in this section.

Segment-wise EBIDTA reconciliation

a) For the year ended 31 December 2021

Particulars	Hospitality	Real estate development	Others	Total
	AED'000	AED'000	AED'000	AED'000
Total Segment Results	378,044	329,121	-	707,165
Add: Preopening expenses	4,476	-	-	4,476
Unallocated Items				
Corporate office	-	-	(48,162)	(48,162)
Other income	-	-	3,314	3,314
EBITDA	382,520	329,121	(44,848)	666,793

b) For the year ended 31 December 2020

Particulars	Hospitality	Real estate development	Others	Total
	AED'000	AED'000	AED'000	AED'000
Total Segment Results	191,569	2,359	-	193,928
Add: Preopening expenses	4,038	-	-	4,038
Unallocated Items				
Corporate office	-	-	(27,799)	(27,799)
Other income	-	-	20,530	20,530
Other expenses	-	-	(4,651)	(4,651)
EBITDA	195,607	2,359	(11,920)	186,046

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

32 Segment-wise breakup (continued)

Reconciliation between total comprehensive income for the year and earnings before interest, tax, depreciation, and amortisation:

	Year ended 31 December	
	2021 (restated) AED'000	2020 (restated) AED'000
Profit / (loss) for the year	466,466	(20,606)
Depreciation of property and equipment (Note 5)	119,504	110,203
Depreciation of right-of-use assets (Note 6)	18,802	24,924
Finance costs (Note 27)	57,545	67,487
Preopening expenses	4,476	4,038
Earning before interest, tax, depreciation and amortisation (“EBITDA”)	666,793	186,046

Particulars	Year ended 31 December	
	2021 AED'000	2020 AED'000
Segment Revenue		
Hospitality	759,130	454,964
Real estate development	649,743	2,606
Total Segment Revenue	1,408,873	457,570
Segment Result		
Hospitality	378,044	191,569
Real estate development	329,121	2,359
Total Segment Results	707,165	193,928
Unallocated Items		
Finance costs, net	57,545	67,487
Corporate office	48,162	27,799
Depreciation	138,306	135,127
Other Income	(3,314)	(20,530)
Other expenses	-	4,651
Net Profit	466,466	(20,606)

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

32 Segment-wise breakup (continued)

Other Information

The Management of the entity further evaluates the result of the Hospitality segment separately into Hotel Rooms, Food and Beverage - Entertainment, Food and Beverage - Non Entertainment, and others, which are the key drivers of the performance of the business.

Particulars	Year ended 31 December	
	2021 (restated) AED'000	2020 (restated) AED'000
Hospitality – Revenue stream wise		
Rooms	341,173	205,072
Food and Beverage – Entertainment	161,134	113,161
Food and Beverage – Non Entertainment	202,891	97,584
Others	53,932	39,147
Total Hospitality - Revenue stream wise	759,130	454,964
Hospitality – Result stream wise		
Rooms	212,650	100,982
Food and Beverage – Entertainment	69,633	51,845
Food and Beverage – Non Entertainment	79,108	18,875
Others	16,653	19,867
Total Hospitality - Result stream wise	378,044	191,569
Add: Pre-opening Expenses		
Rooms	2,012	1,820
Food and Beverage – Entertainment	950	1,004
Food and Beverage – Non Entertainment	1,196	866
Others	318	348
Total Other Adjustments Hospitality – stream wise	4,476	4,038
Earning before interest, tax, depreciation and amortization (EBITDA)		
Rooms	214,662	102,802
Food and Beverage – Entertainment	70,583	52,849
Food and Beverage – Non Entertainment	80,304	19,741
Others	16,971	20,215
Total EBITDA	382,520	195,607

33 UAE Corporation Tax Law and application of IAS 12 Income Taxes

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-law no. 47 of 2022 on the Taxation of corporations and businesses (Corporate tax law or the law) to enact a Federal corporate tax regime in the UAE. The Law was previously gazetted on 10 October 2022, becoming law 15 days later. The Corporate tax regime will become effective for accounting periods beginning on or after 1 June 2023. Generally, UAE businesses will be subject to a 9% corporate tax rate, while a rate of 0% will apply to taxable income not exceeding a particular threshold to be prescribed by way of a cabinet decision (expected to be AED 375,000 based on information released by the Ministry of Finance).

However, there are a number of significant decisions that are yet to be finalised by way of a cabinet decision, including threshold mentioned above that are critical for entities to determine their tax status and the amount of tax due. Therefore, pending such important decisions by the cabinet, the Group has determined that the law was not practically operational as at 31 December 2022, and so not enacted or substantively enacted from the perspective of IAS 12 – Income taxes. The Group shall continue to monitor the timing of the issuance of these critical cabinet decisions to determine its tax status and the applicability of IAS 12 – Income taxes.

The Group is currently in the process of assessing the possible impact on its financial statements, both from current and deferred tax perspective once the law becomes substantively enacted.

34 Restatement of previously issued consolidated financial statements

In accordance with the requirements of IAS 8 “Accounting policies, changes in accounting estimates and errors” (“IAS 8”), management has restated the figures to adjust the previously issued consolidated financial statements. The note below sets out the details of adjustments and the line items in the consolidated statements of financial position, profit or loss, comprehensive income and cash flows:

Restatement 1: Sale and lease back

In the prior years the Group entered into three types of arrangements with buyers, as follows:

- Sale and leaseback of units at Five Palm Jumeirah for a period of 30 years, with a handover in 2017
- Sale and leaseback of units at Five Jumeirah Village Circle for a period of 30 years, with a handover in 2019
- Sale and leaseback of units at Five Palm Jumeirah for a period of 1 year, with auto-renewal terms, with a handover in 2017

A significant portion of these units were sold in the prior periods and revenue from the sale of the condominiums was recognised under IFRS 15 “Revenue from contracts with customers”. Upon the adoption of IFRS 16 “Leases” on 1 January 2019, the arrangements were reassessed and accounted for as sale and lease back arrangements. This was on the basis that management had assessed that control over the units passed to the customer under the requirements of IFRS 15, and the sale and leaseback criteria was met. As a result of this a right of use asset was recognised and a lease liability was recorded in the consolidated statement of financial position from 1 January 2019.

In accordance with reissuance note 2.1 (a), during 2022, the Group’s management reassessed the accounting treatment of these arrangements. Upon reassessment of the contractual terms, it was concluded that the arrangements fall under the scope of IFRS 9 “Financial Instruments” as these are in substance a form of financing in nature. It was assessed that the contractual terms resulted in there being no transfer of control of the condominiums under IFRS 15 “Revenue from Contracts with Customers”. It was concluded that the arrangements failed to qualify as a sale and should have been accounted for as financing under IFRS 9 Financial Instruments. Accordingly, a restatement has been recognised to reflect the arrangements as financing in the previously issued consolidated financial statements.

34 Restatement of previously issued consolidated financial statements (continued)

Restatement 2: Recognition of deferred tax liability in relation to the 5 Atlantis AG

During 2021, deferred tax on revaluation gain of hotel in Switzerland should have been recorded in accordance with IAS 12 “Income taxes”. As a result of a fair value gain on the fixed assets in Switzerland being taxable only upon realisation (i.e., sale of the assets) in accordance with the provisions of Federal and Cantonal taxes applicable in Zurich, Switzerland, the Group has recognised the deferred tax liability as at 31 December 2021. However, there is no impact on 2020 as the hotel in Switzerland became part of the Group only in 2021.

Restatement 3: Presentation of cash flows relating to leases

Upon adoption of the IFRS 16 “Leases” on 1 January 2019, the payment relating to lease liabilities were classified under cash flows from operating activities for the year ended 31 December 2021 and the corresponding 2020 comparatives. The Group reclassified these cash flows to financing activities according to the requirements of IAS 7 “Statement of cash flows”.

Restatement 4: Presentation of cash flows relating to the acquisition of non-controlling interest

During the year ended 31 December 2021, payment towards acquisition of non-controlling interest’s share was classified under cash flows from investing activities. The Group reclassified these cash flows to financing activities according to the requirements of IAS 7 “Statement of cash flows”.

Restatement 5: Reclassification of direct costs

In 2021 and 2020, the Group identified music, entertainment and other operational expenses relating to the entertainment revenue stream included within selling and marketing costs, and general and administrative expenses. These have been reclassified to cost of sales as they are direct in nature.

Restatement 6: Reclassification of holiday home rent as direct costs

Pursuant to the holiday homes rental agreement with unit owners of residential units, the Group incurred the lease charges - rooms and hotel apartments during the year ended 31 December 2021 and 2020. These were recognised in general and administrative expenses. However, as they relate to arrangements which generate revenue from hotel rooms the amounts should be recognised in cost of sales.

Restatement 7: Presentation of restricted cash in escrow

During the year ended 31 December 2021 and 2020, the Group classified balances in escrow relating to ongoing project development, and collateral and other reserve accounts relating to bank borrowings as restricted cash. These balances can be used in the operations of the business as per specific criteria, as such management has assessed these balances to be cash and cash equivalents.

Restatement 8: Reclassification of commission payable to related parties

As at 31 December 2021 and 2020, the Group classified commission payable to one of the related parties under trade and other payables, should have been classified under due to related parties.

34 Restatement of previously issued consolidated financial statements (continued)

Restatement 9: Reclassification of subcontractor cost provision

In prior periods amounts relating to additional contractual costs for subcontractors were recognised as a provision under IAS 37, these amounts were not subsequently due to the subcontractors and released to the consolidated statement of comprehensive income. The provision was initially recognised in cost of sales, and the release of the provision should also be recognised in cost of sales. The amounts have been reclassified from other income to cost of sales in 2020.

Restatement 10: Reclassification of non-current trade receivable

During 2021 the Group classified trade receivables as non-current trade receivables. These receivables relate to revenue contracts and should be classified as current as per IAS 1 “Presentation of Financial Statements”.

Restatement 11: Reclassification of prepayments

In prior years the Group classified prepayments in trade and other receivables. During 2021 and 2020 these amounts have been separately presented in the Statement of Financial Position. A significant proportion of these prepayments relate to deferred sales commission which is accounted for as a cost to obtain a contract under IFRS 15 “Revenue from Contracts with Customers”.

Restatement 12: Separate presentation of depreciation

In prior periods the Group presented depreciation within cost of sales. Given that this amount is material, this has been separately presented within gross profit in accordance with IAS 1 Presentation of Financial Statements. Both 2021 and 2020 have been adjusted for this reclassification.

Restatement 13: Reclassification of indirect costs in “Cost of Sales” to “General and Administrative expenses”

In 2021 and 2020, the Group identified certain indirect costs pertaining to the hotel which were classified as direct costs and reclassified them to general and administrative expenses

Restatement 14: Reclassification of delay fees income

The Group disclosed delay fees income in other income during the years 2021 and 2020 which is penalties imposed on customers who failed to meet their payment obligations related to unit sales which have been reclassified to revenue.

Restatement 15: Reclassification between other income and other expenses

The group reclassified items included in other income and other expenses by nature and presented it separately in the consolidated statement of profit or loss in accordance with IAS 1 Presentation of Financial Statements.

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

34 Restatement of previously issued consolidated financial statements (continued)

(a) Impact on consolidated statement of financial position as at **31 December 2021** is summarised below:

	As previously reported AED'000	Restatement 1 AED'000	Restatement 2 AED'000	Restatement 7 AED'000	Restatement 8 AED'000	Restatement 10 AED'000	Restatement 11 AED'000	Others AED'000	As restated AED'000
ASSETS									
Non-current assets									
Property and equipment	2,876,789	2,961,068	-	-	-	-	-	-	5,837,857
Right-of-use assets	476,765	(373,814)	-	-	-	-	-	-	102,951
Trade and other receivables	139,348	-	-	-	-	(139,348)	-	-	-
Intangible assets	133	-	-	-	-	-	-	-	133
Total non-current assets	3,493,035	2,587,254	-	-	-	(139,348)	-	-	5,940,941
Current assets									
Property held for development and sale	247,822	(229,199)	-	-	-	-	-	-	18,623
Inventories	13,950	-	-	-	-	-	-	-	13,950
Trade and other receivables	546,845	(99,617)	-	-	-	139,348	(50,920)	-	535,656
Prepayments	-	-	-	-	-	-	50,920	-	50,920
Cash and bank balances	488,385	-	-	(488,385)	-	-	-	-	-
Cash and cash equivalents	-	-	-	488,385	-	-	-	-	488,385
Total current assets	1,297,002	(328,816)	-	-	-	139,348	-	-	1,107,534
Total assets	4,790,037	2,258,438	-	-	-	-	-	-	7,048,475
EQUITY AND LIABILITIES									
EQUITY									
Equity attributable to owner of the parent									
Share capital	-	-	-	-	-	-	-	-	-
Contributed capital	252,913	-	-	-	-	-	-	-	252,913
Statutory reserve	2,238	-	-	-	-	-	-	-	2,238
Revaluation reserve	1,306,139	2,194,057	(14,133)	-	-	-	-	-	3,486,063
Retained earnings	514,089	(36,869)	-	-	-	-	-	(6,129)	471,091
Non-controlling interest	129,397	-	-	-	-	-	-	-	129,397
Equity	2,204,776	2,157,188	(14,133)	-	-	-	-	(6,129)	4,341,702

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

34 Restatement of previously issued consolidated financial statements (continued)

(a) Impact on consolidated statement of financial position as at **31 December 2021** is summarised below (continued):

	As previously reported AED'000	Restatement 1 AED'000	Restatement 2 AED'000	Restatement 7 AED'000	Restatement 8 AED'000	Restatement 10 AED'000	Restatement 11 AED'000	Others AED'000	As restated AED'000
LIABILITIES									
Non-current liabilities									
Lease liabilities	828,534	(726,828)	-	-	-	-	-	-	101,706
Trade and other payable	63,591	-	-	-	-	-	-	-	63,591
Bank borrowing	1,166,052	-	-	-	-	-	-	-	1,166,052
Retention payable	772	-	-	-	-	-	-	-	772
Deferred tax liability	-	-	14,133	-	-	-	-	-	14,133
Contract liabilities	878	-	-	-	-	-	-	-	878
Provision for employees' end of service benefits	5,855	-	-	-	-	-	-	-	5,855
Deferred gain	-	367,678	-	-	-	-	-	-	367,678
Finance liability	-	375,645	-	-	-	-	-	-	375,645
Total non-current liabilities	2,065,682	16,495	14,133	-	-	-	-	-	2,096,310
Current liabilities									
Lease liabilities	82,967	(57,544)	-	-	-	-	-	-	25,423
Due to related parties	54,888	-	-	-	73,558	-	-	6,129	134,575
Trade and other payables	283,112	(3,004)	-	-	(73,558)	-	-	-	206,550
Bank Borrowing	72,710	-	-	-	-	-	-	-	72,710
Contract liabilities	25,671	-	-	-	-	-	-	-	25,671
Retention payable	231	-	-	-	-	-	-	-	231
Deferred gain	-	67,134	-	-	-	-	-	-	67,134
Finance liability	-	78,169	-	-	-	-	-	-	78,169
Total current liabilities	519,579	84,755	-	-	-	-	-	6,129	610,463
Total liabilities	2,585,261	101,250	14,133	-	-	-	-	6,129	2,706,773
Total equity and liabilities	4,790,037	2,258,438	-	-	-	-	-	-	7,048,475

FIVE Holdings (BVI) Limited
Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)
34 Restatement of previously issued consolidated financial statements (continued)

(b) Impact on consolidated statement of profit or loss for the year ended **31 December 2021** is summarised below:

	As previously reported AED'000	Restatement 1 AED'000	Restatement 5 AED'000	Restatement 13 AED'000	Restatement 6 AED'000	Restatement 12 AED '000	Restatement 14 AED '000	Others AED'000	As restated AED'000
Revenue	1,461,773	(56,912)	-	-	-	-	4,012	-	1,408,873
Cost of sales	(649,404)	31,193	(9,874)	12,234	(13,365)	91,564	-	-	(537,652)
Depreciation	-	(46,742)	-	-	-	(91,564)	-	-	(138,306)
Gross profit	812,369	(72,461)	(9,874)	12,234	(13,365)	-	4,012	-	732,915
General and administrative expenses	(162,938)	13,568	2,793	(12,234)	13,365	-	-	(491)	(145,937)
Selling and Marketing expenses	(75,641)	-	7,081	-	-	-	-	-	(68,560)
Impairment Loss	(10,361)	-	-	-	-	-	-	-	(10,362)
Other Income	19,967	-	-	-	-	-	(4,012)	-	15,955
Operating profit	583,395	(58,893)	-	-	-	-	-	(491)	524,011
Finance income	-	41,142	-	-	-	-	-	-	41,142
Finance costs	(83,588)	(15,099)	-	-	-	-	-	-	(98,687)
Finance costs, net	(83,588)	26,043	-	-	-	-	-	-	(57,545)
Profit for the year	499,807	(32,850)	-	-	-	-	-	(491)	466,466

FIVE Holdings (BVI) Limited**Notes to the consolidated financial statements for the year ended 31 December 2021** (continued)**34 Restatement of previously issued consolidated financial statements** (continued)

(c) *Impact on consolidated statement of comprehensive income for the year ended 31 December 2021 is summarised below:*

	As previously reported AED'000	Restatement 1 AED'000	Restatement 2 AED'000	Others AED'000	As restated AED'000
Profit for the year	499,807	(32,850)	-	(491)	466,466
Other comprehensive income					
Items that will not be classified to profit or <i>loss</i>	-	-	-	-	-
Revaluation (deficit)/surplus	877,209	871,103	-	-	1,748,312
Deferred tax liabilities on fair value gain in revaluation of property and equipment	-	-	(14,133)	-	(14,133)
Profit and total comprehensive income for the year	1,377,016	838,253	(14,133)	(491)	2,200,645

FIVE Holdings (BVI) Limited**Notes to the consolidated financial statements for the year ended 31 December 2021** (continued)**34 Restatement of previously issued consolidated financial statements** (continued)

(d) *Impact on statement of cashflows for the year ended 31 December 2021 (extract) is summarised below:*

	As previously reported	Restatement 1	Restatement 3	Restatement 4	Restatement 7	As restated
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Net cash generated from operating activities	150,416	34,838	57,304	-	203,801	446,362
Net cash used in investment activities	(785,297)	(15,899)	-	18,325	-	(782,871)
Net cash generated for / (used) in financing activities	891,104	(18,939)	(57,304)	(18,325)	-	796,535
Net increase in cash and cash equivalents	256,223	-	-	-	203,801	460,024
Cash and cash equivalents, beginning of the year	28,361	-	-	-	-	28,361
Cash and cash equivalents, end of the year	284,584	-	-	-	203,801	488,385

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

34 Restatement of previously issued consolidated financial statements (continued)

(e) Impact on consolidated statement of financial position as at **31 December 2020** is summarised below:

	As previously reported AED'000	Restatement 1 AED'000	Restatement 7 AED'000	Restatement 8 AED'000	Restatement 11 AED '000	Others AED'000	As restated AED'000
ASSETS							
Non-current assets							
Property and equipment	1,282,535	2,143,777	-	-	-	-	3,426,312
Right-of-use assets	426,547	(323,230)	-	-	-	-	103,317
Total non-current assets	1,709,082	1,820,547	-	-	-	-	3,529,629
Current assets							
Property held for development and sale	281,025	(281,025)	-	-	-	-	-
Inventories	6,795	-	-	-	-	-	6,795
Due from related party	68,969	-	-	489	-	(5,636)	63,822
Trade and other receivables	147,531	(9,606)	-	(489)	(6,834)	-	130,602
Prepayments	-	-	-	-	6,834	-	6,834
Cash and bank balances	28,361	-	(28,361)	-	-	-	-
Cash and cash equivalents	-	-	28,361	-	-	-	28,361
Total current assets	532,681	(290,631)	-	-	-	(5,636)	236,414
Total assets	2,241,763	1,529,916	-	-	-	(5,636)	3,766,043
EQUITY AND LIABILITIES							
EQUITY							
Equity attributable to owner of the parent							
Share capital	-	-	-	-	-	-	-
Contributed capital	252,913	-	-	-	-	-	252,913
Statutory reserve	2,238	-	-	-	-	-	2,238
Revaluation reserve	453,589	1,381,445	-	-	-	-	1,835,034
Retained earnings	27,678	(89,164)	-	-	-	(5,636)	(67,122)
Non-controlling interest	144,272	-	-	-	-	-	144,272
Equity	880,690	1,292,281	-	-	-	(5,636)	2,167,335

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

34 Restatement of previously issued consolidated financial statements (continued)

(e) Impact on consolidated statement of financial position as at 31 December 2020 is summarised below (continued):

	As previously reported AED'000	Restatement 1 AED'000	Restatement 7 AED'000	Restatement 8 AED'000	Restatement 11 AED'000	Others AED'000	As restated AED'000
LIABILITIES							
Non-current liabilities							
Lease liabilities	735,819	(629,418)	-	-	-	-	106,401
Trade and other payable	66,914	-	-	-	-	-	66,914
Bank borrowing	116,822	-	-	-	-	-	116,822
Provision for employees' end of service benefits	4,905	-	-	-	-	-	4,905
Deferred gain	-	424,800	-	-	-	-	424,800
Finance liabilities	-	364,945	-	-	-	-	364,945
Total non-current liabilities	924,460	160,327	-	-	-	-	1,084,787
Current liabilities							
Lease liabilities	66,856	(48,033)	-	-	-	-	18,823
Trade and other payables	175,678	-	-	-	-	-	175,678
Bank Borrowing	194,079	-	-	-	-	-	194,079
Deferred gain	-	59,860	-	-	-	-	59,860
Finance liabilities	-	65,481	-	-	-	-	65,481
Total current liabilities	436,613	77,308	-	-	-	-	513,921
Total liabilities	1,361,073	237,635	-	-	-	-	1,598,708
Total equity and liabilities	2,241,763	1,529,916	-	-	-	(5,636)	3,766,043

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

34 Restatement of previously issued consolidated financial statements (continued)

(f) Impact on consolidated statement of profit or loss for the year ended 31 December 2020 is summarised below:

	As previously reported AED'000	Restatement 1 AED'000	Restatement 5 AED'000	Restatement 13 AED'000	Restatement 6 AED'000	Restatement 12 AED'000	Restatement 14 AED '000	Restatement 9 AED '000	Restatement 15 AED '000	Others AED'000	As restated AED'000
Revenue	457,061	-	-	-	-	-	509	-	-	-	457,570
Cost of sales	(295,698)	8,450	(5,180)	7,120	(6,101)	87,431	-	20,708	-	-	(183,270)
Depreciation	-	(47,343)	-	-	-	(87,431)	-	-	-	-	(134,774)
Gross profit	161,363	(38,893)	(5,180)	7,120	(6,101)	-	509	20,708	-	-	139,526
General and administrative expenses	(92,287)	5,888	1,682	(7,120)	6,101	-	-	-	-	(334)	(86,070)
Selling and Marketing expenses	(27,976)	-	3,498	-	-	-	-	-	-	-	(24,478)
Impairment Loss	(6,866)	4,021	-	-	-	-	-	-	-	-	(2,845)
Other income	44,544	(2,579)	-	-	-	-	(509)	(20,708)	4,651	-	25,399
Other expenses	-	-	-	-	-	-	-	-	(4,651)	-	(4,651)
Operating profit	78,778	(31,563)	-	-	-	-	-	-	-	(334)	46,881
Finance income	586	9,732	-	-	-	-	-	-	-	-	10,318
Finance costs	(72,279)	(5,526)	-	-	-	-	-	-	-	-	(77,805)
Finance costs, net	(71,693)	4,206	-	-	-	-	-	-	-	-	(67,487)
Loss for the year	7,086	(27,358)	-	-	-	-	-	-	-	(334)	(20,606)

FIVE Holdings (BVI) Limited

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

34 Restatement of previously issued consolidated financial statements (continued)

(g) *Impact on consolidated statement of comprehensive income for the year ended 31 December 2020 is summarised below:*

	As previously reported AED'000	Restatement 1 AED'000	As restated AED'000
Loss for the year	7,086	(27,692)	(20,606)
Other comprehensive income			
Items that will not be classified to profit or loss			
Revaluation (deficit)/surplus on property and equipment	(212,427)	681,810	469,383
Profit and total comprehensive income for the year	(205,341)	654,118	448,777

(h) *Impact on statement of changes in cashflow for the year ended 31 December 2020 (extract) is summarised below:*

	As previously reported AED'000	Restatement 1 AED'000	Restatement 7 AED'000	As restated AED'000
Net cash generated from operating activities	123,699	(41,361)	(2,211)	80,126
Net cash used in investment activities	(10,486)	(7,484)	-	(17,969)
Net cash used in financing activities	(154,866)	48,845	-	(106,021)
Net decrease in cash and cash equivalents	(41,653)	-	(2,211)	(43,864)
Cash and cash equivalents, beginning of the year	70,014	-	2,211	72,225
Cash and cash equivalents, end of the year	28,361	-	-	28,361

ANNEX A - CONDENSED VALUATION REPORTS FOR MID-YEAR 2023 AND 2022

Condensed Valuation Report



FIVE Palm Jumeirah

Dubai

United Arab Emirates

Date of Inspection: 15 March 2023

Date of Valuation: 30 June 2023

Reliant Parties: FIVE Holdings (BVI) Limited, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Emirates NBD Bank PJSC, Commercial Bank of Dubai PSC, Mashreqbank psc.

Important Report Disclaimers – CBRE Valuation

- i. This document is for the sole use of FIVE Holdings (BVI) Limited (the “Client”), its affiliates and any other person directly provided with it by CBRE. Use by, or reliance upon this document by anyone other than those parties named above is not authorised by CBRE.
- ii. CBRE has prepared a full Valuation Report (the “Valuation Report”) relying on and referring to information provided by third parties (including the current operators of the property) including financial and market information (“Information”). CBRE assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect. Caution is advised in this regard.
- iii. CBRE has prepared this Condensed Valuation Report for inclusion within an offering memorandum on behalf of the Client (the “Offering Memorandum”); CBRE has not been involved in the preparation of the remainder of the Offering Memorandum. CBRE disclaims any liability to any person in the event of false and misleading statements included in, or an omission from, the Offering Memorandum.
- iv. This Condensed Valuation Report is a condensed version of the full Valuation Report addressing the same subject matter. The Valuation Report also draws attention to the key issues and considerations impacting value and provides additional detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. Commercial investments of this nature are inherently complex, and the market conditions have changed and/or have been uncertain in recent times.
- v. Neither this Condensed Valuation Report nor CBRE’s full Valuation Report may be reproduced in whole or in part without the prior written approval of CBRE.
- vi. Where CBRE has expressly agreed (by way of a reliance letter) that persons other than the Client can rely upon the Valuation Report (a “Relying Party” or “Relying Parties”), then CBRE shall have no greater liability to any Relying Party than it would have had if such party had been named as a joint client under the Instruction.
- vii. CBRE’s maximum aggregate liability to the Client and to any authorised Reliant Parties, howsoever arising under, in connection with or pursuant to reliance upon this Condensed Valuation Report or any other Valuation Report produced under the same letter of instruction, and whether in contract, tort, negligence or otherwise shall not exceed US \$15,000,000 (AED 55,087,500).
- viii. CBRE is not a financial advisor, and this document does not constitute financial product advice. Investors should consider obtaining independent advice from their financial advisor before making any decision to invest in/with the Client.
- ix. None of the information in this Condensed Valuation Report constitutes advice as to the merits of entering into any form of transaction. If you do not understand this legal notice, then it is recommended that you seek independent legal advice.

Publication

Apart from the use in respect of the Offering Memorandum, neither the whole nor any part of our report nor any references to it may be included in any published document, circular or statement nor published in any way without our prior written approval.

If you request our approval to use or publish the report or any part of thereof (including any valuations contained therein), in any external publication, investor briefing or website, or make it available to any third parties whatsoever, you must provide us with a specimen of the text and layout of the article, display or advertisement and identify the intended forum and recipients. If we approve the publication or display, you may not vary from the specimen so approved by us.

Any such approved publication of, or reference to the report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of any special assumptions referred to above (if applicable).

Part I: Valuation Report

Valuation Report

Report Date	18 August 2023
Addressee	FIVE Holdings (BVI) Limited Coastal Building Wickham's Cay II P.O. Box 2221, Road Town, Tortola British Virgin Islands
The Property	FIVE Palm Jumeirah Dubai No. 1, Palm Jumeirah Dubai, United Arab Emirates PO Box 6438
Interest Valued	Freehold under going concern, subject to lease agreements and management agreement in place.
Property Description	5-Star luxury "Condo-Hotel" with 436 rooms, 38 hotel apartments, 14 F&B outlets (12 managed and 2 F&B outlets under revenue share schemes with third-party operators but owned by FIVE), 1 ballroom, a spa, health club, swimming pools as well as beach and promenade access.
Instruction	To value the freehold going concern of the property on the basis of Fair Value as at the valuation date in accordance with the terms of engagement entered into between CBRE and the addressees dated 18 August 2023.
Valuation Date	30 June 2023;
Capacity of Valuer	External Valuer, as defined in the current version of the RICS Valuation – Global Standards.
Purpose	We understand that our valuation report and the Appendices to it (together the "Valuation Report") are required for inclusion in an Offering Memorandum which is to be published by the Client pursuant to the proposed issue of Notes by the Client and admission of the Note to the Nasdaq Dubai and the London Stock Exchange (the "Transaction"). The Valuation is on the basis of Fair Value as defined in the current edition of the International Financial Reporting Standards.
Aggregate Fair Value – 30 June 2023	AED 4,208,100,000 (Four Billion, Two Hundred And Eight Million, One Hundred Thousand United Arab Emirates) exclusive of VAT. We confirm that the "Fair Value" reported above, for the purpose of financial reporting under International Financial Reporting Standards (IFRS), is effectively the same as "Market Value". We have valued the Properties individually at the respective 30 June 2023 included within the Condensed Property Report.

Our opinion of Fair Value is based upon the Scope of Work and valuation Assumptions attached, and has been primarily derived using the Profits method and a 10-year discounted cash flow, with consideration towards recent market transactions on arm’s length terms to derive a terminal capitalisation rate.

Valuation of a trade related Property as a Going Concern

Hotel and leisure properties are normally bought and sold on the basis of their trading potential. The essential characteristic of this type of property is that they have been designed or adapted for a specific use, and the resulting lack of flexibility means that the value of the property interest is intrinsically linked to the returns that an owner can generate from that use. The value therefore reflects the trading potential of the property. It can be contrasted with generic property that can be occupied by a range of different business types, such as standard office, industrial or retail property.

Our valuation has been assessed having regard to trading potential of the business currently operating on the property. In this regard we have made the assumption of the continued operation of the current hotel business on the property. The current value of the property is intrinsically linked to the successful operation of the current hotel business. Any change, deterioration or cessation of the business practices as detailed in our valuation would have a significantly detrimental impact on the property’s value. Investment caution is advised in this regard.

General Market Volatility – as at Valuation Date

The valuation takes no account of the costs of business closure, disruption or any other costs associated with realising this value and is not a vacant possession value.

We draw your attention to the fact that a combination of global inflationary pressures (leading to higher interest rates) and the recent geopolitical events in Ukraine, in addition to the on-going effects of the global Covid-19 pandemic in some markets, has heightened the potential for greater volatility in property markets over the short-to-medium term. Experience has shown that consumer and investor behaviour can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility. Lending/Investment caution is advised in this regard.

You should note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how market participants respond to current events.

Heightened Volatility Hotel and Tourism Property

The value of hotels and tourism related property is traditionally volatile and can be subject to rapid changes of value in short timeframes. These property types appeal to a narrow and very specific segment of the market which can be significantly impacted by many factors such as, broader economic conditions, migration, changes to operating costs and inflation, travel and visas restrictions (both domestic and international) and other changes to government policy, which may materially impact levels of supply and demand for the product. All these (and more) factors will likely have a significant impact on the value and demand for the subject property.

Going forward there will be several key factors impacting on the viability of hotel and leisure and their underlying values. Key concerns relate to the subject property are:-

- Due to the condo-hotel nature of the Property, the inventory of the hotel apartments component can vary affecting performance of the Property.

- The Property is in a non-established hospitality market and mostly under development community of Dubai.
- New supply and increased competition within the Dubai hospitality market
- Undercutting of rates by local hotels and inferior quality hotels to gain market share.

In addition, we also note that recent stresses in the banking system may significantly restrict capital.

As experienced in previous market cycles, the value of hotel and tourism related property can undergo rapid and significant price corrections, as supply, demand and cost factors change which should be considered in any investment decisions. Caution is advised in this regard.

Valuation Uncertainty Market transaction of hotels with similar operating structures is limited and as such our valuation includes appropriate adjustments and subjective analysis. Our valuation therefore contains a degree of inherent uncertainty that may be greater than for a standard hotel operating structure valuation.

Rental Income Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent.

Special Assumptions No special assumptions have been assumed in undertaking the Fair Value of the asset.

Compliance with Valuation Standards The valuation has been prepared in accordance with the current version of the RICS Valuation – Global Standards, which incorporate the International Valuation Standards “the Red Book”.

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently.

Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE Ltd, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.

This valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property.

Other valuers may reach different conclusions as to the value of the subject property. This valuation is for the sole purpose of providing the intended user with the Valuer’s independent professional opinion of the value of the subject property as at the valuation date.

Sustainability Considerations Wherever appropriate, sustainability and environmental matters are an integral part of the valuation approach. ‘Sustainability’ is taken to mean the consideration of such matters as environment and climate change, health and well-being and corporate responsibility that can or do impact on the valuation of an asset. In a valuation context, sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect value. The range of issues includes key environmental risks, such as flooding, energy efficiency and climate, as well as matters of design,

configuration, accessibility, legislation, management, and fiscal considerations – and current and historic land use.

Sustainability has an impact on the value of an asset, even if not explicitly recognised. Valuers reflect markets, they do not lead them. Where we recognise the value impacts of sustainability, we are reflecting our understanding of how market participants include sustainability requirements in their bids and the impact on market valuations.

Assumptions

The property details on which the valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figure may also be incorrect and should be reconsidered.

Variation from Standard Assumptions

None

Verification

We recommend that before any financial transaction is entered into based upon these valuations, you obtain verification of any third party information contained within our report and the validity of the assumptions we have adopted.

We would advise you that whilst we have valued the property reflecting current market conditions, there are certain risks which may be, or may become, uninsurable. Before undertaking any financial transaction based upon this valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.

Valuer

The property has been valued and inspected by a valuer who is qualified for the purpose of the valuation in accordance with the Red Book.

Independence

The total fees, including the fee for this assignment, earned by CBRE Dubai LLC (or other companies forming part of the same group of companies within the UAE) from the Addressee (or other companies forming part of the same group of companies) is less than 5.0% of the total UK or UAE revenues.

It is not anticipated this situation will vary in the financial year to 31 December 2023.

We confirm that we do not have any material interest in FIVE Holdings (BVI) Limited or other companies in the same Group or the Property.

Conflicts of Interest

We confirm that we have previously undertaken a valuation on the asset for financial reporting purposes in 2020, 2021 and 2022 for the Client.

We confirm that CBRE has no other material involvement with the property and have no conflicts of interest – and that copies of our conflict of interest checks have been retained within the working papers.

Disclosure

The principal signatory of this report has continuously been the signatory of Valuations for the Company since March 2018.

CBRE Dubai LLC has continuously been carrying out Valuation instructions for the Company since 30 November 2020.

CBRE Dubai LLC has carried out Valuation services on behalf of the Company since 30 November 2020.

Reliance

The contents of this Report may only be relied upon by:

- (i) Addressees of the Report; and
- (ii) Parties who have received prior written consent from CBRE in the form of a reliance letter;

for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of the special assumptions referred to herein.

Yours faithfully

Yours faithfully



Daniel McCulloch
Senior Director
Head of CBRE Valuation MENA
RICS Registered Valuer

Christopher Robson
Associate Director
CBRE Hotels & Tourism
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Sources of Information and Scope of Works

Sources of Information We have carried out our work based upon information supplied to us by the Client between 01 March 2023 and 04 August 2023, as set out within this report, which we have assumed to be correct and comprehensive.

- Site plan;
- Title deed;
- Hotel Actual performance for the following periods:
 - YE 2020;
 - YE 2021;
 - YE 2022;
 - YTD June 2022;
 - YTD June 2023.
- Hotel building schedule details, including number of Condo hotels and residences, F&B outlet approximate capacities and cuisine offering and spa, swimming pool and children’s leisure facilities offered at the Property;
- Floor plans / layouts;
- Facility mix and amenities;
- A copy of a typical Holiday Home lease;
- A copy of a typical Condo-Hotel lease.

The Property Our report contains a brief summary of the property details on which our valuation has been based.

The Inspection The property was internally inspected by Christopher Robson MRICS, RICS Registered Valuer, and Benjamin Parkins on 15 March 2023. The Client has advised there have been no material change to the property between the Inspection Date and the Valuation Date, and we have assumed this to be true for this valuation.

We confirm we inspected the property on 15 March 2023 The Client has confirmed there are no material changes to the physical attributes of the property and it is still operating as a trading hotel, at a 5-Star luxury positioning between the date of inspection and the date of valuation. We have assumed this advice to be correct.

All valuations are current as at the date of valuation only. The value assessed may in the future change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property or particular property sector). CBRE does not accept liability for losses arising from subsequent changes in value. As values can vary from time to time, CBRE recommends the valuation be reviewed periodically in the future to ascertain any changes in value.

	<p>Without limiting the generality of this statement, we do not assume any responsibility or accept any liability, nor should the valuation be relied upon if the Client, or any Reliant Party becomes aware of any factors that may have an effect on the valuation and has not disclosed such information to CBRE.</p>
Areas	<p>We have not measured the properties but have relied upon the floor areas provided to us by FIVE Investments LLC as set out in this report, which we have assumed to be correct and measured in accordance with RICS code of measuring practice 6th edition under Gross Internal Area (GIA).</p>
Environmental Matters	<p>We have not been provided with copies of any environmental reports referring to the Property.</p> <p>We have not carried out any investigations into the past or present uses of the property, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.</p>
Services and Amenities	<p>We understand that all main services including water, drainage, electricity and telephone are available to the property. None of the services have been tested by us.</p>
Repair and Condition	<p>We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the property. We are unable, therefore, to give any assurance that the property is free from defect.</p>
Titles, Tenures and Lettings	<p>Details of title/tenure under which the property is held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title, including relevant deeds, leases and planning consents is the responsibility of your legal adviser.</p> <p>We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.</p>

Valuation Assumptions

Introduction

An Assumption is defined in the Red Book Glossary and VPS 4 to be a “supposition taken to be true” (an “Assumption”).

Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that it has been agreed need not be verified by the valuer as part of the valuation process. Assumptions are made when it is reasonable for the valuer to accept that something is true without the need for specific investigation.

The Client has confirmed and we confirm that our Assumptions are correct as far as the Client and we, respectively, are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The principal Assumptions which we have made are stated within this Valuation Report.

For the avoidance of doubt, the Assumptions made do not affect compliance with the approach to Market Value under the Red Book.

Capital Values

The valuation has been prepared on the basis of "Fair Value" (in accordance with International Financial Reporting Standard 13), which is defined as:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

"Fair Value", for the purpose of financial reporting, is effectively the same as "Market Value", which is defined in the Red Book as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.

No account has been taken of the availability or otherwise of capital based Government grants.

Rental Values

Unless stated otherwise rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent in the Red Book, which is as follows:

"The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

[a] the property is not contaminated and is not adversely affected by any existing or proposed environmental law;

[b] any processes which are carried out on the property which are regulated by environmental legislation are properly licensed by the appropriate authorities.

[c] the property is either not subject to flooding risk or, if it is, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

[a] there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;

[b] the property is free from rot, infestation, structural or latent defect;

[c] no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the property; and

[d] the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the property. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Lettings, Planning, Taxation and Statutory & Local Authority requirements

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

[a] the property possesses a good and marketable title free from any onerous or hampering restrictions or conditions;

[b] the building has been erected either prior to planning control, or in accordance with planning permissions, and has the benefit of permanent planning consents or existing use rights for their current use;

[c] the property is not adversely affected by town planning or road proposals;

[d] the building complies with all statutory and local authority requirements including building, fire and health and safety regulations;

[e] all rent reviews are upward only and are to be assessed by reference to full current market rents;

[f] there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

[g] tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;

[h] there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

[i] where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and

[j] vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

Part II: Property Details

Property Details

Outside view of the Property



Source: CBRE Site Inspections

Location



Source: Google Maps

The Property

The Property is located within man-made development of Jumeirah Palm launched in 2001. It is now one of the prime hospitality submarkets of Dubai along with Dubai Downtown and Dubai Marina. The Property is located on the west corner of the Trunk of Jumeirah Palm. Adjacent to the Property are the Omniyat’s “One Palm” luxury residential development on the southern side and Arenco’s Marriott and Hilton branded hotels on the northern side. The Property faces the Dubai Beach Harbour, a mixed use development and is directly accessible from the Nakheel promenade. It also offers a beach equipped with a pool, Jacuzzis and sun beds.

The Property can be directly accessed from the street level. Vehicle access is not direct, and a U-turn is needed from the Palm service road and similar for exiting the Property with the condition of the road less than ideal. The Property is, however, well connected to Dubai’s major road network and is located 30 minutes’ drive from Dubai International Airport (DXB).

The FIVE Palm Hotel is a purpose-built full-service luxury five-star hotel. It is currently under the management of FIVE International Hotel Management. In addition to 474 keys (436 hotel rooms and 34 hotel apartments), the hotel offers 14 F&B outlets (12 managed and two third-party managed outlets), including a nightclub and a rooftop bar, one ballroom, a spa, health club, swimming pools, and a beach.

The Condo hotel rooms are being sold or are being offered to the open market to individual 3rd party investors on a 1 to 5-year tenure (short term) with an optional rental pool agreement in place.

The Condo hotel apartments are being sold or are being offered to the open market to individual 3rd party investors on a 30-year leasehold tenure (long term) with a mandatory rental pool agreement in place.

Tenure

We have been provided with a Title Deed dated 20 December 2017 which confirms the plot number as plot 2069 (Municipality No. 381 – 2735) of the Palm Jumeirah Community and the owner of the title as Assas Investments Limited. The freehold title is subject to the following:

- Condo hotel apartments – Can be purchased on a 30-year leasehold basis, linked to a mandatory rental pool. We have received the available apartments for sale as provided by the Client;
- Condo hotel rooms – Can be purchased on a 1 to 5-year leasehold basis and is optional for individual owners to include within the rental pool. We have received the available apartments for sale as provided by the Client;
- The Condo hotel rooms and apartments are in place as FIVE Rooms Revenues has a lease in place with the Owner of Title and is operated by the Manager;
- F&B and leisure facilities are operated under the hotel management in place as FIVE Hospitality is operated by the Manager.

As per information provided by the Client, Assas Investments Limited is an affiliate of the Client. Hence, we have assumed that the above areas of the Property are owned by the Client freehold.

Operating Agreement

We were provided with a copy of the Hotel Management Agreement (HMA) and the addendum to the original HMA signed on 1st January 2020 between the Owner of Title and Manager. For the avoidance of doubt the Owner of Title and the Manager for this Property are owned by FIVE Holding (BVI) Limited. The key operating agreement terms have been included in the table below:

Owner information headings	Details
Owner of Title	The Palm Jumeirah Co. LLC
Land Purchaser	Assas Investments Limited
Lessee	FIVE Hotel FZCO
Manager	FIVE International Hotel Management LLC
Date	1st January 2019
HMA headings	Details
Initial Term	27 years and 3 months (until 31st March 2047)
Basic Management Fees	2.50% of Gross Operating Revenues
Sales & Marketing Fees	1.00% of Gross Operating Revenues
Group Service Fees	0.50% of Gross Operating Revenues
Incentive Management Fee	10.00% of Gross Operating Profit (GOP)
FF&E Reserve	1.00% of Gross Operating Revenue per year as per the addendum to the original HMA signed on 1st January 2020.
Hotel units for lease headings	Details
Unit Owners* Profit Share	40.00% of Gross Room Revenue.
Rental calculation	40.00% multiplied by (Rooms Revenue minus Deductible Expenses) multiplied by unit area divided by total participating area.
Deductible Expenses	Service charges, sales tax, Dubai Municipality fee (10% of room revenue), sales tax, credit card commissions and utility charges.
Condo – Hotel Rooms Lease Terms	Mandatory rental pool – 30-year leases

Condo – Hotel Apartments Lease Terms	Optional rental pool – 1-year leases
Holiday Home units for lease	Details
Holiday Home Unit owners** share – “buyer’s monthly income”	75.00% of rental revenue generated from the residences less property management fees and deductions.
Client’ returns – “property management fee”	25.00% of rental revenue generated from the residences.
Definition of rental revenue	Total income generated net of any taxes from the occupancy of the unit by guests and the provision of the holiday home services to the unit.
Definition of holiday home services	Performing all management, marketing, and operational obligations necessary to operate the unit as a holiday home let to be used and occupied by guests upon the commercial terms determined by the agent in its absolute discretion.
Definition of deductions	Third party fees, service charges, and utility charges applicable to the unit, including but not limited to DEWA, chilled water, DU/Etisalat and such other fees and charges applicable to the unit towards the holiday home services.

Source: The Client

Source: As per title deed, The Client

*Unit Owner is a 3rd party owner of an individual Condo Hotel Room / Apartment on a leasehold basis.

**Holiday Home Unit Owners are 3rd party owners of an individual leasehold Condo Hotel Room which renew their Holiday Home licence on an annual basis.

Under the operating agreement in place, the operating structure within the Property is outlined below:

1. Owner and Manager of the Property have entered into a hotel management agreement to operate the Property on a day-to-day basis;

The Owner sells the Condo Hotel / Apartment units on leasehold agreements, of which the process of how these are managed and revenues allocated is described below:

2. Where a unit has been sold Owner and individual Unit Owner of the leasehold interest, within a Hotel-Condo sign an agreement for the Manager to operate the units within a mandatory or optional rental pool, dependent on product purchase:
 - a. Condo-Hotel Rooms are allocated within a mandatory rental pool under a 30-year lease. Where the individual investor will receive a fixed return as detailed in the Hotel units for lease section of the Operating Agreement;
 - b. Condo-Hotel Apartments are allocated within an optional rental pool under a 1 to 5-year lease. These units can be either owner occupied or included within the rental pool for investment purposes at the individual owners discretion;
3. In the case of a Condo-unit being unsold, the Owner will receive the cash-flows as EBITDA within the hotel operating model.
4. Holiday Home units are sold by the Owner to the individual Holiday Home Unit Owner of the leasehold interest, which is leased on an annual basis into an optional rental pool.

Key Valuation Factors

Strengths and Opportunities:

- The Property is located on a prime plot on the trunk of Jumeirah Palm with promenade and beach access
- The Property has strong F&B concepts, which have been successful since opening that currently generate strong F&B Revenue
- The Property offers unobstructed views over Dubai Marina and Dubai Harbour
- The Operator being part of Five Holdings it gives the on-site management more flexibility to adapt and reorganize operations to stay dynamic and offer novelties to guests
- Opening of a third FIVE property will provide hotel guests with a greater choice of venues and distribute centralised expenses

Risks and Mitigating Factors:

- Access to the Property is difficult from land as a U-Turn is needed to access the Property via Jumeirah Palm's service road
- The Property is operated by local operator FIVE International Hotel Management, whose brand identity and standards are strongly linked to its founders
- Due to the Condo-Hotel nature of the Property, the inventory of the Hotel apartments component can vary on a yearly basis affecting performance of the Property
- New supply and increased competition entering the Jumeirah Palm and Dubai Marina hospitality markets totalling more than 4,000 and 1,900 keys, respectively
- Undercutting of rates by local hotels and inferior quality hotels to gain market share

Valuation Methodology

We have calculated the Fair Value of the subject site by adopting the Profits Method of valuation. Please refer to Appendix A for the standard methodology description.

Inspection Date

15 March 2023 – **The Client has confirmed there are no material changes to the physical attributes of the property and it is still operating as a trading hotel, at a 5-Star luxury positioning between the date of inspection and the date of valuation. We have assumed this advice to be correct**

Valuation Date

30 June 2023

Fair Value

30 JUNE 2023: AED 4,208,100,000 (Four Billion, Two Hundred And Eight Million, One Hundred Thousand United Arab Emirates)

Under RICS Red Book guidelines we have adopted a 10-year cashflow and capitalised Year 10 into perpetuity to provide our opinion of Fair Value.

Our valuation, on a going concern basis, is under the assumption of continued operation of the hotel business. The current value of the property is intrinsically linked to the successful operation of the hotel business on the property. Any change, deterioration or cessation of the business practices as per our assumptions would have a significantly detrimental impact on the property's value. Caution is advised in this regard.

Fair Value Apportionment by Category

CBRE has valued the Fair Value of the freehold interest. As requested by the Client, CBRE has componentised the added value of the various components of the property specifically for accounting purpose under relevant IFRS requirements as outlined below. CBRE disclaims all liability in regard to the individual apportioned values.

As requested by the Client, we include below a breakdown of the hypothetical added value of each component of the Fair Value, derived from category of operational and sales activities:

Valuation Date	Fair Value (AED)	FIVE room revenue (AED)	FIVE hospitality (AED)	Holiday Homes (AED)	Condo units: sold inventory revenue to be received (AED)
30 June 2023	4,208,100,000	2,203,300,000	1,933,500,000	59,600,000	11,700,000

FIVE room revenue – Inclusion of the 475 hotel room revenue, room expenses, pro-rata undistributed operating expenses, management fee income, pro-rata non-operating income and expenses, pro-rata FF&E Reserve attributed within the hotel management agreement and Unit Owner of the long term leasehold income from individual Condo units.

FIVE hospitality – Inclusion of the Food and Beverage, Other Operating Department and Miscellaneous Income revenue, expenses, pro-rata undistributed operating expenses, pro-rata non-operating income and expenses, pro-rata FF&E Reserve attributed within the hotel management agreement.

Holiday Homes – Inclusion of the 2 Owner Holiday Homes and 29 Third Party Holiday Homes revenue, Holiday Homes expenses, pro-rata undistributed operating expenses, management fee income, pro-rata non-operating income and expenses, pro-rata FF&E Reserve attributed within the hotel management agreement and Third Party Holiday Home pay away, as per the lease agreement in place.

Condo units: sold inventory revenue to be received – Condo units that have been ‘sold’ on a 30 year lease to individual Condo unit owners, with revenue still to be received through respective payment plans in place.

Fair Value Apportionment by Income Source

As requested by the Client, we include below a hypothetical breakdown of the constituent elements of the Fair Value by income source:

Valuation Date	Fair Value (AED)	Hotel operational cash flow	FIVE management fees (AED)	Third party income (AED)	Condo units: sold inventory revenue to be received (AED)
30 June 2023	4,208,100,000	2,507,200,000	688,600,000	1,000,600,000	11,700,000

Hotel operational cash flow – Inclusion of the total revenue, total departmental expenses, total undistributed operating expenses, management fees, non-operating income and expenses and FF&E Reserve, calculating the EBITDA of the Property over the 10-year forecast period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

FIVE management fees – Fees generated by the FIVE hotel management company operating the Property under the Hotel Management Agreement in place over the 10-year forecast period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

Third party income – Individual unit owner (units ‘sold’ on a 30yr lease) profit and Third Party Holiday Homes profit share under the leasehold agreements in place over the 10-year period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

Condo units: sold inventory revenue to be received – Condo units that have been ‘sold’ on a 30 year lease, with revenue still to be received through respective payment plans in place.

APPENDIX A: Valuation Methodology

Profits Method

Specialised Trading Properties

The Property is of a category that is normally bought and sold on the basis of its trading potential on the assumption that there will be a continuation in trading. The essential characteristics of properties that are normally sold on the basis of their trading potential is that they are designed, or adapted, for a specific use (such as a Hotel) and that ownership of the property normally passes with the sale of the business as an operational entity.

Our valuation therefore is the Market Value of the Property as a fully equipped operational entity valued having regard to its trading potential. The operational entity comprises:-

The legal interest in the land and buildings;

The plant and machinery and all trade fixtures, fittings, furniture, furnishings and equipment required to continue operating the business (consumable stocks are excluded);

The market's perception of the trading potential, excluding personal goodwill, together with an assumed ability to obtain/renew existing licences, consents, certificates and permits;

The benefit of any transferable licences, consents, certificates and permits.

Specialised trading properties such as the Property are normally valued using the "profits' method" having regard to revenue and operating profits. Operating profits are known as Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) after the 11th revised edition of the Uniform System of Accounts for the Lodging Industry (USALI). The valuer assesses the fair maintainable level of trade and EBITDA that could be achieved by a reasonably efficient operator and which would form the basis for a bid in the open market.

The capitalisation factor applied to the revenue or operating profits reflects growth potential, risk and the desirability of the Property and is market derived.

Even where specialised trading properties are leased and the rent payable is not linked to turnover or EBITDA, where possible an attempt is made to understand the fair maintainable level of trade at the Property in an effort to estimate if the Property is 'correctly' rented.

We have prepared valuations of the Property on the basis of Market Value assuming a fully equipped operational entity having regard to trading potential. In assessing the value of a Property, we have had regard to the following methods of valuation.

Discounted cash flow (DCF)

Under the DCF method, the projected EBITDA for the Property over ten years are discounted back to present day values using an appropriate discount rate. The value of the Property derived from the capitalised earnings in the 10th year is also brought back to present values. Capital expenditure is built into the cash flow if appropriate.

Terminal Value

Where the asset is expected to continue beyond the explicit forecast period, it is necessary to estimate the value of the asset at the end of that period. The terminal value is then discounted back to the valuation date, normally using the same discount rate as applied to the forecast cash flow.

The terminal value should consider the following:

- (a) Whether the asset is deteriorating/finite-lived in nature or indefinite-lived will influence the method used to calculate a terminal value,
- (b) Whether there is future growth potential for the asset beyond the explicit forecast period,
- (c) Whether there is a predetermined fixed capital amount expected to be received at the end of the explicit forecast period,

(d) The expected risk level of the asset at the time the terminal value is calculated,

(e) For cyclical assets, the terminal value should consider the cyclical nature of the asset, and

(f) The tax attributes inherent in the asset at the end of the explicit forecast period and whether those tax attributes would be expected to continue into perpetuity. For example, an asset being depreciated/amortised for tax purposes will eventually be fully depreciated/amortised, potentially increasing the effective tax rate. The three most commonly used methods for calculating a terminal value are:

(a) Gordon growth model/constant growth model (appropriate only for indefinite-lived assets),

(b) Market approach/exit value (appropriate for both deteriorating/finite-lived assets and indefinite-lived assets), and

(c) Salvage value/disposal cost (appropriate only for deteriorating/finite-lived assets).

Gordon Growth Model/Constant Growth Model

The constant growth model assumes that the asset grows (or declines) at a constant rate into perpetuity.

Market Approach/Exit Value

The market approach/exit value method can be performed in a number of ways, but the ultimate goal is to calculate the value of the asset at the end of the explicit cash flow forecast.

Common ways to calculate the terminal value under this method include application of a market-evidence based capitalisation factor or a market multiple.

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Condensed Valuation Report



FIVE Jumeirah Village

Dubai

United Arab Emirates

Date of Inspection: 15 March 2023

Date of Valuation: 30 June 2023

Reliant Parties: FIVE Holdings (BVI) Limited, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Emirates NBD Bank PJSC, Commercial Bank of Dubai PSC, Mashreqbank psc

Important Report Disclaimers – CBRE Valuation

- i. This document is for the sole use of FIVE Holdings (BVI) Limited (the “Client”), its affiliates and any other person directly provided with it by CBRE. Use by, or reliance upon this document by anyone other than those parties named above is not authorised by CBRE.
- ii. CBRE has prepared a full Valuation Report (the “Valuation Report”) relying on and referring to information provided by third parties (including the current operators of the property) including financial and market information (“Information”). CBRE assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect. Caution is advised in this regard.
- iii. CBRE has prepared this Condensed Valuation Report for inclusion within an offering memorandum on behalf of the Client (the “Offering Memorandum”); CBRE has not been involved in the preparation of the remainder of the Offering Memorandum. CBRE disclaims any liability to any person in the event of false and misleading statements included in, or an omission from, the Offering Memorandum.
- iv. This Condensed Valuation Report is a condensed version of the full Valuation Report addressing the same subject matter. The Valuation Report also draws attention to the key issues and considerations impacting value and provides additional detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. Commercial investments of this nature are inherently complex, and the market conditions have changed and/or have been uncertain in recent times.
- v. Neither this Condensed Valuation Report nor CBRE’s full Valuation Report may be reproduced in whole or in part without the prior written approval of CBRE.
- vi. Where CBRE has expressly agreed (by way of a reliance letter) that persons other than the Client can rely upon the Valuation Report (a “Relying Party” or “Relying Parties”), then CBRE shall have no greater liability to any Relying Party than it would have had if such party had been named as a joint client under the Instruction.
- vii. CBRE’s maximum aggregate liability to the Client and to any authorised Reliant Parties, howsoever arising under, in connection with or pursuant to reliance upon this Condensed Valuation Report or any other Valuation Report produced under the same letter of instruction, and whether in contract, tort, negligence or otherwise shall not exceed US \$15,000,000 (AED 55,087,500).
- viii. CBRE is not a financial advisor, and this document does not constitute financial product advice. Investors should consider obtaining independent advice from their financial advisor before making any decision to invest in/with the Client.
- ix. None of the information in this Condensed Valuation Report constitutes advice as to the merits of entering into any form of transaction. If you do not understand this legal notice, then it is recommended that you seek independent legal advice.

Publication

Apart from the use in respect of the Offering Memorandum, neither the whole nor any part of our report nor any references to it may be included in any published document, circular or statement nor published in any way without our prior written approval.

If you request our approval to use or publish the report or any part of thereof (including any valuations contained therein), in any external publication, investor briefing or website, or make it available to any third parties whatsoever, you must provide us with a specimen of the text and layout of the article, display or advertisement and identify the intended forum and recipients. If we approve the publication or display, you may not vary from the specimen so approved by us.

Any such approved publication of, or reference to the report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of any special assumptions referred to above (if applicable).

Part I: Valuation Report

Valuation Report

Report Date	18 August 2023
Addressee	FIVE Holdings (BVI) Limited Coastal Building Wickham's Cay II P.O. Box 2221, Road Town, Tortola British Virgin Islands
The Property	FIVE Jumeirah Village Dubai Lazuward SW, Jumeirah Village Dubai, United Arab Emirates
Interest Valued	Freehold under going concern, subject to lease agreements and management agreement in place.
Property Description	5-Star luxury "Condo-Hotel" with 250 rooms, 200 hotel apartments, 7 F&B outlets, 2 meeting rooms, a spa, health club, swimming pools and third-party operated outlets.
Instruction	To value the freehold going concern of the property on the basis of Fair Value as at the valuation date in accordance with the terms of engagement entered into between CBRE and the addressees dated 18 August 2023.
Valuation Date	30 June 2023.
Capacity of Valuer	External Valuer, as defined in the current version of the RICS Valuation – Global Standards.
Purpose	We understand that our valuation report and the Appendices to it (together the "Valuation Report") are required for inclusion in an Offering Memorandum which is to be published by the Client pursuant to the proposed issue of Notes by the Client and admission of the Note to the Nasdaq Dubai and the London Stock Exchange (the "Transaction"). The Valuation is on the basis of Fair Value as defined in the current edition of the International Financial Reporting Standards.
Aggregate Fair Value – 30 June 2023	AED 1,394,100,000 (One Billion, Three Hundred And Ninety Four Million, One Hundred Thousand United Arab Emirates) exclusive of VAT. We confirm that the "Fair Value" reported above, for the purpose of financial reporting under International Financial Reporting Standards (IFRS), is effectively the same as "Market Value". We have valued the Properties individually at the respective 30 June 2023 included within the Condensed Property Report. Our opinion of Fair Value is based upon the Scope of Work and valuation Assumptions attached, and has been primarily derived using the Profits method and a 10-year discounted cash flow, with consideration towards recent market transactions on arm's length terms to derive a terminal capitalisation rate.

Valuation of a trade related Property as a Going Concern

Hotel and leisure properties are normally bought and sold on the basis of their trading potential. The essential characteristic of this type of property is that they have been designed or adapted for a specific use, and the resulting lack of flexibility means that the value of the property interest is intrinsically linked to the returns that an owner can generate from that use. The value therefore reflects the trading potential of the property. It can be contrasted with generic property that can be occupied by a range of different business types, such as standard office, industrial or retail property.

Our valuation has been assessed having regard to trading potential of the business currently operating on the property. In this regard we have made the assumption of the continued operation of the current hotel business on the property. The current value of the property is intrinsically linked to the successful operation of the current hotel business. Any change, deterioration or cessation of the business practices as detailed in our valuation would have a significantly detrimental impact on the property's value. Investment caution is advised in this regard.

General Market Volatility – as at Valuation Date

The valuation takes no account of the costs of business closure, disruption or any other costs associated with realising this value and is not a vacant possession value.

We draw your attention to the fact that a combination of global inflationary pressures (leading to higher interest rates) and the recent geopolitical events in Ukraine, in addition to the on-going effects of the global Covid-19 pandemic in some markets, has heightened the potential for greater volatility in property markets over the short-to-medium term. Experience has shown that consumer and investor behaviour can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility. Lending/Investment caution is advised in this regard.

You should note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how market participants respond to current events.

Heightened Volatility Hotel and Tourism Property

The value of hotels and tourism related property is traditionally volatile and can be subject to rapid changes of value in short timeframes. These property types appeal to a narrow and very specific segment of the market which can be significantly impacted by many factors such as, broader economic conditions, migration, changes to operating costs and inflation, travel and visas restrictions (both domestic and international) and other changes to government policy, which may materially impact levels of supply and demand for the product. All these (and more) factors will likely have a significant impact on the value and demand for the subject property.

Going forward there will be several key factors impacting on the viability of hotel and leisure and their underlying values. Key concerns relate to the subject property are:-

- Due to the condo-hotel nature of the Property, the inventory of the hotel apartments component can vary affecting performance of the Property.
- The Property is in a non-established hospitality market and mostly under development community of Dubai.
- New supply and increased competition within the Dubai hospitality market

- Undercutting of rates by local hotels and inferior quality hotels to gain market share.

In addition, we also note that recent stresses in the banking system may significantly restrict capital.

As experienced in previous market cycles, the value of hotel and tourism related property can undergo rapid and significant price corrections, as supply, demand and cost factors change which should be considered in any investment decisions. Caution is advised in this regard.

Valuation Uncertainty Market transaction of hotels with similar operating structures is limited and as such our valuation includes appropriate adjustments and subjective analysis. Our valuation therefore contains a degree of inherent uncertainty that may be greater than for a standard hotel operating structure valuation.

Rental Income Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent.

Special Assumptions No special assumptions have been assumed in undertaking the Fair Value of the asset.

Compliance with Valuation Standards The valuation has been prepared in accordance with the current version of the RICS Valuation – Global Standards, which incorporate the International Valuation Standards “the Red Book”.

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently.

Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE Ltd, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.

This valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property.

Other valuers may reach different conclusions as to the value of the subject property. This valuation is for the sole purpose of providing the intended user with the Valuer’s independent professional opinion of the value of the subject property as at the valuation date.

Sustainability Considerations Wherever appropriate, sustainability and environmental matters are an integral part of the valuation approach. ‘Sustainability’ is taken to mean the consideration of such matters as environment and climate change, health and well-being and corporate responsibility that can or do impact on the valuation of an asset. In a valuation context, sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect value. The range of issues includes key environmental risks, such as flooding, energy efficiency and climate, as well as matters of design, configuration, accessibility, legislation, management, and fiscal considerations – and current and historic land use.

Sustainability has an impact on the value of an asset, even if not explicitly recognised. Valuers reflect markets, they do not lead them. Where we recognise the value impacts of

	<p>sustainability, we are reflecting our understanding of how market participants include sustainability requirements in their bids and the impact on market valuations.</p>
Assumptions	<p>The property details on which the valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.</p> <p>If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figure may also be incorrect and should be reconsidered.</p>
Variation from Standard Assumptions	<p>None</p>
Verification	<p>We recommend that before any financial transaction is entered into based upon these valuations, you obtain verification of any third party information contained within our report and the validity of the assumptions we have adopted.</p> <p>We would advise you that whilst we have valued the property reflecting current market conditions, there are certain risks which may be, or may become, uninsurable. Before undertaking any financial transaction based upon this valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.</p>
Valuer	<p>The property has been valued and inspected by a valuer who is qualified for the purpose of the valuation in accordance with the Red Book.</p>
Independence	<p>The total fees, including the fee for this assignment, earned by CBRE Dubai LLC (or other companies forming part of the same group of companies within the UAE) from the Addressee (or other companies forming part of the same group of companies) is less than 5.0% of the total UK or UAE revenues.</p> <p>It is not anticipated this situation will vary in the financial year to 31 December 2023.</p> <p>We confirm that we do not have any material interest in FIVE Holdings (BVI) Limited or other companies in the same Group or the Property.</p>
Conflicts of Interest	<p>We confirm that we have previously undertaken a valuation on the asset for financial reporting purposes in 2020, 2021 and 2022 for the Client.</p> <p>We confirm that CBRE has no other material involvement with the property and have no conflicts of interest – and that copies of our conflict of interest checks have been retained within the working papers.</p>
Disclosure	<p>The principal signatory of this report has continuously been the signatory of Valuations for the Company since March 2018.</p> <p>CBRE Dubai LLC has continuously been carrying out Valuation instructions for the Company since 30 November 2020.</p> <p>CBRE Dubai LLC has carried out Valuation services on behalf of the Company since 30 November 2020.</p>
Reliance	<p>The contents of this Report may only be relied upon by:</p> <p>(i) Addressees of the Report; and</p>

(ii) Parties who have received prior written consent from CBRE in the form of a reliance letter;

for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of the special assumptions referred to herein.

Yours faithfully



Daniel McCulloch
Senior Director
Head of CBRE Valuation MENA
RICS Registered Valuer

For and on behalf of
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Yours faithfully



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RICS Registered Valuer

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Sources of Information and Scope of Works

Sources of Information We have carried out our work based upon information supplied to us by the Client between 01 March 2023 and 04 August 2023, as set out within this report, which we have assumed to be correct and comprehensive.

- Site plan;
- Title deed;
- Hotel Actual performance for the following periods:
 - YE 2020;
 - YE 2021;
 - YE 2022;
 - YTD June 2023;
 - YTD June 2023.
- Hotel building schedule details, including number of Condo hotels and residences, F&B outlet approximate capacities and cuisine offering and spa, swimming pool and children’s leisure facilities offered at the Property;
- Floor plans / layouts;
- Facility mix and amenities;
- A copy of a typical Condo-Hotel lease.

The Property Our report contains a brief summary of the property details on which our valuation has been based.

The Inspection The property was internally inspected by Christopher Robson MRICS, RICS Registered Valuer, and Benjamin Parkins on 15 March 2023. The Client has advised there have been no material change to the property between the Inspection Date and the Valuation Date, and we have assumed this to be true for this valuation.

We confirm we inspected the property on 15 March 2023 The Client has confirmed there are no material changes to the physical attributes of the property and it is still operating as a trading hotel, at a 5-Star luxury positioning between the date of inspection and the date of valuation. We have assumed this advice to be correct.

All valuations are current as at the date of valuation only. The value assessed may in the future change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property or particular property sector). CBRE does not accept liability for losses arising from subsequent changes in value. As values can vary from time to time, CBRE recommends the valuation be reviewed periodically in the future to ascertain any changes in value.

Without limiting the generality of this statement, we do not assume any responsibility or accept any liability, nor should the valuation be relied upon if the Client, or any

Areas	<p>Reliant Party becomes aware of any factors that may have an effect on the valuation and has not disclosed such information to CBRE.</p> <p>We have not measured the properties but have relied upon the floor areas provided to us by FIVE Investments LLC as set out in this report, which we have assumed to be correct and measured in accordance with RICS code of measuring practice 6th edition under Gross Internal Area (GIA).</p>
Environmental Matters	<p>We have not been provided with copies of any environmental reports referring to the Property.</p> <p>We have not carried out any investigations into the past or present uses of the property, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.</p>
Services and Amenities	<p>We understand that all main services including water, drainage, electricity and telephone are available to the property. None of the services have been tested by us.</p>
Repair and Condition	<p>We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the property. We are unable, therefore, to give any assurance that the property is free from defect.</p>
Titles, Tenures and Lettings	<p>Details of title/tenure under which the property is held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title, including relevant deeds, leases and planning consents is the responsibility of your legal adviser.</p> <p>We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.</p>

Valuation Assumptions

Introduction

An Assumption is defined in the Red Book Glossary and VPS 4 to be a “supposition taken to be true” (an “Assumption”).

Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that it has been agreed need not be verified by the valuer as part of the valuation process. Assumptions are made when it is reasonable for the valuer to accept that something is true without the need for specific investigation.

The Client has confirmed and we confirm that our Assumptions are correct as far as the Client and we, respectively, are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The principal Assumptions which we have made are stated within this Valuation Report.

For the avoidance of doubt, the Assumptions made do not affect compliance with the approach to Market Value under the Red Book.

Capital Values

The valuation has been prepared on the basis of "Fair Value" (in accordance with International Financial Reporting Standard 13), which is defined as:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

"Fair Value", for the purpose of financial reporting, is effectively the same as "Market Value", which is defined in the Red Book as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.

No account has been taken of the availability or otherwise of capital based Government grants.

Rental Values

Unless stated otherwise rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent in the Red Book, which is as follows:

"The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

[a] the property is not contaminated and is not adversely affected by any existing or proposed environmental law;

[b] any processes which are carried out on the property which are regulated by environmental legislation are properly licensed by the appropriate authorities.

[c] the property is either not subject to flooding risk or, if it is, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

[a] there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;

[b] the property is free from rot, infestation, structural or latent defect;

[c] no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the property; and

[d] the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the property. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Lettings, Planning, Taxation and Statutory & Local Authority requirements

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

[a] the property possesses a good and marketable title free from any onerous or hampering restrictions or conditions;

[b] the building has been erected either prior to planning control, or in accordance with planning permissions, and has the benefit of permanent planning consents or existing use rights for their current use;

[c] the property is not adversely affected by town planning or road proposals;

[d] the building complies with all statutory and local authority requirements including building, fire and health and safety regulations;

[e] all rent reviews are upward only and are to be assessed by reference to full current market rents;

[f] there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

[g] tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;

[h] there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

[i] where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and

[j] vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

Part II: Property Details

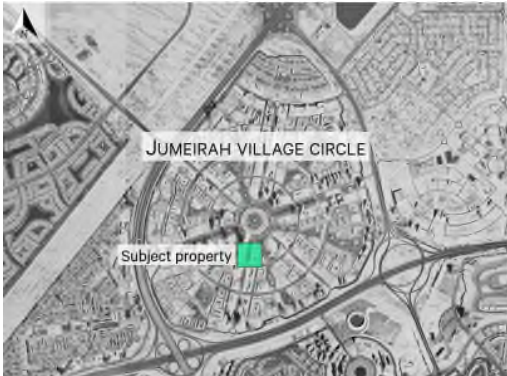
Property Details

Outside view of the Property



Source: Property's website

Location



Source: Google Maps

The Property

The Property is situated within the Al Barsha South Fourth district of Dubai. More specifically, the Property is located within Jumeirah Village Circle (JVC), a residential community within Al Barsha South. The area surrounding the Property comprises primarily recently completed and under-construction residential buildings and townhouses.

The Property is located directly to the South West of JVC and adjacent to the Nakheel Circle Villas. The Property is located 25 minutes' drive from the EXPO venue.

The Property can be directly accessed from street level. The Property is well connected to Dubai's major road network with Sheikh Mohammed bin Zayed Road, Hessa Street and Al Khail Road. The Property is located 30 minutes away of Dubai International Airport (DXB).

The FIVE JVC Hotel is a purpose built full-service luxury five-star hotel. It is currently under the management of FIVE International Hotel Management. In addition to 450 keys (250 Condo hotel rooms and 200 Condo hotel apartments) in the hotel pool, the hotel offers seven F&B outlets, including a nightclub and a sports bar, two meeting rooms, a spa, a health club, and swimming pools. The Property is a well-known landmark and won several architectural awards; at the date of inspection, it is our opinion that the Property is in a condition commensurate with age of approximately four years.

The Condo hotel rooms are being sold or are being offered to the open market to individual 3rd party investors on a 1 to 5-year tenure (short term) with an optional rental pool agreement in place.

The Condo hotel apartments are being sold or are being offered to the open market to individual 3rd party investors on a 30-year leasehold tenure (long term) with a mandatory rental pool agreement in place.

Tenure

We have been provided with a Title Deed dated 14 May 2018 which confirms the plot number as plot 870 (Municipality No. 681 – 875) of the Al Barsha Fourth Community and the owner of the title as Unlimited 1 Limited. The freehold title is subject to the following:

- Condo hotel apartments – Can be purchased on a 30-year leasehold basis, linked to a mandatory rental pool. We have received the available apartments for sale as provided by the Client;
- Condo hotel rooms – Can be purchased on a 1 to 5-year leasehold basis and is optional for individual owners to include within the rental pool. We have received the available apartments for sale as provided by the Client;
- The Condo hotel rooms and apartments are in place as FIVE Rooms Revenues has a lease in place with the Owner of Title and is operated by the Manager;
- F&B and leisure facilities are operated under the hotel management in place as FIVE Hospitality is operated by the Manager.

As per information provided by the Client, Unlimited 1 Limited is an affiliate of the Client. Hence, we have assumed that the above areas of the Property are owned by the Client freehold.

Operating Agreement

We were provided with a copy of the Hotel Management Agreement (HMA) and the addendum to the original HMA signed on 1st January 2020 between the Owner of Title and Manager. For the avoidance of doubt the Owner of Title and the Manager for this Property are owned by FIVE Holding (BVI) Limited. The key operating agreement terms have been included in the table below:

Owner information headings	Details
Owner of Title	Jumeirah Village LLC
Land Purchaser	Unlimited 1 Limited
Lessee	FIVE Hotel Management LLC
Manager	FIVE International Hotel Management LLC
Signing Date	31 st December 2018
HMA headings	Details
Initial Term	30 years
Basic Management Fee	2.50% of Gross Operating Revenues
Sales & Marketing Fees	1.00% of Gross Operating Revenues
Group Service Fees	0.50% of Gross Operating Revenues
Incentive Management Fee	10.00% of Gross Operating Profit (GOP)
FF&E Reserve	1.00% of Gross Operating Revenue per year as per the addendum to the original HMA signed on 1 st January 2020
Hotel units for lease headings	Details
Unit Owner of leasehold interest in an individual Condo*	40.00% of Gross Room Revenue.
Rental calculation	(40% multiplied by Room Revenue) minus Deductible Expenses multiplied by owned unit area divided by total participating area.
Deductible Expenses	Service charges, sales tax, Dubai Municipality fee (10% of room revenue), sales tax, credit card commissions and utility charges.
Condo – Hotel Rooms Lease Terms	Mandatory rental pool – 30-year leases
Condo – Hotel Apartments Lease Terms	Optional rental pool – 1 to 5-year leases

Source: As per title deed, The Client

*Unit Owner is a 3rd party owner of an individual Condo Hotel Room / Apartment on a leasehold basis.

Under the operating agreement in place, the operating structure within the Property is outlined below:

1. Owner and Manager of the Property have entered into a hotel management agreement to operate the Property on a day-to-day basis;

The Owner sells the Condo Hotel / Apartment units on leasehold agreements, of which the process of how these are managed and revenues allocated is described below:

2. Where a unit has been sold Owner and individual Unit Owner of the leasehold interest, within a Hotel-Condo sign an agreement for the Manager to operate the units within a mandatory or optional rental pool, dependent on product purchase:
 - a. Condo-Hotel Rooms are allocated within a mandatory rental pool under a 30-year lease. Where the individual investor will receive a fixed return as detailed in the Hotel units for lease section of the Operating Agreement;
 - b. Condo-Hotel Apartments are allocated within an optional rental pool under a 1 to 5-year lease. These units can be either owner occupied or included within the rental pool for investment purposes at the individual owners discretion;
3. In the case of a Condo-unit being unsold, the Owner will receive the cash-flows as EBITDA within the hotel operating model.

Key Valuation Factors

Strengths and Opportunities:

- Full service luxury Property, first property of this kind in the submarket
- The Property offers unobstructed 360 degrees views over the Dubai skyline.
- Good connectivity with Dubai's main road network with Sheikh Mohammed Bin Zayed Road, Hesse Street and Al Khail Road
- The residential population of JVC provide benefit for F&B catchment.

Risks and Mitigating Factors:

- The Property is operated by local operator FIVE International Hotel Management, whose brand identity and standards are strongly linked to its founders.
- Due to the condo-hotel nature of the Property, the inventory of the hotel apartments component can vary affecting performance of the Property.
- The Property is in a non-established hospitality market and mostly under development community of Dubai.
- New supply and increased competition within the Dubai hospitality market
- Undercutting of rates by local hotels and inferior quality hotels to gain market share.

Valuation Methodology

We have calculated the Fair Value of the subject site by adopting the Profits Method of valuation. Please refer to Appendix A for the standard methodology description.

Inspection Date

15 March 2023 – **The Client has confirmed there are no material changes to the physical attributes of the property and it is still operating as a trading hotel, at a 5-Star luxury positioning between the date of inspection and the date of valuation. We have assumed this advice to be correct**

Valuation Date

30 June 2023

Fair Value

30 JUNE 2023: AED 1,394,100,000 (ONE BILLION, THREE HUNDRED AND NINETY FOUR MILLION, ONE HUNDRED THOUSAND UNITED ARAB EMIRATES)

Under RICS Red Book guidelines we have adopted a 10-year cashflow and capitalised Year 10 into perpetuity to provide our opinion of Fair Value.

Our valuation, on a going concern basis, is under the assumption of continued operation of the hotel business. The current value of the property is intrinsically linked to the successful operation of the hotel business on the property.

Any change, deterioration or cessation of the business practices as per our assumptions would have a significantly detrimental impact on the property's value. Caution is advised in this regard.

Fair Value Apportionment by Category

CBRE has valued the Fair Value of the freehold interest. As requested by the Client, CBRE has componentised the added value of the various components of the property specifically for accounting purpose under relevant IFRS requirements as outlined below. CBRE disclaims all liability in regard to the individual apportioned values.

As requested by the Client, we include below a breakdown of the hypothetical added value of each component of the Fair Value, derived from category of operational and sales activities:

Valuation Date	Fair Value (AED)	FIVE room revenue (AED)	FIVE hospitality (AED)	Condo units: sold inventory revenue to be received (AED)	Condo units: inventory to sell (AED)
30 June 2023	1,394,100,000	880,100,000	269,100,000	4,900,000	240,000,000

FIVE room revenue – Inclusion of the 450 hotel room revenue, room expenses, pro-rata undistributed operating expenses, management fee income, pro-rata non-operating income and expenses, pro-rata FF&E Reserve attributed within the hotel management agreement and Unit Owner of the long term leasehold income from individual Condo units.

FIVE hospitality – Inclusion of the Food and Beverage, Other Operating Department and Miscellaneous Income revenue, expenses, pro-rata undistributed operating expenses, pro-rata non-operating income and expenses, pro-rata FF&E Reserve attributed within the hotel management agreement.

Condo units: sold inventory revenue to be received – Condo units that have been ‘sold’ on a 30 year lease to individual Condo unit owners, with revenue still to be received through respective payment plans in place.

Condo units: inventory to sell – Condo units that have not been ‘sold’, but are available to purchase on a 30 year lease on the open market.

Fair Value Apportionment by Income Source

As requested by the Client, we include below a hypothetical breakdown of the constituent elements of the Fair Value by income source:

Valuation Date	Fair Value (AED)	Hotel operational cash flow	FIVE management fees (AED)	Third party income (AED)	Condo units: sold inventory revenue to be received (AED)	Condo units: inventory to sell (AED)
30 June 2023	1,394,100,000	597,200,000	190,100,000	361,900,000	4,900,000	240,000,000

Hotel operational cash flow – Inclusion of the total revenue, total departmental expenses, total undistributed operating expenses, management fees, non-operating income and expenses and FF&E Reserve, calculating the EBITDA of the Property over the 10-year forecast period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

FIVE management fees – Fees generated by the FIVE hotel management company operating the Property under the Hotel Management Agreement in place over the 10-year forecast period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

Third party income – Individual unit owner (units ‘sold’ on a 30yr lease) profit share under the leasehold agreements in place over the 10-year period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

Condo units: sold inventory revenue to be received – Condo units that have been ‘sold’ on a 30 year lease, with revenue still to be received through respective payment plans in place.

Condo units: inventory to sell – Condo units that have not been ‘sold’ on a 30yr lease, but are available to purchase on the open market.

APPENDIX A:

Valuation Methodology

Profits Method

Specialised Trading Properties

The Property is of a category that is normally bought and sold on the basis of its trading potential on the assumption that there will be a continuation in trading. The essential characteristics of properties that are normally sold on the basis of their trading potential is that they are designed, or adapted, for a specific use (such as a Hotel) and that ownership of the property normally passes with the sale of the business as an operational entity.

Our valuation therefore is the Market Value of the Property as a fully equipped operational entity valued having regard to its trading potential. The operational entity comprises:-

The legal interest in the land and buildings;

The plant and machinery and all trade fixtures, fittings, furniture, furnishings and equipment required to continue operating the business (consumable stocks are excluded);

The market's perception of the trading potential, excluding personal goodwill, together with an assumed ability to obtain/renew existing licences, consents, certificates and permits;

The benefit of any transferable licences, consents, certificates and permits.

Specialised trading properties such as the Property are normally valued using the "profits' method" having regard to revenue and operating profits. Operating profits are known as Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) after the 11th revised edition of the Uniform System of Accounts for the Lodging Industry (USALI). The valuer assesses the fair maintainable level of trade and EBITDA that could be achieved by a reasonably efficient operator and which would form the basis for a bid in the open market.

The capitalisation factor applied to the revenue or operating profits reflects growth potential, risk and the desirability of the Property and is market derived.

Even where specialised trading properties are leased and the rent payable is not linked to turnover or EBITDA, where possible an attempt is made to understand the fair maintainable level of trade at the Property in an effort to estimate if the Property is 'correctly' rented.

We have prepared valuations of the Property on the basis of Market Value assuming a fully equipped operational entity having regard to trading potential. In assessing the value of a Property, we have had regard to the following methods of valuation.

Discounted cash flow (DCF)

Under the DCF method, the projected EBITDA for the Property over ten years are discounted back to present day values using an appropriate discount rate. The value of the Property derived from the capitalised earnings in the 10th year is also brought back to present values. Capital expenditure is built into the cash flow if appropriate.

Terminal Value

Where the asset is expected to continue beyond the explicit forecast period, it is necessary to estimate the value of the asset at the end of that period. The terminal value is then discounted back to the valuation date, normally using the same discount rate as applied to the forecast cash flow.

The terminal value should consider the following:

- (a) Whether the asset is deteriorating/finite-lived in nature or indefinite-lived will influence the method used to calculate a terminal value,
- (b) Whether there is future growth potential for the asset beyond the explicit forecast period,
- (c) Whether there is a predetermined fixed capital amount expected to be received at the end of the explicit forecast period,

(d) The expected risk level of the asset at the time the terminal value is calculated,

(e) For cyclical assets, the terminal value should consider the cyclical nature of the asset, and

(f) The tax attributes inherent in the asset at the end of the explicit forecast period and whether those tax attributes would be expected to continue into perpetuity. For example, an asset being depreciated/amortised for tax purposes will eventually be fully depreciated/amortised, potentially increasing the effective tax rate. The three most commonly used methods for calculating a terminal value are:

(a) Gordon growth model/constant growth model (appropriate only for indefinite-lived assets),

(b) Market approach/exit value (appropriate for both deteriorating/finite-lived assets and indefinite-lived assets), and

(c) Salvage value/disposal cost (appropriate only for deteriorating/finite-lived assets).

Gordon Growth Model/Constant Growth Model

The constant growth model assumes that the asset grows (or declines) at a constant rate into perpetuity.

Market Approach/Exit Value

The market approach/exit value method can be performed in a number of ways, but the ultimate goal is to calculate the value of the asset at the end of the explicit cash flow forecast.

Common ways to calculate the terminal value under this method include application of a market-evidence based capitalisation factor or a market multiple.

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Condensed Valuation Report

FIVE Luxe Jumeirah Beach Residence (JBR)

Dubai
United Arab Emirates

Reliant Parties: FIVE Holdings (BVI) Limited, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Emirates NBD Bank PJSC, Commercial Bank of Dubai P.S.C. and Mashreqbank psc.

Report Disclaimer – CBRE Valuation

- i. This document is for the sole use of FIVE Holdings (BVI) Limited (the “Client”), its affiliates and any other person directly provided with it by CBRE. Use by, or reliance upon this document by anyone other than those parties named above is not authorised by CBRE.
- ii. CBRE has prepared a full Valuation Report (the “Valuation Report”) relying on and referring to information provided by third parties (including the current operators of the property) including financial and market information (“Information”). CBRE assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect. Caution is advised in this regard.
- iii. CBRE has prepared this Condensed Valuation Report for inclusion within an offering memorandum on behalf of the Client (the “Offering Memorandum”); CBRE has not been involved in the preparation of the remainder of the Offering Memorandum. CBRE disclaims any liability to any person in the event of false and misleading statements included in, or an omission from, the Offering Memorandum.
- iv. This Condensed Valuation Report is a condensed version of the full Valuation Report addressing the same subject matter. The Valuation Report also draws attention to the key issues and considerations impacting value and provides additional detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. Commercial investments of this nature are inherently complex, and the market conditions have changed and/or have been uncertain in recent times.
- v. Neither this Condensed Valuation Report nor CBRE’s full Valuation Report may be reproduced in whole or in part without the prior written approval of CBRE.
- vi. Where CBRE has expressly agreed (by way of a reliance letter) that persons other than the Client can rely upon the Valuation Report (a “Relying Party” or “Relying Parties”), then CBRE shall have no greater liability to any Relying Party than it would have had if such party had been named as a joint client under the Instruction.
- vii. CBRE’s maximum aggregate liability to the Client and to any authorised Reliant Parties, howsoever arising under, in connection with or pursuant to reliance upon this Condensed Valuation Report or any other Valuation Report produced under the same letter of instruction, and whether in contract, tort, negligence or otherwise shall not exceed US \$15,000,000 (AED 55,087,500).
- viii. CBRE is not a financial advisor, and this document does not constitute financial product advice. Investors should consider obtaining independent advice from their financial advisor before making any decision to invest in/with the Client.
- ix. None of the information in this Condensed Valuation Report constitutes advice as to the merits of entering into any form of transaction. If you do not understand this legal notice, then it is recommended that you seek independent legal advice.

Publication

Apart from the use in respect of the green bond issuance as set out above, neither the whole nor any part of our report nor any references to it may be included in any published document, circular or statement nor published in any way without our prior written approval.

If you request our approval to use or publish the report or any part of thereof (including any valuations contained therein), in any external publication, investor briefing or website, or make it available to any third parties whatsoever, you must provide us with a specimen of the text and layout of the article, display or advertisement and identify the intended forum and recipients. If we approve the publication or display, you may not vary from the specimen so approved by us.

Any such approved publication of, or reference to the report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of any special assumptions referred to above (if applicable).

Part I: Valuation Report

Valuation Report

Report Date	18 August 2023
Addressee	FIVE Holdings (BVI) Limited Coastal Building Wickham's Cay II P.O. Box 2221, Road Town, Tortola British Virgin Islands
The Property	FIVE Luxe JBR The Walk, Jumeirah Beach Residences Dubai, United Arab Emirates
Property Description	5-Star luxury "Condo-Hotel" with 222 rooms, 222 hotel apartments (with 160 included in the hotel rental pool), 8 F&B, a spa, health club, swimming pools as well as beach and promenade access and a retail area.
Ownership Purpose	Investment purposes
Instruction	To value the unencumbered freehold interest in the property on the basis of Fair Value as at the valuation date in accordance with the terms of engagement entered into between CBRE and the addressees dated 18 August 2023.
Valuation Date	30 June 2023.
Capacity of Valuer	External Valuer, as defined in the current version of the RICS Valuation – Global Standards.
Purpose	We understand that our valuation report and the Appendices to it (together the "Valuation Report") are required for inclusion in an Offering Memorandum which is to be published by the Client pursuant to the proposed issue of Notes by the Client and admission of the Note to the Nasdaq Dubai and the London Stock Exchange (the "Transaction"). The Valuation is on the basis of Fair Value as defined in the current edition of the International Financial Reporting Standards.
Fair Value – 30 June 2023	AED 2,461,100,000 (Two Billion, Four Hundred And Sixty One Million, One Hundred Thousand United Arab Emirates Dirhams) exclusive of VAT. We confirm that the "Fair Value" reported above, for the purpose of financial reporting under International Financial Reporting Standards (IFRS), is effectively the same as "Market Value". We have valued the Properties individually at the respective date of valuation included within the Condensed Property Report. Our opinion of Fair Value is based upon the Scope of Work and valuation Assumptions attached, and has been primarily derived using the Profits method and a 10-year discounted cash flow, with consideration towards recent market transactions on arm's length terms to derive a terminal capitalisation rate.
General Market Volatility – as at Valuation Date	We draw your attention to the fact that a combination of global inflationary pressures (leading to higher interest rates) and the recent geopolitical events in Ukraine, in

addition to the on-going effects of the global Covid-19 pandemic in some markets, has heightened the potential for greater volatility in property markets over the short-to-medium term. Experience has shown that consumer and investor behaviour can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility. Lending/Investment caution is advised in this regard.

You should note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how market participants respond to current events.

Development Valuations

The value of development projects is traditionally highly volatile and can be subject to rapid changes of value in short timeframes. These property types appeal to a narrow and very specific segment of the market, which can be significantly impacted by many factors such as, broader economic conditions, changes to government policy, fluctuating levels of supply and demand for the product, changes in building costs and the availability and cost of development finance. All these (and more) factors will likely have a significant impact on the value and demand for the subject property.

Going forward there will be several key factors impacting on the viability of hospitality projects and their underlying land values. Key concerns are rising construction costs, substantial new supply levels and easing investor demand for the final product. In addition, we also note that recent stresses in the banking system may significantly restrict development capital and increase the cost of development finance.

Moreover, the current development site market cycle is likely at, or has passed its peak with heightened volatility and increased likelihood of deteriorating values.

As experienced in previous market cycles, the value of development projects can undergo rapid and significant price corrections, as supply, demand and cost factors change. The Reliant Parties are strongly advised to consider this inherent risk in their investment decisions. Caution is advised in this regard.

Construction Cost Volatility

Material costs, labour costs and supply chains are currently unusually volatile with the market experiencing price increases in some or all those areas during 2022 and continuing into 2023. This has created significant uncertainty in cost estimates that is likely to continue. In addition, there are significant risks that delays may be encountered in sourcing materials and labour, and as such delivery risks are also heightened in this climate.

Rental Income

Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent.

Special Assumptions

No special assumptions have been assumed in undertaking the Fair Value of the asset.

Compliance with Valuation Standards

The valuation has been prepared in accordance with the current version of the RICS Valuation – Global Standards, which incorporate the International Valuation Standards “the Red Book”.

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently.

Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE Ltd, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.

This valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property.

Other valuers may reach different conclusions as to the value of the subject property. This valuation is for the sole purpose of providing the intended user with the Valuer's independent professional opinion of the value of the subject property as at the valuation date.

Sustainability Considerations

Wherever appropriate, sustainability and environmental matters are an integral part of the valuation approach. 'Sustainability' is taken to mean the consideration of such matters as environment and climate change, health and well-being and corporate responsibility that can or do impact on the valuation of an asset. In a valuation context, sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect value. The range of issues includes key environmental risks, such as flooding, energy efficiency and climate, as well as matters of design, configuration, accessibility, legislation, management, and fiscal considerations – and current and historic land use.

Sustainability has an impact on the value of an asset, even if not explicitly recognised. Valuers reflect markets, they do not lead them. Where we recognise the value impacts of sustainability, we are reflecting our understanding of how market participants include sustainability requirements in their bids and the impact on market valuations.

Assumptions

The property details on which the valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figure may also be incorrect and should be reconsidered.

Variation from Standard Assumptions Verification

None

We recommend that before any financial transaction is entered into based upon these valuations, you obtain verification of any third party information contained within our report and the validity of the assumptions we have adopted.

We would advise you that whilst we have valued the property reflecting current market conditions, there are certain risks which may be, or may become, uninsurable. Before undertaking any financial transaction based upon this valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.

Valuer

The property has been valued and inspected by a valuer who is qualified for the purpose of the valuation in accordance with the Red Book.

Independence

The total fees, including the fee for this assignment, earned by CBRE Dubai LLC (or other companies forming part of the same group of companies within the UAE) from the Addressee (or other companies forming part of the same group of companies) is less than 5.0% of the total UK or UAE revenues.

It is not anticipated this situation will vary in the financial year to 31 December 2023.

We confirm that we do not have any material interest in FIVE Holdings (BVI) Limited or other companies in the same Group or the Property.

Conflicts of Interest

We confirm that we have previously undertaken a valuation on the asset for secured lending and Year End financial reporting purposes in 2021 and 2022. We confirm that CBRE has no material involvement with the property and have no conflicts of interest – and that copies of our conflict of interest checks have been retained within the working papers.

Note: CBRE will be disclosing our previous relationship with the client in the valuation and offer document.

Disclosure

The principal signatory of this report has continuously been the signatory of Valuations for the Company since March 2018.

CBRE Dubai LLC has continuously been carrying out Valuation instructions for the Company since 30 November 2020.

CBRE Dubai LLC has carried out Valuation services on behalf of the Company since 30 November 2020.

Reliance

The contents of this Report may only be relied upon by:

(i) Addressees of the Report; and

(ii) Parties who have received prior written consent from CBRE in the form of a reliance letter;

for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of the special assumptions referred to herein.

Yours faithfully



Daniel McCulloch
Senior Director
Head of CBRE Valuation MENA
RICS Registered Valuer

For and on behalf of
CBRE Dubai LLC

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Yours faithfully



Christopher Robson
Associate Director
CBRE Hotels & Tourism
RICS Registered Valuer

For and on behalf of
CBRE Dubai LLC

+971 (0) 4 437 7240

Christopher.robson@cbre.com

Sources of Information and Scope of Works

Sources of Information	<p>We have carried out our work based upon information supplied to us by the Client between 01 March 2023 and 04 August 2023, as set out within this report, which we have assumed to be correct and comprehensive.</p> <ul style="list-style-type: none">• Site plan;• Title deed;• Hotel projections;• Hotel building schedule details, including number of Condo hotel rooms and residences, F&B outlet approximate capacities and cuisine offering and spa, swimming pool and childrens leisure facilities offered at the Property;• Anticipated STR competitive set for the YE 2020, YE 2021, MY 2022 and YE 2022 periods;• Floor plans / layouts;• Facility mix and amenities;• Lease terms related to seabed and beach;• Remaining cost to complete.
The Property	<p>Our report contains a brief summary of the property details on which our valuation has been based.</p>
The Inspection	<p>The property was internally inspected by Christopher Robson MRICS, RICS Registered Valuer, and Benjamin Parkins on 15 March 2023.</p> <p>We confirm we inspected the property on 15 March 2023 The Client has confirmed there were no material changes to the physical attributes of the property and it is still operating as a trading hotel, at a 5-Star luxury positioning between the date of inspection and the date of valuation. We have assumed this advice to be correct.</p> <p>All valuations are current as at the date of valuation only. The value assessed may in the future change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property or particular property sector). CBRE does not accept liability for losses arising from subsequent changes in value. As values can vary from time to time, CBRE recommends the valuation be reviewed periodically in the future to ascertain any changes in value.</p> <p>Without limiting the generality of this statement, we do not assume any responsibility or accept any liability, nor should the valuation be relied upon if the Client, or any Reliant Party becomes aware of any factors that may have an effect on the valuation and has not disclosed such information to CBRE.</p>
Areas	<p>We have not measured the properties but have relied upon the floor areas provided to us by FIVE Investments LLC as set out in this report, which we have assumed to be correct and comprehensive.</p>

Environmental Matters	<p>We have not been provided with copies of any environmental reports referring to the Property.</p> <p>We have not carried out any investigations into the past or present uses of the property, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.</p>
Services and Amenities	<p>We understand that all main services including water, drainage, electricity and telephone are available to the property. None of the services have been tested by us.</p>
Repair and Condition	<p>We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the property. We are unable, therefore, to give any assurance that the property is free from defect.</p>
Titles, Tenures and Lettings	<p>Details of title/tenure under which the property is held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title, including relevant deeds, leases and planning consents is the responsibility of your legal adviser.</p> <p>We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.</p>

Valuation Assumptions

Introduction

An Assumption is defined in the Red Book Glossary and VPS 4 to be a “supposition taken to be true” (an “Assumption”).

Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that it has been agreed need not be verified by the valuer as part of the valuation process. Assumptions are made when it is reasonable for the valuer to accept that something is true without the need for specific investigation.

The Client has confirmed and we confirm that our Assumptions are correct as far as the Client and we, respectively, are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The principal Assumptions which we have made are stated within this Valuation Report.

For the avoidance of doubt, the Assumptions made do not affect compliance with the approach to Market Value under the Red Book.

Capital Values

The valuation has been prepared on the basis of "Fair Value" (in accordance with International Financial Reporting Standard 13), which is defined as:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

"Fair Value", for the purpose of financial reporting under IFRS 13, is effectively the same as "Market Value", which is defined in the Red Book as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.

No account has been taken of the availability or otherwise of capital based Government grants.

Rental Values

Unless stated otherwise rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent in the Red Book, which is as follows:

"The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

[a] the property is not contaminated and is not adversely affected by any existing or proposed environmental law;

[b] any processes which are carried out on the property which are regulated by environmental legislation are properly licensed by the appropriate authorities.

[c] the property is either not subject to flooding risk or, if it is, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

[a] there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;

[b] the property is free from rot, infestation, structural or latent defect;

[c] no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the property; and

[d] the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the property. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Lettings,
Planning, Taxation and
Statutory & Local
Authority requirements

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

[a] the property possesses a good and marketable title free from any onerous or hampering restrictions or conditions;

[b] the building has been erected either prior to planning control, or in accordance with planning permissions, and has the benefit of permanent planning consents or existing use rights for their current use;

[c] the property is not adversely affected by town planning or road proposals;

[d] the building complies with all statutory and local authority requirements including building, fire and health and safety regulations;

[e] all rent reviews are upward only and are to be assessed by reference to full current market rents;

[f] there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

[g] tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;

[h] there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

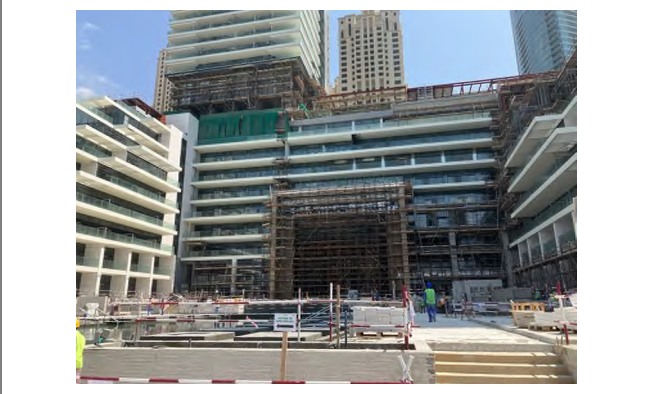
[i] where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and

[j] vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

Part II: Property Details

Property Details

Outside view of the Property



Source: CBRE Site Inspection

Location



Source: Google Maps

The Property

The property is located within the Dubai Marina district of Dubai, United Arab Emirates. The property features direct beach access and is situated along The Walk, a promenade that offers a mix of retail and dining options.

Dubai International Airport is located circa 35 kilometres to the north-east of the subject site with a drive time of circa 30 minutes. Accessibility to the subject site can be accessed by vehicle directly from The Walk.

After the acquisition by the client for the subject property, construction recommenced in September 2021. Once open, the subject property is expected to operate as a luxury 5-Star hotel under the management of FIVE International Hotel Management. The property consists of a U-shape style structured podium (Ground floor + 10 floors) with a single tower starting from the 11th floor and ending on the 55th floor. The U-shaped structure comprises 222 hotel keys, while the tower features a total of 222 residences, of which, to date, 160 of these units form part of the hotel rental pool.

In total, the property features 3 basement levels, ground floor and 55 floors and is planned to provide 8 F&B venues (excluding In Room Dining and Minibar), a gym, spa and third-party rental areas including Sikka Retail space and a water sports area and is due to open on 01 January 2024.

Tenure

We have been provided with a Title Deed dated 02 September 2021 which confirms the plot number as plot 3609 (Municipality No. 392 – 549) of the Marsa Dubai Community and the owner of the title as Five JBR Holding (DIFC) Limited.

As per information from The Client, Five JBR Holding (DIFC) Limited is an affiliate of The Client. Hence, we have assumed that the above areas of the Property are owned by The Client freehold.

Operating Agreement

We have not been provided with a copy of the Hotel Management Agreement (HMA) for the Property; however, we were provided with the key commercial terms, which are summarised below:

HMA Headings	Details
Basic Management Fee	2.5% of gross operating revenue
Incentive Management Fee	10% of gross operating profit
Sales & Marketing Fee	1% of gross operating revenue
Group Services Fee	0.5% of gross operating revenue
FF&E Reserve	1.0% of gross operating revenue
Hotel units for sale headings	Details
Hotel unit owners guaranteed return	An annual guaranteed return of 7% of the total purchase price
Guaranteed period	10 years starting from the rent commencement date
Rent commencement date	First day of which the hotel operator takes in guests for occupation of hotel rooms
Hotel unit owners share post guaranteed return period – “buyer’s monthly income”	After the guaranteed period – the hotel units will be paid in rent, which is calculated as follows: 40% of the rooms revenue minus deductible expenses
Holiday Homes headings	Details
Unit owners guaranteed return	10% of unit sales price for a period of 5 years from opening
Lock-in period during the guaranteed return	A period of 60 months starting from the effective date (date of issue of the building completion certificate).
Unit owners share post guaranteed return period – “buyer’s monthly income”	75% of rental revenue generated from the residences less property management fees and deductions.
Client’ returns – “property management fee”	25% of rental revenue generated from the residences.
Definition of rental revenue	Total income generated net of any taxes from the occupancy of the unit by guests and the provision of the holiday home services to the unit.
Definition of holiday home services	Performing all management, marketing, and operational obligations necessary to operate the unit as a holiday home let to be used and occupied by guests upon the commercial terms determined by the agent in its absolute discretion.
Definition of deductions	Third party fees, service charges, and utility charges applicable to the unit, including but not limited to DEWA, chilled water, DU/Etiscalat and such other fees and charges applicable to the unit towards the holiday home services.

Source: The Client

Key Valuation Factors

Strengths and Opportunities:

- Located on a prime beachfront tract of land situated in proximity to a wide variety of demand generators (The Walk and Dubai Marina Mall for example).
- Favourable unobstructed sea views with view aspects of Bluewaters Island and the Palm Jumeirah on higher floors.
- The property features direct beach access with a frontage of c.100 metres.
- Strong F&B concepts. Unique Rig development (operated under Lio brand) that is likely to drive further visitation and demand to the property.
- Large catchment area – Dubai Marina is a densely populated area. The property will be able to capture residents to their F&B outlets.

Risks and Mitigating Factors:

- Under construction properties are inherently higher risk and can be significantly impacted by many factors such as, broader economic conditions, changes to government policy, fluctuating levels of supply and demand for the product, changes in building costs and the availability and cost of development finance.
- Traffic congestion around JBR during peak hours.
- The Property is operated by local operator FIVE International Hotel Management, whose brand identity and standards are strongly linked to its founders.
- Due to the Condo-Hotel nature of the Property, the inventory of the Hotel apartments component can vary on a yearly basis affecting performance of the Property.
- Competing developments in proximity to the subject site, especially within the 5-Star segment.
- Undercutting of rates by local hotels and inferior quality hotels to gain market share.

Valuation Methodology

We have calculated the Fair Value of the subject site by adopting the Profits Method and Residual Method of valuation. The Profits Method was used to calculate the Gross Development Value of the Property, from which the remaining construction costs are deducted giving the Fair Value of the Property.

In the case of development valuations, we would draw your attention to the fact that, even in normal market conditions, the residual method of valuation is very sensitive to changes in key inputs, with small changes in variables (such as the timing of the development, finance/construction costs and sales rates) having a disproportionate effect on land value. Consequently, in the current extraordinary market conditions – with construction costs increasing, supply and timing issues, fluctuating finance rates, uncertain marketing periods and a lack of recent comparable information – it is inevitable that there is even greater uncertainty, with site values being susceptible to much more variance than normal.

Please refer to Appendix A for the standard methodologies descriptions.

Valuation Date

30 June 2023

Fair Value

30 June 2023: AED 2,461,100,000 (Two Billion, Four Hundred And Sixty One Million, One Hundred Thousand United Arab Emirates Dirhams)

We have included a sensitivity analysis in the table below, based on the variation in construction cost and impact upon Fair Value:

Construction Cost Change (%)	Fair Value (AED)
Base Case	2,461,100,000
10.00% below base case	2,475,800,000
5.00% below base case	2,468,500,000
5.00% above base case	2,453,700,000
10.00% above base case	2,446,300,000

Under RICS Red Book guidelines we have adopted a 10-year cashflow and capitalised Year 10 into perpetuity to provide our opinion of Gross Development Value. Thereafter, we adopted the residual method of valuation to calculate the Fair Value of the asset under construction.

Our Gross Development Value (GDV) is based on a going concern basis, under the assumption that the hotel is operational with the FIVE brand in place, reflecting similar levels of business to other Properties within the group and its relevant competitive set. The current GDV of the property is intrinsically linked to the successful operation of the hotel business on the property. Any change, deterioration or cessation of the business practices as per our assumptions would have a significantly detrimental impact on the property's value. Caution is advised in this regard.

Profits Method

Specialised Trading Properties

The Property is of a category that is normally bought and sold on the basis of its trading potential on the assumption that there will be a continuation in trading. The essential characteristics of properties that are normally sold on the basis of their trading potential is that they are designed, or adapted, for a specific use (such as a Hotel) and that ownership of the property normally passes with the sale of the business as an operational entity.

Our valuation therefore is the Market Value of the Property as a fully equipped operational entity valued having regard to its trading potential. The operational entity comprises:-

The legal interest in the land and buildings;

The plant and machinery and all trade fixtures, fittings, furniture, furnishings and equipment required to continue operating the business (consumable stocks are excluded);

The market's perception of the trading potential, excluding personal goodwill, together with an assumed ability to obtain/renew existing licences, consents, certificates and permits;

The benefit of any transferable licences, consents, certificates and permits.

Specialised trading properties such as the Property are normally valued using the "profits' method" having regard to revenue and operating profits. Operating profits are known as Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) after the 11th revised edition of the Uniform System of Accounts for the Lodging Industry (USALI). The valuer assesses the fair maintainable level of trade and EBITDA that could be achieved by a reasonably efficient operator and which would form the basis for a bid in the open market.

The capitalisation factor applied to the revenue or operating profits reflects growth potential, risk and the desirability of the Property and is market derived.

Even where specialised trading properties are leased and the rent payable is not linked to turnover or EBITDA, where possible an attempt is made to understand the fair maintainable level of trade at the Property in an effort to estimate if the Property is 'correctly' rented.

We have prepared valuations of the Property on the basis of Market Value assuming a fully equipped operational entity having regard to trading potential. In assessing the value of a Property, we have had regard to the following methods of valuation.

Discounted cash flow (DCF)

Under the DCF method, the projected EBITDA for the Property over ten years are discounted back to present day values using an appropriate discount rate. The value of the Property derived from the capitalised earnings in the 10th year is also brought back to present values. Capital expenditure is built into the cash flow if appropriate.

Terminal Value

Where the asset is expected to continue beyond the explicit forecast period, it is necessary to estimate the value of the asset at the end of that period. The terminal value is then discounted back to the valuation date, normally using the same discount rate as applied to the forecast cash flow.

The terminal value should consider the following:

- (a) Whether the asset is deteriorating/finite-lived in nature or indefinite-lived will influence the method used to calculate a terminal value,
- (b) Whether there is future growth potential for the asset beyond the explicit forecast period,
- (c) Whether there is a predetermined fixed capital amount expected to be received at the end of the explicit forecast period,

(d) The expected risk level of the asset at the time the terminal value is calculated,

(e) For cyclical assets, the terminal value should consider the cyclical nature of the asset, and

(f) The tax attributes inherent in the asset at the end of the explicit forecast period and whether those tax attributes would be expected to continue into perpetuity. For example, an asset being depreciated/amortised for tax purposes will eventually be fully depreciated/amortised, potentially increasing the effective tax rate. The three most commonly used methods for calculating a terminal value are:

(a) Gordon growth model/constant growth model (appropriate only for indefinite-lived assets),

(b) Market approach/exit value (appropriate for both deteriorating/finite-lived assets and indefinite-lived assets), and

(c) Salvage value/disposal cost (appropriate only for deteriorating/finite-lived assets).

Gordon Growth Model/Constant Growth Model

The constant growth model assumes that the asset grows (or declines) at a constant rate into perpetuity.

Market Approach/Exit Value

The market approach/exit value method can be performed in a number of ways, but the ultimate goal is to calculate the value of the asset at the end of the explicit cash flow forecast.

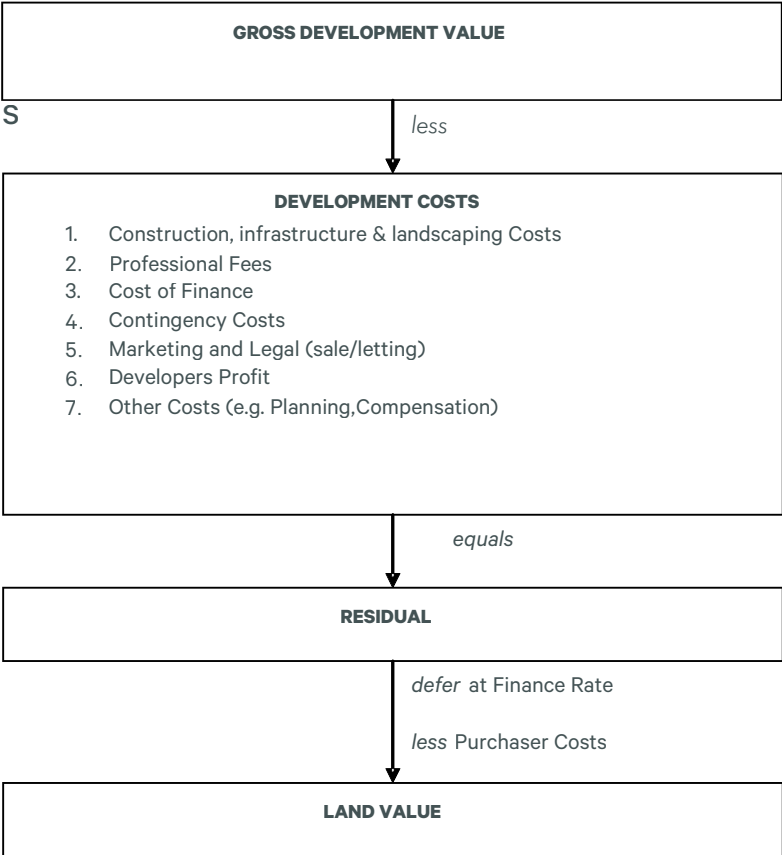
Common ways to calculate the terminal value under this method include application of a market-evidence based capitalisation factor or a market multiple.

Residual Method

The residual valuation approach is the valuation method accepted by the RICS for valuing developments and opportunities which take time to come to fruition.

The term “Residual Valuation” relates to any valuation which consists of an estimate of the value of a property after allowing for various items of expenditure. In terms of valuing a development the “residual” refers to the value of the site after all costs have been spent.

To arrive at the residual the following process is undertaken



Terminology

Gross Development Value

The Gross Development Value (GDV) is the total calculation of all the inflows once the development is complete. The market price for the venture depends on the current market practice for valuing each sector within the development. This traditionally may either take the form of valuing to market value using direct capital sale comparisons, or by assessing the rental income from the scheme and capitalising this into perpetuity or by preparing a cash flow with an assumed hold period.

Construction Costs

The valuer needs to assess the costs of developing the Project in order that these can be deducted to arrive at the land value. Total development costs can be put into nine main areas.

1. Building Costs

These are the costs of constructing the individual elements of a development. Construction costs for infrastructure development are based on the current market costs for building similar schemes in the area. In the case of subject plots, the construction costs refer to infrastructure works and land costs.

2. Professional Fees

These relate to the professionals that will be employed in completing the scheme ranging from architects, quantity surveyors, engineers, planning supervisors etc.

3. Finance Costs

The appraisal takes into account the cost of borrowing to facilitate the capital required to undertake the proposed works. The finance rate used depends on the current market rate that can be achieved.

4. Contingency Costs

In any development valuation situation, an allowance for unforeseen and over running costs needs to be built into the equation. This allowance can either be made on all costs or applied to the build costs and fees.

5. Marketing and Legal (Sale and Letting Fees)

We have included a marketing budget and sale fees to determine the residual value.

6. Developer's Profit

When valuing a development scheme a sum has to be specified for the amount the developer or developers will require for taking on the risk of the scheme. The exact figure depends on factors such as the current market climate and the perceived risk and scale of the development scheme.

7. Other Costs such as Planning or Compensation

These tend to be scheme specific but need to be accounted for in arriving at the residual land value.

8. Purchaser's costs

These are costs that have to be accounted for when acquiring the land and these would include Municipality transfer fees, agents' fees and legal fees.

9. Land Value

The net result once all the costs have been subtracted from the GDV.

For more information:

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EMAAR Square
Building 6, Level 5
PO Box 506961
Dubai, United Arab Emirates

Website: www.cbre.ae

Condensed Valuation Report



FIVE Palm Jumeirah

Dubai

United Arab Emirates

Date of Inspection: 15 March 2023

Date of Valuation: 30 June 2022

Reliant Parties: FIVE Holdings (BVI) Limited, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Emirates NBD Bank PJSC, Commercial Bank of Dubai PSC, Mashreqbank psc.

Important Report Disclaimers – CBRE Valuation

- i. This document is for the sole use of FIVE Holdings (BVI) Limited (the “Client”), its affiliates and any other person directly provided with it by CBRE. Use by, or reliance upon this document by anyone other than those parties named above is not authorised by CBRE.
- ii. CBRE has prepared a full Valuation Report (the “Valuation Report”) relying on and referring to information provided by third parties (including the current operators of the property) including financial and market information (“Information”). CBRE assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect. Caution is advised in this regard.
- iii. CBRE has prepared this Condensed Valuation Report for inclusion within an offering memorandum on behalf of the Client (the “Offering Memorandum”); CBRE has not been involved in the preparation of the remainder of the Offering Memorandum. CBRE disclaims any liability to any person in the event of false and misleading statements included in, or an omission from, the Offering Memorandum.
- iv. This Condensed Valuation Report is a condensed version of the full Valuation Report addressing the same subject matter. The Valuation Report also draws attention to the key issues and considerations impacting value and provides additional detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. Commercial investments of this nature are inherently complex, and the market conditions have changed and/or have been uncertain in recent times.
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- ix. None of the information in this Condensed Valuation Report constitutes advice as to the merits of entering into any form of transaction. If you do not understand this legal notice, then it is recommended that you seek independent legal advice.

Publication

Apart from the use in respect of the Offering Memorandum, neither the whole nor any part of our report nor any references to it may be included in any published document, circular or statement nor published in any way without our prior written approval.

If you request our approval to use or publish the report or any part of thereof (including any valuations contained therein), in any external publication, investor briefing or website, or make it available to any third parties whatsoever, you must provide us with a specimen of the text and layout of the article, display or advertisement and identify the intended forum and recipients. If we approve the publication or display, you may not vary from the specimen so approved by us.

Any such approved publication of, or reference to the report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of any special assumptions referred to above (if applicable).

Part I: Valuation Report

Valuation Report

Report Date	18 August 2023
Addressee	FIVE Holdings (BVI) Limited Coastal Building Wickham's Cay II P.O. Box 2221, Road Town, Tortola British Virgin Islands
The Property	FIVE Palm Jumeirah Dubai No. 1, Palm Jumeirah Dubai, United Arab Emirates PO Box 6438
Interest Valued	Freehold under going concern, subject to lease agreements and management agreement in place.
Property Description	5-Star luxury "Condo-Hotel" with 436 rooms, 38 hotel apartments, 14 F&B outlets (12 managed and 2 F&B outlets under revenue share schemes with third-party operators but owned by FIVE), 1 ballroom, a spa, health club, swimming pools as well as beach and promenade access.
Instruction	To value the freehold going concern of the property on the basis of Fair Value as at the valuation date in accordance with the terms of engagement entered into between CBRE and the addressees dated 18 August 2023.
Valuation Date	30 June 2022
Capacity of Valuer	External Valuer, as defined in the current version of the RICS Valuation – Global Standards.
Purpose	We understand that our valuation report and the Appendices to it (together the "Valuation Report") are required for inclusion in an Offering Memorandum which is to be published by the Client pursuant to the proposed issue of Notes by the Client and admission of the Note to the Nasdaq Dubai and the London Stock Exchange (the "Transaction"). The Valuation is on the basis of Fair Value as defined in the current edition of the International Financial Reporting Standards.
Aggregate Fair Value – 30 June 2022	AED 3,920,200,000 (Three Billion, Nine Hundred And Twenty Million, Two Hundred Thousand United Arab Emirates) exclusive of VAT. We confirm that the "Fair Value" reported above, for the purpose of financial reporting under International Financial Reporting Standards (IFRS), is effectively the same as "Market Value". We have valued the Properties individually at the respective 30 June 2022 included within the Condensed Property Report.

Our opinion of Fair Value is based upon the Scope of Work and valuation Assumptions attached, and has been primarily derived using the Profits method and a 10-year discounted cash flow, with consideration towards recent market transactions on arm’s length terms to derive a terminal capitalisation rate.

Valuation of a trade related Property as a Going Concern

Hotel and leisure properties are normally bought and sold on the basis of their trading potential. The essential characteristic of this type of property is that they have been designed or adapted for a specific use, and the resulting lack of flexibility means that the value of the property interest is intrinsically linked to the returns that an owner can generate from that use. The value therefore reflects the trading potential of the property. It can be contrasted with generic property that can be occupied by a range of different business types, such as standard office, industrial or retail property.

Our valuation has been assessed having regard to trading potential of the business currently operating on the property. In this regard we have made the assumption of the continued operation of the current hotel business on the property. The current value of the property is intrinsically linked to the successful operation of the current hotel business. Any change, deterioration or cessation of the business practices as detailed in our valuation would have a significantly detrimental impact on the property’s value. Investment caution is advised in this regard.

General Market Volatility – as at Valuation Date

The valuation takes no account of the costs of business closure, disruption or any other costs associated with realising this value and is not a vacant possession value.

We draw your attention to the fact that a combination of global inflationary pressures (leading to higher interest rates) and the recent geopolitical events in Ukraine, in addition to the on-going effects of the global Covid-19 pandemic in some markets, has heightened the potential for greater volatility in property markets over the short-to-medium term. Experience has shown that consumer and investor behaviour can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility. Lending/Investment caution is advised in this regard.

You should note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how market participants respond to current events.

Heightened Volatility Hotel and Tourism Property

The value of hotels and tourism related property is traditionally volatile and can be subject to rapid changes of value in short timeframes. These property types appeal to a narrow and very specific segment of the market which can be significantly impacted by many factors such as, broader economic conditions, migration, changes to operating costs and inflation, travel and visas restrictions (both domestic and international) and other changes to government policy, which may materially impact levels of supply and demand for the product. All these (and more) factors will likely have a significant impact on the value and demand for the subject property.

Going forward there will be several key factors impacting on the viability of hotel and leisure and their underlying values. Key concerns relate to the subject property are:-

- Due to the condo-hotel nature of the Property, the inventory of the hotel apartments component can vary affecting performance of the Property.

- The Property is in a non-established hospitality market and mostly under development community of Dubai.
- New supply and increased competition within the Dubai hospitality market
- Undercutting of rates by local hotels and inferior quality hotels to gain market share.

In addition, we also note that recent stresses in the banking system may significantly restrict capital.

As experienced in previous market cycles, the value of hotel and tourism related property can undergo rapid and significant price corrections, as supply, demand and cost factors change which should be considered in any investment decisions. Caution is advised in this regard.

Valuation Uncertainty	Market transaction of hotels with similar operating structures is limited and as such our valuation includes appropriate adjustments and subjective analysis. Our valuation therefore contains a degree of inherent uncertainty that may be greater than for a standard hotel operating structure valuation.
Rental Income	Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent.
Special Assumptions	No special assumptions have been assumed in undertaking the Fair Value of the asset.
Compliance with Valuation Standards	The valuation has been prepared in accordance with the current version of the RICS Valuation – Global Standards, which incorporate the International Valuation Standards “the Red Book”.
	We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently.
	Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE Ltd, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.
	This valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property.
	Other valuers may reach different conclusions as to the value of the subject property. This valuation is for the sole purpose of providing the intended user with the Valuer’s independent professional opinion of the value of the subject property as at the valuation date.
Sustainability Considerations	Wherever appropriate, sustainability and environmental matters are an integral part of the valuation approach. ‘Sustainability’ is taken to mean the consideration of such matters as environment and climate change, health and well-being and corporate responsibility that can or do impact on the valuation of an asset. In a valuation context, sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect value. The range of issues includes key environmental risks, such as flooding, energy efficiency and climate, as well as matters of design,

configuration, accessibility, legislation, management, and fiscal considerations – and current and historic land use.

Sustainability has an impact on the value of an asset, even if not explicitly recognised. Valuers reflect markets, they do not lead them. Where we recognise the value impacts of sustainability, we are reflecting our understanding of how market participants include sustainability requirements in their bids and the impact on market valuations.

Assumptions

The property details on which the valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figure may also be incorrect and should be reconsidered.

Variation from Standard Assumptions

None

Verification

We recommend that before any financial transaction is entered into based upon these valuations, you obtain verification of any third party information contained within our report and the validity of the assumptions we have adopted.

We would advise you that whilst we have valued the property reflecting current market conditions, there are certain risks which may be, or may become, uninsurable. Before undertaking any financial transaction based upon this valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.

Valuer

The property has been valued and inspected by a valuer who is qualified for the purpose of the valuation in accordance with the Red Book.

Independence

The total fees, including the fee for this assignment, earned by CBRE Dubai LLC (or other companies forming part of the same group of companies within the UAE) from the Addressee (or other companies forming part of the same group of companies) is less than 5.0% of the total UK or UAE revenues.

It is not anticipated this situation will vary in the financial year to 31 December 2023.

We confirm that we do not have any material interest in FIVE Holdings (BVI) Limited or other companies in the same Group or the Property.

Conflicts of Interest

We confirm that we have previously undertaken a valuation on the asset for financial reporting purposes in 2020, 2021 and 2022 for the Client.

We confirm that CBRE has no other material involvement with the property and have no conflicts of interest – and that copies of our conflict of interest checks have been retained within the working papers.

Disclosure

The principal signatory of this report has continuously been the signatory of Valuations for the Company since March 2018.

CBRE Dubai LLC has continuously been carrying out Valuation instructions for the Company since 30 November 2020.

CBRE Dubai LLC has carried out Valuation services on behalf of the Company since 30 November 2020.

Reliance

The contents of this Report may only be relied upon by:

- (i) Addressees of the Report; and
- (ii) Parties who have received prior written consent from CBRE in the form of a reliance letter;

for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of the special assumptions referred to herein.

Yours faithfully



Daniel McCulloch
Senior Director
Head of CBRE Valuation MENA
RICS Registered Valuer

For and on behalf of
CBRE Dubai LLC
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Yours faithfully



Christopher Robson
Associate Director
CBRE Hotels & Tourism
RICS Registered Valuer

For and on behalf of
CBRE Dubai LLC
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Christopher.robson@cbre.com

Sources of Information and Scope of Works

Sources of Information	<p>We have carried out our work based upon information supplied to us by the Client between 01 March 2023 and 04 August 2023, as set out within this report, which we have assumed to be correct and comprehensive.</p> <ul style="list-style-type: none"> • Site plan; • Title deed; • Hotel Actual performance for the following periods: <ul style="list-style-type: none"> ○ YE 2020; ○ YE 2021; ○ YE 2022; ○ YTD June 2022; • Hotel building schedule details, including number of Condo hotels and residences, F&B outlet approximate capacities and cuisine offering and spa, swimming pool and children’s leisure facilities offered at the Property; • Floor plans / layouts; • Facility mix and amenities; • A copy of a typical Holiday Home lease; • A copy of a typical Condo-Hotel lease.
The Property	<p>Our report contains a brief summary of the property details on which our valuation has been based.</p>
The Inspection	<p>The property was internally inspected by Christopher Robson MRICS, RICS Registered Valuer, and Benjamin Parkins on 15 March 2023. The Client has advised there have been no material change to the property between the Inspection Date and the Valuation Date, and we have assumed this to be true for this valuation.</p> <p>We confirm we inspected the property on 15 March 2023 The Client has confirmed there were no material changes to the physical attributes of the property and it is still operating as a trading hotel, at a 5-Star luxury positioning between the date of inspection and the date of valuation. We have assumed this advice to be correct.</p> <p>All valuations are current as at the date of valuation only. The value assessed may in the future change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property or particular property sector). CBRE does not accept liability for losses arising from subsequent changes in value. As values can vary from time to time, CBRE recommends the valuation be reviewed periodically in the future to ascertain any changes in value.</p> <p>Without limiting the generality of this statement, we do not assume any responsibility or accept any liability, nor should the valuation be relied upon if the Client, or any</p>

	<p>Reliant Party becomes aware of any factors that may have an effect on the valuation and has not disclosed such information to CBRE.</p>
Areas	<p>We have not measured the properties but have relied upon the floor areas provided to us by FIVE Investments LLC as set out in this report, which we have assumed to be correct and measured in accordance with RICS code of measuring practice 6th edition under Gross Internal Area (GIA).</p>
Environmental Matters	<p>We have not been provided with copies of any environmental reports referring to the Property.</p> <p>We have not carried out any investigations into the past or present uses of the property, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.</p>
Services and Amenities	<p>We understand that all main services including water, drainage, electricity and telephone are available to the property. None of the services have been tested by us.</p>
Repair and Condition	<p>We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the property. We are unable, therefore, to give any assurance that the property is free from defect.</p>
Titles, Tenures and Lettings	<p>Details of title/tenure under which the property is held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title, including relevant deeds, leases and planning consents is the responsibility of your legal adviser.</p> <p>We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.</p>

Valuation Assumptions

Introduction

An Assumption is defined in the Red Book Glossary and VPS 4 to be a “supposition taken to be true” (an “Assumption”).

Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that it has been agreed need not be verified by the valuer as part of the valuation process. Assumptions are made when it is reasonable for the valuer to accept that something is true without the need for specific investigation.

The Client has confirmed and we confirm that our Assumptions are correct as far as the Client and we, respectively, are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The principal Assumptions which we have made are stated within this Valuation Report.

For the avoidance of doubt, the Assumptions made do not affect compliance with the approach to Market Value under the Red Book.

Capital Values

The valuation has been prepared on the basis of "Fair Value" (in accordance with International Financial Reporting Standard 13), which is defined as:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

"Fair Value", for the purpose of financial reporting, is effectively the same as "Market Value", which is defined in the Red Book as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.

No account has been taken of the availability or otherwise of capital based Government grants.

Rental Values

Unless stated otherwise rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent in the Red Book, which is as follows:

"The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

[a] the property is not contaminated and is not adversely affected by any existing or proposed environmental law;

[b] any processes which are carried out on the property which are regulated by environmental legislation are properly licensed by the appropriate authorities.

[c] the property is either not subject to flooding risk or, if it is, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

[a] there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;

[b] the property is free from rot, infestation, structural or latent defect;

[c] no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the property; and

[d] the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the property. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Lettings,
Planning, Taxation and
Statutory & Local
Authority requirements

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

[a] the property possesses a good and marketable title free from any onerous or hampering restrictions or conditions;

[b] the building has been erected either prior to planning control, or in accordance with planning permissions, and has the benefit of permanent planning consents or existing use rights for their current use;

[c] the property is not adversely affected by town planning or road proposals;

[d] the building complies with all statutory and local authority requirements including building, fire and health and safety regulations;

[e] all rent reviews are upward only and are to be assessed by reference to full current market rents;

[f] there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

[g] tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;

[h] there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

[i] where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and

[j] vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

Part II: Property Details

Property Details

Outside view of the Property



Source: CBRE Site Inspections

Location



Source: Google Maps

The Property

The Property is located within man-made development of Jumeirah Palm launched in 2001. It is now one of the prime hospitality submarkets of Dubai along with Dubai Downtown and Dubai Marina. The Property is located on the west corner of the Trunk of Jumeirah Palm. Adjacent to the Property are the Omniyat’s “One Palm” luxury residential development on the southern side and Arenco’s Marriott and Hilton branded hotels on the northern side. The Property faces the Dubai Beach Harbour, a mixed use development and is directly accessible from the Nakheel promenade. It also offers a beach equipped with a pool, Jacuzzis and sun beds.

The Property can be directly accessed from the street level. Vehicle access is not direct, and a U-turn is needed from the Palm service road and similar for exiting the Property with the condition of the road less than ideal. The Property is, however, well connected to Dubai’s major road network and is located 30 minutes’ drive from Dubai International Airport (DXB).

The FIVE Palm Hotel is a purpose-built full-service luxury five-star hotel. It is currently under the management of FIVE International Hotel Management. In addition to 474 keys (436 hotel rooms and 34 hotel apartments), the hotel offers 14 F&B outlets (12 managed and two third-party managed outlets), including a nightclub and a rooftop bar, one ballroom, a spa, health club, swimming pools, and a beach.

The Condo hotel rooms are being sold or are being offered to the open market to individual 3rd party investors on a 1 to 5-year tenure (short term) with an optional rental pool agreement in place.

The Condo hotel apartments are being sold or are being offered to the open market to individual 3rd party investors on a 30-year leasehold tenure (long term) with a mandatory rental pool agreement in place.

Tenure

We have been provided with a Title Deed dated 20 December 2017 which confirms the plot number as plot 2069 (Municipality No. 381 – 2735) of the Palm Jumeirah Community and the owner of the title as Assas Investments Limited. The freehold title is subject to the following:

- Condo hotel apartments – Can be purchased on a 30-year leasehold basis, linked to a mandatory rental pool. We have received the available apartments for sale as provided by the Client;
- Condo hotel rooms – Can be purchased on a 1 to 5-year leasehold basis and is optional for individual owners to include within the rental pool. We have received the available apartments for sale as provided by the Client;
- The Condo hotel rooms and apartments are in place as FIVE Rooms Revenues has a lease in place with the Owner of Title and is operated by the Manager;
- F&B and leisure facilities are operated under the hotel management in place as FIVE Hospitality is operated by the Manager.

As per information provided by the Client, Assas Investments Limited is an affiliate of the Client. Hence, we have assumed that the above areas of the Property are owned by the Client freehold.

Operating Agreement

We were provided with a copy of the Hotel Management Agreement (HMA) and the addendum to the original HMA signed on 1st January 2020 between the Owner of Title and Manager. For the avoidance of doubt the Owner of Title and the Manager for this Property are owned by FIVE Holding (BVI) Limited. The key operating agreement terms have been included in the table below:

Owner information headings	Details
Owner of Title	The Palm Jumeirah Co. LLC
Land Purchaser	Assas Investments Limited
Lessee	FIVE Hotel FZCO
Manager	FIVE International Hotel Management LLC
Date	1st January 2019
HMA headings	Details
Initial Term	27 years and 3 months (until 31st March 2047)
Basic Management Fees	2.50% of Gross Operating Revenues
Sales & Marketing Fees	1.00% of Gross Operating Revenues
Group Service Fees	0.50% of Gross Operating Revenues
Incentive Management Fee	10.00% of Gross Operating Profit (GOP)
FF&E Reserve	1.00% of Gross Operating Revenue per year as per the addendum to the original HMA signed on 1st January 2020.
Hotel units for lease headings	Details
Unit Owners* Profit Share	40.00% of Gross Room Revenue.
Rental calculation	40.00% multiplied by (Rooms Revenue minus Deductible Expenses) multiplied by unit area divided by total participating area.
Deductible Expenses	Service charges, sales tax, Dubai Municipality fee (10% of room revenue), sales tax, credit card commissions and utility charges.
Condo – Hotel Rooms Lease Terms	Mandatory rental pool – 30-year leases

Condo – Hotel Apartments Lease Terms	Optional rental pool – 1-year leases
Holiday Home units for lease	Details
Holiday Home Unit owners** share – “buyer’s monthly income”	75.00% of rental revenue generated from the residences less property management fees and deductions.
Client’ returns – “property management fee”	25.00% of rental revenue generated from the residences.
Definition of rental revenue	Total income generated net of any taxes from the occupancy of the unit by guests and the provision of the holiday home services to the unit.
Definition of holiday home services	Performing all management, marketing, and operational obligations necessary to operate the unit as a holiday home let to be used and occupied by guests upon the commercial terms determined by the agent in its absolute discretion.
Definition of deductions	Third party fees, service charges, and utility charges applicable to the unit, including but not limited to DEWA, chilled water, DU/Etisalat and such other fees and charges applicable to the unit towards the holiday home services.

Source: The Client

Source: As per title deed, The Client

*Unit Owner is a 3rd party owner of an individual Condo Hotel Room / Apartment on a leasehold basis.

**Holiday Home Unit Owners are 3rd party owners of an individual leasehold Condo Hotel Room which renew their Holiday Home licence on an annual basis.

Under the operating agreement in place, the operating structure within the Property is outlined below:

1. Owner and Manager of the Property have entered into a hotel management agreement to operate the Property on a day-to-day basis;

The Owner sells the Condo Hotel / Apartment units on leasehold agreements, of which the process of how these are managed and revenues allocated is described below:

2. Where a unit has been sold Owner and individual Unit Owner of the leasehold interest, within a Hotel-Condo sign an agreement for the Manager to operate the units within a mandatory or optional rental pool, dependent on product purchase:
 - a. Condo-Hotel Rooms are allocated within a mandatory rental pool under a 30-year lease. Where the individual investor will receive a fixed return as detailed in the Hotel units for lease section of the Operating Agreement;
 - b. Condo-Hotel Apartments are allocated within an optional rental pool under a 1 to 5-year lease. These units can be either owner occupied or included within the rental pool for investment purposes at the individual owners discretion;
3. In the case of a Condo-unit being unsold, the Owner will receive the cash-flows as EBITDA within the hotel operating model.
4. Holiday Home units are sold by the Owner to the individual Holiday Home Unit Owner of the leasehold interest, which is leased on an annual basis into an optional rental pool.

Key Valuation Factors

Strengths and Opportunities:

- The Property is located on a prime plot on the trunk of Jumeirah Palm with promenade and beach access
- The Property has strong F&B concepts, which have been successful since opening that currently generate strong F&B Revenue
- The Property offers unobstructed views over Dubai Marina and Dubai Harbour
- The Operator being part of Five Holdings it gives the on-site management more flexibility to adapt and reorganize operations to stay dynamic and offer novelties to guests
- Opening of a third FIVE property will provide hotel guests with a greater choice of venues and distribute centralised expenses

Risks and Mitigating Factors:

- Access to the Property is difficult from land as a U-Turn is needed to access the Property via Jumeirah Palm's service road
- The Property is operated by local operator FIVE International Hotel Management, whose brand identity and standards are strongly linked to its founders
- Due to the Condo-Hotel nature of the Property, the inventory of the Hotel apartments component can vary on a yearly basis affecting performance of the Property
- New supply and increased competition entering the Jumeirah Palm and Dubai Marina hospitality markets totalling more than 4,000 and 1,900 keys, respectively
- Undercutting of rates by local hotels and inferior quality hotels to gain market share

Valuation Methodology

We have calculated the Fair Value of the subject site by adopting the Profits Method of valuation. Please refer to Appendix A for the standard methodology description.

Inspection Date

15 March 2023 – **The Client has confirmed there are no material changes to the physical attributes of the property and it is still operating as a trading hotel, at a 5-Star luxury positioning between the date of inspection and the date of valuation. We have assumed this advice to be correct**

Valuation Date

30 June 2022

Fair Value

30 JUNE 2022: AED 3,920,200,000 (Three Billion, Nine Hundred And Twenty Million, Two Hundred Thousand United Arab Emirates)

Under RICS Red Book guidelines we have adopted a 10-year cashflow and capitalised Year 10 into perpetuity to provide our opinion of Fair Value.

Our valuation, on a going concern basis, is under the assumption of continued operation of the hotel business. The current value of the property is intrinsically linked to the successful operation of the hotel business on the property. Any change, deterioration or cessation of the business practices as per our assumptions would have a significantly detrimental impact on the property's value. Caution is advised in this regard.

Fair Value Apportionment by Category

CBRE has valued the Fair Value of the freehold interest. As requested by the Client, CBRE has componentised the added value of the various components of the property specifically for accounting purpose under relevant IFRS requirements as outlined below. CBRE disclaims all liability in regard to the individual apportioned values.

As requested by the Client, we include below a breakdown of the hypothetical added value of each component of the Fair Value, derived from category of operational and sales activities:

Valuation Date	Fair Value (AED)	FIVE room revenue (AED)	FIVE hospitality (AED)	Holiday Homes (AED)	Condo units: sold inventory revenue to be received (AED)
30 June 2022*	3,920,200,000	2,153,700,000	1,694,400,000	44,100,000	28,000,000

* condo unit sales were not applicable for Aggregate Fair Value calculation in MY 2022, as no units had been brought to market during the period.

FIVE room revenue – Inclusion of the 475 hotel room revenue, room expenses, pro-rata undistributed operating expenses, management fee income, pro-rata non-operating income and expenses, pro-rata FF&E Reserve attributed within the hotel management agreement and Unit Owner of the long term leasehold income from individual Condo units.

FIVE hospitality – Inclusion of the Food and Beverage, Other Operating Department and Miscellaneous Income revenue, expenses, pro-rata undistributed operating expenses, pro-rata non-operating income and expenses, pro-rata FF&E Reserve attributed within the hotel management agreement.

Holiday Homes – Inclusion of the 2 Owner Holiday Homes and 18 Third Party Holiday Homes revenue, Holiday Homes expenses, pro-rata undistributed operating expenses, management fee income, pro-rata non-operating income and expenses, pro-rata FF&E Reserve attributed within the hotel management agreement and Third Party Holiday Home pay away, as per the lease agreement in place.

Condo units: sold inventory revenue to be received – Condo units that have been ‘sold’ on a 30 year lease to individual Condo unit owners, with revenue still to be received through respective payment plans in place.

Fair Value Apportionment by Income Source

As requested by the Client, we include below a hypothetical breakdown of the constituent elements of the Fair Value by income source:

Valuation Date	Fair Value (AED)	Hotel operational cash flow	FIVE management fees (AED)	Third party income (AED)	Condo units: sold inventory revenue to be received (AED)
30 June 2022*	3,920,200,000	2,275,900,000	625,100,000	991,100,000	28,000,000

* condo unit sales were not applicable for Aggregate Fair Value calculation in MY 2022, as no units had been brought to market during the period.

Hotel operational cash flow – Inclusion of the total revenue, total departmental expenses, total undistributed operating expenses, management fees, non-operating income and expenses and FF&E Reserve, calculating the EBITDA of the Property over the 10-year forecast period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

FIVE management fees – Fees generated by the FIVE hotel management company operating the Property under the Hotel Management Agreement in place over the 10-year forecast period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

Third party income – Individual unit owner (units ‘sold’ on a 30yr lease) profit and Third Party Holiday Homes profit share under the leasehold agreements in place over the 10-year period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

Condo units: sold inventory revenue to be received – Condo units that have been ‘sold’ on a 30 year lease, with revenue still to be received through respective payment plans in place.

APPENDIX A: Valuation Methodology

Profits Method

Specialised Trading Properties

The Property is of a category that is normally bought and sold on the basis of its trading potential on the assumption that there will be a continuation in trading. The essential characteristics of properties that are normally sold on the basis of their trading potential is that they are designed, or adapted, for a specific use (such as a Hotel) and that ownership of the property normally passes with the sale of the business as an operational entity.

Our valuation therefore is the Market Value of the Property as a fully equipped operational entity valued having regard to its trading potential. The operational entity comprises:-

The legal interest in the land and buildings;

The plant and machinery and all trade fixtures, fittings, furniture, furnishings and equipment required to continue operating the business (consumable stocks are excluded);

The market's perception of the trading potential, excluding personal goodwill, together with an assumed ability to obtain/renew existing licences, consents, certificates and permits;

The benefit of any transferable licences, consents, certificates and permits.

Specialised trading properties such as the Property are normally valued using the "profits' method" having regard to revenue and operating profits. Operating profits are known as Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) after the 11th revised edition of the Uniform System of Accounts for the Lodging Industry (USALI). The valuer assesses the fair maintainable level of trade and EBITDA that could be achieved by a reasonably efficient operator and which would form the basis for a bid in the open market.

The capitalisation factor applied to the revenue or operating profits reflects growth potential, risk and the desirability of the Property and is market derived.

Even where specialised trading properties are leased and the rent payable is not linked to turnover or EBITDA, where possible an attempt is made to understand the fair maintainable level of trade at the Property in an effort to estimate if the Property is 'correctly' rented.

We have prepared valuations of the Property on the basis of Market Value assuming a fully equipped operational entity having regard to trading potential. In assessing the value of a Property, we have had regard to the following methods of valuation.

Discounted cash flow (DCF)

Under the DCF method, the projected EBITDA for the Property over ten years are discounted back to present day values using an appropriate discount rate. The value of the Property derived from the capitalised earnings in the 10th year is also brought back to present values. Capital expenditure is built into the cash flow if appropriate.

Terminal Value

Where the asset is expected to continue beyond the explicit forecast period, it is necessary to estimate the value of the asset at the end of that period. The terminal value is then discounted back to the valuation date, normally using the same discount rate as applied to the forecast cash flow.

The terminal value should consider the following:

- (a) Whether the asset is deteriorating/finite-lived in nature or indefinite-lived will influence the method used to calculate a terminal value,
- (b) Whether there is future growth potential for the asset beyond the explicit forecast period,
- (c) Whether there is a predetermined fixed capital amount expected to be received at the end of the explicit forecast period,

(d) The expected risk level of the asset at the time the terminal value is calculated,

(e) For cyclical assets, the terminal value should consider the cyclical nature of the asset, and

(f) The tax attributes inherent in the asset at the end of the explicit forecast period and whether those tax attributes would be expected to continue into perpetuity. For example, an asset being depreciated/amortised for tax purposes will eventually be fully depreciated/amortised, potentially increasing the effective tax rate. The three most commonly used methods for calculating a terminal value are:

(a) Gordon growth model/constant growth model (appropriate only for indefinite-lived assets),

(b) Market approach/exit value (appropriate for both deteriorating/finite-lived assets and indefinite-lived assets), and

(c) Salvage value/disposal cost (appropriate only for deteriorating/finite-lived assets).

Gordon Growth Model/Constant Growth Model

The constant growth model assumes that the asset grows (or declines) at a constant rate into perpetuity.

Market Approach/Exit Value

The market approach/exit value method can be performed in a number of ways, but the ultimate goal is to calculate the value of the asset at the end of the explicit cash flow forecast.

Common ways to calculate the terminal value under this method include application of a market-evidence based capitalisation factor or a market multiple.

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Condensed Valuation Report



FIVE Jumeirah Village

Dubai

United Arab Emirates

Date of Inspection: 15 March 2023

Date of Valuation: 30 June 2022

Reliant Parties: FIVE Holdings (BVI) Limited, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Emirates NBD Bank PJSC, Commercial Bank of Dubai PSC, Mashreqbank psc.

Important Report Disclaimers – CBRE Valuation

- i. This document is for the sole use of FIVE Holdings (BVI) Limited (the “Client”), its affiliates and any other person directly provided with it by CBRE. Use by, or reliance upon this document by anyone other than those parties named above is not authorised by CBRE.
- ii. CBRE has prepared a full Valuation Report (the “Valuation Report”) relying on and referring to information provided by third parties (including the current operators of the property) including financial and market information (“Information”). CBRE assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect. Caution is advised in this regard.
- iii. CBRE has prepared this Condensed Valuation Report for inclusion within an offering memorandum on behalf of the Client (the “Offering Memorandum”); CBRE has not been involved in the preparation of the remainder of the Offering Memorandum. CBRE disclaims any liability to any person in the event of false and misleading statements included in, or an omission from, the Offering Memorandum.
- iv. This Condensed Valuation Report is a condensed version of the full Valuation Report addressing the same subject matter. The Valuation Report also draws attention to the key issues and considerations impacting value and provides additional detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. Commercial investments of this nature are inherently complex, and the market conditions have changed and/or have been uncertain in recent times.
- v. Neither this Condensed Valuation Report nor CBRE’s full Valuation Report may be reproduced in whole or in part without the prior written approval of CBRE.
- vi. Where CBRE has expressly agreed (by way of a reliance letter) that persons other than the Client can rely upon the Valuation Report (a “Relying Party” or “Relying Parties”), then CBRE shall have no greater liability to any Relying Party than it would have had if such party had been named as a joint client under the Instruction.
- vii. CBRE’s maximum aggregate liability to the Client and to any authorised Reliant Parties, howsoever arising under, in connection with or pursuant to reliance upon this Condensed Valuation Report or any other Valuation Report produced under the same letter of instruction, and whether in contract, tort, negligence or otherwise shall not exceed US \$15,000,000 (AED 55,087,500).
- viii. CBRE is not a financial advisor, and this document does not constitute financial product advice. Investors should consider obtaining independent advice from their financial advisor before making any decision to invest in/with the Client.
- ix. None of the information in this Condensed Valuation Report constitutes advice as to the merits of entering into any form of transaction. If you do not understand this legal notice, then it is recommended that you seek independent legal advice.

Publication

Apart from the use in respect of the Offering Memorandum, neither the whole nor any part of our report nor any references to it may be included in any published document, circular or statement nor published in any way without our prior written approval.

If you request our approval to use or publish the report or any part of thereof (including any valuations contained therein), in any external publication, investor briefing or website, or make it available to any third parties whatsoever, you must provide us with a specimen of the text and layout of the article, display or advertisement and identify the intended forum and recipients. If we approve the publication or display, you may not vary from the specimen so approved by us.

Any such approved publication of, or reference to the report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of any special assumptions referred to above (if applicable).

Part I: Valuation Report

Valuation Report

Report Date	18 August 2023
Addressee	FIVE Holdings (BVI) Limited Coastal Building Wickham's Cay II P.O. Box 2221, Road Town, Tortola British Virgin Islands
The Property	FIVE Jumeirah Village Dubai Lazuward SW, Jumeirah Village Dubai, United Arab Emirates
Interest Valued	Freehold under going concern, subject to lease agreements and management agreement in place.
Property Description	5-Star luxury "Condo-Hotel" with 250 rooms, 200 hotel apartments, 7 F&B outlets, 2 meeting rooms, a spa, health club, swimming pools and third-party operated outlets.
Instruction	To value the freehold going concern of the property on the basis of Fair Value as at the valuation date in accordance with the terms of engagement entered into between CBRE and the addressees dated 18 August 2023.
Valuation Date	30 June 2022
Capacity of Valuer	External Valuer, as defined in the current version of the RICS Valuation – Global Standards.
Purpose	We understand that our valuation report and the Appendices to it (together the "Valuation Report") are required for inclusion in an Offering Memorandum which is to be published by the Client pursuant to the proposed issue of Notes by the Client and admission of the Note to the Nasdaq Dubai and the London Stock Exchange (the "Transaction"). The Valuation is on the basis of Fair Value as defined in the current edition of the International Financial Reporting Standards.
Aggregate Fair Value – 30 June 2022	AED 1,127,900,000 (One Billion, One Hundred And Twenty Seven Million, Nine Hundred Thousand United Arab Emirates) exclusive of VAT. We confirm that the "Fair Value" reported above, for the purpose of financial reporting under International Financial Reporting Standards (IFRS), is effectively the same as "Market Value". We have valued the Properties individually at the respective 30 June 2022 included within the Condensed Property Report. Our opinion of Fair Value is based upon the Scope of Work and valuation Assumptions attached, and has been primarily derived using the Profits method and a 10-year discounted cash flow, with consideration towards recent market transactions on arm's length terms to derive a terminal capitalisation rate.

Valuation of a trade related Property as a Going Concern

Hotel and leisure properties are normally bought and sold on the basis of their trading potential. The essential characteristic of this type of property is that they have been designed or adapted for a specific use, and the resulting lack of flexibility means that the value of the property interest is intrinsically linked to the returns that an owner can generate from that use. The value therefore reflects the trading potential of the property. It can be contrasted with generic property that can be occupied by a range of different business types, such as standard office, industrial or retail property.

Our valuation has been assessed having regard to trading potential of the business currently operating on the property. In this regard we have made the assumption of the continued operation of the current hotel business on the property. The current value of the property is intrinsically linked to the successful operation of the current hotel business. Any change, deterioration or cessation of the business practices as detailed in our valuation would have a significantly detrimental impact on the property's value. Investment caution is advised in this regard.

General Market Volatility – as at Valuation Date

The valuation takes no account of the costs of business closure, disruption or any other costs associated with realising this value and is not a vacant possession value.

We draw your attention to the fact that a combination of global inflationary pressures (leading to higher interest rates) and the recent geopolitical events in Ukraine, in addition to the on-going effects of the global Covid-19 pandemic in some markets, has heightened the potential for greater volatility in property markets over the short-to-medium term. Experience has shown that consumer and investor behaviour can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility. Lending/Investment caution is advised in this regard.

You should note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how market participants respond to current events.

Heightened Volatility Hotel and Tourism Property

The value of hotels and tourism related property is traditionally volatile and can be subject to rapid changes of value in short timeframes. These property types appeal to a narrow and very specific segment of the market which can be significantly impacted by many factors such as, broader economic conditions, migration, changes to operating costs and inflation, travel and visas restrictions (both domestic and international) and other changes to government policy, which may materially impact levels of supply and demand for the product. All these (and more) factors will likely have a significant impact on the value and demand for the subject property.

Going forward there will be several key factors impacting on the viability of hotel and leisure and their underlying values. Key concerns relate to the subject property are:-

- Due to the condo-hotel nature of the Property, the inventory of the hotel apartments component can vary affecting performance of the Property.
- The Property is in a non-established hospitality market and mostly under development community of Dubai.
- New supply and increased competition within the Dubai hospitality market

- Undercutting of rates by local hotels and inferior quality hotels to gain market share.

In addition, we also note that recent stresses in the banking system may significantly restrict capital.

As experienced in previous market cycles, the value of hotel and tourism related property can undergo rapid and significant price corrections, as supply, demand and cost factors change which should be considered in any investment decisions. Caution is advised in this regard.

Valuation Uncertainty	Market transaction of hotels with similar operating structures is limited and as such our valuation includes appropriate adjustments and subjective analysis. Our valuation therefore contains a degree of inherent uncertainty that may be greater than for a standard hotel operating structure valuation.
Rental Income	Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent.
Special Assumptions	No special assumptions have been assumed in undertaking the Fair Value of the asset.
Compliance with Valuation Standards	The valuation has been prepared in accordance with the current version of the RICS Valuation – Global Standards, which incorporate the International Valuation Standards “the Red Book”.
	We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently.
	Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE Ltd, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.
	This valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property.
	Other valuers may reach different conclusions as to the value of the subject property. This valuation is for the sole purpose of providing the intended user with the Valuer’s independent professional opinion of the value of the subject property as at the valuation date.
Sustainability Considerations	Wherever appropriate, sustainability and environmental matters are an integral part of the valuation approach. ‘Sustainability’ is taken to mean the consideration of such matters as environment and climate change, health and well-being and corporate responsibility that can or do impact on the valuation of an asset. In a valuation context, sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect value. The range of issues includes key environmental risks, such as flooding, energy efficiency and climate, as well as matters of design, configuration, accessibility, legislation, management, and fiscal considerations – and current and historic land use.
	Sustainability has an impact on the value of an asset, even if not explicitly recognised. Valuers reflect markets, they do not lead them. Where we recognise the value impacts of

	<p>sustainability, we are reflecting our understanding of how market participants include sustainability requirements in their bids and the impact on market valuations.</p>
Assumptions	<p>The property details on which the valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.</p> <p>If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figure may also be incorrect and should be reconsidered.</p>
Variation from Standard Assumptions	<p>None</p>
Verification	<p>We recommend that before any financial transaction is entered into based upon these valuations, you obtain verification of any third party information contained within our report and the validity of the assumptions we have adopted.</p> <p>We would advise you that whilst we have valued the property reflecting current market conditions, there are certain risks which may be, or may become, uninsurable. Before undertaking any financial transaction based upon this valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.</p>
Valuer	<p>The property has been valued and inspected by a valuer who is qualified for the purpose of the valuation in accordance with the Red Book.</p>
Independence	<p>The total fees, including the fee for this assignment, earned by CBRE Dubai LLC (or other companies forming part of the same group of companies within the UAE) from the Addressee (or other companies forming part of the same group of companies) is less than 5.0% of the total UK or UAE revenues.</p> <p>It is not anticipated this situation will vary in the financial year to 31 December 2023.</p> <p>We confirm that we do not have any material interest in FIVE Holdings (BVI) Limited or other companies in the same Group or the Property.</p>
Conflicts of Interest	<p>We confirm that we have previously undertaken a valuation on the asset for financial reporting purposes in 2020, 2021 and 2022 for the Client.</p> <p>We confirm that CBRE has no other material involvement with the property and have no conflicts of interest – and that copies of our conflict of interest checks have been retained within the working papers.</p>
Disclosure	<p>The principal signatory of this report has continuously been the signatory of Valuations for the Company since March 2018.</p> <p>CBRE Dubai LLC has continuously been carrying out Valuation instructions for the Company since 30 November 2020.</p> <p>CBRE Dubai LLC has carried out Valuation services on behalf of the Company since 30 November 2020.</p>
Reliance	<p>The contents of this Report may only be relied upon by:</p> <p>(i) Addressees of the Report; and</p>

(ii) Parties who have received prior written consent from CBRE in the form of a reliance letter;

for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of the special assumptions referred to herein.

Yours faithfully

Yours faithfully



Daniel McCulloch
Senior Director
Head of CBRE Valuation MENA
RICS Registered Valuer

Christopher Robson
Associate Director
CBRE Hotels & Tourism
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Sources of Information and Scope of Works

Sources of Information We have carried out our work based upon information supplied to us by the Client between 01 March 2023 and 04 August 2023, as set out within this report, which we have assumed to be correct and comprehensive.

- Site plan;
- Title deed;
- Hotel Actual performance for the following periods:
 - YE 2020;
 - YE 2021;
 - YE 2022;
 - YTD June 2022;
- Hotel building schedule details, including number of Condo hotels and residences, F&B outlet approximate capacities and cuisine offering and spa, swimming pool and children’s leisure facilities offered at the Property;
- Floor plans / layouts;
- Facility mix and amenities;
- A copy of a typical Condo-Hotel lease.

The Property Our report contains a brief summary of the property details on which our valuation has been based.

The Inspection The property was internally inspected by Christopher Robson MRICS, RICS Registered Valuer, and Benjamin Parkins on 15 March 2023. The Client has advised there have been no material change to the property between the Inspection Date and the Valuation Date, and we have assumed this to be true for this valuation.

We confirm we inspected the property on 15 March 2023 The Client has confirmed there were no material changes to the physical attributes of the property and it is still operating as a trading hotel, at a 5-Star luxury positioning between the date of inspection and the date of valuation. We have assumed this advice to be correct.

All valuations are current as at the date of valuation only. The value assessed may in the future change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property or particular property sector). CBRE does not accept liability for losses arising from subsequent changes in value. As values can vary from time to time, CBRE recommends the valuation be reviewed periodically in the future to ascertain any changes in value.

Without limiting the generality of this statement, we do not assume any responsibility or accept any liability, nor should the valuation be relied upon if the Client, or any Reliant Party becomes aware of any factors that may have an effect on the valuation and has not disclosed such information to CBRE.

Areas	We have not measured the properties but have relied upon the floor areas provided to us by FIVE Investments LLC as set out in this report, which we have assumed to be correct and measured in accordance with RICS code of measuring practice 6 th edition under Gross Internal Area (GIA).
Environmental Matters	<p>We have not been provided with copies of any environmental reports referring to the Property.</p> <p>We have not carried out any investigations into the past or present uses of the property, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.</p>
Services and Amenities	We understand that all main services including water, drainage, electricity and telephone are available to the property. None of the services have been tested by us.
Repair and Condition	We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the property. We are unable, therefore, to give any assurance that the property is free from defect.
Titles, Tenures and Lettings	<p>Details of title/tenure under which the property is held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title, including relevant deeds, leases and planning consents is the responsibility of your legal adviser.</p> <p>We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.</p>

Valuation Assumptions

Introduction

An Assumption is defined in the Red Book Glossary and VPS 4 to be a “supposition taken to be true” (an “Assumption”).

Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that it has been agreed need not be verified by the valuer as part of the valuation process. Assumptions are made when it is reasonable for the valuer to accept that something is true without the need for specific investigation.

The Client has confirmed and we confirm that our Assumptions are correct as far as the Client and we, respectively, are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The principal Assumptions which we have made are stated within this Valuation Report.

For the avoidance of doubt, the Assumptions made do not affect compliance with the approach to Market Value under the Red Book.

Capital Values

The valuation has been prepared on the basis of "Fair Value" (in accordance with International Financial Reporting Standard 13), which is defined as:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

"Fair Value", for the purpose of financial reporting, is effectively the same as "Market Value", which is defined in the Red Book as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.

No account has been taken of the availability or otherwise of capital based Government grants.

Rental Values

Unless stated otherwise rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent in the Red Book, which is as follows:

"The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

[a] the property is not contaminated and is not adversely affected by any existing or proposed environmental law;

[b] any processes which are carried out on the property which are regulated by environmental legislation are properly licensed by the appropriate authorities.

[c] the property is either not subject to flooding risk or, if it is, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

[a] there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;

[b] the property is free from rot, infestation, structural or latent defect;

[c] no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the property; and

[d] the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the property. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Lettings,
Planning, Taxation and
Statutory & Local
Authority requirements

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

[a] the property possesses a good and marketable title free from any onerous or hampering restrictions or conditions;

[b] the building has been erected either prior to planning control, or in accordance with planning permissions, and has the benefit of permanent planning consents or existing use rights for their current use;

[c] the property is not adversely affected by town planning or road proposals;

[d] the building complies with all statutory and local authority requirements including building, fire and health and safety regulations;

[e] all rent reviews are upward only and are to be assessed by reference to full current market rents;

[f] there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

[g] tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;

[h] there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

[i] where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and

[j] vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

Part II: Property Details

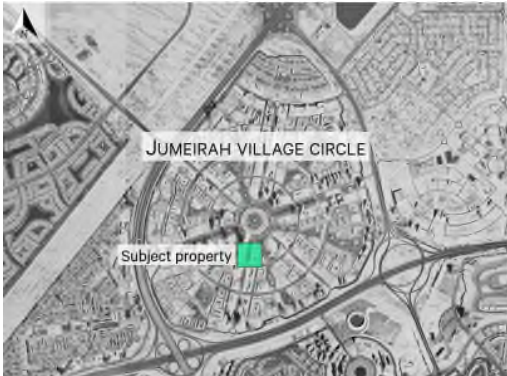
Property Details

Outside view of the Property



Source: Property's website

Location



Source: Google Maps

The Property

The Property is situated within the Al Barsha South Fourth district of Dubai. More specifically, the Property is located within Jumeirah Village Circle (JVC), a residential community within Al Barsha South. The area surrounding the Property comprises primarily recently completed and under-construction residential buildings and townhouses.

The Property is located directly to the South West of JVC and adjacent to the Nakheel Circle Villas. The Property is located 25 minutes' drive from the EXPO venue.

The Property can be directly accessed from street level. The Property is well connected to Dubai's major road network with Sheikh Mohammed bin Zayed Road, Hessa Street and Al Khail Road. The Property is located 30 minutes away of Dubai International Airport (DXB).

The FIVE JVC Hotel is a purpose built full-service luxury five-star hotel. It is currently under the management of FIVE International Hotel Management. In addition to 450 keys (250 Condo hotel rooms and 200 Condo hotel apartments) in the hotel pool, the hotel offers seven F&B outlets, including a nightclub and a sports bar, two meeting rooms, a spa, a health club, and swimming pools. The Property is a well-known landmark and won several architectural awards; at the date of inspection, it is our opinion that the Property is in a condition commensurate with age of approximately four years.

The Condo hotel rooms are being sold or are being offered to the open market to individual 3rd party investors on a 1 to 5-year tenure (short term) with an optional rental pool agreement in place.

The Condo hotel apartments are being sold or are being offered to the open market to individual 3rd party investors on a 30-year leasehold tenure (long term) with a mandatory rental pool agreement in place.

Tenure

We have been provided with a Title Deed dated 14 May 2018 which confirms the plot number as plot 870 (Municipality No. 681 – 875) of the Al Barsha Fourth Community and the owner of the title as Unlimited 1 Limited. The freehold title is subject to the following:

- Condo hotel apartments – Can be purchased on a 30-year leasehold basis, linked to a mandatory rental pool. We have received the available apartments for sale as provided by the Client;
- Condo hotel rooms – Can be purchased on a 1 to 5-year leasehold basis and is optional for individual owners to include within the rental pool. We have received the available apartments for sale as provided by the Client;
- The Condo hotel rooms and apartments are in place as FIVE Rooms Revenues has a lease in place with the Owner of Title and is operated by the Manager;
- F&B and leisure facilities are operated under the hotel management in place as FIVE Hospitality is operated by the Manager.

As per information provided by the Client, Unlimited 1 Limited is an affiliate of the Client. Hence, we have assumed that the above areas of the Property are owned by the Client freehold.

Operating Agreement

We were provided with a copy of the Hotel Management Agreement (HMA) and the addendum to the original HMA signed on 1st January 2020 between the Owner of Title and Manager. For the avoidance of doubt the Owner of Title and the Manager for this Property are owned by FIVE Holding (BVI) Limited. The key operating agreement terms have been included in the table below:

Owner information headings	Details
Owner of Title	Jumeirah Village LLC
Land Purchaser	Unlimited 1 Limited
Lessee	FIVE Hotel Management LLC
Manager	FIVE International Hotel Management LLC
Signing Date	31 st December 2018
HMA headings	Details
Initial Term	30 years
Basic Management Fee	2.50% of Gross Operating Revenues
Sales & Marketing Fees	1.00% of Gross Operating Revenues
Group Service Fees	0.50% of Gross Operating Revenues
Incentive Management Fee	10.00% of Gross Operating Profit (GOP)
FF&E Reserve	1.00% of Gross Operating Revenue per year as per the addendum to the original HMA signed on 1 st January 2020
Hotel units for lease headings	Details
Unit Owner of leasehold interest in an individual Condo*	40.00% of Gross Room Revenue.
Rental calculation	(40% multiplied by Room Revenue) minus Deductible Expenses multiplied by owned unit area divided by total participating area.
Deductible Expenses	Service charges, sales tax, Dubai Municipality fee (10% of room revenue), sales tax, credit card commissions and utility charges.
Condo – Hotel Rooms Lease Terms	Mandatory rental pool – 30-year leases
Condo – Hotel Apartments Lease Terms	Optional rental pool – 1 to 5-year leases

Source: As per title deed, The Client

*Unit Owner is a 3rd party owner of an individual Condo Hotel Room / Apartment on a leasehold basis.

Under the operating agreement in place, the operating structure within the Property is outlined below:

1. Owner and Manager of the Property have entered into a hotel management agreement to operate the Property on a day-to-day basis;

The Owner sells the Condo Hotel / Apartment units on leasehold agreements, of which the process of how these are managed and revenues allocated is described below:

2. Where a unit has been sold Owner and individual Unit Owner of the leasehold interest, within a Hotel-Condo sign an agreement for the Manager to operate the units within a mandatory or optional rental pool, dependent on product purchase:
 - a. Condo-Hotel Rooms are allocated within a mandatory rental pool under a 30-year lease. Where the individual investor will receive a fixed return as detailed in the Hotel units for lease section of the Operating Agreement;
 - b. Condo-Hotel Apartments are allocated within an optional rental pool under a 1 to 5-year lease. These units can be either owner occupied or included within the rental pool for investment purposes at the individual owners discretion;
3. In the case of a Condo-unit being unsold, the Owner will receive the cash-flows as EBITDA within the hotel operating model.

Key Valuation Factors

Strengths and Opportunities:

- Full service luxury Property, first property of this kind in the submarket
- The Property offers unobstructed 360 degrees views over the Dubai skyline.
- Good connectivity with Dubai's main road network with Sheikh Mohammed Bin Zayed Road, Hesse Street and Al Khail Road
- The residential population of JVC provide benefit for F&B catchment.

Risks and Mitigating Factors:

- The Property is operated by local operator FIVE International Hotel Management, whose brand identity and standards are strongly linked to its founders.
- Due to the condo-hotel nature of the Property, the inventory of the hotel apartments component can vary affecting performance of the Property.
- The Property is in a non-established hospitality market and mostly under development community of Dubai.
- New supply and increased competition within the Dubai hospitality market
- Undercutting of rates by local hotels and inferior quality hotels to gain market share.

Valuation Methodology

We have calculated the Fair Value of the subject site by adopting the Profits Method of valuation. Please refer to Appendix A for the standard methodology description.

Inspection Date

15 March 2023 – **The Client has confirmed there were no material changes to the physical attributes of the property and it is still operating as a trading hotel, at a 5-Star luxury positioning between the date of inspection and the date of valuation. We have assumed this advice to be correct**

Valuation Date

30 June 2022

Fair Value

30 JUNE 2022: AED 1,127,900,000 (ONE BILLION, ONE HUNDRED AND TWENTY SEVEN MILLION, NINE HUNDRED THOUSAND UNITED ARAB EMIRATES)

Under RICS Red Book guidelines we have adopted a 10-year cashflow and capitalised Year 10 into perpetuity to provide our opinion of Fair Value.

Our valuation, on a going concern basis, is under the assumption of continued operation of the hotel business. The current value of the property is intrinsically linked to the successful operation of the hotel business on the property.

Any change, deterioration or cessation of the business practices as per our assumptions would have a significantly detrimental impact on the property's value. Caution is advised in this regard.

Fair Value Apportionment by Category

CBRE has valued the Fair Value of the freehold interest. As requested by the Client, CBRE has componentised the added value of the various components of the property specifically for accounting purpose under relevant IFRS requirements as outlined below. CBRE disclaims all liability in regard to the individual apportioned values.

As requested by the Client, we include below a breakdown of the hypothetical added value of each component of the Fair Value, derived from category of operational and sales activities:

Valuation Date	Fair Value (AED)	FIVE room revenue (AED)	FIVE hospitality (AED)	Condo units: sold inventory revenue to be received (AED)	Condo units: inventory to sell (AED)
30 June 2022*	1,127,900,000	864,900,000	263,000,000	N/A	N/A

* condo unit sales were not applicable for Aggregate Fair Value calculation in MY 2022, as no units had been brought to market during the period.

FIVE room revenue – Inclusion of the 450 hotel room revenue, room expenses, pro-rata undistributed operating expenses, management fee income, pro-rata non-operating income and expenses, pro-rata FF&E Reserve attributed within the hotel management agreement and Unit Owner of the long term leasehold income from individual Condo units.

FIVE hospitality – Inclusion of the Food and Beverage, Other Operating Department and Miscellaneous Income revenue, expenses, pro-rata undistributed operating expenses, pro-rata non-operating income and expenses, pro-rata FF&E Reserve attributed within the hotel management agreement.

Condo units: sold inventory revenue to be received – Condo units that have been ‘sold’ on a 30 year lease to individual Condo unit owners, with revenue still to be received through respective payment plans in place.

Condo units: inventory to sell – Condo units that have not been ‘sold’, but are available to purchase on a 30 year lease on the open market.

Fair Value Apportionment by Income Source

As requested by the Client, we include below a hypothetical breakdown of the constituent elements of the Fair Value by income source:

Valuation Date	Fair Value (AED)	Hotel operational cash flow	FIVE management fees (AED)	Third party income (AED)	Condo units: sold inventory revenue to be received (AED)	Condo units: inventory to sell (AED)
30 June 2022	1,127,900,000	593,200,000	187,100,000	347,600,000	N/A	N/A

Hotel operational cash flow – Inclusion of the total revenue, total departmental expenses, total undistributed operating expenses, management fees, non-operating income and expenses and FF&E Reserve, calculating the EBITDA of the Property over the 10-year forecast period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

FIVE management fees – Fees generated by the FIVE hotel management company operating the Property under the Hotel Management Agreement in place over the 10-year forecast period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

Third party income – Individual unit owner (units ‘sold’ on a 30yr lease) profit share under the leasehold agreements in place over the 10-year period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

Condo units: sold inventory revenue to be received – Condo units that have been ‘sold’ on a 30 year lease, with revenue still to be received through respective payment plans in place.

Condo units: inventory to sell – Condo units that have not been ‘sold’ on a 30yr lease, but are available to purchase on the open market.

APPENDIX A:

Valuation Methodology

Profits Method

Specialised Trading Properties

The Property is of a category that is normally bought and sold on the basis of its trading potential on the assumption that there will be a continuation in trading. The essential characteristics of properties that are normally sold on the basis of their trading potential is that they are designed, or adapted, for a specific use (such as a Hotel) and that ownership of the property normally passes with the sale of the business as an operational entity.

Our valuation therefore is the Market Value of the Property as a fully equipped operational entity valued having regard to its trading potential. The operational entity comprises:-

The legal interest in the land and buildings;

The plant and machinery and all trade fixtures, fittings, furniture, furnishings and equipment required to continue operating the business (consumable stocks are excluded);

The market's perception of the trading potential, excluding personal goodwill, together with an assumed ability to obtain/renew existing licences, consents, certificates and permits;

The benefit of any transferable licences, consents, certificates and permits.

Specialised trading properties such as the Property are normally valued using the "profits' method" having regard to revenue and operating profits. Operating profits are known as Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) after the 11th revised edition of the Uniform System of Accounts for the Lodging Industry (USALI). The valuer assesses the fair maintainable level of trade and EBITDA that could be achieved by a reasonably efficient operator and which would form the basis for a bid in the open market.

The capitalisation factor applied to the revenue or operating profits reflects growth potential, risk and the desirability of the Property and is market derived.

Even where specialised trading properties are leased and the rent payable is not linked to turnover or EBITDA, where possible an attempt is made to understand the fair maintainable level of trade at the Property in an effort to estimate if the Property is 'correctly' rented.

We have prepared valuations of the Property on the basis of Market Value assuming a fully equipped operational entity having regard to trading potential. In assessing the value of a Property, we have had regard to the following methods of valuation.

Discounted cash flow (DCF)

Under the DCF method, the projected EBITDA for the Property over ten years are discounted back to present day values using an appropriate discount rate. The value of the Property derived from the capitalised earnings in the 10th year is also brought back to present values. Capital expenditure is built into the cash flow if appropriate.

Terminal Value

Where the asset is expected to continue beyond the explicit forecast period, it is necessary to estimate the value of the asset at the end of that period. The terminal value is then discounted back to the valuation date, normally using the same discount rate as applied to the forecast cash flow.

The terminal value should consider the following:

- (a) Whether the asset is deteriorating/finite-lived in nature or indefinite-lived will influence the method used to calculate a terminal value,
- (b) Whether there is future growth potential for the asset beyond the explicit forecast period,
- (c) Whether there is a predetermined fixed capital amount expected to be received at the end of the explicit forecast period,

(d) The expected risk level of the asset at the time the terminal value is calculated,

(e) For cyclical assets, the terminal value should consider the cyclical nature of the asset, and

(f) The tax attributes inherent in the asset at the end of the explicit forecast period and whether those tax attributes would be expected to continue into perpetuity. For example, an asset being depreciated/amortised for tax purposes will eventually be fully depreciated/amortised, potentially increasing the effective tax rate. The three most commonly used methods for calculating a terminal value are:

(a) Gordon growth model/constant growth model (appropriate only for indefinite-lived assets),

(b) Market approach/exit value (appropriate for both deteriorating/finite-lived assets and indefinite-lived assets), and

(c) Salvage value/disposal cost (appropriate only for deteriorating/finite-lived assets).

Gordon Growth Model/Constant Growth Model

The constant growth model assumes that the asset grows (or declines) at a constant rate into perpetuity.

Market Approach/Exit Value

The market approach/exit value method can be performed in a number of ways, but the ultimate goal is to calculate the value of the asset at the end of the explicit cash flow forecast.

Common ways to calculate the terminal value under this method include application of a market-evidence based capitalisation factor or a market multiple.

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Condensed Valuation Report

FIVE Luxe Jumeirah Beach Residence (JBR)

Dubai
United Arab Emirates

Reliant Parties: FIVE Holdings (BVI) Limited, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Emirates NBD Bank PJSC, Commercial Bank of Dubai P.S.C. and Mashreqbank psc.

Report Disclaimer – CBRE Valuation

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- ii. CBRE has prepared a full Valuation Report (the “Valuation Report”) relying on and referring to information provided by third parties (including the current operators of the property) including financial and market information (“Information”). CBRE assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect. Caution is advised in this regard.
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- iv. This Condensed Valuation Report is a condensed version of the full Valuation Report addressing the same subject matter. The Valuation Report also draws attention to the key issues and considerations impacting value and provides additional detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. Commercial investments of this nature are inherently complex, and the market conditions have changed and/or have been uncertain in recent times.
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Publication

Apart from the use in respect of the green bond issuance as set out above, neither the whole nor any part of our report nor any references to it may be included in any published document, circular or statement nor published in any way without our prior written approval.

If you request our approval to use or publish the report or any part of thereof (including any valuations contained therein), in any external publication, investor briefing or website, or make it available to any third parties whatsoever, you must provide us with a specimen of the text and layout of the article, display or advertisement and identify the intended forum and recipients. If we approve the publication or display, you may not vary from the specimen so approved by us.

Any such approved publication of, or reference to the report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of any special assumptions referred to above (if applicable).

Part I: Valuation Report

Valuation Report

Report Date	18 August 2023
Addressee	FIVE Holdings (BVI) Limited Coastal Building Wickham's Cay II P.O. Box 2221, Road Town, Tortola British Virgin Islands
The Property	FIVE Luxe JBR The Walk, Jumeirah Beach Residences Dubai, United Arab Emirates
Property Description	5-Star luxury "Condo-Hotel" with 222 rooms, 222 hotel apartments (with 160 included in the hotel rental pool), 8 F&B, a spa, health club, swimming pools as well as beach and promenade access and a retail area.
Ownership Purpose	Investment purposes
Instruction	To value the unencumbered freehold interest in the property on the basis of Fair Value as at the valuation date in accordance with the terms of engagement entered into between CBRE and the addressees dated 18 August 2023.
Valuation Date	30 June 2022.
Capacity of Valuer	External Valuer, as defined in the current version of the RICS Valuation – Global Standards.
Purpose	We understand that our valuation report and the Appendices to it (together the "Valuation Report") are required for inclusion in an Offering Memorandum which is to be published by the Client pursuant to the proposed issue of Notes by the Client and admission of the Note to the Nasdaq Dubai and the London Stock Exchange (the "Transaction"). The Valuation is on the basis of Fair Value as defined in the current edition of the International Financial Reporting Standards.
Fair Value – 30 June 2022	AED 1,135,500,000 (One Billion, One Hundred And Thirty Five Million, Five Hundred Thousand United Arab Emirates Dirhams) exclusive of VAT. We confirm that the "Fair Value" reported above, for the purpose of financial reporting under International Financial Reporting Standards (IFRS), is effectively the same as "Market Value". We have valued the Properties individually at the respective date of valuation included within the Condensed Property Report. Our opinion of Fair Value is based upon the Scope of Work and valuation Assumptions attached, and has been primarily derived using the Profits method and a 10-year discounted cash flow, with consideration towards recent market transactions on arm's length terms to derive a terminal capitalisation rate.

<p>General Market Volatility – as at Valuation Date</p>	<p>We draw your attention to the fact that a combination of global inflationary pressures (leading to higher interest rates) and the recent geopolitical events in Ukraine, in addition to the on-going effects of the global Covid-19 pandemic in some markets, has heightened the potential for greater volatility in property markets over the short-to-medium term. Experience has shown that consumer and investor behaviour can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility. Lending/Investment caution is advised in this regard.</p> <p>You should note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how market participants respond to current events.</p>
<p>Development Valuations</p>	<p>The value of development projects is traditionally highly volatile and can be subject to rapid changes of value in short timeframes. These property types appeal to a narrow and very specific segment of the market, which can be significantly impacted by many factors such as, broader economic conditions, changes to government policy, fluctuating levels of supply and demand for the product, changes in building costs and the availability and cost of development finance. All these (and more) factors will likely have a significant impact on the value and demand for the subject property.</p> <p>Going forward there will be several key factors impacting on the viability of hospitality projects and their underlying land values. Key concerns are rising construction costs, substantial new supply levels and easing investor demand for the final product. In addition, we also note that recent stresses in the banking system may significantly restrict development capital and increase the cost of development finance.</p> <p>Moreover, the current development site market cycle is likely at, or has passed its peak with heightened volatility and increased likelihood of deteriorating values.</p> <p>As experienced in previous market cycles, the value of development projects can undergo rapid and significant price corrections, as supply, demand and cost factors change. The Reliant Parties are strongly advised to consider this inherent risk in their investment decisions. Caution is advised in this regard.</p>
<p>Construction Cost Volatility</p>	<p>Material costs, labour costs and supply chains are currently unusually volatile with the market experiencing price increases in some or all those areas during 2022 and continuing into 2023. This has created significant uncertainty in cost estimates that is likely to continue. In addition, there are significant risks that delays may be encountered in sourcing materials and labour, and as such delivery risks are also heightened in this climate.</p>
<p>Rental Income</p>	<p>Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent.</p>
<p>Special Assumptions</p>	<p>No special assumptions have been assumed in undertaking the Fair Value of the asset.</p>
<p>Compliance with Valuation Standards</p>	<p>The valuation has been prepared in accordance with the current version of the RICS Valuation – Global Standards, which incorporate the International Valuation Standards “the Red Book”.</p>

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently.

Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE Ltd, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.

This valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property.

Other valuers may reach different conclusions as to the value of the subject property. This valuation is for the sole purpose of providing the intended user with the Valuer’s independent professional opinion of the value of the subject property as at the valuation date.

Sustainability Considerations

Wherever appropriate, sustainability and environmental matters are an integral part of the valuation approach. ‘Sustainability’ is taken to mean the consideration of such matters as environment and climate change, health and well-being and corporate responsibility that can or do impact on the valuation of an asset. In a valuation context, sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect value. The range of issues includes key environmental risks, such as flooding, energy efficiency and climate, as well as matters of design, configuration, accessibility, legislation, management, and fiscal considerations – and current and historic land use.

Sustainability has an impact on the value of an asset, even if not explicitly recognised. Valuers reflect markets, they do not lead them. Where we recognise the value impacts of sustainability, we are reflecting our understanding of how market participants include sustainability requirements in their bids and the impact on market valuations.

Assumptions

The property details on which the valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figure may also be incorrect and should be reconsidered.

Variation from Standard Assumptions

None

Verification

We recommend that before any financial transaction is entered into based upon these valuations, you obtain verification of any third party information contained within our report and the validity of the assumptions we have adopted.

We would advise you that whilst we have valued the property reflecting current market conditions, there are certain risks which may be, or may become, uninsurable. Before undertaking any financial transaction based upon this valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.

Valuer	<p>The property has been valued and inspected by a valuer who is qualified for the purpose of the valuation in accordance with the Red Book.</p>
Independence	<p>The total fees, including the fee for this assignment, earned by CBRE Dubai LLC (or other companies forming part of the same group of companies within the UAE) from the Addressee (or other companies forming part of the same group of companies) is less than 5.0% of the total UK or UAE revenues.</p> <p>It is not anticipated this situation will vary in the financial year to 31 December 2023.</p> <p>We confirm that we do not have any material interest in FIVE Holdings (BVI) Limited or other companies in the same Group or the Property.</p>
Conflicts of Interest	<p>We confirm that we have previously undertaken a valuation on the asset for secured lending and Year End financial reporting purposes in 2021 and 2022. We confirm that CBRE has no material involvement with the property and have no conflicts of interest – and that copies of our conflict of interest checks have been retained within the working papers.</p> <p><i>Note: CBRE will be disclosing our previous relationship with the client in the valuation and offer document.</i></p>
Disclosure	<p>The principal signatory of this report has continuously been the signatory of Valuations for the Company since March 2018.</p> <p>CBRE Dubai LLC has continuously been carrying out Valuation instructions for the Company since 30 November 2020.</p> <p>CBRE Dubai LLC has carried out Valuation services on behalf of the Company since 30 November 2020.</p>
Reliance	<p>The contents of this Report may only be relied upon by:</p> <ul style="list-style-type: none">(i) Addressees of the Report; and(ii) Parties who have received prior written consent from CBRE in the form of a reliance letter; <p>for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.</p>
Publication	<p>Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval</p> <p>Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of the special assumptions referred to herein.</p>

Yours faithfully



Daniel McCulloch
Senior Director
Head of CBRE Valuation MENA
RICS Registered Valuer

For and on behalf of
CBRE Dubai LLC

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Yours faithfully



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For and on behalf of
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Sources of Information and Scope of Works

Sources of Information	<p>We have carried out our work based upon information supplied to us by the Client between 01 March 2023 and 04 August 2023, as set out within this report, which we have assumed to be correct and comprehensive.</p> <ul style="list-style-type: none">• Site plan;• Title deed;• Hotel projections;• Hotel building schedule details, including number of Condo hotel rooms and residences, F&B outlet approximate capacities and cuisine offering and spa, swimming pool and childrens leisure facilities offered at the Property;• Anticipated STR competitive set for the YE 2020, YE 2021 and MY 2022 periods;• Floor plans / layouts;• Facility mix and amenities;• Lease terms related to seabed and beach;• Remaining cost to complete.
The Property	<p>Our report contains a brief summary of the property details on which our valuation has been based.</p>
The Inspection	<p>The property was internally inspected by Christopher Robson MRICS, RICS Registered Valuer, and Benjamin Parkins on 15 March 2023.</p> <p>We confirm we inspected the property on 15 March 2023 The Client has confirmed there were no material changes to the physical attributes of the property and it is still operating as a trading hotel, at a 5-Star luxury positioning between the date of inspection and the date of valuation. We have assumed this advice to be correct.</p> <p>All valuations are current as at the date of valuation only. The value assessed may in the future change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property or particular property sector). CBRE does not accept liability for losses arising from subsequent changes in value. As values can vary from time to time, CBRE recommends the valuation be reviewed periodically in the future to ascertain any changes in value.</p> <p>Without limiting the generality of this statement, we do not assume any responsibility or accept any liability, nor should the valuation be relied upon if the Client, or any Reliant Party becomes aware of any factors that may have an effect on the valuation and has not disclosed such information to CBRE.</p>
Areas	<p>We have not measured the properties but have relied upon the floor areas provided to us by FIVE Investments LLC as set out in this report, which we have assumed to be correct and comprehensive.</p>

Environmental Matters	<p>We have not been provided with copies of any environmental reports referring to the Property.</p> <p>We have not carried out any investigations into the past or present uses of the property, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.</p>
Services and Amenities	<p>We understand that all main services including water, drainage, electricity and telephone are available to the property. None of the services have been tested by us.</p>
Repair and Condition	<p>We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the property. We are unable, therefore, to give any assurance that the property is free from defect.</p>
Titles, Tenures and Lettings	<p>Details of title/tenure under which the property is held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title, including relevant deeds, leases and planning consents is the responsibility of your legal adviser.</p> <p>We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.</p>

Valuation Assumptions

Introduction

An Assumption is defined in the Red Book Glossary and VPS 4 to be a “supposition taken to be true” (an “Assumption”).

Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that it has been agreed need not be verified by the valuer as part of the valuation process. Assumptions are made when it is reasonable for the valuer to accept that something is true without the need for specific investigation.

The Client has confirmed and we confirm that our Assumptions are correct as far as the Client and we, respectively, are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The principal Assumptions which we have made are stated within this Valuation Report.

For the avoidance of doubt, the Assumptions made do not affect compliance with the approach to Market Value under the Red Book.

Capital Values

The valuation has been prepared on the basis of "Fair Value" (in accordance with International Financial Reporting Standard 13), which is defined as:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

"Fair Value", for the purpose of financial reporting under IFRS 13, is effectively the same as "Market Value", which is defined in the Red Book as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.

No account has been taken of the availability or otherwise of capital based Government grants.

Rental Values

Unless stated otherwise rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent in the Red Book, which is as follows:

"The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

[a] the property is not contaminated and is not adversely affected by any existing or proposed environmental law;

[b] any processes which are carried out on the property which are regulated by environmental legislation are properly licensed by the appropriate authorities.

[c] the property is either not subject to flooding risk or, if it is, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

[a] there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;

[b] the property is free from rot, infestation, structural or latent defect;

[c] no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the property; and

[d] the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the property. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Lettings,
Planning, Taxation and
Statutory & Local
Authority requirements

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

[a] the property possesses a good and marketable title free from any onerous or hampering restrictions or conditions;

[b] the building has been erected either prior to planning control, or in accordance with planning permissions, and has the benefit of permanent planning consents or existing use rights for their current use;

[c] the property is not adversely affected by town planning or road proposals;

[d] the building complies with all statutory and local authority requirements including building, fire and health and safety regulations;

[e] all rent reviews are upward only and are to be assessed by reference to full current market rents;

[f] there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

[g] tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;

[h] there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

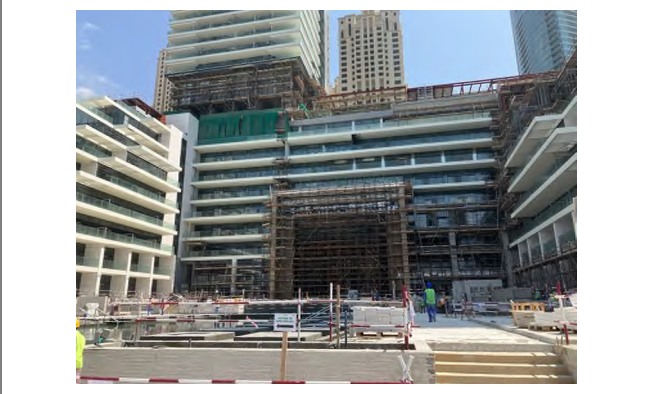
[i] where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and

[j] vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

Part II: Property Details

Property Details

Outside view of the Property



Source: CBRE Site Inspection

Location



Source: Google Maps

The Property

The property is located within the Dubai Marina district of Dubai, United Arab Emirates. The property features direct beach access and is situated along The Walk, a promenade that offers a mix of retail and dining options.

Dubai International Airport is located circa 35 kilometres to the north-east of the subject site with a drive time of circa 30 minutes. Accessibility to the subject site can be accessed by vehicle directly from The Walk.

After the acquisition by the client for the subject property, construction recommenced in September 2021. Once open, the subject property is expected to operate as a luxury 5-Star hotel under the management of FIVE International Hotel Management. The property consists of a U-shape style structured podium (Ground floor + 10 floors) with a single tower starting from the 11th floor and ending on the 55th floor. The U-shaped structure comprises 222 hotel keys, while the tower features a total of 222 residences, of which, to date, 160 of these units form part of the hotel rental pool.

In total, the property features 3 basement levels, ground floor and 55 floors and is planned to provide 8 F&B venues (excluding In Room Dining and Minibar), a gym, spa and third-party rental areas including Sikka Retail space and a water sports area and is due to open on 01 January 2024.

Tenure

We have been provided with a Title Deed dated 02 September 2021 which confirms the plot number as plot 3609 (Municipality No. 392 – 549) of the Marsa Dubai Community and the owner of the title as Five JBR Holding (DIFC) Limited.

As per information from The Client, Five JBR Holding (DIFC) Limited is an affiliate of The Client. Hence, we have assumed that the above areas of the Property are owned by The Client freehold.

Operating Agreement

We have not been provided with a copy of the Hotel Management Agreement (HMA) for the Property; however, we were provided with the key commercial terms, which are summarised below:

HMA Headings	Details
Basic Management Fee	2.5% of gross operating revenue
Incentive Management Fee	10% of gross operating profit
Sales & Marketing Fee	1% of gross operating revenue
Group Services Fee	0.5% of gross operating revenue
FF&E Reserve	1.0% of gross operating revenue
Hotel units for sale headings	Details
Hotel unit owners guaranteed return	An annual guaranteed return of 7% of the total purchase price
Guaranteed period	10 years starting from the rent commencement date
Rent commencement date	First day of which the hotel operator takes in guests for occupation of hotel rooms
Hotel unit owners share post guaranteed return period – “buyer’s monthly income”	After the guaranteed period – the hotel units will be paid in rent, which is calculated as follows: 40% of the rooms revenue minus deductible expenses
Holiday Homes headings	Details
Unit owners guaranteed return	10% of unit sales price for a period of 5 years from opening
Lock-in period during the guaranteed return	A period of 60 months starting from the effective date (date of issue of the building completion certificate).
Unit owners share post guaranteed return period – “buyer’s monthly income”	75% of rental revenue generated from the residences less property management fees and deductions.
Client’ returns – “property management fee”	25% of rental revenue generated from the residences.
Definition of rental revenue	Total income generated net of any taxes from the occupancy of the unit by guests and the provision of the holiday home services to the unit.
Definition of holiday home services	Performing all management, marketing, and operational obligations necessary to operate the unit as a holiday home let to be used and occupied by guests upon the commercial terms determined by the agent in its absolute discretion.
Definition of deductions	Third party fees, service charges, and utility charges applicable to the unit, including but not limited to DEWA, chilled water, DU/Etisalat and such other fees and charges applicable to the unit towards the holiday home services.

Source: The Client

Key Valuation Factors

Strengths and Opportunities:

- Located on a prime beachfront tract of land situated in proximity to a wide variety of demand generators (The Walk and Dubai Marina Mall for example).
- Favourable unobstructed sea views with view aspects of Bluewaters Island and the Palm Jumeirah on higher floors.
- The property features direct beach access with a frontage of c.100 metres.
- Strong F&B concepts. Unique Rig development (operated under Lio brand) that is likely to drive further visitation and demand to the property.
- Large catchment area – Dubai Marina is a densely populated area. The property will be able to capture residents to their F&B outlets.

Risks and Mitigating Factors:

- Traffic congestion around JBR during peak hours.
- The Property is operated by local operator FIVE International Hotel Management, whose brand identity and standards are strongly linked to its founders.
- Due to the Condo-Hotel nature of the Property, the inventory of the Hotel apartments component can vary on a yearly basis affecting performance of the Property.
- Competing developments in proximity to the subject site, especially within the 5-Star segment.
- Undercutting of rates by local hotels and inferior quality hotels to gain market share.

Valuation Methodology

We have calculated the Fair Value of the subject site by adopting the Profits Method and Residual Method of valuation. The Profits Method was used to calculate the Gross Development Value of the Property, from which the remaining construction costs are deducted giving the Fair Value of the Property.

In the case of development valuations, we would draw your attention to the fact that, even in normal market conditions, the residual method of valuation is very sensitive to changes in key inputs, with small changes in variables (such as the timing of the development, finance/construction costs and sales rates) having a disproportionate effect on land value. Consequently, in the current extraordinary market conditions – with construction costs increasing, supply and timing issues, fluctuating finance rates, uncertain marketing periods and a lack of recent comparable information – it is inevitable that there is even greater uncertainty, with site values being susceptible to much more variance than normal.

Please refer to Appendix A for the standard methodologies descriptions.

Valuation Date

30 June 2022

Fair Value

30 June 2022: AED 1,135,500,000 (One Billion, One Hundred And Thirty Five Million, Five Hundred Thousand United Arab Emirates Dirhams)

We have included a sensitivity analysis in the table below, based on the variation in construction cost and impact upon Fair Value:

Construction Cost Change (%)	Fair Value (AED)
Base Case	1,135,500,000
10.00% below base case	1,175,100,000
5.00% below base case	1,155,300,000
5.00% above base case	1,115,700,000
10.00% above base case	1,096,000,000

Under RICS Red Book guidelines we have adopted a 10-year cashflow and capitalised Year 10 into perpetuity to provide our opinion of Gross Development Value. Thereafter, we adopted the residual method of valuation to calculate the Fair Value of the asset under construction.

Our Gross Development Value (GDV) is based on a going concern basis, under the assumption that the hotel is operational with the FIVE brand in place, reflecting similar levels of business to other Properties within the group and its relevant competitive set. The current GDV of the property is intrinsically linked to the successful operation of the hotel business on the property. Any change, deterioration or cessation of the business practices as per our assumptions would have a significantly detrimental impact on the property's value. Caution is advised in this regard.

Profits Method

Specialised Trading Properties

The Property is of a category that is normally bought and sold on the basis of its trading potential on the assumption that there will be a continuation in trading. The essential characteristics of properties that are normally sold on the basis of their trading potential is that they are designed, or adapted, for a specific use (such as a Hotel) and that ownership of the property normally passes with the sale of the business as an operational entity.

Our valuation therefore is the Market Value of the Property as a fully equipped operational entity valued having regard to its trading potential. The operational entity comprises:-

The legal interest in the land and buildings;

The plant and machinery and all trade fixtures, fittings, furniture, furnishings and equipment required to continue operating the business (consumable stocks are excluded);

The market's perception of the trading potential, excluding personal goodwill, together with an assumed ability to obtain/renew existing licences, consents, certificates and permits;

The benefit of any transferable licences, consents, certificates and permits.

Specialised trading properties such as the Property are normally valued using the "profits' method" having regard to revenue and operating profits. Operating profits are known as Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) after the 11th revised edition of the Uniform System of Accounts for the Lodging Industry (USALI). The valuer assesses the fair maintainable level of trade and EBITDA that could be achieved by a reasonably efficient operator and which would form the basis for a bid in the open market.

The capitalisation factor applied to the revenue or operating profits reflects growth potential, risk and the desirability of the Property and is market derived.

Even where specialised trading properties are leased and the rent payable is not linked to turnover or EBITDA, where possible an attempt is made to understand the fair maintainable level of trade at the Property in an effort to estimate if the Property is 'correctly' rented.

We have prepared valuations of the Property on the basis of Market Value assuming a fully equipped operational entity having regard to trading potential. In assessing the value of a Property, we have had regard to the following methods of valuation.

Discounted cash flow (DCF)

Under the DCF method, the projected EBITDA for the Property over ten years are discounted back to present day values using an appropriate discount rate. The value of the Property derived from the capitalised earnings in the 10th year is also brought back to present values. Capital expenditure is built into the cash flow if appropriate.

Terminal Value

Where the asset is expected to continue beyond the explicit forecast period, it is necessary to estimate the value of the asset at the end of that period. The terminal value is then discounted back to the valuation date, normally using the same discount rate as applied to the forecast cash flow.

The terminal value should consider the following:

- (a) Whether the asset is deteriorating/finite-lived in nature or indefinite-lived will influence the method used to calculate a terminal value,
- (b) Whether there is future growth potential for the asset beyond the explicit forecast period,
- (c) Whether there is a predetermined fixed capital amount expected to be received at the end of the explicit forecast period,

(d) The expected risk level of the asset at the time the terminal value is calculated,

(e) For cyclical assets, the terminal value should consider the cyclical nature of the asset, and

(f) The tax attributes inherent in the asset at the end of the explicit forecast period and whether those tax attributes would be expected to continue into perpetuity. For example, an asset being depreciated/amortised for tax purposes will eventually be fully depreciated/amortised, potentially increasing the effective tax rate. The three most commonly used methods for calculating a terminal value are:

(a) Gordon growth model/constant growth model (appropriate only for indefinite-lived assets),

(b) Market approach/exit value (appropriate for both deteriorating/finite-lived assets and indefinite-lived assets), and

(c) Salvage value/disposal cost (appropriate only for deteriorating/finite-lived assets).

Gordon Growth Model/Constant Growth Model

The constant growth model assumes that the asset grows (or declines) at a constant rate into perpetuity.

Market Approach/Exit Value

The market approach/exit value method can be performed in a number of ways, but the ultimate goal is to calculate the value of the asset at the end of the explicit cash flow forecast.

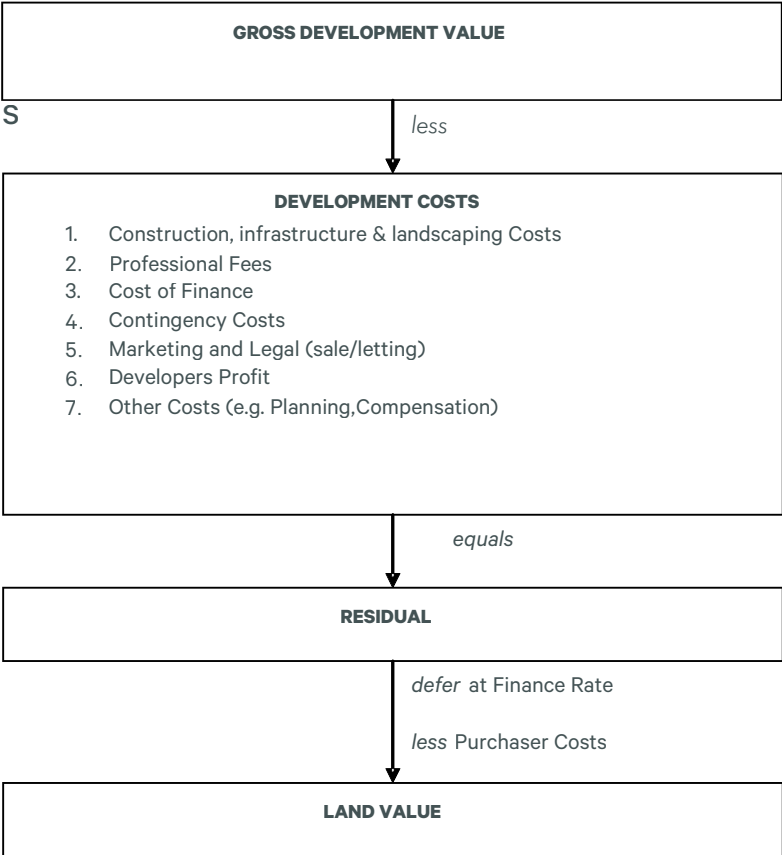
Common ways to calculate the terminal value under this method include application of a market-evidence based capitalisation factor or a market multiple.

Residual Method

The residual valuation approach is the valuation method accepted by the RICS for valuing developments and opportunities which take time to come to fruition.

The term “Residual Valuation” relates to any valuation which consists of an estimate of the value of a property after allowing for various items of expenditure. In terms of valuing a development the “residual” refers to the value of the site after all costs have been spent.

To arrive at the residual the following process is undertaken



Terminology

Gross Development Value

The Gross Development Value (GDV) is the total calculation of all the inflows once the development is complete. The market price for the venture depends on the current market practice for valuing each sector within the development. This traditionally may either take the form of valuing to market value using direct capital sale comparisons, or by assessing the rental income from the scheme and capitalising this into perpetuity or by preparing a cash flow with an assumed hold period.

Construction Costs

The valuer needs to assess the costs of developing the Project in order that these can be deducted to arrive at the land value. Total development costs can be put into nine main areas.

1. Building Costs

These are the costs of constructing the individual elements of a development. Construction costs for infrastructure development are based on the current market costs for building similar schemes in the area. In the case of subject plots, the construction costs refer to infrastructure works and land costs.

2. Professional Fees

These relate to the professionals that will be employed in completing the scheme ranging from architects, quantity surveyors, engineers, planning supervisors etc.

3. Finance Costs

The appraisal takes into account the cost of borrowing to facilitate the capital required to undertake the proposed works. The finance rate used depends on the current market rate that can be achieved.

4. Contingency Costs

In any development valuation situation, an allowance for unforeseen and over running costs needs to be built into the equation. This allowance can either be made on all costs or applied to the build costs and fees.

5. Marketing and Legal (Sale and Letting Fees)

We have included a marketing budget and sale fees to determine the residual value.

6. Developer's Profit

When valuing a development scheme a sum has to be specified for the amount the developer or developers will require for taking on the risk of the scheme. The exact figure depends on factors such as the current market climate and the perceived risk and scale of the development scheme.

7. Other Costs such as Planning or Compensation

These tend to be scheme specific but need to be accounted for in arriving at the residual land value.

8. Purchaser's costs

These are costs that have to be accounted for when acquiring the land and these would include Municipality transfer fees, agents' fees and legal fees.

9. Land Value

The net result once all the costs have been subtracted from the GDV.

For more information:

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ANNEX B - CONDENSED VALUATION REPORTS FOR THE YEARS ENDED 2022, 2021 AND 2020

Condensed Valuation Report



FIVE Palm Jumeirah

Dubai

United Arab Emirates

Date of Inspection: 15 March 2023

Date of Valuation: 31 December 2022

Reliant Parties: FIVE Holdings (BVI) Limited, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Emirates NBD Bank PJSC, Commercial Bank of Dubai PSC, Mashreqbank psc.

Important Report Disclaimers – CBRE Valuation

- i. This document is for the sole use of FIVE Holdings (BVI) Limited (the “Client”), its affiliates and any other person directly provided with it by CBRE. Use by, or reliance upon this document by anyone other than those parties named above is not authorised by CBRE.
- ii. CBRE has prepared a full Valuation Report (the “Valuation Report”) relying on and referring to information provided by third parties (including the current operators of the property) including financial and market information (“Information”). CBRE assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect. Caution is advised in this regard.
- iii. CBRE has prepared this Condensed Valuation Report for inclusion within an offering memorandum on behalf of the Client (the “Offering Memorandum”); CBRE has not been involved in the preparation of the remainder of the Offering Memorandum. CBRE disclaims any liability to any person in the event of false and misleading statements included in, or an omission from, the Offering Memorandum.
- iv. This Condensed Valuation Report is a condensed version of the full Valuation Report addressing the same subject matter. The Valuation Report also draws attention to the key issues and considerations impacting value and provides additional detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. Commercial investments of this nature are inherently complex, and the market conditions have changed and/or have been uncertain in recent times.
- v. Neither this Condensed Valuation Report nor CBRE’s full Valuation Report may be reproduced in whole or in part without the prior written approval of CBRE.
- vi. Where CBRE has expressly agreed (by way of a reliance letter) that persons other than the Client can rely upon the Valuation Report (a “Relying Party” or “Relying Parties”), then CBRE shall have no greater liability to any Relying Party than it would have had if such party had been named as a joint client under the Instruction.
- vii. CBRE’s maximum aggregate liability to the Client and to any authorised Reliant Parties, howsoever arising under, in connection with or pursuant to reliance upon this Condensed Valuation Report or any other Valuation Report produced under the same letter of instruction, and whether in contract, tort, negligence or otherwise shall not exceed US \$15,000,000 (AED 55,087,500).
- viii. CBRE is not a financial advisor, and this document does not constitute financial product advice. Investors should consider obtaining independent advice from their financial advisor before making any decision to invest in/with the Client.
- ix. None of the information in this Condensed Valuation Report constitutes advice as to the merits of entering into any form of transaction. If you do not understand this legal notice, then it is recommended that you seek independent legal advice.

Publication

Apart from the use in respect of the Offering Memorandum, neither the whole nor any part of our report nor any references to it may be included in any published document, circular or statement nor published in any way without our prior written approval.

If you request our approval to use or publish the report or any part of thereof (including any valuations contained therein), in any external publication, investor briefing or website, or make it available to any third parties whatsoever, you must provide us with a specimen of the text and layout of the article, display or advertisement and identify the intended forum and recipients. If we approve the publication or display, you may not vary from the specimen so approved by us.

Any such approved publication of, or reference to the report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of any special assumptions referred to above (if applicable).

Part I: Valuation Report

Valuation Report

Report Date	10 May 2023
Addressee	FIVE Holdings (BVI) Limited Coastal Building Wickham's Cay II P.O. Box 2221, Road Town, Tortola British Virgin Islands
The Property	FIVE Palm Jumeirah Dubai No. 1, Palm Jumeirah Dubai, United Arab Emirates PO Box 6438
Interest Valued	Freehold under going concern, subject to lease agreements and management agreement in place.
Property Description	5-Star luxury "Condo-Hotel" with 436 rooms, 38 hotel apartments, 14 F&B outlets (12 managed and 2 F&B outlets under revenue share schemes with third-party operators but owned by FIVE), 1 ballroom, a spa, health club, swimming pools as well as beach and promenade access.
Instruction	To value the freehold going concern of the property on the basis of Fair Value as at the valuation date in accordance with the terms of engagement entered into between CBRE and the addressees dated 18 August 2023.
Valuation Date	31 December 2022
Capacity of Valuer	External Valuer, as defined in the current version of the RICS Valuation – Global Standards.
Purpose	We understand that our valuation report and the Appendices to it (together the "Valuation Report") are required for inclusion in an Offering Memorandum which is to be published by the Client pursuant to the proposed issue of Notes by the Client and admission of the Note to the Nasdaq Dubai and the London Stock Exchange (the "Transaction"). The Valuation is on the basis of Fair Value as defined in the current edition of the International Financial Reporting Standards.
Aggregate Fair Value – 31 December 2022	AED 4,208,200,000 (Four Billion, Two Hundred And Wight Million, Two Hundred Thousand United Arab Emirates) exclusive of VAT. We confirm that the "Fair Value" reported above, for the purpose of financial reporting under International Financial Reporting Standards (IFRS), is effectively the same as "Market Value". We have valued the Properties individually at the respective 31 December 2022 included within the Condensed Property Report.

Our opinion of Fair Value is based upon the Scope of Work and valuation Assumptions attached, and has been primarily derived using the Profits method and a 10-year discounted cash flow, with consideration towards recent market transactions on arm’s length terms to derive a terminal capitalisation rate.

Valuation of a trade related Property as a Going Concern

Hotel and leisure properties are normally bought and sold on the basis of their trading potential. The essential characteristic of this type of property is that they have been designed or adapted for a specific use, and the resulting lack of flexibility means that the value of the property interest is intrinsically linked to the returns that an owner can generate from that use. The value therefore reflects the trading potential of the property. It can be contrasted with generic property that can be occupied by a range of different business types, such as standard office, industrial or retail property.

Our valuation has been assessed having regard to trading potential of the business currently operating on the property. In this regard we have made the assumption of the continued operation of the current hotel business on the property. The current value of the property is intrinsically linked to the successful operation of the current hotel business. Any change, deterioration or cessation of the business practices as detailed in our valuation would have a significantly detrimental impact on the property’s value. Investment caution is advised in this regard.

General Market Volatility – as at Valuation Date

The valuation takes no account of the costs of business closure, disruption or any other costs associated with realising this value and is not a vacant possession value.

We draw your attention to the fact that a combination of global inflationary pressures (leading to higher interest rates) and the recent geopolitical events in Ukraine, in addition to the on-going effects of the global Covid-19 pandemic in some markets, has heightened the potential for greater volatility in property markets over the short-to-medium term. Experience has shown that consumer and investor behaviour can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility. Lending/Investment caution is advised in this regard.

You should note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how market participants respond to current events.

Heightened Volatility Hotel and Tourism Property

The value of hotels and tourism related property is traditionally volatile and can be subject to rapid changes of value in short timeframes. These property types appeal to a narrow and very specific segment of the market which can be significantly impacted by many factors such as, broader economic conditions, migration, changes to operating costs and inflation, travel and visas restrictions (both domestic and international) and other changes to government policy, which may materially impact levels of supply and demand for the product. All these (and more) factors will likely have a significant impact on the value and demand for the subject property.

Going forward there will be several key factors impacting on the viability of hotel and leisure and their underlying values. Key concerns relate to the subject property are:-

- Due to the condo-hotel nature of the Property, the inventory of the hotel apartments component can vary affecting performance of the Property.

- The Property is in a non-established hospitality market and mostly under development community of Dubai.
- New supply and increased competition within the Dubai hospitality market
- Undercutting of rates by local hotels and inferior quality hotels to gain market share.

In addition, we also note that recent stresses in the banking system may significantly restrict capital.

As experienced in previous market cycles, the value of hotel and tourism related property can undergo rapid and significant price corrections, as supply, demand and cost factors change which should be considered in any investment decisions. Caution is advised in this regard.

Valuation Uncertainty Market transaction of hotels with similar operating structures is limited and as such our valuation includes appropriate adjustments and subjective analysis. Our valuation therefore contains a degree of inherent uncertainty that may be greater than for a standard hotel operating structure valuation.

Rental Income Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent.

Special Assumptions No special assumptions have been assumed in undertaking the Fair Value of the asset.

Compliance with Valuation Standards The valuation has been prepared in accordance with the current version of the RICS Valuation – Global Standards, which incorporate the International Valuation Standards “the Red Book”.

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently.

Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE Ltd, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.

This valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property.

Other valuers may reach different conclusions as to the value of the subject property. This valuation is for the sole purpose of providing the intended user with the Valuer’s independent professional opinion of the value of the subject property as at the valuation date.

Sustainability Considerations Wherever appropriate, sustainability and environmental matters are an integral part of the valuation approach. ‘Sustainability’ is taken to mean the consideration of such matters as environment and climate change, health and well-being and corporate responsibility that can or do impact on the valuation of an asset. In a valuation context, sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect value. The range of issues includes key environmental risks, such as flooding, energy efficiency and climate, as well as matters of design,

configuration, accessibility, legislation, management, and fiscal considerations – and current and historic land use.

Sustainability has an impact on the value of an asset, even if not explicitly recognised. Valuers reflect markets, they do not lead them. Where we recognise the value impacts of sustainability, we are reflecting our understanding of how market participants include sustainability requirements in their bids and the impact on market valuations.

Assumptions

The property details on which the valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figure may also be incorrect and should be reconsidered.

Variation from Standard Assumptions

None

Verification

We recommend that before any financial transaction is entered into based upon these valuations, you obtain verification of any third party information contained within our report and the validity of the assumptions we have adopted.

We would advise you that whilst we have valued the property reflecting current market conditions, there are certain risks which may be, or may become, uninsurable. Before undertaking any financial transaction based upon this valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.

Valuer

The property has been valued and inspected by a valuer who is qualified for the purpose of the valuation in accordance with the Red Book.

Independence

The total fees, including the fee for this assignment, earned by CBRE Dubai LLC (or other companies forming part of the same group of companies within the UAE) from the Addressee (or other companies forming part of the same group of companies) is less than 5.0% of the total UK or UAE revenues.

It is not anticipated this situation will vary in the financial year to 31 December 2023.

We confirm that we do not have any material interest in FIVE Holdings (BVI) Limited or other companies in the same Group or the Property.

Conflicts of Interest

We confirm that we have previously undertaken a valuation on the asset for financial reporting purposes in 2020, 2021 and 2022 for the Client.

We confirm that CBRE has no other material involvement with the property and have no conflicts of interest – and that copies of our conflict of interest checks have been retained within the working papers.

Disclosure

The principal signatory of this report has continuously been the signatory of Valuations for the Company since March 2018.

CBRE Dubai LLC has continuously been carrying out Valuation instructions for the Company since 30 November 2020.

CBRE Dubai LLC has carried out Valuation services on behalf of the Company since 30 November 2020.

Reliance

The contents of this Report may only be relied upon by:

- (i) Addressees of the Report; and
- (ii) Parties who have received prior written consent from CBRE in the form of a reliance letter;

for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of the special assumptions referred to herein.

Yours faithfully



Daniel McCulloch
Senior Director
Head of CBRE Valuation MENA
RICS Registered Valuer

For and on behalf of
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P.O. Box 506961

Yours faithfully



Christopher Robson
Associate Director
CBRE Hotels & Tourism
RICS Registered Valuer

For and on behalf of
CBRE Dubai LLC
+971 (0) 4 437 7240
Christopher.robson@cbre.com

Sources of Information and Scope of Works

Sources of Information We have carried out our work based upon information supplied to us by the Client between 01 March 2023 and 04 August 2023, as set out within this report, which we have assumed to be correct and comprehensive.

- Site plan;
- Title deed;
- Hotel Actual performance for the following periods:
 - YE 2020;
 - YE 2021;
 - YE 2022;
- Hotel building schedule details, including number of Condo hotels and residences, F&B outlet approximate capacities and cuisine offering and spa, swimming pool and children’s leisure facilities offered at the Property;
- Floor plans / layouts;
- Facility mix and amenities;
- A copy of a typical Holiday Home lease;
- A copy of a typical Condo-Hotel lease.

The Property Our report contains a brief summary of the property details on which our valuation has been based.

The Inspection The property was internally inspected by Christopher Robson MRICS, RICS Registered Valuer, and Benjamin Parkins on 15 March 2023. The Client has advised there have been no material change to the property between the Inspection Date and the Valuation Date, and we have assumed this to be true for this valuation.

We confirm we inspected the property on 15 March 2023 The Client has confirmed there were no material changes to the physical attributes of the property and it is still operating as a trading hotel, at a 5-Star luxury positioning between the date of inspection and the date of valuation. We have assumed this advice to be correct.

All valuations are current as at the date of valuation only. The value assessed may in the future change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property or particular property sector). CBRE does not accept liability for losses arising from subsequent changes in value. As values can vary from time to time, CBRE recommends the valuation be reviewed periodically in the future to ascertain any changes in value.

Without limiting the generality of this statement, we do not assume any responsibility or accept any liability, nor should the valuation be relied upon if the Client, or any Reliant Party becomes aware of any factors that may have an effect on the valuation and has not disclosed such information to CBRE.

Areas	We have not measured the properties but have relied upon the floor areas provided to us by FIVE Investments LLC as set out in this report, which we have assumed to be correct and measured in accordance with RICS code of measuring practice 6 th edition under Gross Internal Area (GIA).
Environmental Matters	<p>We have not been provided with copies of any environmental reports referring to the Property.</p> <p>We have not carried out any investigations into the past or present uses of the property, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.</p>
Services and Amenities	We understand that all main services including water, drainage, electricity and telephone are available to the property. None of the services have been tested by us.
Repair and Condition	We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the property. We are unable, therefore, to give any assurance that the property is free from defect.
Titles, Tenures and Lettings	<p>Details of title/tenure under which the property is held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title, including relevant deeds, leases and planning consents is the responsibility of your legal adviser.</p> <p>We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.</p>

Valuation Assumptions

Introduction

An Assumption is defined in the Red Book Glossary and VPS 4 to be a “supposition taken to be true” (an “Assumption”).

Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that it has been agreed need not be verified by the valuer as part of the valuation process. Assumptions are made when it is reasonable for the valuer to accept that something is true without the need for specific investigation.

The Client has confirmed and we confirm that our Assumptions are correct as far as the Client and we, respectively, are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The principal Assumptions which we have made are stated within this Valuation Report.

For the avoidance of doubt, the Assumptions made do not affect compliance with the approach to Market Value under the Red Book.

Capital Values

The valuation has been prepared on the basis of "Fair Value" (in accordance with International Financial Reporting Standard 13), which is defined as:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

"Fair Value", for the purpose of financial reporting, is effectively the same as "Market Value", which is defined in the Red Book as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.

No account has been taken of the availability or otherwise of capital based Government grants.

Rental Values

Unless stated otherwise rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent in the Red Book, which is as follows:

"The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

[a] the property is not contaminated and is not adversely affected by any existing or proposed environmental law;

[b] any processes which are carried out on the property which are regulated by environmental legislation are properly licensed by the appropriate authorities.

[c] the property is either not subject to flooding risk or, if it is, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

[a] there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;

[b] the property is free from rot, infestation, structural or latent defect;

[c] no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the property; and

[d] the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the property. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Lettings,
Planning, Taxation and
Statutory & Local
Authority requirements

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

[a] the property possesses a good and marketable title free from any onerous or hampering restrictions or conditions;

[b] the building has been erected either prior to planning control, or in accordance with planning permissions, and has the benefit of permanent planning consents or existing use rights for their current use;

[c] the property is not adversely affected by town planning or road proposals;

[d] the building complies with all statutory and local authority requirements including building, fire and health and safety regulations;

[e] all rent reviews are upward only and are to be assessed by reference to full current market rents;

[f] there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

[g] tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;

[h] there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

[i] where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and

[j] vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

Part II: Property Details

Property Details

Outside view of the Property



Source: CBRE Site Inspections

Location



Source: Google Maps

The Property

The Property is located within man-made development of Jumeirah Palm launched in 2001. It is now one of the prime hospitality submarkets of Dubai along with Dubai Downtown and Dubai Marina. The Property is located on the west corner of the Trunk of Jumeirah Palm. Adjacent to the Property are the Omniyat’s “One Palm” luxury residential development on the southern side and Arenco’s Marriott and Hilton branded hotels on the northern side. The Property faces the Dubai Beach Harbour, a mixed use development and is directly accessible from the Nakheel promenade. It also offers a beach equipped with a pool, Jacuzzis and sun beds.

The Property can be directly accessed from the street level. Vehicle access is not direct, and a U-turn is needed from the Palm service road and similar for exiting the Property with the condition of the road less than ideal. The Property is, however, well connected to Dubai’s major road network and is located 30 minutes’ drive from Dubai International Airport (DXB).

The FIVE Palm Hotel is a purpose-built full-service luxury five-star hotel. It is currently under the management of FIVE International Hotel Management. In addition to 474 keys (436 hotel rooms and 34 hotel apartments), the hotel offers 14 F&B outlets (12 managed and two third-party managed outlets), including a nightclub and a rooftop bar, one ballroom, a spa, health club, swimming pools, and a beach.

The Condo hotel rooms are being sold or are being offered to the open market to individual 3rd party investors on a 1 to 5-year tenure (short term) with an optional rental pool agreement in place.

The Condo hotel apartments are being sold or are being offered to the open market to individual 3rd party investors on a 30-year leasehold tenure (long term) with a mandatory rental pool agreement in place.

Tenure

We have been provided with a Title Deed dated 20 December 2017 which confirms the plot number as plot 2069 (Municipality No. 381 – 2735) of the Palm Jumeirah Community and the owner of the title as Assas Investments Limited. The freehold title is subject to the following:

- Condo hotel apartments – Can be purchased on a 30-year leasehold basis, linked to a mandatory rental pool. We have received the available apartments for sale as provided by the Client;
- Condo hotel rooms – Can be purchased on a 1 to 5-year leasehold basis and is optional for individual owners to include within the rental pool. We have received the available apartments for sale as provided by the Client;
- The Condo hotel rooms and apartments are in place as FIVE Rooms Revenues has a lease in place with the Owner of Title and is operated by the Manager;
- F&B and leisure facilities are operated under the hotel management in place as FIVE Hospitality is operated by the Manager.

As per information provided by the Client, Assas Investments Limited is an affiliate of the Client. Hence, we have assumed that the above areas of the Property are owned by the Client freehold.

Operating Agreement

We were provided with a copy of the Hotel Management Agreement (HMA) and the addendum to the original HMA signed on 1st January 2020 between the Owner of Title and Manager. For the avoidance of doubt the Owner of Title and the Manager for this Property are owned by FIVE Holding (BVI) Limited. The key operating agreement terms have been included in the table below:

Owner information headings	Details
Owner of Title	The Palm Jumeirah Co. LLC
Land Purchaser	Assas Investments Limited
Lessee	FIVE Hotel FZCO
Manager	FIVE International Hotel Management LLC
Date	1st January 2019
HMA headings	Details
Initial Term	27 years and 3 months (until 31st March 2047)
Basic Management Fees	2.50% of Gross Operating Revenues
Sales & Marketing Fees	1.00% of Gross Operating Revenues
Group Service Fees	0.50% of Gross Operating Revenues
Incentive Management Fee	10.00% of Gross Operating Profit (GOP)
FF&E Reserve	1.00% of Gross Operating Revenue per year as per the addendum to the original HMA signed on 1st January 2020.
Hotel units for lease headings	Details
Unit Owners* Profit Share	40.00% of Gross Room Revenue.
Rental calculation	40.00% multiplied by (Rooms Revenue minus Deductible Expenses) multiplied by unit area divided by total participating area.
Deductible Expenses	Service charges, sales tax, Dubai Municipality fee (10% of room revenue), sales tax, credit card commissions and utility charges.
Condo – Hotel Rooms Lease Terms	Mandatory rental pool – 30-year leases

Condo – Hotel Apartments Lease Terms	Optional rental pool – 1-year leases
Holiday Home units for lease	Details
Holiday Home Unit owners** share – “buyer’s monthly income”	75.00% of rental revenue generated from the residences less property management fees and deductions.
Client’ returns – “property management fee”	25.00% of rental revenue generated from the residences.
Definition of rental revenue	Total income generated net of any taxes from the occupancy of the unit by guests and the provision of the holiday home services to the unit.
Definition of holiday home services	Performing all management, marketing, and operational obligations necessary to operate the unit as a holiday home let to be used and occupied by guests upon the commercial terms determined by the agent in its absolute discretion.
Definition of deductions	Third party fees, service charges, and utility charges applicable to the unit, including but not limited to DEWA, chilled water, DU/Etisalat and such other fees and charges applicable to the unit towards the holiday home services.

Source: The Client

Source: As per title deed, The Client

*Unit Owner is a 3rd party owner of an individual Condo Hotel Room / Apartment on a leasehold basis.

**Holiday Home Unit Owners are 3rd party owners of an individual leasehold Condo Hotel Room which renew their Holiday Home licence on an annual basis.

Under the operating agreement in place, the operating structure within the Property is outlined below:

1. Owner and Manager of the Property have entered into a hotel management agreement to operate the Property on a day-to-day basis;

The Owner sells the Condo Hotel / Apartment units on leasehold agreements, of which the process of how these are managed and revenues allocated is described below:

2. Where a unit has been sold Owner and individual Unit Owner of the leasehold interest, within a Hotel-Condo sign an agreement for the Manager to operate the units within a mandatory or optional rental pool, dependent on product purchase:
 - a. Condo-Hotel Rooms are allocated within a mandatory rental pool under a 30-year lease. Where the individual investor will receive a fixed return as detailed in the Hotel units for lease section of the Operating Agreement;
 - b. Condo-Hotel Apartments are allocated within an optional rental pool under a 1 to 5-year lease. These units can be either owner occupied or included within the rental pool for investment purposes at the individual owners discretion;
3. In the case of a Condo-unit being unsold, the Owner will receive the cash-flows as EBITDA within the hotel operating model.
4. Holiday Home units are sold by the Owner to the individual Holiday Home Unit Owner of the leasehold interest, which is leased on an annual basis into an optional rental pool.

Key Valuation Factors

Strengths and Opportunities:

- The Property is located on a prime plot on the trunk of Jumeirah Palm with promenade and beach access
- The Property has strong F&B concepts, which have been successful since opening that currently generate strong F&B Revenue
- The Property offers unobstructed views over Dubai Marina and Dubai Harbour
- The Operator being part of Five Holdings it gives the on-site management more flexibility to adapt and reorganize operations to stay dynamic and offer novelties to guests
- Opening of a third FIVE property will provide hotel guests with a greater choice of venues and distribute centralised expenses

Risks and Mitigating Factors:

- Access to the Property is difficult from land as a U-Turn is needed to access the Property via Jumeirah Palm's service road
- The Property is operated by local operator FIVE International Hotel Management, whose brand identity and standards are strongly linked to its founders
- Due to the Condo-Hotel nature of the Property, the inventory of the Hotel apartments component can vary on a yearly basis affecting performance of the Property
- New supply and increased competition entering the Jumeirah Palm and Dubai Marina hospitality markets totalling more than 4,000 and 1,900 keys, respectively
- Undercutting of rates by local hotels and inferior quality hotels to gain market share

Valuation Methodology

We have calculated the Fair Value of the subject site by adopting the Profits Method of valuation. Please refer to Appendix A for the standard methodology description.

Inspection Date

15 March 2023 – **The Client has confirmed there were no material changes to the physical attributes of the property and it is still operating as a trading hotel, at a 5-Star luxury positioning between the date of inspection and the date of valuation. We have assumed this advice to be correct**

Valuation Date

31 December 2022

Fair Value

31 DECEMBER 2022: AED 4,208,200,000 (Four Billion, Two Hundred And Wight Million, Two Hundred Thousand United Arab Emirates)

Under RICS Red Book guidelines we have adopted a 10-year cashflow and capitalised Year 10 into perpetuity to provide our opinion of Fair Value.

Our valuation, on a going concern basis, is under the assumption of continued operation of the hotel business. The current value of the property is intrinsically linked to the successful operation of the hotel business on the property. Any change, deterioration or cessation of the business practices as per our assumptions would have a significantly detrimental impact on the property's value. Caution is advised in this regard.

Fair Value Apportionment by Category

CBRE has valued the Fair Value of the freehold interest. As requested by the Client, CBRE has componentised the added value of the various components of the property specifically for accounting purpose under relevant IFRS requirements as outlined below. CBRE disclaims all liability in regard to the individual apportioned values.

As requested by the Client, we include below a breakdown of the hypothetical added value of each component of the Fair Value, derived from category of operational and sales activities:

Valuation Date	Fair Value (AED)	FIVE room revenue (AED)	FIVE hospitality (AED)	Holiday Homes (AED)	Condo units: sold inventory revenue to be received (AED)
31 December 2022	4,208,200,000	2,203,300,000	1,911,300,000	65,600,000	28,000,000

FIVE room revenue – Inclusion of the 475 hotel room revenue, room expenses, pro-rata undistributed operating expenses, management fee income, pro-rata non-operating income and expenses, pro-rata FF&E Reserve attributed within the hotel management agreement and Unit Owner of the long term leasehold income from individual Condo units.

FIVE hospitality – Inclusion of the Food and Beverage, Other Operating Department and Miscellaneous Income revenue, expenses, pro-rata undistributed operating expenses, pro-rata non-operating income and expenses, pro-rata FF&E Reserve attributed within the hotel management agreement.

Holiday Homes – Inclusion of the 2 Owner Holiday Homes and 22 Third Party Holiday Homes revenue, Holiday Homes expenses, pro-rata undistributed operating expenses, management fee income, pro-rata non-operating income and expenses, pro-rata FF&E Reserve attributed within the hotel management agreement and Third Party Holiday Home pay away, as per the lease agreement in place.

Condo units: sold inventory revenue to be received – Condo units that have been ‘sold’ on a 30 year lease to individual Condo unit owners, with revenue still to be received through respective payment plans in place.

Fair Value Apportionment by Income Source

As requested by the Client, we include below a hypothetical breakdown of the constituent elements of the Fair Value by income source:

Valuation Date	Fair Value (AED)	Hotel operational cash flow	FIVE management fees (AED)	Third party income (AED)	Condo units: sold inventory revenue to be received (AED)
31 December 2022	4,208,200,000	2,488,000,000	691,700,000	1,000,500,000	28,000,000

Hotel operational cash flow – Inclusion of the total revenue, total departmental expenses, total undistributed operating expenses, management fees, non-operating income and expenses and FF&E Reserve, calculating the EBITDA of the Property over the 10-year forecast period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

FIVE management fees – Fees generated by the FIVE hotel management company operating the Property under the Hotel Management Agreement in place over the 10-year forecast period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

Third party income – Individual unit owner (units ‘sold’ on a 30yr lease) profit and Third Party Holiday Homes profit share under the leasehold agreements in place over the 10-year period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

Condo units: sold inventory revenue to be received – Condo units that have been ‘sold’ on a 30 year lease, with revenue still to be received through respective payment plans in place.

APPENDIX A: Valuation Methodology

Profits Method

Specialised Trading Properties

The Property is of a category that is normally bought and sold on the basis of its trading potential on the assumption that there will be a continuation in trading. The essential characteristics of properties that are normally sold on the basis of their trading potential is that they are designed, or adapted, for a specific use (such as a Hotel) and that ownership of the property normally passes with the sale of the business as an operational entity.

Our valuation therefore is the Market Value of the Property as a fully equipped operational entity valued having regard to its trading potential. The operational entity comprises:-

The legal interest in the land and buildings;

The plant and machinery and all trade fixtures, fittings, furniture, furnishings and equipment required to continue operating the business (consumable stocks are excluded);

The market's perception of the trading potential, excluding personal goodwill, together with an assumed ability to obtain/renew existing licences, consents, certificates and permits;

The benefit of any transferable licences, consents, certificates and permits.

Specialised trading properties such as the Property are normally valued using the "profits' method" having regard to revenue and operating profits. Operating profits are known as Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) after the 11th revised edition of the Uniform System of Accounts for the Lodging Industry (USALI). The valuer assesses the fair maintainable level of trade and EBITDA that could be achieved by a reasonably efficient operator and which would form the basis for a bid in the open market.

The capitalisation factor applied to the revenue or operating profits reflects growth potential, risk and the desirability of the Property and is market derived.

Even where specialised trading properties are leased and the rent payable is not linked to turnover or EBITDA, where possible an attempt is made to understand the fair maintainable level of trade at the Property in an effort to estimate if the Property is 'correctly' rented.

We have prepared valuations of the Property on the basis of Market Value assuming a fully equipped operational entity having regard to trading potential. In assessing the value of a Property, we have had regard to the following methods of valuation.

Discounted cash flow (DCF)

Under the DCF method, the projected EBITDA for the Property over ten years are discounted back to present day values using an appropriate discount rate. The value of the Property derived from the capitalised earnings in the 10th year is also brought back to present values. Capital expenditure is built into the cash flow if appropriate.

Terminal Value

Where the asset is expected to continue beyond the explicit forecast period, it is necessary to estimate the value of the asset at the end of that period. The terminal value is then discounted back to the valuation date, normally using the same discount rate as applied to the forecast cash flow.

The terminal value should consider the following:

- (a) Whether the asset is deteriorating/finite-lived in nature or indefinite-lived will influence the method used to calculate a terminal value,
- (b) Whether there is future growth potential for the asset beyond the explicit forecast period,
- (c) Whether there is a predetermined fixed capital amount expected to be received at the end of the explicit forecast period,

(d) The expected risk level of the asset at the time the terminal value is calculated,

(e) For cyclical assets, the terminal value should consider the cyclical nature of the asset, and

(f) The tax attributes inherent in the asset at the end of the explicit forecast period and whether those tax attributes would be expected to continue into perpetuity. For example, an asset being depreciated/amortised for tax purposes will eventually be fully depreciated/amortised, potentially increasing the effective tax rate. The three most commonly used methods for calculating a terminal value are:

(a) Gordon growth model/constant growth model (appropriate only for indefinite-lived assets),

(b) Market approach/exit value (appropriate for both deteriorating/finite-lived assets and indefinite-lived assets), and

(c) Salvage value/disposal cost (appropriate only for deteriorating/finite-lived assets).

Gordon Growth Model/Constant Growth Model

The constant growth model assumes that the asset grows (or declines) at a constant rate into perpetuity.

Market Approach/Exit Value

The market approach/exit value method can be performed in a number of ways, but the ultimate goal is to calculate the value of the asset at the end of the explicit cash flow forecast.

Common ways to calculate the terminal value under this method include application of a market-evidence based capitalisation factor or a market multiple.

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Condensed Valuation Report



FIVE Jumeirah Village

Dubai

United Arab Emirates

Date of Inspection: 15 March 2023

Date of Valuation: 31 December 2022

Reliant Parties: FIVE Holdings (BVI) Limited, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Emirates NBD Bank PJSC, Commercial Bank of Dubai PSC, Mashreqbank psc.

Important Report Disclaimers – CBRE Valuation

- i. This document is for the sole use of FIVE Holdings (BVI) Limited (the “Client”), its affiliates and any other person directly provided with it by CBRE. Use by, or reliance upon this document by anyone other than those parties named above is not authorised by CBRE.
- ii. CBRE has prepared a full Valuation Report (the “Valuation Report”) relying on and referring to information provided by third parties (including the current operators of the property) including financial and market information (“Information”). CBRE assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect. Caution is advised in this regard.
- iii. CBRE has prepared this Condensed Valuation Report for inclusion within an offering memorandum on behalf of the Client (the “Offering Memorandum”); CBRE has not been involved in the preparation of the remainder of the Offering Memorandum. CBRE disclaims any liability to any person in the event of false and misleading statements included in, or an omission from, the Offering Memorandum.
- iv. This Condensed Valuation Report is a condensed version of the full Valuation Report addressing the same subject matter. The Valuation Report also draws attention to the key issues and considerations impacting value and provides additional detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. Commercial investments of this nature are inherently complex, and the market conditions have changed and/or have been uncertain in recent times.
- v. Neither this Condensed Valuation Report nor CBRE’s full Valuation Report may be reproduced in whole or in part without the prior written approval of CBRE.
- vi. Where CBRE has expressly agreed (by way of a reliance letter) that persons other than the Client can rely upon the Valuation Report (a “Relying Party” or “Relying Parties”), then CBRE shall have no greater liability to any Relying Party than it would have had if such party had been named as a joint client under the Instruction.
- vii. CBRE’s maximum aggregate liability to the Client and to any authorised Reliant Parties, howsoever arising under, in connection with or pursuant to reliance upon this Condensed Valuation Report or any other Valuation Report produced under the same letter of instruction, and whether in contract, tort, negligence or otherwise shall not exceed US \$15,000,000 (AED 55,087,500).
- viii. CBRE is not a financial advisor, and this document does not constitute financial product advice. Investors should consider obtaining independent advice from their financial advisor before making any decision to invest in/with the Client.
- ix. None of the information in this Condensed Valuation Report constitutes advice as to the merits of entering into any form of transaction. If you do not understand this legal notice, then it is recommended that you seek independent legal advice.

Publication

Apart from the use in respect of the Offering Memorandum, neither the whole nor any part of our report nor any references to it may be included in any published document, circular or statement nor published in any way without our prior written approval.

If you request our approval to use or publish the report or any part of thereof (including any valuations contained therein), in any external publication, investor briefing or website, or make it available to any third parties whatsoever, you must provide us with a specimen of the text and layout of the article, display or advertisement and identify the intended forum and recipients. If we approve the publication or display, you may not vary from the specimen so approved by us.

Any such approved publication of, or reference to the report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of any special assumptions referred to above (if applicable).

Part I: Valuation Report

Valuation Report

Report Date	10 May 2023
Addressee	FIVE Holdings (BVI) Limited Coastal Building Wickham's Cay II P.O. Box 2221, Road Town, Tortola British Virgin Islands
The Property	FIVE Jumeirah Village Dubai Lazuward SW, Jumeirah Village Dubai, United Arab Emirates
Interest Valued	Freehold under going concern, subject to lease agreements and management agreement in place.
Property Description	5-Star luxury "Condo-Hotel" with 250 rooms, 200 hotel apartments, 7 F&B outlets, 2 meeting rooms, a spa, health club, swimming pools and third-party operated outlets.
Instruction	To value the freehold going concern of the property on the basis of Fair Value as at the valuation date in accordance with the terms of engagement entered into between CBRE and the addressees dated 18 August 2023.
Valuation Date	31 December 2022
Capacity of Valuer	External Valuer, as defined in the current version of the RICS Valuation – Global Standards.
Purpose	We understand that our valuation report and the Appendices to it (together the "Valuation Report") are required for inclusion in an Offering Memorandum which is to be published by the Client pursuant to the proposed issue of Notes by the Client and admission of the Note to the Nasdaq Dubai and the London Stock Exchange (the "Transaction"). The Valuation is on the basis of Fair Value as defined in the current edition of the International Financial Reporting Standards.
Aggregate Fair Value – 31 December 2022	AED 1,398,800,000 (One Billion, Three Hundred And Eighty Nine Million, Eight Hundred Thousand United Arab Emirates) exclusive of VAT. We confirm that the "Fair Value" reported above, for the purpose of financial reporting under International Financial Reporting Standards (IFRS), is effectively the same as "Market Value". We have valued the Properties individually at the respective 31 December 2022 included within the Condensed Property Report. Our opinion of Fair Value is based upon the Scope of Work and valuation Assumptions attached, and has been primarily derived using the Profits method and a 10-year discounted cash flow, with consideration towards recent market transactions on arm's length terms to derive a terminal capitalisation rate.

Valuation of a trade related Property as a Going Concern

Hotel and leisure properties are normally bought and sold on the basis of their trading potential. The essential characteristic of this type of property is that they have been designed or adapted for a specific use, and the resulting lack of flexibility means that the value of the property interest is intrinsically linked to the returns that an owner can generate from that use. The value therefore reflects the trading potential of the property. It can be contrasted with generic property that can be occupied by a range of different business types, such as standard office, industrial or retail property.

Our valuation has been assessed having regard to trading potential of the business currently operating on the property. In this regard we have made the assumption of the continued operation of the current hotel business on the property. The current value of the property is intrinsically linked to the successful operation of the current hotel business. Any change, deterioration or cessation of the business practices as detailed in our valuation would have a significantly detrimental impact on the property's value. Investment caution is advised in this regard.

General Market Volatility – as at Valuation Date

The valuation takes no account of the costs of business closure, disruption or any other costs associated with realising this value and is not a vacant possession value.

We draw your attention to the fact that a combination of global inflationary pressures (leading to higher interest rates) and the recent geopolitical events in Ukraine, in addition to the on-going effects of the global Covid-19 pandemic in some markets, has heightened the potential for greater volatility in property markets over the short-to-medium term. Experience has shown that consumer and investor behaviour can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility. Lending/Investment caution is advised in this regard.

You should note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how market participants respond to current events.

Heightened Volatility Hotel and Tourism Property

The value of hotels and tourism related property is traditionally volatile and can be subject to rapid changes of value in short timeframes. These property types appeal to a narrow and very specific segment of the market which can be significantly impacted by many factors such as, broader economic conditions, migration, changes to operating costs and inflation, travel and visas restrictions (both domestic and international) and other changes to government policy, which may materially impact levels of supply and demand for the product. All these (and more) factors will likely have a significant impact on the value and demand for the subject property.

Going forward there will be several key factors impacting on the viability of hotel and leisure and their underlying values. Key concerns relate to the subject property are:-

- Due to the condo-hotel nature of the Property, the inventory of the hotel apartments component can vary affecting performance of the Property.
- The Property is in a non-established hospitality market and mostly under development community of Dubai.
- New supply and increased competition within the Dubai hospitality market

- Undercutting of rates by local hotels and inferior quality hotels to gain market share.

In addition, we also note that recent stresses in the banking system may significantly restrict capital.

As experienced in previous market cycles, the value of hotel and tourism related property can undergo rapid and significant price corrections, as supply, demand and cost factors change which should be considered in any investment decisions. Caution is advised in this regard.

Valuation Uncertainty Market transaction of hotels with similar operating structures is limited and as such our valuation includes appropriate adjustments and subjective analysis. Our valuation therefore contains a degree of inherent uncertainty that may be greater than for a standard hotel operating structure valuation.

Rental Income Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent.

Special Assumptions No special assumptions have been assumed in undertaking the Fair Value of the asset.

Compliance with Valuation Standards The valuation has been prepared in accordance with the current version of the RICS Valuation – Global Standards, which incorporate the International Valuation Standards “the Red Book”.

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently.

Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE Ltd, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.

This valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property.

Other valuers may reach different conclusions as to the value of the subject property. This valuation is for the sole purpose of providing the intended user with the Valuer’s independent professional opinion of the value of the subject property as at the valuation date.

Sustainability Considerations Wherever appropriate, sustainability and environmental matters are an integral part of the valuation approach. ‘Sustainability’ is taken to mean the consideration of such matters as environment and climate change, health and well-being and corporate responsibility that can or do impact on the valuation of an asset. In a valuation context, sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect value. The range of issues includes key environmental risks, such as flooding, energy efficiency and climate, as well as matters of design, configuration, accessibility, legislation, management, and fiscal considerations – and current and historic land use.

Sustainability has an impact on the value of an asset, even if not explicitly recognised. Valuers reflect markets, they do not lead them. Where we recognise the value impacts of

	<p>sustainability, we are reflecting our understanding of how market participants include sustainability requirements in their bids and the impact on market valuations.</p>
Assumptions	<p>The property details on which the valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.</p> <p>If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figure may also be incorrect and should be reconsidered.</p>
Variation from Standard Assumptions	<p>None</p>
Verification	<p>We recommend that before any financial transaction is entered into based upon these valuations, you obtain verification of any third party information contained within our report and the validity of the assumptions we have adopted.</p> <p>We would advise you that whilst we have valued the property reflecting current market conditions, there are certain risks which may be, or may become, uninsurable. Before undertaking any financial transaction based upon this valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.</p>
Valuer	<p>The property has been valued and inspected by a valuer who is qualified for the purpose of the valuation in accordance with the Red Book.</p>
Independence	<p>The total fees, including the fee for this assignment, earned by CBRE Dubai LLC (or other companies forming part of the same group of companies within the UAE) from the Addressee (or other companies forming part of the same group of companies) is less than 5.0% of the total UK or UAE revenues.</p> <p>It is not anticipated this situation will vary in the financial year to 31 December 2023.</p> <p>We confirm that we do not have any material interest in FIVE Holdings (BVI) Limited or other companies in the same Group or the Property.</p>
Conflicts of Interest	<p>We confirm that we have previously undertaken a valuation on the asset for financial reporting purposes in 2020, 2021 and 2022 for the Client.</p> <p>We confirm that CBRE has no other material involvement with the property and have no conflicts of interest – and that copies of our conflict of interest checks have been retained within the working papers.</p>
Disclosure	<p>The principal signatory of this report has continuously been the signatory of Valuations for the Company since March 2018.</p> <p>CBRE Dubai LLC has continuously been carrying out Valuation instructions for the Company since 30 November 2020.</p> <p>CBRE Dubai LLC has carried out Valuation services on behalf of the Company since 30 November 2020.</p>
Reliance	<p>The contents of this Report may only be relied upon by:</p> <p>(i) Addressees of the Report; and</p>

(ii) Parties who have received prior written consent from CBRE in the form of a reliance letter;

for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of the special assumptions referred to herein.

Yours faithfully



Daniel McCulloch
Senior Director
Head of CBRE Valuation MENA
RICS Registered Valuer

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Yours faithfully



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Sources of Information and Scope of Works

Sources of Information	<p>We have carried out our work based upon information supplied to us by the Client between 01 March 2023 and 04 August 2023, as set out within this report, which we have assumed to be correct and comprehensive.</p> <ul style="list-style-type: none">● Site plan;● Title deed;● Hotel Actual performance for the following periods:<ul style="list-style-type: none">○ YE 2020;○ YE 2021;○ YE 2022;● Hotel building schedule details, including number of Condo hotels and residences, F&B outlet approximate capacities and cuisine offering and spa, swimming pool and children’s leisure facilities offered at the Property;● Floor plans / layouts;● Facility mix and amenities;● A copy of a typical Condo-Hotel lease.
The Property	<p>Our report contains a brief summary of the property details on which our valuation has been based.</p>
The Inspection	<p>The property was internally inspected by Christopher Robson MRICS, RICS Registered Valuer, and Benjamin Parkins on 15 March 2023. The Client has advised there have been no material change to the property between the Inspection Date and the Valuation Date, and we have assumed this to be true for this valuation.</p> <p>We confirm we inspected the property on 15 March 2023 The Client has confirmed there were no material changes to the physical attributes of the property and it is still operating as a trading hotel, at a 5-Star luxury positioning between the date of inspection and the date of valuation. We have assumed this advice to be correct.</p> <p>All valuations are current as at the date of valuation only. The value assessed may in the future change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property or particular property sector). CBRE does not accept liability for losses arising from subsequent changes in value. As values can vary from time to time, CBRE recommends the valuation be reviewed periodically in the future to ascertain any changes in value.</p> <p>Without limiting the generality of this statement, we do not assume any responsibility or accept any liability, nor should the valuation be relied upon if the Client, or any Reliant Party becomes aware of any factors that may have an effect on the valuation and has not disclosed such information to CBRE.</p>
Areas	<p>We have not measured the properties but have relied upon the floor areas provided to us by FIVE Investments LLC as set out in this report, which we have assumed to</p>

	<p>be correct and measured in accordance with RICS code of measuring practice 6th edition under Gross Internal Area (GIA).</p>
Environmental Matters	<p>We have not been provided with copies of any environmental reports referring to the Property.</p> <p>We have not carried out any investigations into the past or present uses of the property, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.</p>
Services and Amenities	<p>We understand that all main services including water, drainage, electricity and telephone are available to the property. None of the services have been tested by us.</p>
Repair and Condition	<p>We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the property. We are unable, therefore, to give any assurance that the property is free from defect.</p>
Titles, Tenures and Lettings	<p>Details of title/tenure under which the property is held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title, including relevant deeds, leases and planning consents is the responsibility of your legal adviser.</p> <p>We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.</p>

Valuation Assumptions

Introduction

An Assumption is defined in the Red Book Glossary and VPS 4 to be a “supposition taken to be true” (an “Assumption”).

Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that it has been agreed need not be verified by the valuer as part of the valuation process. Assumptions are made when it is reasonable for the valuer to accept that something is true without the need for specific investigation.

The Client has confirmed and we confirm that our Assumptions are correct as far as the Client and we, respectively, are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The principal Assumptions which we have made are stated within this Valuation Report.

For the avoidance of doubt, the Assumptions made do not affect compliance with the approach to Market Value under the Red Book.

Capital Values

The valuation has been prepared on the basis of "Fair Value" (in accordance with International Financial Reporting Standard 13), which is defined as:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

"Fair Value", for the purpose of financial reporting, is effectively the same as "Market Value", which is defined in the Red Book as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.

No account has been taken of the availability or otherwise of capital based Government grants.

Rental Values

Unless stated otherwise rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent in the Red Book, which is as follows:

"The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

[a] the property is not contaminated and is not adversely affected by any existing or proposed environmental law;

[b] any processes which are carried out on the property which are regulated by environmental legislation are properly licensed by the appropriate authorities.

[c] the property is either not subject to flooding risk or, if it is, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

[a] there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;

[b] the property is free from rot, infestation, structural or latent defect;

[c] no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the property; and

[d] the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the property. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Lettings,
Planning, Taxation and
Statutory & Local
Authority requirements

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

[a] the property possesses a good and marketable title free from any onerous or hampering restrictions or conditions;

[b] the building has been erected either prior to planning control, or in accordance with planning permissions, and has the benefit of permanent planning consents or existing use rights for their current use;

[c] the property is not adversely affected by town planning or road proposals;

[d] the building complies with all statutory and local authority requirements including building, fire and health and safety regulations;

[e] all rent reviews are upward only and are to be assessed by reference to full current market rents;

[f] there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

[g] tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;

[h] there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

[i] where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and

[j] vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

Part II: Property Details

Property Details

Outside view of the Property



Source: Property's website

Location



Source: Google Maps

The Property

The Property is situated within the Al Barsha South Fourth district of Dubai. More specifically, the Property is located within Jumeirah Village Circle (JVC), a residential community within Al Barsha South. The area surrounding the Property comprises primarily recently completed and under-construction residential buildings and townhouses.

The Property is located directly to the South West of JVC and adjacent to the Nakheel Circle Villas. The Property is located 25 minutes' drive from the EXPO venue.

The Property can be directly accessed from street level. The Property is well connected to Dubai's major road network with Sheikh Mohammed bin Zayed Road, Hessa Street and Al Khail Road. The Property is located 30 minutes away of Dubai International Airport (DXB).

The FIVE JVC Hotel is a purpose built full-service luxury five-star hotel. It is currently under the management of FIVE International Hotel Management. In addition to 450 keys (250 Condo hotel rooms and 200 Condo hotel apartments) in the hotel pool, the hotel offers seven F&B outlets, including a nightclub and a sports bar, two meeting rooms, a spa, a health club, and swimming pools. The Property is a well-known landmark and won several architectural awards; at the date of inspection, it is our opinion that the Property is in a condition commensurate with age of approximately four years.

The Condo hotel rooms are being sold or are being offered to the open market to individual 3rd party investors on a 1 to 5-year tenure (short term) with an optional rental pool agreement in place.

The Condo hotel apartments are being sold or are being offered to the open market to individual 3rd party investors on a 30-year leasehold tenure (long term) with a mandatory rental pool agreement in place.

Tenure

We have been provided with a Title Deed dated 14 May 2018 which confirms the plot number as plot 870 (Municipality No. 681 – 875) of the Al Barsha Fourth Community and the owner of the title as Unlimited 1 Limited. The freehold title is subject to the following:

- Condo hotel apartments – Can be purchased on a 30-year leasehold basis, linked to a mandatory rental pool. We have received the available apartments for sale as provided by the Client;
- Condo hotel rooms – Can be purchased on a 1 to 5-year leasehold basis and is optional for individual owners to include within the rental pool. We have received the available apartments for sale as provided by the Client;
- The Condo hotel rooms and apartments are in place as FIVE Rooms Revenues has a lease in place with the Owner of Title and is operated by the Manager;
- F&B and leisure facilities are operated under the hotel management in place as FIVE Hospitality is operated by the Manager.

As per information provided by the Client, Unlimited 1 Limited is an affiliate of the Client. Hence, we have assumed that the above areas of the Property are owned by the Client freehold.

Operating Agreement

We were provided with a copy of the Hotel Management Agreement (HMA) and the addendum to the original HMA signed on 1st January 2020 between the Owner of Title and Manager. For the avoidance of doubt the Owner of Title and the Manager for this Property are owned by FIVE Holding (BVI) Limited. The key operating agreement terms have been included in the table below:

Owner information headings	Details
Owner of Title	Jumeirah Village LLC
Land Purchaser	Unlimited 1 Limited
Lessee	FIVE Hotel Management LLC
Manager	FIVE International Hotel Management LLC
Signing Date	31 st December 2018
HMA headings	Details
Initial Term	30 years
Basic Management Fee	2.50% of Gross Operating Revenues
Sales & Marketing Fees	1.00% of Gross Operating Revenues
Group Service Fees	0.50% of Gross Operating Revenues
Incentive Management Fee	10.00% of Gross Operating Profit (GOP)
FF&E Reserve	1.00% of Gross Operating Revenue per year as per the addendum to the original HMA signed on 1 st January 2020
Hotel units for lease headings	Details
Unit Owner of leasehold interest in an individual Condo*	40.00% of Gross Room Revenue.
Rental calculation	(40% multiplied by Room Revenue) minus Deductible Expenses multiplied by owned unit area divided by total participating area.
Deductible Expenses	Service charges, sales tax, Dubai Municipality fee (10% of room revenue), sales tax, credit card commissions and utility charges.
Condo – Hotel Rooms Lease Terms	Mandatory rental pool – 30-year leases
Condo – Hotel Apartments Lease Terms	Optional rental pool – 1 to 5-year leases

Source: As per title deed, The Client

*Unit Owner is a 3rd party owner of an individual Condo Hotel Room / Apartment on a leasehold basis.

Under the operating agreement in place, the operating structure within the Property is outlined below:

1. Owner and Manager of the Property have entered into a hotel management agreement to operate the Property on a day-to-day basis;

The Owner sells the Condo Hotel / Apartment units on leasehold agreements, of which the process of how these are managed and revenues allocated is described below:

2. Where a unit has been sold Owner and individual Unit Owner of the leasehold interest, within a Hotel-Condo sign an agreement for the Manager to operate the units within a mandatory or optional rental pool, dependent on product purchase:
 - a. Condo-Hotel Rooms are allocated within a mandatory rental pool under a 30-year lease. Where the individual investor will receive a fixed return as detailed in the Hotel units for lease section of the Operating Agreement;
 - b. Condo-Hotel Apartments are allocated within an optional rental pool under a 1 to 5-year lease. These units can be either owner occupied or included within the rental pool for investment purposes at the individual owners discretion;
3. In the case of a Condo-unit being unsold, the Owner will receive the cash-flows as EBITDA within the hotel operating model.

Key Valuation Factors

Strengths and Opportunities:

- Full service luxury Property, first property of this kind in the submarket
- The Property offers unobstructed 360 degrees views over the Dubai skyline.
- Good connectivity with Dubai's main road network with Sheikh Mohammed Bin Zayed Road, Hesse Street and Al Khail Road
- The residential population of JVC provide benefit for F&B catchment.

Risks and Mitigating Factors:

- The Property is operated by local operator FIVE International Hotel Management, whose brand identity and standards are strongly linked to its founders.
- Due to the condo-hotel nature of the Property, the inventory of the hotel apartments component can vary affecting performance of the Property.
- The Property is in a non-established hospitality market and mostly under development community of Dubai.
- New supply and increased competition within the Dubai hospitality market
- Undercutting of rates by local hotels and inferior quality hotels to gain market share.

Valuation Methodology

We have calculated the Fair Value of the subject site by adopting the Profits Method of valuation. Please refer to Appendix A for the standard methodology description.

Inspection Date

15 March 2023 – **The Client has confirmed there were no material changes to the physical attributes of the property and it is still operating as a trading hotel, at a 5-Star luxury positioning between the date of inspection and the date of valuation. We have assumed this advice to be correct**

Valuation Date

31 December 2022

Fair Value

31 DECEMBER 2022: AED 1,398,800,000 (ONE BILLION, THREE HUNDRED AND EIGHTY NINE MILLION, EIGHT HUNDRED THOUSAND UNITED ARAB EMIRATES) exclusive of VAT

Under RICS Red Book guidelines we have adopted a 10-year cashflow and capitalised Year 10 into perpetuity to provide our opinion of Fair Value.

Our valuation, on a going concern basis, is under the assumption of continued operation of the hotel business. The current value of the property is intrinsically linked to the successful operation of the hotel business on the property.

Any change, deterioration or cessation of the business practices as per our assumptions would have a significantly detrimental impact on the property's value. Caution is advised in this regard.

Fair Value Apportionment by Category

CBRE has valued the Fair Value of the freehold interest. As requested by the Client, CBRE has componentised the added value of the various components of the property specifically for accounting purpose under relevant IFRS requirements as outlined below. CBRE disclaims all liability in regard to the individual apportioned values.

As requested by the Client, we include below a breakdown of the hypothetical added value of each component of the Fair Value, derived from category of operational and sales activities:

Valuation Date	Fair Value (AED)	FIVE room revenue (AED)	FIVE hospitality (AED)	Condo units: sold inventory revenue to be received (AED)	Condo units: inventory to sell (AED)
31 December 2022	1,398,800,000	877,000,000	267,900,000	4,900,000	240,000,000

FIVE room revenue – Inclusion of the 450 hotel room revenue, room expenses, pro-rata undistributed operating expenses, management fee income, pro-rata non-operating income and expenses, pro-rata FF&E Reserve attributed within the hotel management agreement and Unit Owner of the long term leasehold income from individual Condo units.

FIVE hospitality – Inclusion of the Food and Beverage, Other Operating Department and Miscellaneous Income revenue, expenses, pro-rata undistributed operating expenses, pro-rata non-operating income and expenses, pro-rata FF&E Reserve attributed within the hotel management agreement.

Condo units: sold inventory revenue to be received – Condo units that have been ‘sold’ on a 30 year lease to individual Condo unit owners, with revenue still to be received through respective payment plans in place.

Condo units: inventory to sell – Condo units that have not been ‘sold’, but are available to purchase on a 30 year lease on the open market.

Fair Value Apportionment by Income Source

As requested by the Client, we include below a hypothetical breakdown of the constituent elements of the Fair Value by income source:

Valuation Date	Fair Value (AED)	Hotel operational cash flow	FIVE management fees (AED)	Third party income (AED)	Condo units: sold inventory revenue to be received (AED)	Condo units: inventory to sell (AED)
31 December 2022	1,389,800,000	594,400,000	189,500,000	361,000,000	4,900,000	240,000,000

Hotel operational cash flow – Inclusion of the total revenue, total departmental expenses, total undistributed operating expenses, management fees, non-operating income and expenses and FF&E Reserve, calculating the EBITDA of the Property over the 10-year forecast period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

FIVE management fees – Fees generated by the FIVE hotel management company operating the Property under the Hotel Management Agreement in place over the 10-year forecast period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

Third party income – Individual unit owner (units ‘sold’ on a 30yr lease) profit share under the leasehold agreements in place over the 10-year period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

Condo units: sold inventory revenue to be received – Condo units that have been ‘sold’ on a 30 year lease, with revenue still to be received through respective payment plans in place.

Condo units: inventory to sell – Condo units that have not been ‘sold’ on a 30yr lease, but are available to purchase on the open market.

APPENDIX A:

Valuation Methodology

Profits Method

Specialised Trading Properties

The Property is of a category that is normally bought and sold on the basis of its trading potential on the assumption that there will be a continuation in trading. The essential characteristics of properties that are normally sold on the basis of their trading potential is that they are designed, or adapted, for a specific use (such as a Hotel) and that ownership of the property normally passes with the sale of the business as an operational entity.

Our valuation therefore is the Market Value of the Property as a fully equipped operational entity valued having regard to its trading potential. The operational entity comprises:-

The legal interest in the land and buildings;

The plant and machinery and all trade fixtures, fittings, furniture, furnishings and equipment required to continue operating the business (consumable stocks are excluded);

The market's perception of the trading potential, excluding personal goodwill, together with an assumed ability to obtain/renew existing licences, consents, certificates and permits;

The benefit of any transferable licences, consents, certificates and permits.

Specialised trading properties such as the Property are normally valued using the "profits' method" having regard to revenue and operating profits. Operating profits are known as Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) after the 11th revised edition of the Uniform System of Accounts for the Lodging Industry (USALI). The valuer assesses the fair maintainable level of trade and EBITDA that could be achieved by a reasonably efficient operator and which would form the basis for a bid in the open market.

The capitalisation factor applied to the revenue or operating profits reflects growth potential, risk and the desirability of the Property and is market derived.

Even where specialised trading properties are leased and the rent payable is not linked to turnover or EBITDA, where possible an attempt is made to understand the fair maintainable level of trade at the Property in an effort to estimate if the Property is 'correctly' rented.

We have prepared valuations of the Property on the basis of Market Value assuming a fully equipped operational entity having regard to trading potential. In assessing the value of a Property, we have had regard to the following methods of valuation.

Discounted cash flow (DCF)

Under the DCF method, the projected EBITDA for the Property over ten years are discounted back to present day values using an appropriate discount rate. The value of the Property derived from the capitalised earnings in the 10th year is also brought back to present values. Capital expenditure is built into the cash flow if appropriate.

Terminal Value

Where the asset is expected to continue beyond the explicit forecast period, it is necessary to estimate the value of the asset at the end of that period. The terminal value is then discounted back to the valuation date, normally using the same discount rate as applied to the forecast cash flow.

The terminal value should consider the following:

- (a) Whether the asset is deteriorating/finite-lived in nature or indefinite-lived will influence the method used to calculate a terminal value,
- (b) Whether there is future growth potential for the asset beyond the explicit forecast period,
- (c) Whether there is a predetermined fixed capital amount expected to be received at the end of the explicit forecast period,

(d) The expected risk level of the asset at the time the terminal value is calculated,

(e) For cyclical assets, the terminal value should consider the cyclical nature of the asset, and

(f) The tax attributes inherent in the asset at the end of the explicit forecast period and whether those tax attributes would be expected to continue into perpetuity. For example, an asset being depreciated/amortised for tax purposes will eventually be fully depreciated/amortised, potentially increasing the effective tax rate. The three most commonly used methods for calculating a terminal value are:

(a) Gordon growth model/constant growth model (appropriate only for indefinite-lived assets),

(b) Market approach/exit value (appropriate for both deteriorating/finite-lived assets and indefinite-lived assets), and

(c) Salvage value/disposal cost (appropriate only for deteriorating/finite-lived assets).

Gordon Growth Model/Constant Growth Model

The constant growth model assumes that the asset grows (or declines) at a constant rate into perpetuity.

Market Approach/Exit Value

The market approach/exit value method can be performed in a number of ways, but the ultimate goal is to calculate the value of the asset at the end of the explicit cash flow forecast.

Common ways to calculate the terminal value under this method include application of a market-evidence based capitalisation factor or a market multiple.

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Condensed Valuation Report

FIVE Luxe Jumeirah Beach Residence (JBR)

Dubai
United Arab Emirates

Reliant Parties: FIVE Holdings (BVI) Limited, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Emirates NBD Bank PJSC, Commercial Bank of Dubai P.S.C. and Mashreqbank psc.

Report Disclaimer – CBRE Valuation

- i. This document is for the sole use of FIVE Holdings (BVI) Limited (the “Client”), its affiliates and any other person directly provided with it by CBRE. Use by, or reliance upon this document by anyone other than those parties named above is not authorised by CBRE.
- ii. CBRE has prepared a full Valuation Report (the “Valuation Report”) relying on and referring to information provided by third parties (including the current operators of the property) including financial and market information (“Information”). CBRE assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect. Caution is advised in this regard.
- iii. CBRE has prepared this Condensed Valuation Report for inclusion within an offering memorandum on behalf of the Client (the “Offering Memorandum”); CBRE has not been involved in the preparation of the remainder of the Offering Memorandum. CBRE disclaims any liability to any person in the event of false and misleading statements included in, or an omission from, the Offering Memorandum.
- iv. This Condensed Valuation Report is a condensed version of the full Valuation Report addressing the same subject matter. The Valuation Report also draws attention to the key issues and considerations impacting value and provides additional detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. Commercial investments of this nature are inherently complex, and the market conditions have changed and/or have been uncertain in recent times.
- v. Neither this Condensed Valuation Report nor CBRE’s full Valuation Report may be reproduced in whole or in part without the prior written approval of CBRE.
- vi. Where CBRE has expressly agreed (by way of a reliance letter) that persons other than the Client can rely upon the Valuation Report (a “Relying Party” or “Relying Parties”), then CBRE shall have no greater liability to any Relying Party than it would have had if such party had been named as a joint client under the Instruction.
- vii. CBRE’s maximum aggregate liability to the Client and to any authorised Reliant Parties, howsoever arising under, in connection with or pursuant to reliance upon this Condensed Valuation Report or any other Valuation Report produced under the same letter of instruction, and whether in contract, tort, negligence or otherwise shall not exceed US \$15,000,000 (AED 55,087,500).
- viii. CBRE is not a financial advisor, and this document does not constitute financial product advice. Investors should consider obtaining independent advice from their financial advisor before making any decision to invest in/with the Client.
- ix. None of the information in this Condensed Valuation Report constitutes advice as to the merits of entering into any form of transaction. If you do not understand this legal notice, then it is recommended that you seek independent legal advice.

Publication

Apart from the use in respect of the green bond issuance as set out above, neither the whole nor any part of our report nor any references to it may be included in any published document, circular or statement nor published in any way without our prior written approval.

If you request our approval to use or publish the report or any part of thereof (including any valuations contained therein), in any external publication, investor briefing or website, or make it available to any third parties whatsoever, you must provide us with a specimen of the text and layout of the article, display or advertisement and identify the intended forum and recipients. If we approve the publication or display, you may not vary from the specimen so approved by us.

Any such approved publication of, or reference to the report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of any special assumptions referred to above (if applicable).

Part I: Valuation Report

Valuation Report

Report Date	10 May 2023
Addressee	FIVE Holdings (BVI) Limited Coastal Building Wickham's Cay II P.O. Box 2221, Road Town, Tortola British Virgin Islands
The Property	FIVE Luxe JBR The Walk, Jumeirah Beach Residences Dubai, United Arab Emirates
Property Description	5-Star luxury "Condo-Hotel" with 222 rooms, 222 hotel apartments (with 160 included in the hotel rental pool), 8 F&B, a spa, health club, swimming pools as well as beach and promenade access and a retail area.
Ownership Purpose	Investment purposes
Instruction	To value the unencumbered freehold interest in the property on the basis of Fair Value as at the valuation date in accordance with the terms of engagement entered into between CBRE and the addressees dated 18 August 2023.
Valuation Date	31 December 2022
Capacity of Valuer	External Valuer, as defined in the current version of the RICS Valuation – Global Standards.
Purpose	We understand that our valuation report and the Appendices to it (together the "Valuation Report") are required for inclusion in an Offering Memorandum which is to be published by the Client pursuant to the proposed issue of Notes by the Client and admission of the Note to the Nasdaq Dubai and the London Stock Exchange (the "Transaction"). The Valuation is on the basis of Fair Value as defined in the current edition of the International Financial Reporting Standards.
Fair Value – 31 December 2022	AED 2,294,100,000 (Two Billion, Two Hundred And Ninety Four Million, One Hundred Thousand United Arab Emirates Dirhams) exclusive of VAT.

We confirm that the "Fair Value" reported above, for the purpose of financial reporting under International Financial Reporting Standards (IFRS), is effectively the same as "Market Value".

We have valued the Properties individually at the respective date of valuation included within the Condensed Property Report.

Our opinion of Fair Value is based upon the Scope of Work and valuation Assumptions attached, and has been primarily derived using the Profits method and a 10-year discounted cash flow, with consideration towards recent market transactions on arm's length terms to derive a terminal capitalisation rate.

<p>General Market Volatility – as at Valuation Date</p>	<p>We draw your attention to the fact that a combination of global inflationary pressures (leading to higher interest rates) and the recent geopolitical events in Ukraine, in addition to the on-going effects of the global Covid-19 pandemic in some markets, has heightened the potential for greater volatility in property markets over the short-to-medium term. Experience has shown that consumer and investor behaviour can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility. Lending/Investment caution is advised in this regard.</p> <p>You should note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how market participants respond to current events.</p>
<p>Development Valuations</p>	<p>The value of development projects is traditionally highly volatile and can be subject to rapid changes of value in short timeframes. These property types appeal to a narrow and very specific segment of the market, which can be significantly impacted by many factors such as, broader economic conditions, changes to government policy, fluctuating levels of supply and demand for the product, changes in building costs and the availability and cost of development finance. All these (and more) factors will likely have a significant impact on the value and demand for the subject property.</p> <p>Going forward there will be several key factors impacting on the viability of hospitality projects and their underlying land values. Key concerns are rising construction costs, substantial new supply levels and easing investor demand for the final product. In addition, we also note that recent stresses in the banking system may significantly restrict development capital and increase the cost of development finance.</p> <p>Moreover, the current development site market cycle is likely at, or has passed its peak with heightened volatility and increased likelihood of deteriorating values.</p> <p>As experienced in previous market cycles, the value of development projects can undergo rapid and significant price corrections, as supply, demand and cost factors change. The Reliant Parties are strongly advised to consider this inherent risk in their investment decisions. Caution is advised in this regard.</p>
<p>Construction Cost Volatility</p>	<p>Material costs, labour costs and supply chains are currently unusually volatile with the market experiencing price increases in some or all those areas during 2022 and continuing into 2023. This has created significant uncertainty in cost estimates that is likely to continue. In addition, there are significant risks that delays may be encountered in sourcing materials and labour, and as such delivery risks are also heightened in this climate.</p>
<p>Rental Income</p>	<p>Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent.</p>
<p>Special Assumptions</p>	<p>No special assumptions have been assumed in undertaking the Fair Value of the asset.</p>
<p>Compliance with Valuation Standards</p>	<p>The valuation has been prepared in accordance with the current version of the RICS Valuation – Global Standards, which incorporate the International Valuation Standards “the Red Book”.</p>

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently.

Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE Ltd, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.

This valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property.

Other valuers may reach different conclusions as to the value of the subject property. This valuation is for the sole purpose of providing the intended user with the Valuer's independent professional opinion of the value of the subject property as at the valuation date.

Sustainability Considerations

Wherever appropriate, sustainability and environmental matters are an integral part of the valuation approach. 'Sustainability' is taken to mean the consideration of such matters as environment and climate change, health and well-being and corporate responsibility that can or do impact on the valuation of an asset. In a valuation context, sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect value. The range of issues includes key environmental risks, such as flooding, energy efficiency and climate, as well as matters of design, configuration, accessibility, legislation, management, and fiscal considerations – and current and historic land use.

Sustainability has an impact on the value of an asset, even if not explicitly recognised. Valuers reflect markets, they do not lead them. Where we recognise the value impacts of sustainability, we are reflecting our understanding of how market participants include sustainability requirements in their bids and the impact on market valuations.

Assumptions

The property details on which the valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figure may also be incorrect and should be reconsidered.

Variation from Standard Assumptions Verification

None

We recommend that before any financial transaction is entered into based upon these valuations, you obtain verification of any third party information contained within our report and the validity of the assumptions we have adopted.

We would advise you that whilst we have valued the property reflecting current market conditions, there are certain risks which may be, or may become, uninsurable. Before undertaking any financial transaction based upon this valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.

Valuer	<p>The property has been valued and inspected by a valuer who is qualified for the purpose of the valuation in accordance with the Red Book.</p>
Independence	<p>The total fees, including the fee for this assignment, earned by CBRE Dubai LLC (or other companies forming part of the same group of companies within the UAE) from the Addressee (or other companies forming part of the same group of companies) is less than 5.0% of the total UK or UAE revenues.</p> <p>It is not anticipated this situation will vary in the financial year to 31 December 2023.</p> <p>We confirm that we do not have any material interest in FIVE Holdings (BVI) Limited or other companies in the same Group or the Property.</p>
Conflicts of Interest	<p>We confirm that we have previously undertaken a valuation on the asset for secured lending and Year End financial reporting purposes in 2021 and 2022. We confirm that CBRE has no material involvement with the property and have no conflicts of interest – and that copies of our conflict of interest checks have been retained within the working papers.</p> <p><i>Note: CBRE will be disclosing our previous relationship with the client in the valuation and offer document.</i></p>
Disclosure	<p>The principal signatory of this report has continuously been the signatory of Valuations for the Company since March 2018.</p> <p>CBRE Dubai LLC has continuously been carrying out Valuation instructions for the Company since 30 November 2020.</p> <p>CBRE Dubai LLC has carried out Valuation services on behalf of the Company since 30 November 2020.</p>
Reliance	<p>The contents of this Report may only be relied upon by:</p> <ul style="list-style-type: none">(i) Addressees of the Report; and(ii) Parties who have received prior written consent from CBRE in the form of a reliance letter; <p>for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.</p>
Publication	<p>Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval</p> <p>Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of the special assumptions referred to herein.</p>

Yours faithfully



Daniel McCulloch
Senior Director
Head of CBRE Valuation MENA
RICS Registered Valuer

For and on behalf of
CBRE Dubai LLC

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Yours faithfully



Christopher Robson
Associate Director
CBRE Hotels & Tourism
RICS Registered Valuer

For and on behalf of
CBRE Dubai LLC

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Sources of Information and Scope of Works

Sources of Information	<p>We have carried out our work based upon information supplied to us by the Client between 01 March 2023 and 04 August 2023, as set out within this report, which we have assumed to be correct and comprehensive.</p> <ul style="list-style-type: none">• Site plan;• Title deed;• Hotel projections;• Hotel building schedule details, including number of Condo hotel rooms and residences, F&B outlet approximate capacities and cuisine offering and spa, swimming pool and childrens leisure facilities offered at the Property;• Anticipated STR competitive set for the YE 2020, YE 2021 and YE 2022 periods;• Floor plans / layouts;• Facility mix and amenities;• Lease terms related to seabed and beach;• Remaining cost to complete.
The Property	<p>Our report contains a brief summary of the property details on which our valuation has been based.</p>
The Inspection	<p>The property was internally inspected by Christopher Robson MRICS, RICS Registered Valuer, and Benjamin Parkins on 15 March 2023.</p> <p>We confirm we inspected the property on 15 March 2023 The Client has confirmed there were no material changes to the physical attributes of the property and it is still operating as a trading hotel, at a 5-Star luxury positioning between the date of inspection and the date of valuation. We have assumed this advice to be correct.</p> <p>All valuations are current as at the date of valuation only. The value assessed may in the future change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property or particular property sector). CBRE does not accept liability for losses arising from subsequent changes in value. As values can vary from time to time, CBRE recommends the valuation be reviewed periodically in the future to ascertain any changes in value.</p> <p>Without limiting the generality of this statement, we do not assume any responsibility or accept any liability, nor should the valuation be relied upon if the Client, or any Reliant Party becomes aware of any factors that may have an effect on the valuation and has not disclosed such information to CBRE.</p>
Areas	<p>We have not measured the properties but have relied upon the floor areas provided to us by FIVE Investments LLC as set out in this report, which we have assumed to be correct and comprehensive.</p>

Environmental Matters	<p>We have not been provided with copies of any environmental reports referring to the Property.</p> <p>We have not carried out any investigations into the past or present uses of the property, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.</p>
Services and Amenities	<p>We understand that all main services including water, drainage, electricity and telephone are available to the property. None of the services have been tested by us.</p>
Repair and Condition	<p>We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the property. We are unable, therefore, to give any assurance that the property is free from defect.</p>
Titles, Tenures and Lettings	<p>Details of title/tenure under which the property is held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title, including relevant deeds, leases and planning consents is the responsibility of your legal adviser.</p> <p>We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.</p>

Valuation Assumptions

Introduction

An Assumption is defined in the Red Book Glossary and VPS 4 to be a “supposition taken to be true” (an “Assumption”).

Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that it has been agreed need not be verified by the valuer as part of the valuation process. Assumptions are made when it is reasonable for the valuer to accept that something is true without the need for specific investigation.

The Client has confirmed and we confirm that our Assumptions are correct as far as the Client and we, respectively, are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The principal Assumptions which we have made are stated within this Valuation Report.

For the avoidance of doubt, the Assumptions made do not affect compliance with the approach to Market Value under the Red Book.

Capital Values

The valuation has been prepared on the basis of "Fair Value" (in accordance with International Financial Reporting Standard 13), which is defined as:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

"Fair Value", for the purpose of financial reporting under IFRS 13, is effectively the same as "Market Value", which is defined in the Red Book as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.

No account has been taken of the availability or otherwise of capital based Government grants.

Rental Values

Unless stated otherwise rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent in the Red Book, which is as follows:

"The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

[a] the property is not contaminated and is not adversely affected by any existing or proposed environmental law;

[b] any processes which are carried out on the property which are regulated by environmental legislation are properly licensed by the appropriate authorities.

[c] the property is either not subject to flooding risk or, if it is, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

[a] there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;

[b] the property is free from rot, infestation, structural or latent defect;

[c] no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the property; and

[d] the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the property. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Lettings, Planning, Taxation and Statutory & Local Authority requirements

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

[a] the property possesses a good and marketable title free from any onerous or hampering restrictions or conditions;

[b] the building has been erected either prior to planning control, or in accordance with planning permissions, and has the benefit of permanent planning consents or existing use rights for their current use;

[c] the property is not adversely affected by town planning or road proposals;

[d] the building complies with all statutory and local authority requirements including building, fire and health and safety regulations;

[e] all rent reviews are upward only and are to be assessed by reference to full current market rents;

[f] there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

[g] tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;

[h] there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

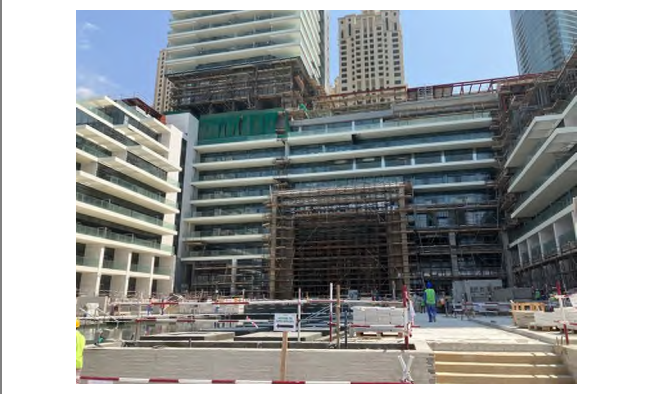
[i] where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and

[j] vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

Part II: Property Details

Property Details

Outside view of the Property



Source: CBRE Site Inspection

Location



Source: Google Maps

The Property

The property is located within the Dubai Marina district of Dubai, United Arab Emirates. The property features direct beach access and is situated along The Walk, a promenade that offers a mix of retail and dining options.

Dubai International Airport is located circa 35 kilometres to the north-east of the subject site with a drive time of circa 30 minutes. Accessibility to the subject site can be accessed by vehicle directly from The Walk.

After the acquisition by the client for the subject property, construction recommenced in September 2021. Once open, the subject property is expected to operate as a luxury 5-Star hotel under the management of FIVE International Hotel Management. The property consists of a U-shape style structured podium (Ground floor + 10 floors) with a single tower starting from the 11th floor and ending on the 55th floor. The U-shaped structure comprises 222 hotel keys, while the tower features a total of 222 residences, of which, to date, 160 of these units form part of the hotel rental pool.

In total, the property features 3 basement levels, ground floor and 55 floors and is planned to provide 8 F&B venues (excluding In Room Dining and Minibar), a gym, spa and third-party rental areas including Sikka Retail space and a water sports area and is due to open on 01 January 2024.

Tenure

We have been provided with a Title Deed dated 02 September 2021 which confirms the plot number as plot 3609 (Municipality No. 392 – 549) of the Marsa Dubai Community and the owner of the title as Five JBR Holding (DIFC) Limited.

As per information from The Client, Five JBR Holding (DIFC) Limited is an affiliate of The Client. Hence, we have assumed that the above areas of the Property are owned by The Client freehold.

Operating Agreement

We have not been provided with a copy of the Hotel Management Agreement (HMA) for the Property; however, we were provided with the key commercial terms, which are summarised below:

HMA Headings	Details
Basic Management Fee	2.5% of gross operating revenue
Incentive Management Fee	10% of gross operating profit
Sales & Marketing Fee	1% of gross operating revenue
Group Services Fee	0.5% of gross operating revenue
FF&E Reserve	1.0% of gross operating revenue
Hotel units for sale headings	Details
Hotel unit owners guaranteed return	An annual guaranteed return of 7% of the total purchase price
Guaranteed period	10 years starting from the rent commencement date
Rent commencement date	First day of which the hotel operator takes in guests for occupation of hotel rooms
Hotel unit owners share post guaranteed return period – “buyer’s monthly income”	After the guaranteed period – the hotel units will be paid in rent, which is calculated as follows: 40% of the rooms revenue minus deductible expenses
Holiday Homes headings	Details
Unit owners guaranteed return	10% of unit sales price for a period of 5 years from opening
Lock-in period during the guaranteed return	A period of 60 months starting from the effective date (date of issue of the building completion certificate).
Unit owners share post guaranteed return period – “buyer’s monthly income”	75% of rental revenue generated from the residences less property management fees and deductions.
Client’ returns – “property management fee”	25% of rental revenue generated from the residences.
Definition of rental revenue	Total income generated net of any taxes from the occupancy of the unit by guests and the provision of the holiday home services to the unit.
Definition of holiday home services	Performing all management, marketing, and operational obligations necessary to operate the unit as a holiday home let to be used and occupied by guests upon the commercial terms determined by the agent in its absolute discretion.
Definition of deductions	Third party fees, service charges, and utility charges applicable to the unit, including but not limited to DEWA, chilled water, DU/Etiscalat and such other fees and charges applicable to the unit towards the holiday home services.

Source: The Client

Key Valuation Factors

Strengths and Opportunities:

- Located on a prime beachfront tract of land situated in proximity to a wide variety of demand generators (The Walk and Dubai Marina Mall for example).
- Favourable unobstructed sea views with view aspects of Bluewaters Island and the Palm Jumeirah on higher floors.
- The property features direct beach access with a frontage of c.100 metres.
- Strong F&B concepts. Unique Rig development (operated under Lio brand) that is likely to drive further visitation and demand to the property.
- Large catchment area – Dubai Marina is a densely populated area. The property will be able to capture residents to their F&B outlets.

Risks and Mitigating Factors:

- Under construction properties are inherently higher risk and can be significantly impacted by many factors such as, broader economic conditions, changes to government policy, fluctuating levels of supply and demand for the product, changes in building costs and the availability and cost of development finance.
- Traffic congestion around JBR during peak hours.
- The Property is operated by local operator FIVE International Hotel Management, whose brand identity and standards are strongly linked to its founders.
- Due to the Condo-Hotel nature of the Property, the inventory of the Hotel apartments component can vary on a yearly basis affecting performance of the Property.
- Competing developments in proximity to the subject site, especially within the 5-Star segment.
- Undercutting of rates by local hotels and inferior quality hotels to gain market share.

Valuation Methodology

We have calculated the Fair Value of the subject site by adopting the Profits Method and Residual Method of valuation. The Profits Method was used to calculate the Gross Development Value of the Property, from which the remaining construction costs are deducted giving the Fair Value of the Property.

In the case of development valuations, we would draw your attention to the fact that, even in normal market conditions, the residual method of valuation is very sensitive to changes in key inputs, with small changes in variables (such as the timing of the development, finance/construction costs and sales rates) having a disproportionate effect on land value. Consequently, in the current extraordinary market conditions – with construction costs increasing, supply and timing issues, fluctuating finance rates, uncertain marketing periods and a lack of recent comparable information – it is inevitable that there is even greater uncertainty, with site values being susceptible to much more variance than normal.

Please refer to Appendix A for the standard methodologies descriptions.

Valuation Date

31 December 2022

Fair Value

YE 2022: AED 2,294,100,000 (Two Billion, Two Hundred And Ninety Four Million, One Hundred Thousand United Arab Emirates Dirhams)

We have included a sensitivity analysis in the table below, based on the variation in construction cost and impact upon Fair Value:

Construction Cost Change (%)	Fair Value (AED)
Base Case	2,294,100,000
10.00% below base case	2,321,900,000
5.00% below base case	2,308,000,000
5.00% above base case	2,280,000,000
10.00% above base case	2,266,300,000

Under RICS Red Book guidelines we have adopted a 10-year cashflow and capitalised Year 10 into perpetuity to provide our opinion of Gross Development Value. Thereafter, we adopted the residual method of valuation to calculate the Fair Value of the asset under construction.

Our Gross Development Value (GDV) is based on a going concern basis, under the assumption that the hotel is operational with the FIVE brand in place, reflecting similar levels of business to other Properties within the group and its relevant competitive set. The current GDV of the property is intrinsically linked to the successful operation of the hotel business on the property. Any change, deterioration or cessation of the business practices as per our assumptions would have a significantly detrimental impact on the property's value. Caution is advised in this regard.

Profits Method

Specialised Trading Properties

The Property is of a category that is normally bought and sold on the basis of its trading potential on the assumption that there will be a continuation in trading. The essential characteristics of properties that are normally sold on the basis of their trading potential is that they are designed, or adapted, for a specific use (such as a Hotel) and that ownership of the property normally passes with the sale of the business as an operational entity.

Our valuation therefore is the Market Value of the Property as a fully equipped operational entity valued having regard to its trading potential. The operational entity comprises:-

The legal interest in the land and buildings;

The plant and machinery and all trade fixtures, fittings, furniture, furnishings and equipment required to continue operating the business (consumable stocks are excluded);

The market's perception of the trading potential, excluding personal goodwill, together with an assumed ability to obtain/renew existing licences, consents, certificates and permits;

The benefit of any transferable licences, consents, certificates and permits.

Specialised trading properties such as the Property are normally valued using the "profits' method" having regard to revenue and operating profits. Operating profits are known as Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) after the 11th revised edition of the Uniform System of Accounts for the Lodging Industry (USALI). The valuer assesses the fair maintainable level of trade and EBITDA that could be achieved by a reasonably efficient operator and which would form the basis for a bid in the open market.

The capitalisation factor applied to the revenue or operating profits reflects growth potential, risk and the desirability of the Property and is market derived.

Even where specialised trading properties are leased and the rent payable is not linked to turnover or EBITDA, where possible an attempt is made to understand the fair maintainable level of trade at the Property in an effort to estimate if the Property is 'correctly' rented.

We have prepared valuations of the Property on the basis of Market Value assuming a fully equipped operational entity having regard to trading potential. In assessing the value of a Property, we have had regard to the following methods of valuation.

Discounted cash flow (DCF)

Under the DCF method, the projected EBITDA for the Property over ten years are discounted back to present day values using an appropriate discount rate. The value of the Property derived from the capitalised earnings in the 10th year is also brought back to present values. Capital expenditure is built into the cash flow if appropriate.

Terminal Value

Where the asset is expected to continue beyond the explicit forecast period, it is necessary to estimate the value of the asset at the end of that period. The terminal value is then discounted back to the valuation date, normally using the same discount rate as applied to the forecast cash flow.

The terminal value should consider the following:

- (a) Whether the asset is deteriorating/finite-lived in nature or indefinite-lived will influence the method used to calculate a terminal value,
- (b) Whether there is future growth potential for the asset beyond the explicit forecast period,
- (c) Whether there is a predetermined fixed capital amount expected to be received at the end of the explicit forecast period,

(d) The expected risk level of the asset at the time the terminal value is calculated,

(e) For cyclical assets, the terminal value should consider the cyclical nature of the asset, and

(f) The tax attributes inherent in the asset at the end of the explicit forecast period and whether those tax attributes would be expected to continue into perpetuity. For example, an asset being depreciated/amortised for tax purposes will eventually be fully depreciated/amortised, potentially increasing the effective tax rate. The three most commonly used methods for calculating a terminal value are:

(a) Gordon growth model/constant growth model (appropriate only for indefinite-lived assets),

(b) Market approach/exit value (appropriate for both deteriorating/finite-lived assets and indefinite-lived assets), and

(c) Salvage value/disposal cost (appropriate only for deteriorating/finite-lived assets).

Gordon Growth Model/Constant Growth Model

The constant growth model assumes that the asset grows (or declines) at a constant rate into perpetuity.

Market Approach/Exit Value

The market approach/exit value method can be performed in a number of ways, but the ultimate goal is to calculate the value of the asset at the end of the explicit cash flow forecast.

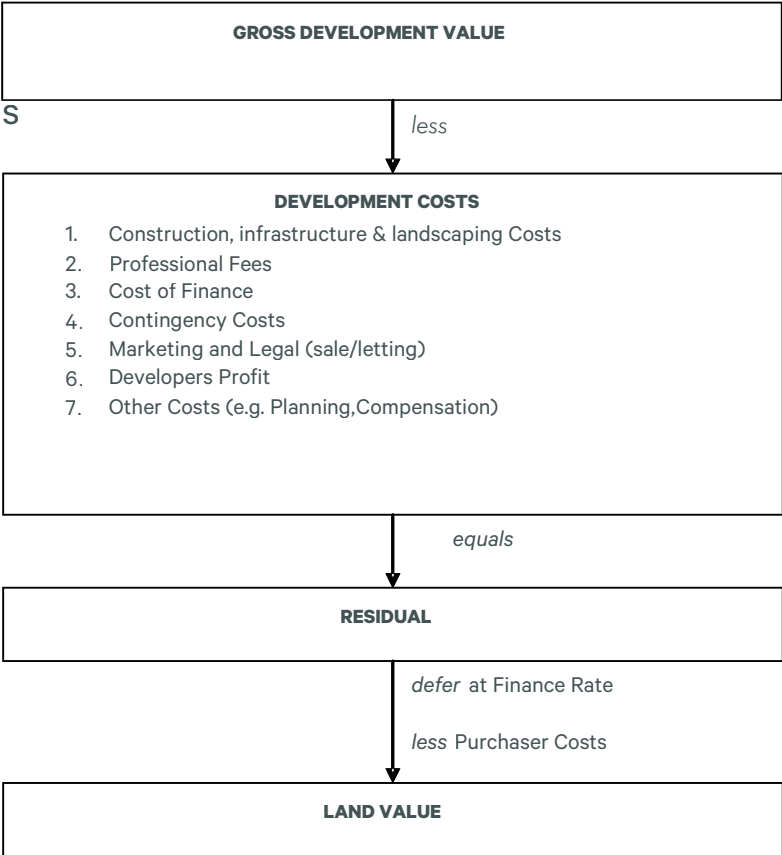
Common ways to calculate the terminal value under this method include application of a market-evidence based capitalisation factor or a market multiple.

Residual Method

The residual valuation approach is the valuation method accepted by the RICS for valuing developments and opportunities which take time to come to fruition.

The term “Residual Valuation” relates to any valuation which consists of an estimate of the value of a property after allowing for various items of expenditure. In terms of valuing a development the “residual” refers to the value of the site after all costs have been spent.

To arrive at the residual the following process is undertaken



Terminology

Gross Development Value

The Gross Development Value (GDV) is the total calculation of all the inflows once the development is complete. The market price for the venture depends on the current market practice for valuing each sector within the development. This traditionally may either take the form of valuing to market value using direct capital sale comparisons, or by assessing the rental income from the scheme and capitalising this into perpetuity or by preparing a cash flow with an assumed hold period.

Construction Costs

The valuer needs to assess the costs of developing the Project in order that these can be deducted to arrive at the land value. Total development costs can be put into nine main areas.

1. Building Costs

These are the costs of constructing the individual elements of a development. Construction costs for infrastructure development are based on the current market costs for building similar schemes in the area. In the case of subject plots, the construction costs refer to infrastructure works and land costs.

2. Professional Fees

These relate to the professionals that will be employed in completing the scheme ranging from architects, quantity surveyors, engineers, planning supervisors etc.

3. Finance Costs

The appraisal takes into account the cost of borrowing to facilitate the capital required to undertake the proposed works. The finance rate used depends on the current market rate that can be achieved.

4. Contingency Costs

In any development valuation situation, an allowance for unforeseen and over running costs needs to be built into the equation. This allowance can either be made on all costs or applied to the build costs and fees.

5. Marketing and Legal (Sale and Letting Fees)

We have included a marketing budget and sale fees to determine the residual value.

6. Developer's Profit

When valuing a development scheme a sum has to be specified for the amount the developer or developers will require for taking on the risk of the scheme. The exact figure depends on factors such as the current market climate and the perceived risk and scale of the development scheme.

7. Other Costs such as Planning or Compensation

These tend to be scheme specific but need to be accounted for in arriving at the residual land value.

8. Purchaser's costs

These are costs that have to be accounted for when acquiring the land and these would include Municipality transfer fees, agents' fees and legal fees.

9. Land Value

The net result once all the costs have been subtracted from the GDV.

For more information:

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Condensed Valuation Report



FIVE Palm Jumeirah

Dubai

United Arab Emirates

Date of Inspection: 15 March 2023

Date of Valuation: 31 December 2021

Reliant Parties: FIVE Holdings (BVI) Limited, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Emirates NBD Bank PJSC, Commercial Bank of Dubai PSC, Mashreqbank psc.

Important Report Disclaimers – CBRE Valuation

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- ii. CBRE has prepared a full Valuation Report (the “Valuation Report”) relying on and referring to information provided by third parties (including the current operators of the property) including financial and market information (“Information”). CBRE assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect. Caution is advised in this regard.
- iii. CBRE has prepared this Condensed Valuation Report for inclusion within an offering memorandum on behalf of the Client (the “Offering Memorandum”); CBRE has not been involved in the preparation of the remainder of the Offering Memorandum. CBRE disclaims any liability to any person in the event of false and misleading statements included in, or an omission from, the Offering Memorandum.
- iv. This Condensed Valuation Report is a condensed version of the full Valuation Report addressing the same subject matter. The Valuation Report also draws attention to the key issues and considerations impacting value and provides additional detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. Commercial investments of this nature are inherently complex, and the market conditions have changed and/or have been uncertain in recent times.
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Publication

Apart from the use in respect of the Offering Memorandum, neither the whole nor any part of our report nor any references to it may be included in any published document, circular or statement nor published in any way without our prior written approval.

If you request our approval to use or publish the report or any part of thereof (including any valuations contained therein), in any external publication, investor briefing or website, or make it available to any third parties whatsoever, you must provide us with a specimen of the text and layout of the article, display or advertisement and identify the intended forum and recipients. If we approve the publication or display, you may not vary from the specimen so approved by us.

Any such approved publication of, or reference to the report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of any special assumptions referred to above (if applicable).

Part I: Valuation Report

Valuation Report

Report Date	10 May 2023
Addressee	FIVE Holdings (BVI) Limited Coastal Building Wickham's Cay II P.O. Box 2221, Road Town, Tortola British Virgin Islands
The Property	FIVE Palm Jumeirah Dubai No. 1, Palm Jumeirah Dubai, United Arab Emirates PO Box 6438
Interest Valued	Freehold under going concern, subject to lease agreements and management agreement in place.
Property Description	5-Star luxury "Condo-Hotel" with 436 rooms, 38 hotel apartments, 14 F&B outlets (12 managed and 2 F&B outlets under revenue share schemes with third-party operators but owned by FIVE), 1 ballroom, a spa, health club, swimming pools as well as beach and promenade access.
Instruction	To value the freehold going concern of the property on the basis of Fair Value as at the valuation date in accordance with the terms of engagement entered into between CBRE and the addressees dated 18 August 2023.
Valuation Date	31 December 2021
Capacity of Valuer	External Valuer, as defined in the current version of the RICS Valuation – Global Standards.
Purpose	We understand that our valuation report and the Appendices to it (together the "Valuation Report") are required for inclusion in an Offering Memorandum which is to be published by the Client pursuant to the proposed issue of Notes by the Client and admission of the Note to the Nasdaq Dubai and the London Stock Exchange (the "Transaction"). The Valuation is on the basis of Fair Value as defined in the current edition of the International Financial Reporting Standards.
Aggregate Fair Value – 31 December 2021	AED 3,868,300,000 (Three Billion, Eight Hundred And Sixty Eight Million, Three Hundred Thousand United Arab Emirates) exclusive of VAT. We confirm that the "Fair Value" reported above, for the purpose of financial reporting under International Financial Reporting Standards (IFRS), is effectively the same as "Market Value". We have valued the Properties individually at the respective 31 December 2021 included within the Condensed Property Report.

<p>Valuation of a trade related Property as a Going Concern</p>	<p>Our opinion of Fair Value is based upon the Scope of Work and valuation Assumptions attached, and has been primarily derived using the Profits method and a 10-year discounted cash flow, with consideration towards recent market transactions on arm's length terms to derive a terminal capitalisation rate.</p>
	<p>Hotel and leisure properties are normally bought and sold on the basis of their trading potential. The essential characteristic of this type of property is that they have been designed or adapted for a specific use, and the resulting lack of flexibility means that the value of the property interest is intrinsically linked to the returns that an owner can generate from that use. The value therefore reflects the trading potential of the property. It can be contrasted with generic property that can be occupied by a range of different business types, such as standard office, industrial or retail property.</p>
	<p>Our valuation has been assessed having regard to trading potential of the business currently operating on the property. In this regard we have made the assumption of the continued operation of the current hotel business on the property. <u>The current value of the property is intrinsically linked to the successful operation of the current hotel business.</u> Any change, deterioration or cessation of the business practices as detailed in our valuation would have a significantly detrimental impact on the property's value. Investment caution is advised in this regard.</p>
<p>General Market Volatility – as at Valuation Date</p>	<p>The valuation takes no account of the costs of business closure, disruption or any other costs associated with realising this value and is not a vacant possession value.</p> <p>We draw your attention to the fact that a combination of global inflationary pressures (leading to higher interest rates) and the recent geopolitical events in Ukraine, in addition to the on-going effects of the global Covid-19 pandemic in some markets, has heightened the potential for greater volatility in property markets over the short-to-medium term. Experience has shown that consumer and investor behaviour can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility. Lending/Investment caution is advised in this regard.</p>
<p>Heightened Volatility Hotel and Tourism Property</p>	<p>You should note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how market participants respond to current events.</p> <p>The value of hotels and tourism related property is traditionally volatile and can be subject to rapid changes of value in short timeframes. These property types appeal to a narrow and very specific segment of the market which can be significantly impacted by many factors such as, broader economic conditions, migration, changes to operating costs and inflation, travel and visas restrictions (both domestic and international) and other changes to government policy, which may materially impact levels of supply and demand for the product. All these (and more) factors will likely have a significant impact on the value and demand for the subject property.</p> <p>Going forward there will be several key factors impacting on the viability of hotel and leisure and their underlying values. Key concerns relate to the subject property are:-</p> <ul style="list-style-type: none"> • Due to the condo-hotel nature of the Property, the inventory of the hotel apartments component can vary affecting performance of the Property.

- The Property is in a non-established hospitality market and mostly under development community of Dubai.
- New supply and increased competition within the Dubai hospitality market
- Undercutting of rates by local hotels and inferior quality hotels to gain market share.

In addition, we also note that recent stresses in the banking system may significantly restrict capital.

As experienced in previous market cycles, the value of hotel and tourism related property can undergo rapid and significant price corrections, as supply, demand and cost factors change which should be considered in any investment decisions. Caution is advised in this regard.

Valuation Uncertainty Market transaction of hotels with similar operating structures is limited and as such our valuation includes appropriate adjustments and subjective analysis. Our valuation therefore contains a degree of inherent uncertainty that may be greater than for a standard hotel operating structure valuation.

Rental Income Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent.

Special Assumptions No special assumptions have been assumed in undertaking the Fair Value of the asset.

Compliance with Valuation Standards The valuation has been prepared in accordance with the current version of the RICS Valuation – Global Standards, which incorporate the International Valuation Standards “the Red Book”.

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently.

Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE Ltd, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.

This valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property.

Other valuers may reach different conclusions as to the value of the subject property. This valuation is for the sole purpose of providing the intended user with the Valuer’s independent professional opinion of the value of the subject property as at the valuation date.

Sustainability Considerations Wherever appropriate, sustainability and environmental matters are an integral part of the valuation approach. ‘Sustainability’ is taken to mean the consideration of such matters as environment and climate change, health and well-being and corporate responsibility that can or do impact on the valuation of an asset. In a valuation context, sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect value. The range of issues includes key environmental risks, such as flooding, energy efficiency and climate, as well as matters of design,

configuration, accessibility, legislation, management, and fiscal considerations – and current and historic land use.

Sustainability has an impact on the value of an asset, even if not explicitly recognised. Valuers reflect markets, they do not lead them. Where we recognise the value impacts of sustainability, we are reflecting our understanding of how market participants include sustainability requirements in their bids and the impact on market valuations.

Assumptions

The property details on which the valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figure may also be incorrect and should be reconsidered.

Variation from Standard Assumptions

None

Verification

We recommend that before any financial transaction is entered into based upon these valuations, you obtain verification of any third party information contained within our report and the validity of the assumptions we have adopted.

We would advise you that whilst we have valued the property reflecting current market conditions, there are certain risks which may be, or may become, uninsurable. Before undertaking any financial transaction based upon this valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.

Valuer

The property has been valued and inspected by a valuer who is qualified for the purpose of the valuation in accordance with the Red Book.

Independence

The total fees, including the fee for this assignment, earned by CBRE Dubai LLC (or other companies forming part of the same group of companies within the UAE) from the Addressee (or other companies forming part of the same group of companies) is less than 5.0% of the total UK or UAE revenues.

It is not anticipated this situation will vary in the financial year to 31 December 2023.

We confirm that we do not have any material interest in FIVE Holdings (BVI) Limited or other companies in the same Group or the Property.

Conflicts of Interest

We confirm that we have previously undertaken a valuation on the asset for financial reporting purposes in 2020, 2021 and 2022 for the Client.

We confirm that CBRE has no other material involvement with the property and have no conflicts of interest – and that copies of our conflict of interest checks have been retained within the working papers.

Disclosure

The principal signatory of this report has continuously been the signatory of Valuations for the Company since March 2018.

CBRE Dubai LLC has continuously been carrying out Valuation instructions for the Company since 30 November 2020.

CBRE Dubai LLC has carried out Valuation services on behalf of the Company since 30 November 2020.

Reliance

The contents of this Report may only be relied upon by:

- (i) Addressees of the Report; and
- (ii) Parties who have received prior written consent from CBRE in the form of a reliance letter;

for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of the special assumptions referred to herein.

Yours faithfully

Yours faithfully



Daniel McCulloch
Senior Director
Head of CBRE Valuation MENA
RICS Registered Valuer

Christopher Robson
Associate Director
CBRE Hotels & Tourism
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Sources of Information and Scope of Works

Sources of Information We have carried out our work based upon information supplied to us by the Client between 01 March 2023 and 04 August 2023, as set out within this report, which we have assumed to be correct and comprehensive.

- Site plan;
- Title deed;
- Hotel Actual performance for the following periods:
 - YE 2020;
 - YE 2021;
- Hotel building schedule details, including number of Condo hotels and residences, F&B outlet approximate capacities and cuisine offering and spa, swimming pool and children’s leisure facilities offered at the Property;
- Floor plans / layouts;
- Facility mix and amenities;
- A copy of a typical Holiday Home lease;
- A copy of a typical Condo-Hotel lease.

The Property Our report contains a brief summary of the property details on which our valuation has been based.

The Inspection The property was internally inspected by Christopher Robson MRICS, RICS Registered Valuer, and Benjamin Parkins on 15 March 2023. The Client has advised there have been no material change to the property between the Inspection Date and the Valuation Date, and we have assumed this to be true for this valuation.

We confirm we inspected the property on 15 March 2023 The Client has confirmed there were no material changes to the physical attributes of the property and it is still operating as a trading hotel, at a 5-Star luxury positioning between the date of inspection and the date of valuation. We have assumed this advice to be correct.

All valuations are current as at the date of valuation only. The value assessed may in the future change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property or particular property sector). CBRE does not accept liability for losses arising from subsequent changes in value. As values can vary from time to time, CBRE recommends the valuation be reviewed periodically in the future to ascertain any changes in value.

Without limiting the generality of this statement, we do not assume any responsibility or accept any liability, nor should the valuation be relied upon if the Client, or any Reliant Party becomes aware of any factors that may have an effect on the valuation and has not disclosed such information to CBRE.

Areas	We have not measured the properties but have relied upon the floor areas provided to us by FIVE Investments LLC as set out in this report, which we have assumed to be correct and measured in accordance with RICS code of measuring practice 6 th edition under Gross Internal Area (GIA).
Environmental Matters	<p>We have not been provided with copies of any environmental reports referring to the Property.</p> <p>We have not carried out any investigations into the past or present uses of the property, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.</p>
Services and Amenities	We understand that all main services including water, drainage, electricity and telephone are available to the property. None of the services have been tested by us.
Repair and Condition	We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the property. We are unable, therefore, to give any assurance that the property is free from defect.
Titles, Tenures and Lettings	<p>Details of title/tenure under which the property is held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title, including relevant deeds, leases and planning consents is the responsibility of your legal adviser.</p> <p>We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.</p>

Valuation Assumptions

Introduction

An Assumption is defined in the Red Book Glossary and VPS 4 to be a “supposition taken to be true” (an “Assumption”).

Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that it has been agreed need not be verified by the valuer as part of the valuation process. Assumptions are made when it is reasonable for the valuer to accept that something is true without the need for specific investigation.

The Client has confirmed and we confirm that our Assumptions are correct as far as the Client and we, respectively, are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The principal Assumptions which we have made are stated within this Valuation Report.

For the avoidance of doubt, the Assumptions made do not affect compliance with the approach to Market Value under the Red Book.

Capital Values

The valuation has been prepared on the basis of "Fair Value" (in accordance with International Financial Reporting Standard 13), which is defined as:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

"Fair Value", for the purpose of financial reporting, is effectively the same as "Market Value", which is defined in the Red Book as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.

No account has been taken of the availability or otherwise of capital based Government grants.

Rental Values

Unless stated otherwise rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent in the Red Book, which is as follows:

"The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

[a] the property is not contaminated and is not adversely affected by any existing or proposed environmental law;

[b] any processes which are carried out on the property which are regulated by environmental legislation are properly licensed by the appropriate authorities.

[c] the property is either not subject to flooding risk or, if it is, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

[a] there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;

[b] the property is free from rot, infestation, structural or latent defect;

[c] no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the property; and

[d] the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the property. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Lettings,
Planning, Taxation and
Statutory & Local
Authority requirements

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

[a] the property possesses a good and marketable title free from any onerous or hampering restrictions or conditions;

[b] the building has been erected either prior to planning control, or in accordance with planning permissions, and has the benefit of permanent planning consents or existing use rights for their current use;

[c] the property is not adversely affected by town planning or road proposals;

[d] the building complies with all statutory and local authority requirements including building, fire and health and safety regulations;

[e] all rent reviews are upward only and are to be assessed by reference to full current market rents;

[f] there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

[g] tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;

[h] there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

[i] where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and

[j] vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

Part II: Property Details

Property Details

Outside view of the Property



Source: CBRE Site Inspections

Location



Source: Google Maps

The Property

The Property is located within man-made development of Jumeirah Palm launched in 2001. It is now one of the prime hospitality submarkets of Dubai along with Dubai Downtown and Dubai Marina. The Property is located on the west corner of the Trunk of Jumeirah Palm. Adjacent to the Property are the Omniyat's "One Palm" luxury residential development on the southern side and Arenco's Marriott and Hilton branded hotels on the northern side. The Property faces the Dubai Beach Harbour, a mixed use development and is directly accessible from the Nakheel promenade. It also offers a beach equipped with a pool, Jacuzzis and sun beds.

The Property can be directly accessed from the street level. Vehicle access is not direct, and a U-turn is needed from the Palm service road and similar for exiting the Property with the condition of the road less than ideal. The Property is, however, well connected to Dubai's major road network and is located 30 minutes' drive from Dubai International Airport (DXB).

The FIVE Palm Hotel is a purpose-built full-service luxury five-star hotel. It is currently under the management of FIVE International Hotel Management. In addition to 474 keys (436 hotel rooms and 34 hotel apartments), the hotel offers 14 F&B outlets (12 managed and two third-party managed outlets), including a nightclub and a rooftop bar, one ballroom, a spa, health club, swimming pools, and a beach.

The Condo hotel rooms are being sold or are being offered to the open market to individual 3rd party investors on a 1 to 5-year tenure (short term) with an optional rental pool agreement in place.

The Condo hotel apartments are being sold or are being offered to the open market to individual 3rd party investors on a 30-year leasehold tenure (long term) with a mandatory rental pool agreement in place.

Tenure

We have been provided with a Title Deed dated 20 December 2017 which confirms the plot number as plot 2069 (Municipality No. 381 – 2735) of the Palm Jumeirah Community and the owner of the title as Assas Investments Limited. The freehold title is subject to the following:

- Condo hotel apartments – Can be purchased on a 30-year leasehold basis, linked to a mandatory rental pool. We have received the available apartments for sale as provided by the Client;
- Condo hotel rooms – Can be purchased on a 1 to 5-year leasehold basis and is optional for individual owners to include within the rental pool. We have received the available apartments for sale as provided by the Client;
- The Condo hotel rooms and apartments are in place as FIVE Rooms Revenues has a lease in place with the Owner of Title and is operated by the Manager;
- F&B and leisure facilities are operated under the hotel management in place as FIVE Hospitality is operated by the Manager.

As per information provided by the Client, Assas Investments Limited is an affiliate of the Client. Hence, we have assumed that the above areas of the Property are owned by the Client freehold.

Operating Agreement

We were provided with a copy of the Hotel Management Agreement (HMA) and the addendum to the original HMA signed on 1st January 2020 between the Owner of Title and Manager. For the avoidance of doubt the Owner of Title and the Manager for this Property are owned by FIVE Holding (BVI) Limited. The key operating agreement terms have been included in the table below:

Owner information headings	Details
Owner of Title	The Palm Jumeirah Co. LLC
Land Purchaser	Assas Investments Limited
Lessee	FIVE Hotel FZCO
Manager	FIVE International Hotel Management LLC
Date	1st January 2019
HMA headings	Details
Initial Term	27 years and 3 months (until 31st March 2047)
Basic Management Fees	2.50% of Gross Operating Revenues
Sales & Marketing Fees	1.00% of Gross Operating Revenues
Group Service Fees	0.50% of Gross Operating Revenues
Incentive Management Fee	10.00% of Gross Operating Profit (GOP)
FF&E Reserve	1.00% of Gross Operating Revenue per year as per the addendum to the original HMA signed on 1st January 2020.
Hotel units for lease headings	Details
Unit Owners* Profit Share	40.00% of Gross Room Revenue.
Rental calculation	40.00% multiplied by (Rooms Revenue minus Deductible Expenses) multiplied by unit area divided by total participating area.
Deductible Expenses	Service charges, sales tax, Dubai Municipality fee (10% of room revenue), sales tax, credit card commissions and utility charges.
Condo – Hotel Rooms Lease Terms	Mandatory rental pool – 30-year leases

Condo – Hotel Apartments Lease Terms	Optional rental pool – 1-year leases
Holiday Home units for lease	Details
Holiday Home Unit owners** share – “buyer’s monthly income”	75.00% of rental revenue generated from the residences less property management fees and deductions.
Client’ returns – “property management fee”	25.00% of rental revenue generated from the residences.
Definition of rental revenue	Total income generated net of any taxes from the occupancy of the unit by guests and the provision of the holiday home services to the unit.
Definition of holiday home services	Performing all management, marketing, and operational obligations necessary to operate the unit as a holiday home let to be used and occupied by guests upon the commercial terms determined by the agent in its absolute discretion.
Definition of deductions	Third party fees, service charges, and utility charges applicable to the unit, including but not limited to DEWA, chilled water, DU/Etisalat and such other fees and charges applicable to the unit towards the holiday home services.

Source: The Client

Source: As per title deed, The Client

*Unit Owner is a 3rd party owner of an individual Condo Hotel Room / Apartment on a leasehold basis.

**Holiday Home Unit Owners are 3rd party owners of an individual leasehold Condo Hotel Room which renew their Holiday Home licence on an annual basis.

Under the operating agreement in place, the operating structure within the Property is outlined below:

1. Owner and Manager of the Property have entered into a hotel management agreement to operate the Property on a day-to-day basis;

The Owner sells the Condo Hotel / Apartment units on leasehold agreements, of which the process of how these are managed and revenues allocated is described below:

2. Where a unit has been sold Owner and individual Unit Owner of the leasehold interest, within a Hotel-Condo sign an agreement for the Manager to operate the units within a mandatory or optional rental pool, dependent on product purchase:
 - a. Condo-Hotel Rooms are allocated within a mandatory rental pool under a 30-year lease. Where the individual investor will receive a fixed return as detailed in the Hotel units for lease section of the Operating Agreement;
 - b. Condo-Hotel Apartments are allocated within an optional rental pool under a 1 to 5-year lease. These units can be either owner occupied or included within the rental pool for investment purposes at the individual owners discretion;
3. In the case of a Condo-unit being unsold, the Owner will receive the cash-flows as EBITDA within the hotel operating model.
4. Holiday Home units are sold by the Owner to the individual Holiday Home Unit Owner of the leasehold interest, which is leased on an annual basis into an optional rental pool.

Key Valuation Factors

Strengths and Opportunities:

- The Property is located on a prime plot on the trunk of Jumeirah Palm with promenade and beach access
- The Property has strong F&B concepts, which have been successful since opening that currently generate strong F&B Revenue
- The Property offers unobstructed views over Dubai Marina and Dubai Harbour
- The Operator being part of Five Holdings it gives the on-site management more flexibility to adapt and reorganize operations to stay dynamic and offer novelties to guests
- Opening of a third FIVE property will provide hotel guests with a greater choice of venues and distribute centralised expenses

Risks and Mitigating Factors:

- Access to the Property is difficult from land as a U-Turn is needed to access the Property via Jumeirah Palm's service road
- The Property is operated by local operator FIVE International Hotel Management, whose brand identity and standards are strongly linked to its founders
- Due to the Condo-Hotel nature of the Property, the inventory of the Hotel apartments component can vary on a yearly basis affecting performance of the Property
- New supply and increased competition entering the Jumeirah Palm and Dubai Marina hospitality markets totalling more than 4,000 and 1,900 keys, respectively
- Undercutting of rates by local hotels and inferior quality hotels to gain market share

Valuation Methodology

We have calculated the Fair Value of the subject site by adopting the Profits Method of valuation. Please refer to Appendix A for the standard methodology description.

Inspection Date

15 March 2023 – **The Client has confirmed there were no material changes to the physical attributes of the property and it is still operating as a trading hotel, at a 5-Star luxury positioning between the date of inspection and the date of valuation. We have assumed this advice to be correct**

Valuation Date

31 December 2021

Fair Value

31 DECEMBER 2021: AED 3,868,300,000 (Three Billion, Eight Hundred And Sixty Eight Million, Three Hundred Thousand United Arab Emirates)

Under RICS Red Book guidelines we have adopted a 10-year cashflow and capitalised Year 10 into perpetuity to provide our opinion of Fair Value.

Our valuation, on a going concern basis, is under the assumption of continued operation of the hotel business. The current value of the property is intrinsically linked to the successful operation of the hotel business on the property. Any change, deterioration or cessation of the business practices as per our assumptions would have a significantly detrimental impact on the property's value. Caution is advised in this regard.

Fair Value Apportionment by Category

CBRE has valued the Fair Value of the freehold interest. As requested by the Client, CBRE has componentised the added value of the various components of the property specifically for accounting purpose under relevant IFRS requirements as outlined below. CBRE disclaims all liability in regard to the individual apportioned values.

As requested by the Client, we include below a breakdown of the hypothetical added value of each component of the Fair Value, derived from category of operational and sales activities:

Valuation Date	Fair Value (AED)	FIVE room revenue (AED)	FIVE hospitality (AED)	Holiday Homes (AED)	Condo units: sold inventory revenue to be received (AED)
31 December 2021	3,863,300,000	2,121,300,000	1,548,600,000	69,200,000	129,200,000

FIVE room revenue – Inclusion of the 475 hotel room revenue, room expenses, pro-rata undistributed operating expenses, management fee income, pro-rata non-operating income and expenses, pro-rata FF&E Reserve attributed within the hotel management agreement and Unit Owner of the long term leasehold income from individual Condo units.

FIVE hospitality – Inclusion of the Food and Beverage, Other Operating Department and Miscellaneous Income revenue, expenses, pro-rata undistributed operating expenses, pro-rata non-operating income and expenses, pro-rata FF&E Reserve attributed within the hotel management agreement.

Holiday Homes – Inclusion of the 2 Owner Holiday Homes and 10 Third Party Holiday Homes revenue, Holiday Homes expenses, pro-rata undistributed operating expenses, management fee income, pro-rata non-operating income and expenses, pro-rata FF&E Reserve attributed within the hotel management agreement and Third Party Holiday Home pay away, as per the lease agreement in place.

Condo units: sold inventory revenue to be received – Condo units that have been ‘sold’ on a 30 year lease to individual Condo unit owners, with revenue still to be received through respective payment plans in place.

Fair Value Apportionment by Income Source

As requested by the Client, we include below a hypothetical breakdown of the constituent elements of the Fair Value by income source:

Valuation Date	Fair Value (AED)	Hotel operational cash flow	FIVE management fees (AED)	Third party income (AED)	Condo units: sold inventory revenue to be received (AED)
31 December 2021	3,868,300,000	2,173,100,000	605,700,000	960,300,000	129,200,000

Hotel operational cash flow – Inclusion of the total revenue, total departmental expenses, total undistributed operating expenses, management fees, non-operating income and expenses and FF&E Reserve, calculating the EBITDA of the Property over the 10-year forecast period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

FIVE management fees – Fees generated by the FIVE hotel management company operating the Property under the Hotel Management Agreement in place over the 10-year forecast period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

Third party income – Individual unit owner (units ‘sold’ on a 30yr lease) profit and Third Party Holiday Homes profit share under the leasehold agreements in place over the 10-year period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

Condo units: sold inventory revenue to be received – Condo units that have been ‘sold’ on a 30 year lease, with revenue still to be received through respective payment plans in place.

APPENDIX A: Valuation Methodology

Profits Method

Specialised Trading Properties

The Property is of a category that is normally bought and sold on the basis of its trading potential on the assumption that there will be a continuation in trading. The essential characteristics of properties that are normally sold on the basis of their trading potential is that they are designed, or adapted, for a specific use (such as a Hotel) and that ownership of the property normally passes with the sale of the business as an operational entity.

Our valuation therefore is the Market Value of the Property as a fully equipped operational entity valued having regard to its trading potential. The operational entity comprises:-

The legal interest in the land and buildings;

The plant and machinery and all trade fixtures, fittings, furniture, furnishings and equipment required to continue operating the business (consumable stocks are excluded);

The market's perception of the trading potential, excluding personal goodwill, together with an assumed ability to obtain/renew existing licences, consents, certificates and permits;

The benefit of any transferable licences, consents, certificates and permits.

Specialised trading properties such as the Property are normally valued using the "profits' method" having regard to revenue and operating profits. Operating profits are known as Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) after the 11th revised edition of the Uniform System of Accounts for the Lodging Industry (USALI). The valuer assesses the fair maintainable level of trade and EBITDA that could be achieved by a reasonably efficient operator and which would form the basis for a bid in the open market.

The capitalisation factor applied to the revenue or operating profits reflects growth potential, risk and the desirability of the Property and is market derived.

Even where specialised trading properties are leased and the rent payable is not linked to turnover or EBITDA, where possible an attempt is made to understand the fair maintainable level of trade at the Property in an effort to estimate if the Property is 'correctly' rented.

We have prepared valuations of the Property on the basis of Market Value assuming a fully equipped operational entity having regard to trading potential. In assessing the value of a Property, we have had regard to the following methods of valuation.

Discounted cash flow (DCF)

Under the DCF method, the projected EBITDA for the Property over ten years are discounted back to present day values using an appropriate discount rate. The value of the Property derived from the capitalised earnings in the 10th year is also brought back to present values. Capital expenditure is built into the cash flow if appropriate.

Terminal Value

Where the asset is expected to continue beyond the explicit forecast period, it is necessary to estimate the value of the asset at the end of that period. The terminal value is then discounted back to the valuation date, normally using the same discount rate as applied to the forecast cash flow.

The terminal value should consider the following:

- (a) Whether the asset is deteriorating/finite-lived in nature or indefinite-lived will influence the method used to calculate a terminal value,
- (b) Whether there is future growth potential for the asset beyond the explicit forecast period,
- (c) Whether there is a predetermined fixed capital amount expected to be received at the end of the explicit forecast period,

(d) The expected risk level of the asset at the time the terminal value is calculated,

(e) For cyclical assets, the terminal value should consider the cyclical nature of the asset, and

(f) The tax attributes inherent in the asset at the end of the explicit forecast period and whether those tax attributes would be expected to continue into perpetuity. For example, an asset being depreciated/amortised for tax purposes will eventually be fully depreciated/amortised, potentially increasing the effective tax rate. The three most commonly used methods for calculating a terminal value are:

(a) Gordon growth model/constant growth model (appropriate only for indefinite-lived assets),

(b) Market approach/exit value (appropriate for both deteriorating/finite-lived assets and indefinite-lived assets), and

(c) Salvage value/disposal cost (appropriate only for deteriorating/finite-lived assets).

Gordon Growth Model/Constant Growth Model

The constant growth model assumes that the asset grows (or declines) at a constant rate into perpetuity.

Market Approach/Exit Value

The market approach/exit value method can be performed in a number of ways, but the ultimate goal is to calculate the value of the asset at the end of the explicit cash flow forecast.

Common ways to calculate the terminal value under this method include application of a market-evidence based capitalisation factor or a market multiple.

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Condensed Valuation Report



FIVE Jumeirah Village

Dubai

United Arab Emirates

Date of Inspection: 15 March 2023

Date of Valuation: 31 December 2021

Reliant Parties: FIVE Holdings (BVI) Limited, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Emirates NBD Bank PJSC, Commercial Bank of Dubai PSC, Mashreqbank psc.

Important Report Disclaimers – CBRE Valuation

- i. This document is for the sole use of FIVE Holdings (BVI) Limited (the “Client”), its affiliates and any other person directly provided with it by CBRE. Use by, or reliance upon this document by anyone other than those parties named above is not authorised by CBRE.
- ii. CBRE has prepared a full Valuation Report (the “Valuation Report”) relying on and referring to information provided by third parties (including the current operators of the property) including financial and market information (“Information”). CBRE assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect. Caution is advised in this regard.
- iii. CBRE has prepared this Condensed Valuation Report for inclusion within an offering memorandum on behalf of the Client (the “Offering Memorandum”); CBRE has not been involved in the preparation of the remainder of the Offering Memorandum. CBRE disclaims any liability to any person in the event of false and misleading statements included in, or an omission from, the Offering Memorandum.
- iv. This Condensed Valuation Report is a condensed version of the full Valuation Report addressing the same subject matter. The Valuation Report also draws attention to the key issues and considerations impacting value and provides additional detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. Commercial investments of this nature are inherently complex, and the market conditions have changed and/or have been uncertain in recent times.
- v. Neither this Condensed Valuation Report nor CBRE’s full Valuation Report may be reproduced in whole or in part without the prior written approval of CBRE.
- vi. Where CBRE has expressly agreed (by way of a reliance letter) that persons other than the Client can rely upon the Valuation Report (a “Relying Party” or “Relying Parties”), then CBRE shall have no greater liability to any Relying Party than it would have had if such party had been named as a joint client under the Instruction.
- vii. CBRE’s maximum aggregate liability to the Client and to any authorised Reliant Parties, howsoever arising under, in connection with or pursuant to reliance upon this Condensed Valuation Report or any other Valuation Report produced under the same letter of instruction, and whether in contract, tort, negligence or otherwise shall not exceed US \$15,000,000 (AED 55,087,500).
- viii. CBRE is not a financial advisor, and this document does not constitute financial product advice. Investors should consider obtaining independent advice from their financial advisor before making any decision to invest in/with the Client.
- ix. None of the information in this Condensed Valuation Report constitutes advice as to the merits of entering into any form of transaction. If you do not understand this legal notice, then it is recommended that you seek independent legal advice.

Publication

Apart from the use in respect of the Offering Memorandum, neither the whole nor any part of our report nor any references to it may be included in any published document, circular or statement nor published in any way without our prior written approval.

If you request our approval to use or publish the report or any part of thereof (including any valuations contained therein), in any external publication, investor briefing or website, or make it available to any third parties whatsoever, you must provide us with a specimen of the text and layout of the article, display or advertisement and identify the intended forum and recipients. If we approve the publication or display, you may not vary from the specimen so approved by us.

Any such approved publication of, or reference to the report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of any special assumptions referred to above (if applicable).

Part I: Valuation Report

Valuation Report

Report Date	10 May 2023
Addressee	FIVE Holdings (BVI) Limited Coastal Building Wickham's Cay II P.O. Box 2221, Road Town, Tortola British Virgin Islands
The Property	FIVE Jumeirah Village Dubai Lazuward SW, Jumeirah Village Dubai, United Arab Emirates
Interest Valued	Freehold under going concern, subject to lease agreements and management agreement in place.
Property Description	5-Star luxury "Condo-Hotel" with 250 rooms, 200 hotel apartments, 7 F&B outlets, 2 meeting rooms, a spa, health club, swimming pools and third-party operated outlets.
Instruction	To value the freehold going concern of the property on the basis of Fair Value as at the valuation date in accordance with the terms of engagement entered into between CBRE and the addressees dated 18 August 2023.
Valuation Date	31 December 2021
Capacity of Valuer	External Valuer, as defined in the current version of the RICS Valuation – Global Standards.
Purpose	We understand that our valuation report and the Appendices to it (together the "Valuation Report") are required for inclusion in an Offering Memorandum which is to be published by the Client pursuant to the proposed issue of Notes by the Client and admission of the Note to the Nasdaq Dubai and the London Stock Exchange (the "Transaction"). The Valuation is on the basis of Fair Value as defined in the current edition of the International Financial Reporting Standards.
Aggregate Fair Value – 31 December 2021	AED 1,102,800,000 (One Billion, One Hundred And Two Million, Eight Hundred Thousand United Arab Emirates) exclusive of VAT. We confirm that the "Fair Value" reported above, for the purpose of financial reporting under International Financial Reporting Standards (IFRS), is effectively the same as "Market Value". We have valued the Properties individually at the respective 31 December 2022 included within the Condensed Property Report. Our opinion of Fair Value is based upon the Scope of Work and valuation Assumptions attached, and has been primarily derived using the Profits method and a 10-year discounted cash flow, with consideration towards recent market transactions on arm's length terms to derive a terminal capitalisation rate.

Valuation of a trade related Property as a Going Concern

Hotel and leisure properties are normally bought and sold on the basis of their trading potential. The essential characteristic of this type of property is that they have been designed or adapted for a specific use, and the resulting lack of flexibility means that the value of the property interest is intrinsically linked to the returns that an owner can generate from that use. The value therefore reflects the trading potential of the property. It can be contrasted with generic property that can be occupied by a range of different business types, such as standard office, industrial or retail property.

Our valuation has been assessed having regard to trading potential of the business currently operating on the property. In this regard we have made the assumption of the continued operation of the current hotel business on the property. The current value of the property is intrinsically linked to the successful operation of the current hotel business. Any change, deterioration or cessation of the business practices as detailed in our valuation would have a significantly detrimental impact on the property’s value. Investment caution is advised in this regard.

General Market Volatility – as at Valuation Date

The valuation takes no account of the costs of business closure, disruption or any other costs associated with realising this value and is not a vacant possession value.

We draw your attention to the fact that a combination of global inflationary pressures (leading to higher interest rates) and the recent geopolitical events in Ukraine, in addition to the on-going effects of the global Covid-19 pandemic in some markets, has heightened the potential for greater volatility in property markets over the short-to-medium term. Experience has shown that consumer and investor behaviour can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility. Lending/Investment caution is advised in this regard.

You should note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how market participants respond to current events.

Heightened Volatility Hotel and Tourism Property

The value of hotels and tourism related property is traditionally volatile and can be subject to rapid changes of value in short timeframes. These property types appeal to a narrow and very specific segment of the market which can be significantly impacted by many factors such as, broader economic conditions, migration, changes to operating costs and inflation, travel and visas restrictions (both domestic and international) and other changes to government policy, which may materially impact levels of supply and demand for the product. All these (and more) factors will likely have a significant impact on the value and demand for the subject property.

Going forward there will be several key factors impacting on the viability of hotel and leisure and their underlying values. Key concerns relate to the subject property are:-

- Due to the condo-hotel nature of the Property, the inventory of the hotel apartments component can vary affecting performance of the Property.
- The Property is in a non-established hospitality market and mostly under development community of Dubai.
- New supply and increased competition within the Dubai hospitality market

- Undercutting of rates by local hotels and inferior quality hotels to gain market share.

In addition, we also note that recent stresses in the banking system may significantly restrict capital.

As experienced in previous market cycles, the value of hotel and tourism related property can undergo rapid and significant price corrections, as supply, demand and cost factors change which should be considered in any investment decisions. Caution is advised in this regard.

Valuation Uncertainty Market transaction of hotels with similar operating structures is limited and as such our valuation includes appropriate adjustments and subjective analysis. Our valuation therefore contains a degree of inherent uncertainty that may be greater than for a standard hotel operating structure valuation.

Rental Income Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent.

Special Assumptions No special assumptions have been assumed in undertaking the Fair Value of the asset.

Compliance with Valuation Standards The valuation has been prepared in accordance with the current version of the RICS Valuation – Global Standards, which incorporate the International Valuation Standards “the Red Book”.

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently.

Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE Ltd, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.

This valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property.

Other valuers may reach different conclusions as to the value of the subject property. This valuation is for the sole purpose of providing the intended user with the Valuer’s independent professional opinion of the value of the subject property as at the valuation date.

Sustainability Considerations Wherever appropriate, sustainability and environmental matters are an integral part of the valuation approach. ‘Sustainability’ is taken to mean the consideration of such matters as environment and climate change, health and well-being and corporate responsibility that can or do impact on the valuation of an asset. In a valuation context, sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect value. The range of issues includes key environmental risks, such as flooding, energy efficiency and climate, as well as matters of design, configuration, accessibility, legislation, management, and fiscal considerations – and current and historic land use.

Sustainability has an impact on the value of an asset, even if not explicitly recognised. Valuers reflect markets, they do not lead them. Where we recognise the value impacts of

	<p>sustainability, we are reflecting our understanding of how market participants include sustainability requirements in their bids and the impact on market valuations.</p>
Assumptions	<p>The property details on which the valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.</p> <p>If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figure may also be incorrect and should be reconsidered.</p>
Variation from Standard Assumptions	<p>None</p>
Verification	<p>We recommend that before any financial transaction is entered into based upon these valuations, you obtain verification of any third party information contained within our report and the validity of the assumptions we have adopted.</p> <p>We would advise you that whilst we have valued the property reflecting current market conditions, there are certain risks which may be, or may become, uninsurable. Before undertaking any financial transaction based upon this valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.</p>
Valuer	<p>The property has been valued and inspected by a valuer who is qualified for the purpose of the valuation in accordance with the Red Book.</p>
Independence	<p>The total fees, including the fee for this assignment, earned by CBRE Dubai LLC (or other companies forming part of the same group of companies within the UAE) from the Addressee (or other companies forming part of the same group of companies) is less than 5.0% of the total UK or UAE revenues.</p> <p>It is not anticipated this situation will vary in the financial year to 31 December 2023.</p> <p>We confirm that we do not have any material interest in FIVE Holdings (BVI) Limited or other companies in the same Group or the Property.</p>
Conflicts of Interest	<p>We confirm that we have previously undertaken a valuation on the asset for financial reporting purposes in 2020, 2021 and 2022 for the Client.</p> <p>We confirm that CBRE has no other material involvement with the property and have no conflicts of interest – and that copies of our conflict of interest checks have been retained within the working papers.</p>
Disclosure	<p>The principal signatory of this report has continuously been the signatory of Valuations for the Company since March 2018.</p> <p>CBRE Dubai LLC has continuously been carrying out Valuation instructions for the Company since 30 November 2020.</p> <p>CBRE Dubai LLC has carried out Valuation services on behalf of the Company since 30 November 2020.</p>
Reliance	<p>The contents of this Report may only be relied upon by:</p> <p>(i) Addressees of the Report; and</p>

(ii) Parties who have received prior written consent from CBRE in the form of a reliance letter;

for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of the special assumptions referred to herein.

Yours faithfully



Daniel McCulloch
Senior Director
Head of CBRE Valuation MENA
RICS Registered Valuer

For and on behalf of
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Yours faithfully



Christopher Robson
Associate Director
CBRE Hotels & Tourism
RICS Registered Valuer

For and on behalf of
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+971 (0) 4 437 7240
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Sources of Information and Scope of Works

Sources of Information	<p>We have carried out our work based upon information supplied to us by the Client between 01 March 2023 and 04 August 2023, as set out within this report, which we have assumed to be correct and comprehensive.</p> <ul style="list-style-type: none">• Site plan;• Title deed;• Hotel Actual performance for the following periods:<ul style="list-style-type: none">○ YE 2020;○ YE 2021.• Hotel building schedule details, including number of Condo hotels and residences, F&B outlet approximate capacities and cuisine offering and spa, swimming pool and children’s leisure facilities offered at the Property;• Floor plans / layouts;• Facility mix and amenities;• A copy of a typical Condo-Hotel lease.
The Property	<p>Our report contains a brief summary of the property details on which our valuation has been based.</p>
The Inspection	<p>The property was internally inspected by Christopher Robson MRICS, RICS Registered Valuer, and Benjamin Parkins on 15 March 2023. The Client has advised there have been no material change to the property between the Inspection Date and the Valuation Date, and we have assumed this to be true for this valuation.</p> <p>We confirm we inspected the property on 15 March 2023 The Client has confirmed there were no material changes to the physical attributes of the property and it is still operating as a trading hotel, at a 5-Star luxury positioning between the date of inspection and the date of valuation. We have assumed this advice to be correct.</p> <p>All valuations are current as at the date of valuation only. The value assessed may in the future change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property or particular property sector). CBRE does not accept liability for losses arising from subsequent changes in value. As values can vary from time to time, CBRE recommends the valuation be reviewed periodically in the future to ascertain any changes in value.</p> <p>Without limiting the generality of this statement, we do not assume any responsibility or accept any liability, nor should the valuation be relied upon if the Client, or any Reliant Party becomes aware of any factors that may have an effect on the valuation and has not disclosed such information to CBRE.</p>
Areas	<p>We have not measured the properties but have relied upon the floor areas provided to us by FIVE Investments LLC as set out in this report, which we have assumed to</p>

	<p>be correct and measured in accordance with RICS code of measuring practice 6th edition under Gross Internal Area (GIA).</p>
Environmental Matters	<p>We have not been provided with copies of any environmental reports referring to the Property.</p> <p>We have not carried out any investigations into the past or present uses of the property, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.</p>
Services and Amenities	<p>We understand that all main services including water, drainage, electricity and telephone are available to the property. None of the services have been tested by us.</p>
Repair and Condition	<p>We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the property. We are unable, therefore, to give any assurance that the property is free from defect.</p>
Titles, Tenures and Lettings	<p>Details of title/tenure under which the property is held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title, including relevant deeds, leases and planning consents is the responsibility of your legal adviser.</p> <p>We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.</p>

Valuation Assumptions

Introduction

An Assumption is defined in the Red Book Glossary and VPS 4 to be a “supposition taken to be true” (an “Assumption”).

Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that it has been agreed need not be verified by the valuer as part of the valuation process. Assumptions are made when it is reasonable for the valuer to accept that something is true without the need for specific investigation.

The Client has confirmed and we confirm that our Assumptions are correct as far as the Client and we, respectively, are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The principal Assumptions which we have made are stated within this Valuation Report.

For the avoidance of doubt, the Assumptions made do not affect compliance with the approach to Market Value under the Red Book.

Capital Values

The valuation has been prepared on the basis of "Fair Value" (in accordance with International Financial Reporting Standard 13), which is defined as:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

"Fair Value", for the purpose of financial reporting, is effectively the same as "Market Value", which is defined in the Red Book as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.

No account has been taken of the availability or otherwise of capital based Government grants.

Rental Values

Unless stated otherwise rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent in the Red Book, which is as follows:

"The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

[a] the property is not contaminated and is not adversely affected by any existing or proposed environmental law;

[b] any processes which are carried out on the property which are regulated by environmental legislation are properly licensed by the appropriate authorities.

[c] the property is either not subject to flooding risk or, if it is, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

[a] there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;

[b] the property is free from rot, infestation, structural or latent defect;

[c] no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the property; and

[d] the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the property. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Lettings,
Planning, Taxation and
Statutory & Local
Authority requirements

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

[a] the property possesses a good and marketable title free from any onerous or hampering restrictions or conditions;

[b] the building has been erected either prior to planning control, or in accordance with planning permissions, and has the benefit of permanent planning consents or existing use rights for their current use;

[c] the property is not adversely affected by town planning or road proposals;

[d] the building complies with all statutory and local authority requirements including building, fire and health and safety regulations;

[e] all rent reviews are upward only and are to be assessed by reference to full current market rents;

[f] there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

[g] tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;

[h] there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

[i] where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and

[j] vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

Part II: Property Details

Property Details

Outside view of the Property



Source: Property's website

Location



Source: Google Maps

The Property

The Property is situated within the Al Barsha South Fourth district of Dubai. More specifically, the Property is located within Jumeirah Village Circle (JVC), a residential community within Al Barsha South. The area surrounding the Property comprises primarily recently completed and under-construction residential buildings and townhouses.

The Property is located directly to the South West of JVC and adjacent to the Nakheel Circle Villas. The Property is located 25 minutes' drive from the EXPO venue.

The Property can be directly accessed from street level. The Property is well connected to Dubai's major road network with Sheikh Mohammed bin Zayed Road, Hessa Street and Al Khail Road. The Property is located 30 minutes away of Dubai International Airport (DXB).

The FIVE JVC Hotel is a purpose built full-service luxury five-star hotel. It is currently under the management of FIVE International Hotel Management. In addition to 450 keys (250 Condo hotel rooms and 200 Condo hotel apartments) in the hotel pool, the hotel offers seven F&B outlets, including a nightclub and a sports bar, two meeting rooms, a spa, a health club, and swimming pools. The Property is a well-known landmark and won several architectural awards; at the date of inspection, it is our opinion that the Property is in a condition commensurate with age of approximately four years.

The Condo hotel rooms are being sold or are being offered to the open market to individual 3rd party investors on a 1 to 5-year tenure (short term) with an optional rental pool agreement in place.

The Condo hotel apartments are being sold or are being offered to the open market to individual 3rd party investors on a 30-year leasehold tenure (long term) with a mandatory rental pool agreement in place.

Tenure

We have been provided with a Title Deed dated 14 May 2018 which confirms the plot number as plot 870 (Municipality No. 681 – 875) of the Al Barsha Fourth Community and the owner of the title as Unlimited 1 Limited. The freehold title is subject to the following:

- Condo hotel apartments – Can be purchased on a 30-year leasehold basis, linked to a mandatory rental pool. We have received the available apartments for sale as provided by the Client;
- Condo hotel rooms – Can be purchased on a 1 to 5-year leasehold basis and is optional for individual owners to include within the rental pool. We have received the available apartments for sale as provided by the Client;
- The Condo hotel rooms and apartments are in place as FIVE Rooms Revenues has a lease in place with the Owner of Title and is operated by the Manager;
- F&B and leisure facilities are operated under the hotel management in place as FIVE Hospitality is operated by the Manager.

As per information provided by the Client, Unlimited 1 Limited is an affiliate of the Client. Hence, we have assumed that the above areas of the Property are owned by the Client freehold.

Operating Agreement

We were provided with a copy of the Hotel Management Agreement (HMA) and the addendum to the original HMA signed on 1st January 2020 between the Owner of Title and Manager. For the avoidance of doubt the Owner of Title and the Manager for this Property are owned by FIVE Holding (BVI) Limited. The key operating agreement terms have been included in the table below:

Owner information headings	Details
Owner of Title	Jumeirah Village LLC
Land Purchaser	Unlimited 1 Limited
Lessee	FIVE Hotel Management LLC
Manager	FIVE International Hotel Management LLC
Signing Date	31 st December 2018
HMA headings	Details
Initial Term	30 years
Basic Management Fee	2.50% of Gross Operating Revenues
Sales & Marketing Fees	1.00% of Gross Operating Revenues
Group Service Fees	0.50% of Gross Operating Revenues
Incentive Management Fee	10.00% of Gross Operating Profit (GOP)
FF&E Reserve	1.00% of Gross Operating Revenue per year as per the addendum to the original HMA signed on 1 st January 2020
Hotel units for lease headings	Details
Unit Owner of leasehold interest in an individual Condo*	40.00% of Gross Room Revenue.
Rental calculation	(40% multiplied by Room Revenue) minus Deductible Expenses multiplied by owned unit area divided by total participating area.
Deductible Expenses	Service charges, sales tax, Dubai Municipality fee (10% of room revenue), sales tax, credit card commissions and utility charges.
Condo – Hotel Rooms Lease Terms	Mandatory rental pool – 30-year leases
Condo – Hotel Apartments Lease Terms	Optional rental pool – 1 to 5-year leases

Source: As per title deed, The Client

*Unit Owner is a 3rd party owner of an individual Condo Hotel Room / Apartment on a leasehold basis.

Under the operating agreement in place, the operating structure within the Property is outlined below:

1. Owner and Manager of the Property have entered into a hotel management agreement to operate the Property on a day-to-day basis;

The Owner sells the Condo Hotel / Apartment units on leasehold agreements, of which the process of how these are managed and revenues allocated is described below:

2. Where a unit has been sold Owner and individual Unit Owner of the leasehold interest, within a Hotel-Condo sign an agreement for the Manager to operate the units within a mandatory or optional rental pool, dependent on product purchase:
 - a. Condo-Hotel Rooms are allocated within a mandatory rental pool under a 30-year lease. Where the individual investor will receive a fixed return as detailed in the Hotel units for lease section of the Operating Agreement;
 - b. Condo-Hotel Apartments are allocated within an optional rental pool under a 1 to 5-year lease. These units can be either owner occupied or included within the rental pool for investment purposes at the individual owners discretion;
3. In the case of a Condo-unit being unsold, the Owner will receive the cash-flows as EBITDA within the hotel operating model.

Key Valuation Factors

Strengths and Opportunities:

- Full service luxury Property, first property of this kind in the submarket
- The Property offers unobstructed 360 degrees views over the Dubai skyline.
- Good connectivity with Dubai's main road network with Sheikh Mohammed Bin Zayed Road, Hesse Street and Al Khail Road
- The residential population of JVC provide benefit for F&B catchment.

Risks and Mitigating Factors:

- The Property is operated by local operator FIVE International Hotel Management, whose brand identity and standards are strongly linked to its founders.
- Due to the condo-hotel nature of the Property, the inventory of the hotel apartments component can vary affecting performance of the Property.
- The Property is in a non-established hospitality market and mostly under development community of Dubai.
- New supply and increased competition within the Dubai hospitality market
- Undercutting of rates by local hotels and inferior quality hotels to gain market share.

Valuation Methodology

We have calculated the Fair Value of the subject site by adopting the Profits Method of valuation. Please refer to Appendix A for the standard methodology description.

Inspection Date

15 March 2023 – **The Client has confirmed there were no material changes to the physical attributes of the property and it is still operating as a trading hotel, at a 5-Star luxury positioning between the date of inspection and the date of valuation. We have assumed this advice to be correct**

Valuation Date

31 December 2021

Fair Value

31 DECEMBER 2021: AED 1,102,800,000 (ONE BILLION, ONE HUNDRED AND TWO MILLION, EIGHT HUNDRED THOUSAND UNITED ARAB EMIRATES).

Under RICS Red Book guidelines we have adopted a 10-year cashflow and capitalised Year 10 into perpetuity to provide our opinion of Fair Value.

Our valuation, on a going concern basis, is under the assumption of continued operation of the hotel business. The current value of the property is intrinsically linked to the successful operation of the hotel business on the property.

Any change, deterioration or cessation of the business practices as per our assumptions would have a significantly detrimental impact on the property's value. Caution is advised in this regard.

Fair Value Apportionment by Category

CBRE has valued the Fair Value of the freehold interest. As requested by the Client, CBRE has componentised the added value of the various components of the property specifically for accounting purpose under relevant IFRS requirements as outlined below. CBRE disclaims all liability in regard to the individual apportioned values.

As requested by the Client, we include below a breakdown of the hypothetical added value of each component of the Fair Value, derived from category of operational and sales activities:

Valuation Date	Fair Value (AED)	FIVE room revenue (AED)	FIVE hospitality (AED)	Condo units: sold inventory revenue to be received (AED)	Condo units: inventory to sell (AED)
31 December 2021*	1,102,800,000	853,800,000	249,000,000	N/A	N/A

* condo unit sales were not applicable for Aggregate Fair Value calculation in YE 2021, as no units had been brought to market during the period.

FIVE room revenue – Inclusion of the 450 hotel room revenue, room expenses, pro-rata undistributed operating expenses, management fee income, pro-rata non-operating income and expenses, pro-rata FF&E Reserve attributed within the hotel management agreement and Unit Owner of the long term leasehold income from individual Condo units.

FIVE hospitality – Inclusion of the Food and Beverage, Other Operating Department and Miscellaneous Income revenue, expenses, pro-rata undistributed operating expenses, pro-rata non-operating income and expenses, pro-rata FF&E Reserve attributed within the hotel management agreement.

Condo units: sold inventory revenue to be received – Condo units that have been ‘sold’ on a 30 year lease to individual Condo unit owners, with revenue still to be received through respective payment plans in place.

Condo units: inventory to sell – Condo units that have not been ‘sold’, but are available to purchase on a 30 year lease on the open market.

Fair Value Apportionment by Income Source

As requested by the Client, we include below a hypothetical breakdown of the constituent elements of the Fair Value by income source:

Valuation Date	Fair Value (AED)	Hotel operational cash flow	FIVE management fees (AED)	Third party income (AED)	Condo units: sold inventory revenue to be received (AED)	Condo units: inventory to sell (AED)
31 December 2021*	1,102,800,000	591,700,000	179,100,000	332,000,000	N/A	N/A

* condo unit sales were not applicable for Aggregate Fair Value calculation in YE 2021, as no units had been brought to market during the period.

Hotel operational cash flow – Inclusion of the total revenue, total departmental expenses, total undistributed operating expenses, management fees, non-operating income and expenses and FF&E Reserve, calculating the EBITDA of the Property over the 10-year forecast period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

FIVE management fees – Fees generated by the FIVE hotel management company operating the Property under the Hotel Management Agreement in place over the 10-year forecast period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

Third party income – Individual unit owner (units ‘sold’ on a 30yr lease) profit share under the leasehold agreements in place over the 10-year period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

Condo units: sold inventory revenue to be received – Condo units that have been ‘sold’ on a 30 year lease, with revenue still to be received through respective payment plans in place.

Condo units: inventory to sell – Condo units that have not been ‘sold’ on a 30yr lease, but are available to purchase on the open market.

APPENDIX A:

Valuation Methodology

Profits Method

Specialised Trading Properties

The Property is of a category that is normally bought and sold on the basis of its trading potential on the assumption that there will be a continuation in trading. The essential characteristics of properties that are normally sold on the basis of their trading potential is that they are designed, or adapted, for a specific use (such as a Hotel) and that ownership of the property normally passes with the sale of the business as an operational entity.

Our valuation therefore is the Market Value of the Property as a fully equipped operational entity valued having regard to its trading potential. The operational entity comprises:-

The legal interest in the land and buildings;

The plant and machinery and all trade fixtures, fittings, furniture, furnishings and equipment required to continue operating the business (consumable stocks are excluded);

The market's perception of the trading potential, excluding personal goodwill, together with an assumed ability to obtain/renew existing licences, consents, certificates and permits;

The benefit of any transferable licences, consents, certificates and permits.

Specialised trading properties such as the Property are normally valued using the "profits' method" having regard to revenue and operating profits. Operating profits are known as Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) after the 11th revised edition of the Uniform System of Accounts for the Lodging Industry (USALI). The valuer assesses the fair maintainable level of trade and EBITDA that could be achieved by a reasonably efficient operator and which would form the basis for a bid in the open market.

The capitalisation factor applied to the revenue or operating profits reflects growth potential, risk and the desirability of the Property and is market derived.

Even where specialised trading properties are leased and the rent payable is not linked to turnover or EBITDA, where possible an attempt is made to understand the fair maintainable level of trade at the Property in an effort to estimate if the Property is 'correctly' rented.

We have prepared valuations of the Property on the basis of Market Value assuming a fully equipped operational entity having regard to trading potential. In assessing the value of a Property, we have had regard to the following methods of valuation.

Discounted cash flow (DCF)

Under the DCF method, the projected EBITDA for the Property over ten years are discounted back to present day values using an appropriate discount rate. The value of the Property derived from the capitalised earnings in the 10th year is also brought back to present values. Capital expenditure is built into the cash flow if appropriate.

Terminal Value

Where the asset is expected to continue beyond the explicit forecast period, it is necessary to estimate the value of the asset at the end of that period. The terminal value is then discounted back to the valuation date, normally using the same discount rate as applied to the forecast cash flow.

The terminal value should consider the following:

- (a) Whether the asset is deteriorating/finite-lived in nature or indefinite-lived will influence the method used to calculate a terminal value,
- (b) Whether there is future growth potential for the asset beyond the explicit forecast period,
- (c) Whether there is a predetermined fixed capital amount expected to be received at the end of the explicit forecast period,

(d) The expected risk level of the asset at the time the terminal value is calculated,

(e) For cyclical assets, the terminal value should consider the cyclical nature of the asset, and

(f) The tax attributes inherent in the asset at the end of the explicit forecast period and whether those tax attributes would be expected to continue into perpetuity. For example, an asset being depreciated/amortised for tax purposes will eventually be fully depreciated/amortised, potentially increasing the effective tax rate. The three most commonly used methods for calculating a terminal value are:

(a) Gordon growth model/constant growth model (appropriate only for indefinite-lived assets),

(b) Market approach/exit value (appropriate for both deteriorating/finite-lived assets and indefinite-lived assets), and

(c) Salvage value/disposal cost (appropriate only for deteriorating/finite-lived assets).

Gordon Growth Model/Constant Growth Model

The constant growth model assumes that the asset grows (or declines) at a constant rate into perpetuity.

Market Approach/Exit Value

The market approach/exit value method can be performed in a number of ways, but the ultimate goal is to calculate the value of the asset at the end of the explicit cash flow forecast.

Common ways to calculate the terminal value under this method include application of a market-evidence based capitalisation factor or a market multiple.

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Condensed Valuation Report

FIVE Luxe Jumeirah Beach Residence (JBR)

Dubai
United Arab Emirates

Reliant Parties: FIVE Holdings (BVI) Limited, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Emirates NBD Bank PJSC, Commercial Bank of Dubai P.S.C. and Mashreqbank psc.

Report Disclaimer – CBRE Valuation

- i. This document is for the sole use of FIVE Holdings (BVI) Limited (the “Client”), its affiliates and any other person directly provided with it by CBRE. Use by, or reliance upon this document by anyone other than those parties named above is not authorised by CBRE.
- ii. CBRE has prepared a full Valuation Report (the “Valuation Report”) relying on and referring to information provided by third parties (including the current operators of the property) including financial and market information (“Information”). CBRE assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect. Caution is advised in this regard.
- iii. CBRE has prepared this Condensed Valuation Report for inclusion within an offering memorandum on behalf of the Client (the “Offering Memorandum”); CBRE has not been involved in the preparation of the remainder of the Offering Memorandum. CBRE disclaims any liability to any person in the event of false and misleading statements included in, or an omission from, the Offering Memorandum.
- iv. This Condensed Valuation Report is a condensed version of the full Valuation Report addressing the same subject matter. The Valuation Report also draws attention to the key issues and considerations impacting value and provides additional detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. Commercial investments of this nature are inherently complex, and the market conditions have changed and/or have been uncertain in recent times.
- v. Neither this Condensed Valuation Report nor CBRE’s full Valuation Report may be reproduced in whole or in part without the prior written approval of CBRE.
- vi. Where CBRE has expressly agreed (by way of a reliance letter) that persons other than the Client can rely upon the Valuation Report (a “Relying Party” or “Relying Parties”), then CBRE shall have no greater liability to any Relying Party than it would have had if such party had been named as a joint client under the Instruction.
- vii. CBRE’s maximum aggregate liability to the Client and to any authorised Reliant Parties, howsoever arising under, in connection with or pursuant to reliance upon this Condensed Valuation Report or any other Valuation Report produced under the same letter of instruction, and whether in contract, tort, negligence or otherwise shall not exceed US \$15,000,000 (AED 55,087,500).
- viii. CBRE is not a financial advisor, and this document does not constitute financial product advice. Investors should consider obtaining independent advice from their financial advisor before making any decision to invest in/with the Client.
- ix. None of the information in this Condensed Valuation Report constitutes advice as to the merits of entering into any form of transaction. If you do not understand this legal notice, then it is recommended that you seek independent legal advice.

Publication

Apart from the use in respect of the green bond issuance as set out above, neither the whole nor any part of our report nor any references to it may be included in any published document, circular or statement nor published in any way without our prior written approval.

If you request our approval to use or publish the report or any part of thereof (including any valuations contained therein), in any external publication, investor briefing or website, or make it available to any third parties whatsoever, you must provide us with a specimen of the text and layout of the article, display or advertisement and identify the intended forum and recipients. If we approve the publication or display, you may not vary from the specimen so approved by us.

Any such approved publication of, or reference to the report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of any special assumptions referred to above (if applicable).

Part I: Valuation Report

Valuation Report

Report Date	10 May 2023
Addressee	FIVE Holdings (BVI) Limited Coastal Building Wickham's Cay II P.O. Box 2221, Road Town, Tortola British Virgin Islands
The Property	FIVE Luxe JBR The Walk, Jumeirah Beach Residences Dubai, United Arab Emirates
Property Description	5-Star luxury "Condo-Hotel" with 222 rooms, 222 hotel apartments (with 160 included in the hotel rental pool), 8 F&B, a spa, health club, swimming pools as well as beach and promenade access and a retail area.
Ownership Purpose	Investment purposes
Instruction	To value the unencumbered freehold interest in the property on the basis of Fair Value as at the valuation date in accordance with the terms of engagement entered into between CBRE and the addressees dated 18 August 2023.
Valuation Date	31 December 2021
Capacity of Valuer	External Valuer, as defined in the current version of the RICS Valuation – Global Standards.
Purpose	We understand that our valuation report and the Appendices to it (together the "Valuation Report") are required for inclusion in an Offering Memorandum which is to be published by the Client pursuant to the proposed issue of Notes by the Client and admission of the Note to the Nasdaq Dubai and the London Stock Exchange (the "Transaction"). The Valuation is on the basis of Fair Value as defined in the current edition of the International Financial Reporting Standards.
Fair Value – 31 December 2021	AED 860,200,000 (Eight Hundred And Sixty Million, Two Hundred Thousand United Arab Emirates Dirhams) exclusive of VAT. We confirm that the "Fair Value" reported above, for the purpose of financial reporting under International Financial Reporting Standards (IFRS), is effectively the same as "Market Value". We have valued the Properties individually at the respective 31 December 2020 included within the Condensed Property Report. Our opinion of Fair Value is based upon the Scope of Work and valuation Assumptions attached, and has been primarily derived using the Profits method and a 10-year discounted cash flow, with consideration towards recent market transactions on arm's length terms to derive a terminal capitalisation rate.
General Market Volatility – as at Valuation Date	We draw your attention to the fact that a combination of global inflationary pressures (leading to higher interest rates) and the recent geopolitical events in Ukraine, in

addition to the on-going effects of the global Covid-19 pandemic in some markets, has heightened the potential for greater volatility in property markets over the short-to-medium term. Experience has shown that consumer and investor behaviour can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility. Lending/Investment caution is advised in this regard.

You should note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how market participants respond to current events.

Development Valuations

The value of development projects is traditionally highly volatile and can be subject to rapid changes of value in short timeframes. These property types appeal to a narrow and very specific segment of the market, which can be significantly impacted by many factors such as, broader economic conditions, changes to government policy, fluctuating levels of supply and demand for the product, changes in building costs and the availability and cost of development finance. All these (and more) factors will likely have a significant impact on the value and demand for the subject property.

Going forward there will be several key factors impacting on the viability of hospitality projects and their underlying land values. Key concerns are rising construction costs, substantial new supply levels and easing investor demand for the final product. In addition, we also note that recent stresses in the banking system may significantly restrict development capital and increase the cost of development finance.

Moreover, the current development site market cycle is likely at, or has passed its peak with heightened volatility and increased likelihood of deteriorating values.

As experienced in previous market cycles, the value of development projects can undergo rapid and significant price corrections, as supply, demand and cost factors change. The Reliant Parties are strongly advised to consider this inherent risk in their investment decisions. Caution is advised in this regard.

Construction Cost Volatility

Material costs, labour costs and supply chains are currently unusually volatile with the market experiencing price increases in some or all those areas during 2022 and continuing into 2023. This has created significant uncertainty in cost estimates that is likely to continue. In addition, there are significant risks that delays may be encountered in sourcing materials and labour, and as such delivery risks are also heightened in this climate.

Rental Income

Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent.

Special Assumptions

No special assumptions have been assumed in undertaking the Fair Value of the asset.

Compliance with Valuation Standards

The valuation has been prepared in accordance with the current version of the RICS Valuation – Global Standards, which incorporate the International Valuation Standards “the Red Book”.

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently.

Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE Ltd, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.

This valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property.

Other valuers may reach different conclusions as to the value of the subject property. This valuation is for the sole purpose of providing the intended user with the Valuer's independent professional opinion of the value of the subject property as at the valuation date.

Sustainability Considerations

Wherever appropriate, sustainability and environmental matters are an integral part of the valuation approach. 'Sustainability' is taken to mean the consideration of such matters as environment and climate change, health and well-being and corporate responsibility that can or do impact on the valuation of an asset. In a valuation context, sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect value. The range of issues includes key environmental risks, such as flooding, energy efficiency and climate, as well as matters of design, configuration, accessibility, legislation, management, and fiscal considerations – and current and historic land use.

Sustainability has an impact on the value of an asset, even if not explicitly recognised. Valuers reflect markets, they do not lead them. Where we recognise the value impacts of sustainability, we are reflecting our understanding of how market participants include sustainability requirements in their bids and the impact on market valuations.

Assumptions

The property details on which the valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figure may also be incorrect and should be reconsidered.

Variation from Standard Assumptions Verification

None

We recommend that before any financial transaction is entered into based upon these valuations, you obtain verification of any third party information contained within our report and the validity of the assumptions we have adopted.

We would advise you that whilst we have valued the property reflecting current market conditions, there are certain risks which may be, or may become, uninsurable. Before undertaking any financial transaction based upon this valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.

Valuer	<p>The property has been valued and inspected by a valuer who is qualified for the purpose of the valuation in accordance with the Red Book.</p>
Independence	<p>The total fees, including the fee for this assignment, earned by CBRE Dubai LLC (or other companies forming part of the same group of companies within the UAE) from the Addressee (or other companies forming part of the same group of companies) is less than 5.0% of the total UK or UAE revenues.</p> <p>It is not anticipated this situation will vary in the financial year to 31 December 2023.</p> <p>We confirm that we do not have any material interest in FIVE Holdings (BVI) Limited or other companies in the same Group or the Property.</p>
Conflicts of Interest	<p>We confirm that we have previously undertaken a valuation on the asset for secured lending and Year End financial reporting purposes in 2021 and 2022. We confirm that CBRE has no material involvement with the property and have no conflicts of interest – and that copies of our conflict of interest checks have been retained within the working papers.</p> <p><i>Note: CBRE will be disclosing our previous relationship with the client in the valuation and offer document.</i></p>
Disclosure	<p>The principal signatory of this report has continuously been the signatory of Valuations for the Company since March 2018.</p> <p>CBRE Dubai LLC has continuously been carrying out Valuation instructions for the Company since 14 July 2022.</p> <p>CBRE Dubai LLC has carried out Valuation services on behalf of the Company since 14 July 2022.</p>
Reliance	<p>The contents of this Report may only be relied upon by:</p> <ul style="list-style-type: none">(i) Addressees of the Report; and(ii) Parties who have received prior written consent from CBRE in the form of a reliance letter; <p>for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.</p>
Publication	<p>Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval</p> <p>Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of the special assumptions referred to herein.</p>

Yours faithfully



Daniel McCulloch
Senior Director
Head of CBRE Valuation MENA
RICS Registered Valuer

For and on behalf of
CBRE Dubai LLC

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Yours faithfully



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Sources of Information and Scope of Works

Sources of Information	<p>We have carried out our work based upon information supplied to us by the Client between 01 March 2023 and 04 August 2023, as set out within this report, which we have assumed to be correct and comprehensive.</p> <ul style="list-style-type: none">• Site plan;• Title deed;• Hotel building schedule details, including number of Condo hotel rooms and residences, F&B outlet approximate capacities and cuisine offering and spa, swimming pool and childrens leisure facilities offered at the Property;• Anticipated STR competitive set for the YE 2020 and YE 2021 periods;• Floor plans / layouts;• Facility mix and amenities;• Lease terms related to seabed and beach;• Remaining cost to complete.
The Property	<p>Our report contains a brief summary of the property details on which our valuation has been based.</p>
The Inspection	<p>The property was internally inspected by Christopher Robson MRICS, RICS Registered Valuer, and Benjamin Parkins on 15 March 2023.</p> <p>We confirm we inspected the property on 15 March 2023 The Client has confirmed there were no material changes to the physical attributes of the property and it is still operating as a trading hotel, at a 5-Star luxury positioning between the date of inspection and the date of valuation. We have assumed this advice to be correct.</p> <p>All valuations are current as at the date of valuation only. The value assessed may in the future change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property or particular property sector). CBRE does not accept liability for losses arising from subsequent changes in value. As values can vary from time to time, CBRE recommends the valuation be reviewed periodically in the future to ascertain any changes in value.</p> <p>Without limiting the generality of this statement, we do not assume any responsibility or accept any liability, nor should the valuation be relied upon if the Client, or any Reliant Party becomes aware of any factors that may have an effect on the valuation and has not disclosed such information to CBRE.</p>
Areas	<p>We have not measured the properties but have relied upon the floor areas provided to us by FIVE Investments LLC as set out in this report, which we have assumed to be correct and comprehensive.</p>
Environmental Matters	<p>We have not been provided with copies of any environmental reports referring to the Property.</p>

	<p>We have not carried out any investigations into the past or present uses of the property, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.</p>
Services and Amenities	<p>We understand that all main services including water, drainage, electricity and telephone are available to the property. None of the services have been tested by us.</p>
Repair and Condition	<p>We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the property. We are unable, therefore, to give any assurance that the property is free from defect.</p>
Titles, Tenures and Lettings	<p>Details of title/tenure under which the property is held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title, including relevant deeds, leases and planning consents is the responsibility of your legal adviser.</p> <p>We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.</p>

Valuation Assumptions

Introduction

An Assumption is defined in the Red Book Glossary and VPS 4 to be a “supposition taken to be true” (an “Assumption”).

Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that it has been agreed need not be verified by the valuer as part of the valuation process. Assumptions are made when it is reasonable for the valuer to accept that something is true without the need for specific investigation.

The Client has confirmed and we confirm that our Assumptions are correct as far as the Client and we, respectively, are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The principal Assumptions which we have made are stated within this Valuation Report.

For the avoidance of doubt, the Assumptions made do not affect compliance with the approach to Market Value under the Red Book.

Capital Values

The valuation has been prepared on the basis of "Fair Value" (in accordance with International Financial Reporting Standard 13), which is defined as:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

"Fair Value", for the purpose of financial reporting under IFRS 13, is effectively the same as "Market Value", which is defined in the Red Book as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.

No account has been taken of the availability or otherwise of capital based Government grants.

Rental Values

Unless stated otherwise rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent in the Red Book, which is as follows:

"The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

[a] the property is not contaminated and is not adversely affected by any existing or proposed environmental law;

[b] any processes which are carried out on the property which are regulated by environmental legislation are properly licensed by the appropriate authorities.

[c] the property is either not subject to flooding risk or, if it is, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

[a] there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;

[b] the property is free from rot, infestation, structural or latent defect;

[c] no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the property; and

[d] the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the property. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Lettings, Planning, Taxation and Statutory & Local Authority requirements

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

[a] the property possesses a good and marketable title free from any onerous or hampering restrictions or conditions;

[b] the building has been erected either prior to planning control, or in accordance with planning permissions, and has the benefit of permanent planning consents or existing use rights for their current use;

[c] the property is not adversely affected by town planning or road proposals;

[d] the building complies with all statutory and local authority requirements including building, fire and health and safety regulations;

[e] all rent reviews are upward only and are to be assessed by reference to full current market rents;

[f] there are no tenant’s improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

[g] tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;

[h] there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

[i] where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and

[j] vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

Part II: Property Details

Property Details

Outside view of the Property



Source: CBRE Site Inspection

Location



Source: Google Maps

The Property

The property is located within the Dubai Marina district of Dubai, United Arab Emirates. The property features direct beach access and is situated along The Walk, a promenade that offers a mix of retail and dining options.

Dubai International Airport is located circa 35 kilometres to the north-east of the subject site with a drive time of circa 30 minutes. Accessibility to the subject site can be accessed by vehicle directly from The Walk.

After the acquisition by the client for the subject property, construction recommenced in September 2021. Once open, the subject property is expected to operate as a luxury 5-Star hotel under the management of FIVE International Hotel Management. The property consists of a U-shape style structured podium (Ground floor + 10 floors) with a single tower starting from the 11th floor and ending on the 55th floor. The U-shaped structure comprises 222 hotel keys, while the tower features a total of 222 residences, of which, to date, 160 of these units form part of the hotel rental pool.

In total, the property features 3 basement levels, ground floor and 55 floors and is planned to provide 8 F&B venues (excluding In Room Dining and Minibar), a gym, spa and third-party rental areas including Sikka Retail space and a water sports area and is due to open on 01 January 2024.

Tenure

We have been provided with a Title Deed dated 02 September 2021 which confirms the plot number as plot 3609 (Municipality No. 392 – 549) of the Marsa Dubai Community and the owner of the title as Five JBR Holding (DIFC) Limited.

As per information from The Client, Five JBR Holding (DIFC) Limited is an affiliate of The Client. Hence, we have assumed that the above areas of the Property are owned by The Client freehold.

Operating Agreement

We have not been provided with a copy of the Hotel Management Agreement (HMA) for the Property; however, we were provided with the key commercial terms, which are summarised below:

HMA Headings	Details
Basic Management Fee	2.5% of gross operating revenue
Incentive Management Fee	10% of gross operating profit
Sales & Marketing Fee	1% of gross operating revenue
Group Services Fee	0.5% of gross operating revenue
FF&E Reserve	1.0% of gross operating revenue
Hotel units for sale headings	Details
Hotel unit owners guaranteed return	An annual guaranteed return of 7% of the total purchase price
Guaranteed period	10 years starting from the rent commencement date
Rent commencement date	First day of which the hotel operator takes in guests for occupation of hotel rooms
Hotel unit owners share post guaranteed return period – “buyer’s monthly income”	After the guaranteed period – the hotel units will be paid in rent, which is calculated as follows: 40% of the rooms revenue minus deductible expenses
Holiday Homes headings	Details
Unit owners guaranteed return	10% of unit sales price for a period of 5 years from opening
Lock-in period during the guaranteed return	A period of 60 months starting from the effective date (date of issue of the building completion certificate).
Unit owners share post guaranteed return period – “buyer’s monthly income”	75% of rental revenue generated from the residences less property management fees and deductions.
Client’ returns – “property management fee”	25% of rental revenue generated from the residences.
Definition of rental revenue	Total income generated net of any taxes from the occupancy of the unit by guests and the provision of the holiday home services to the unit.
Definition of holiday home services	Performing all management, marketing, and operational obligations necessary to operate the unit as a holiday home let to be used and occupied by guests upon the commercial terms determined by the agent in its absolute discretion.
Definition of deductions	Third party fees, service charges, and utility charges applicable to the unit, including but not limited to DEWA, chilled water, DU/Etiscalat and such other fees and charges applicable to the unit towards the holiday home services.

Source: The Client

Key Valuation Factors

Strengths and Opportunities:

- Located on a prime beachfront tract of land situated in proximity to a wide variety of demand generators (The Walk and Dubai Marina Mall for example).
- Favourable unobstructed sea views with view aspects of Bluewaters Island and the Palm Jumeirah on higher floors.
- The property features direct beach access with a frontage of c.100 metres.
- Strong F&B concepts. Unique Rig development (operated under Lio brand) that is likely to drive further visitation and demand to the property.
- Large catchment area – Dubai Marina is a densely populated area. The property will be able to capture residents to their F&B outlets.

Risks and Mitigating Factors:

- Under construction properties are inherently higher risk and can be significantly impacted by many factors such as, broader economic conditions, changes to government policy, fluctuating levels of supply and demand for the product, changes in building costs and the availability and cost of development finance.
- Traffic congestion around JBR during peak hours.
- The Property is operated by local operator FIVE International Hotel Management, whose brand identity and standards are strongly linked to its founders.
- Due to the Condo-Hotel nature of the Property, the inventory of the Hotel apartments component can vary on a yearly basis affecting performance of the Property.
- Competing developments in proximity to the subject site, especially within the 5-Star segment.
- Undercutting of rates by local hotels and inferior quality hotels to gain market share.

Valuation Methodology

We have calculated the Fair Value of the subject site by adopting the Profits Method and Residual Method of valuation. The Profits Method was used to calculate the Gross Development Value of the Property, from which the remaining construction costs are deducted giving the Fair Value of the Property.

In the case of development valuations, we would draw your attention to the fact that, even in normal market conditions, the residual method of valuation is very sensitive to changes in key inputs, with small changes in variables (such as the timing of the development, finance/construction costs and sales rates) having a disproportionate effect on land value. Consequently, in the current extraordinary market conditions – with construction costs increasing, supply and timing issues, fluctuating finance rates, uncertain marketing periods and a lack of recent comparable information – it is inevitable that there is even greater uncertainty, with site values being susceptible to much more variance than normal.

Please refer to Appendix A for the standard methodologies descriptions.

Valuation Date

31 December 2021

Fair Value

31 December 2021: AED 860,200,000 (Eight Hundred And Sixty Million, Two Hundred Thousand United Arab Emirates Dirhams)

We have included a sensitivity analysis in the table below, based on the variation in construction cost and impact upon Fair Value:

Construction Cost Change (%)	Fair Value (AED)
Base Case	860,200,000
10.00% below base case	902,300,000
5.00% below base case	881,300,000
5.00% above base case	839,200,000
10.00% above base case	818,200,000

Under RICS Red Book guidelines we have adopted a 10-year cashflow and capitalised Year 10 into perpetuity to provide our opinion of Gross Development Value. Thereafter, we adopted the residual method of valuation to calculate the Fair Value of the asset under construction.

Our Gross Development Value (GDV) is based on a going concern basis, under the assumption that the hotel is operational with the FIVE brand in place, reflecting similar levels of business to other Properties within the group and its relevant competitive set. The current GDV of the property is intrinsically linked to the successful operation of the hotel business on the property. Any change, deterioration or cessation of the business practices as per our assumptions would have a significantly detrimental impact on the property's value. Caution is advised in this regard.

Profits Method

Specialised Trading Properties

The Property is of a category that is normally bought and sold on the basis of its trading potential on the assumption that there will be a continuation in trading. The essential characteristics of properties that are normally sold on the basis of their trading potential is that they are designed, or adapted, for a specific use (such as a Hotel) and that ownership of the property normally passes with the sale of the business as an operational entity.

Our valuation therefore is the Market Value of the Property as a fully equipped operational entity valued having regard to its trading potential. The operational entity comprises:-

The legal interest in the land and buildings;

The plant and machinery and all trade fixtures, fittings, furniture, furnishings and equipment required to continue operating the business (consumable stocks are excluded);

The market's perception of the trading potential, excluding personal goodwill, together with an assumed ability to obtain/renew existing licences, consents, certificates and permits;

The benefit of any transferable licences, consents, certificates and permits.

Specialised trading properties such as the Property are normally valued using the "profits' method" having regard to revenue and operating profits. Operating profits are known as Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) after the 11th revised edition of the Uniform System of Accounts for the Lodging Industry (USALI). The valuer assesses the fair maintainable level of trade and EBITDA that could be achieved by a reasonably efficient operator and which would form the basis for a bid in the open market.

The capitalisation factor applied to the revenue or operating profits reflects growth potential, risk and the desirability of the Property and is market derived.

Even where specialised trading properties are leased and the rent payable is not linked to turnover or EBITDA, where possible an attempt is made to understand the fair maintainable level of trade at the Property in an effort to estimate if the Property is 'correctly' rented.

We have prepared valuations of the Property on the basis of Market Value assuming a fully equipped operational entity having regard to trading potential. In assessing the value of a Property, we have had regard to the following methods of valuation.

Discounted cash flow (DCF)

Under the DCF method, the projected EBITDA for the Property over ten years are discounted back to present day values using an appropriate discount rate. The value of the Property derived from the capitalised earnings in the 10th year is also brought back to present values. Capital expenditure is built into the cash flow if appropriate.

Terminal Value

Where the asset is expected to continue beyond the explicit forecast period, it is necessary to estimate the value of the asset at the end of that period. The terminal value is then discounted back to the valuation date, normally using the same discount rate as applied to the forecast cash flow.

The terminal value should consider the following:

- (a) Whether the asset is deteriorating/finite-lived in nature or indefinite-lived will influence the method used to calculate a terminal value,
- (b) Whether there is future growth potential for the asset beyond the explicit forecast period,
- (c) Whether there is a predetermined fixed capital amount expected to be received at the end of the explicit forecast period,

(d) The expected risk level of the asset at the time the terminal value is calculated,

(e) For cyclical assets, the terminal value should consider the cyclical nature of the asset, and

(f) The tax attributes inherent in the asset at the end of the explicit forecast period and whether those tax attributes would be expected to continue into perpetuity. For example, an asset being depreciated/amortised for tax purposes will eventually be fully depreciated/amortised, potentially increasing the effective tax rate. The three most commonly used methods for calculating a terminal value are:

(a) Gordon growth model/constant growth model (appropriate only for indefinite-lived assets),

(b) Market approach/exit value (appropriate for both deteriorating/finite-lived assets and indefinite-lived assets), and

(c) Salvage value/disposal cost (appropriate only for deteriorating/finite-lived assets).

Gordon Growth Model/Constant Growth Model

The constant growth model assumes that the asset grows (or declines) at a constant rate into perpetuity.

Market Approach/Exit Value

The market approach/exit value method can be performed in a number of ways, but the ultimate goal is to calculate the value of the asset at the end of the explicit cash flow forecast.

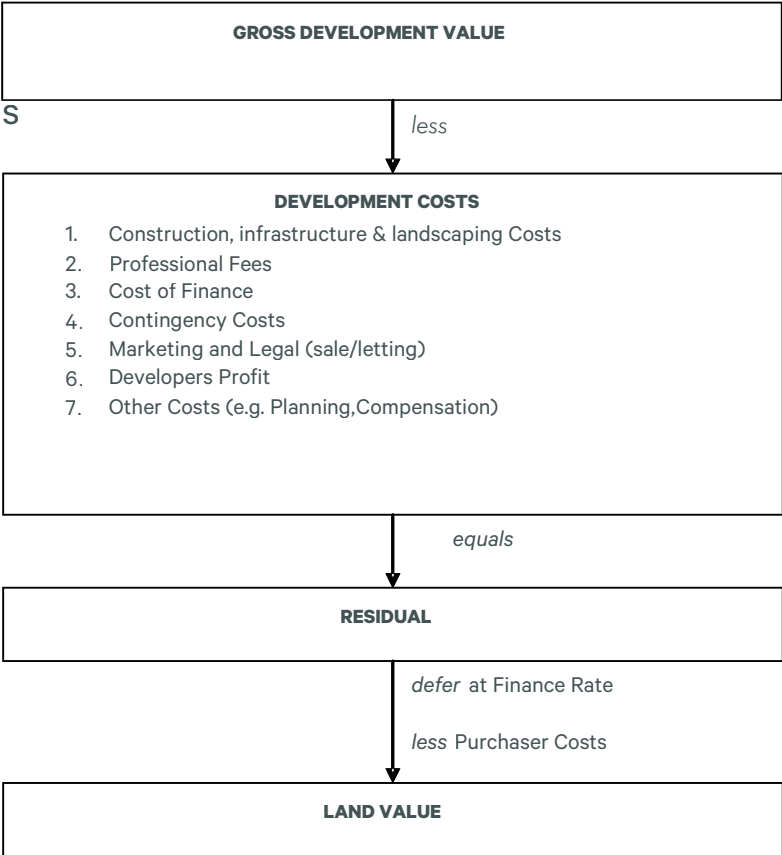
Common ways to calculate the terminal value under this method include application of a market-evidence based capitalisation factor or a market multiple.

Residual Method

The residual valuation approach is the valuation method accepted by the RICS for valuing developments and opportunities which take time to come to fruition.

The term “Residual Valuation” relates to any valuation which consists of an estimate of the value of a property after allowing for various items of expenditure. In terms of valuing a development the “residual” refers to the value of the site after all costs have been spent.

To arrive at the residual the following process is undertaken



Terminology

Gross Development Value

The Gross Development Value (GDV) is the total calculation of all the inflows once the development is complete. The market price for the venture depends on the current market practice for valuing each sector within the development. This traditionally may either take the form of valuing to market value using direct capital sale comparisons, or by assessing the rental income from the scheme and capitalising this into perpetuity or by preparing a cash flow with an assumed hold period.

Construction Costs

The valuer needs to assess the costs of developing the Project in order that these can be deducted to arrive at the land value. Total development costs can be put into nine main areas.

1. Building Costs

These are the costs of constructing the individual elements of a development. Construction costs for infrastructure development are based on the current market costs for building similar schemes in the area. In the case of subject plots, the construction costs refer to infrastructure works and land costs.

2. Professional Fees

These relate to the professionals that will be employed in completing the scheme ranging from architects, quantity surveyors, engineers, planning supervisors etc.

3. Finance Costs

The appraisal takes into account the cost of borrowing to facilitate the capital required to undertake the proposed works. The finance rate used depends on the current market rate that can be achieved.

4. Contingency Costs

In any development valuation situation, an allowance for unforeseen and over running costs needs to be built into the equation. This allowance can either be made on all costs or applied to the build costs and fees.

5. Marketing and Legal (Sale and Letting Fees)

We have included a marketing budget and sale fees to determine the residual value.

6. Developer's Profit

When valuing a development scheme a sum has to be specified for the amount the developer or developers will require for taking on the risk of the scheme. The exact figure depends on factors such as the current market climate and the perceived risk and scale of the development scheme.

7. Other Costs such as Planning or Compensation

These tend to be scheme specific but need to be accounted for in arriving at the residual land value.

8. Purchaser's costs

These are costs that have to be accounted for when acquiring the land and these would include Municipality transfer fees, agents' fees and legal fees.

9. Land Value

The net result once all the costs have been subtracted from the GDV.

For more information:

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Website: www.cbre.ae

Condensed Valuation Report



FIVE Palm Jumeirah

Dubai

United Arab Emirates

Date of Inspection: 15 March 2023

Date of Valuation: 31 December 2020

Reliant Parties: FIVE Holdings (BVI) Limited, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Emirates NBD Bank PJSC, Commercial Bank of Dubai PSC, Mashreqbank psc.

Important Report Disclaimers – CBRE Valuation

- i. This document is for the sole use of FIVE Holdings (BVI) Limited (the “Client”), its affiliates and any other person directly provided with it by CBRE. Use by, or reliance upon this document by anyone other than those parties named above is not authorised by CBRE.
- ii. CBRE has prepared a full Valuation Report (the “Valuation Report”) relying on and referring to information provided by third parties (including the current operators of the property) including financial and market information (“Information”). CBRE assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect. Caution is advised in this regard.
- iii. CBRE has prepared this Condensed Valuation Report for inclusion within an offering memorandum on behalf of the Client (the “Offering Memorandum”); CBRE has not been involved in the preparation of the remainder of the Offering Memorandum. CBRE disclaims any liability to any person in the event of false and misleading statements included in, or an omission from, the Offering Memorandum.
- iv. This Condensed Valuation Report is a condensed version of the full Valuation Report addressing the same subject matter. The Valuation Report also draws attention to the key issues and considerations impacting value and provides additional detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. Commercial investments of this nature are inherently complex, and the market conditions have changed and/or have been uncertain in recent times.
- v. Neither this Condensed Valuation Report nor CBRE’s full Valuation Report may be reproduced in whole or in part without the prior written approval of CBRE.
- vi. Where CBRE has expressly agreed (by way of a reliance letter) that persons other than the Client can rely upon the Valuation Report (a “Relying Party” or “Relying Parties”), then CBRE shall have no greater liability to any Relying Party than it would have had if such party had been named as a joint client under the Instruction.
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- viii. CBRE is not a financial advisor, and this document does not constitute financial product advice. Investors should consider obtaining independent advice from their financial advisor before making any decision to invest in/with the Client.
- ix. None of the information in this Condensed Valuation Report constitutes advice as to the merits of entering into any form of transaction. If you do not understand this legal notice, then it is recommended that you seek independent legal advice.

Publication

Apart from the use in respect of the Offering Memorandum, neither the whole nor any part of our report nor any references to it may be included in any published document, circular or statement nor published in any way without our prior written approval.

If you request our approval to use or publish the report or any part of thereof (including any valuations contained therein), in any external publication, investor briefing or website, or make it available to any third parties whatsoever, you must provide us with a specimen of the text and layout of the article, display or advertisement and identify the intended forum and recipients. If we approve the publication or display, you may not vary from the specimen so approved by us.

Any such approved publication of, or reference to the report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of any special assumptions referred to above (if applicable).

Part I: Valuation Report

Valuation Report

Report Date	10 May 2023
Addressee	FIVE Holdings (BVI) Limited Coastal Building Wickham's Cay II P.O. Box 2221, Road Town, Tortola British Virgin Islands
The Property	FIVE Palm Jumeirah Dubai No. 1, Palm Jumeirah Dubai, United Arab Emirates PO Box 6438
Interest Valued	Freehold under going concern, subject to lease agreements and management agreement in place.
Property Description	5-Star luxury "Condo-Hotel" with 436 rooms, 38 hotel apartments, 14 F&B outlets (12 managed and 2 F&B outlets under revenue share schemes with third-party operators but owned by FIVE), 1 ballroom, a spa, health club, swimming pools as well as beach and promenade access.
Instruction	To value the freehold going concern of the property on the basis of Fair Value as at the valuation date in accordance with the terms of engagement entered into between CBRE and the addressees dated 18 August 2023.
Valuation Date	31 December 2020
Capacity of Valuer	External Valuer, as defined in the current version of the RICS Valuation – Global Standards.
Purpose	We understand that our valuation report and the Appendices to it (together the "Valuation Report") are required for inclusion in an Offering Memorandum which is to be published by the Client pursuant to the proposed issue of Notes by the Client and admission of the Note to the Nasdaq Dubai and the London Stock Exchange (the "Transaction"). The Valuation is on the basis of Fair Value as defined in the current edition of the International Financial Reporting Standards.
Aggregate Fair Value – 31 December 2020	AED 2,912,300,000 (Two Billion, Nine Hundred And Twelve Million, Three Hundred Thousand United Arab Emirates) exclusive of VAT. We confirm that the "Fair Value" reported above, for the purpose of financial reporting under International Financial Reporting Standards (IFRS), is effectively the same as "Market Value". We have valued the Properties individually at the respective 31 December 2020 included within the Condensed Property Report.

Our opinion of Fair Value is based upon the Scope of Work and valuation Assumptions attached, and has been primarily derived using the Profits method and a 10-year discounted cash flow, with consideration towards recent market transactions on arm’s length terms to derive a terminal capitalisation rate.

Valuation of a trade related Property as a Going Concern

Hotel and leisure properties are normally bought and sold on the basis of their trading potential. The essential characteristic of this type of property is that they have been designed or adapted for a specific use, and the resulting lack of flexibility means that the value of the property interest is intrinsically linked to the returns that an owner can generate from that use. The value therefore reflects the trading potential of the property. It can be contrasted with generic property that can be occupied by a range of different business types, such as standard office, industrial or retail property.

Our valuation has been assessed having regard to trading potential of the business currently operating on the property. In this regard we have made the assumption of the continued operation of the current hotel business on the property. The current value of the property is intrinsically linked to the successful operation of the current hotel business. Any change, deterioration or cessation of the business practices as detailed in our valuation would have a significantly detrimental impact on the property’s value. Investment caution is advised in this regard.

General Market Volatility – as at Valuation Date

The valuation takes no account of the costs of business closure, disruption or any other costs associated with realising this value and is not a vacant possession value.

We draw your attention to the fact that a combination of global inflationary pressures (leading to higher interest rates) and the recent geopolitical events in Ukraine, in addition to the on-going effects of the global Covid-19 pandemic in some markets, has heightened the potential for greater volatility in property markets over the short-to-medium term. Experience has shown that consumer and investor behaviour can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility. Lending/Investment caution is advised in this regard.

You should note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how market participants respond to current events.

Heightened Volatility Hotel and Tourism Property

The value of hotels and tourism related property is traditionally volatile and can be subject to rapid changes of value in short timeframes. These property types appeal to a narrow and very specific segment of the market which can be significantly impacted by many factors such as, broader economic conditions, migration, changes to operating costs and inflation, travel and visas restrictions (both domestic and international) and other changes to government policy, which may materially impact levels of supply and demand for the product. All these (and more) factors will likely have a significant impact on the value and demand for the subject property.

Going forward there will be several key factors impacting on the viability of hotel and leisure and their underlying values. Key concerns relate to the subject property are:-

- Due to the condo-hotel nature of the Property, the inventory of the hotel apartments component can vary affecting performance of the Property.

- The Property is in a non-established hospitality market and mostly under development community of Dubai.
- New supply and increased competition within the Dubai hospitality market
- Undercutting of rates by local hotels and inferior quality hotels to gain market share.

In addition, we also note that recent stresses in the banking system may significantly restrict capital.

As experienced in previous market cycles, the value of hotel and tourism related property can undergo rapid and significant price corrections, as supply, demand and cost factors change which should be considered in any investment decisions. Caution is advised in this regard.

Valuation Uncertainty Market transaction of hotels with similar operating structures is limited and as such our valuation includes appropriate adjustments and subjective analysis. Our valuation therefore contains a degree of inherent uncertainty that may be greater than for a standard hotel operating structure valuation.

Rental Income Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent.

Special Assumptions No special assumptions have been assumed in undertaking the Fair Value of the asset.

Compliance with Valuation Standards The valuation has been prepared in accordance with the current version of the RICS Valuation – Global Standards, which incorporate the International Valuation Standards “the Red Book”.

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently.

Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE Ltd, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.

This valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property.

Other valuers may reach different conclusions as to the value of the subject property. This valuation is for the sole purpose of providing the intended user with the Valuer’s independent professional opinion of the value of the subject property as at the valuation date.

Sustainability Considerations Wherever appropriate, sustainability and environmental matters are an integral part of the valuation approach. ‘Sustainability’ is taken to mean the consideration of such matters as environment and climate change, health and well-being and corporate responsibility that can or do impact on the valuation of an asset. In a valuation context, sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect value. The range of issues includes key environmental risks, such as flooding, energy efficiency and climate, as well as matters of design,

configuration, accessibility, legislation, management, and fiscal considerations – and current and historic land use.

Sustainability has an impact on the value of an asset, even if not explicitly recognised. Valuers reflect markets, they do not lead them. Where we recognise the value impacts of sustainability, we are reflecting our understanding of how market participants include sustainability requirements in their bids and the impact on market valuations.

Assumptions

The property details on which the valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figure may also be incorrect and should be reconsidered.

Variation from Standard Assumptions

None

Verification

We recommend that before any financial transaction is entered into based upon these valuations, you obtain verification of any third party information contained within our report and the validity of the assumptions we have adopted.

We would advise you that whilst we have valued the property reflecting current market conditions, there are certain risks which may be, or may become, uninsurable. Before undertaking any financial transaction based upon this valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.

Valuer

The property has been valued and inspected by a valuer who is qualified for the purpose of the valuation in accordance with the Red Book.

Independence

The total fees, including the fee for this assignment, earned by CBRE Dubai LLC (or other companies forming part of the same group of companies within the UAE) from the Addressee (or other companies forming part of the same group of companies) is less than 5.0% of the total UK or UAE revenues.

It is not anticipated this situation will vary in the financial year to 31 December 2023.

We confirm that we do not have any material interest in FIVE Holdings (BVI) Limited or other companies in the same Group or the Property.

Conflicts of Interest

We confirm that we have previously undertaken a valuation on the asset for financial reporting purposes in 2020, 2021 and 2022 for the Client.

We confirm that CBRE has no other material involvement with the property and have no conflicts of interest – and that copies of our conflict of interest checks have been retained within the working papers.

Disclosure

The principal signatory of this report has continuously been the signatory of Valuations for the Company since March 2018.

CBRE Dubai LLC has continuously been carrying out Valuation instructions for the Company since 30 November 2020.

CBRE Dubai LLC has carried out Valuation services on behalf of the Company since 30 November 2020.

Reliance

The contents of this Report may only be relied upon by:

- (i) Addressees of the Report; and
- (ii) Parties who have received prior written consent from CBRE in the form of a reliance letter;

for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of the special assumptions referred to herein.

Yours faithfully

Yours faithfully



Daniel McCulloch
Senior Director
Head of CBRE Valuation MENA
RICS Registered Valuer

Christopher Robson
Associate Director
CBRE Hotels & Tourism
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Sources of Information and Scope of Works

Sources of Information	<p>We have carried out our work based upon information supplied to us by the Client between 01 March 2023 and 04 August 2023, as set out within this report, which we have assumed to be correct and comprehensive.</p> <ul style="list-style-type: none">• Site plan;• Title deed;• Hotel Actual performance for the following periods:<ul style="list-style-type: none">○ YE 2020;• Hotel building schedule details, including number of Condo hotels and residences, F&B outlet approximate capacities and cuisine offering and spa, swimming pool and children’s leisure facilities offered at the Property;• Floor plans / layouts;• Facility mix and amenities;• A copy of a typical Holiday Home lease;• A copy of a typical Condo-Hotel lease.
The Property	<p>Our report contains a brief summary of the property details on which our valuation has been based.</p>
The Inspection	<p>The property was internally inspected by Christopher Robson MRICS, RICS Registered Valuer, and Benjamin Parkins on 15 March 2023. The Client has advised there have been no material change to the property between the Inspection Date and the Valuation Date, and we have assumed this to be true for this valuation.</p> <p>We confirm we inspected the property on 15 March 2023 The Client has confirmed there were no material changes to the physical attributes of the property and it is still operating as a trading hotel, at a 5-Star luxury positioning between the date of inspection and the date of valuation. We have assumed this advice to be correct.</p> <p>All valuations are current as at the date of valuation only. The value assessed may in the future change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property or particular property sector). CBRE does not accept liability for losses arising from subsequent changes in value. As values can vary from time to time, CBRE recommends the valuation be reviewed periodically in the future to ascertain any changes in value.</p> <p>Without limiting the generality of this statement, we do not assume any responsibility or accept any liability, nor should the valuation be relied upon if the Client, or any Reliant Party becomes aware of any factors that may have an effect on the valuation and has not disclosed such information to CBRE.</p>
Areas	<p>We have not measured the properties but have relied upon the floor areas provided to us by FIVE Investments LLC as set out in this report, which we have assumed to</p>

	<p>be correct and measured in accordance with RICS code of measuring practice 6th edition under Gross Internal Area (GIA).</p>
Environmental Matters	<p>We have not been provided with copies of any environmental reports referring to the Property.</p> <p>We have not carried out any investigations into the past or present uses of the property, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.</p>
Services and Amenities	<p>We understand that all main services including water, drainage, electricity and telephone are available to the property. None of the services have been tested by us.</p>
Repair and Condition	<p>We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the property. We are unable, therefore, to give any assurance that the property is free from defect.</p>
Titles, Tenures and Lettings	<p>Details of title/tenure under which the property is held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title, including relevant deeds, leases and planning consents is the responsibility of your legal adviser.</p> <p>We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.</p>

Valuation Assumptions

Introduction

An Assumption is defined in the Red Book Glossary and VPS 4 to be a “supposition taken to be true” (an “Assumption”).

Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that it has been agreed need not be verified by the valuer as part of the valuation process. Assumptions are made when it is reasonable for the valuer to accept that something is true without the need for specific investigation.

The Client has confirmed and we confirm that our Assumptions are correct as far as the Client and we, respectively, are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The principal Assumptions which we have made are stated within this Valuation Report.

For the avoidance of doubt, the Assumptions made do not affect compliance with the approach to Market Value under the Red Book.

Capital Values

The valuation has been prepared on the basis of "Fair Value" (in accordance with International Financial Reporting Standard 13), which is defined as:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

"Fair Value", for the purpose of financial reporting, is effectively the same as "Market Value", which is defined in the Red Book as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.

No account has been taken of the availability or otherwise of capital based Government grants.

Rental Values

Unless stated otherwise rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent in the Red Book, which is as follows:

"The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

[a] the property is not contaminated and is not adversely affected by any existing or proposed environmental law;

[b] any processes which are carried out on the property which are regulated by environmental legislation are properly licensed by the appropriate authorities.

[c] the property is either not subject to flooding risk or, if it is, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

[a] there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;

[b] the property is free from rot, infestation, structural or latent defect;

[c] no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the property; and

[d] the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the property. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Lettings,
Planning, Taxation and
Statutory & Local
Authority requirements

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

[a] the property possesses a good and marketable title free from any onerous or hampering restrictions or conditions;

[b] the building has been erected either prior to planning control, or in accordance with planning permissions, and has the benefit of permanent planning consents or existing use rights for their current use;

[c] the property is not adversely affected by town planning or road proposals;

[d] the building complies with all statutory and local authority requirements including building, fire and health and safety regulations;

[e] all rent reviews are upward only and are to be assessed by reference to full current market rents;

[f] there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

[g] tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;

[h] there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

[i] where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and

[j] vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

Part II: Property Details

Property Details

Outside view of the Property



Source: CBRE Site Inspections

Location



Source: Google Maps

The Property

The Property is located within man-made development of Jumeirah Palm launched in 2001. It is now one of the prime hospitality submarkets of Dubai along with Dubai Downtown and Dubai Marina. The Property is located on the west corner of the Trunk of Jumeirah Palm. Adjacent to the Property are the Omniyat’s “One Palm” luxury residential development on the southern side and Arenco’s Marriott and Hilton branded hotels on the northern side. The Property faces the Dubai Beach Harbour, a mixed use development and is directly accessible from the Nakheel promenade. It also offers a beach equipped with a pool, Jacuzzis and sun beds.

The Property can be directly accessed from the street level. Vehicle access is not direct, and a U-turn is needed from the Palm service road and similar for exiting the Property with the condition of the road less than ideal. The Property is, however, well connected to Dubai’s major road network and is located 30 minutes’ drive from Dubai International Airport (DXB).

The FIVE Palm Hotel is a purpose-built full-service luxury five-star hotel. It is currently under the management of FIVE International Hotel Management. In addition to 474 keys (436 hotel rooms and 34 hotel apartments), the hotel offers 14 F&B outlets (12 managed and two third-party managed outlets), including a nightclub and a rooftop bar, one ballroom, a spa, health club, swimming pools, and a beach.

The Condo hotel rooms are being sold or are being offered to the open market to individual 3rd party investors on a 1 to 5-year tenure (short term) with an optional rental pool agreement in place.

The Condo hotel apartments are being sold or are being offered to the open market to individual 3rd party investors on a 30-year leasehold tenure (long term) with a mandatory rental pool agreement in place.

Tenure

We have been provided with a Title Deed dated 20 December 2017 which confirms the plot number as plot 2069 (Municipality No. 381 – 2735) of the Palm Jumeirah Community and the owner of the title as Assas Investments Limited. The freehold title is subject to the following:

- Condo hotel apartments – Can be purchased on a 30-year leasehold basis, linked to a mandatory rental pool. We have received the available apartments for sale as provided by the Client;
- Condo hotel rooms – Can be purchased on a 1 to 5-year leasehold basis and is optional for individual owners to include within the rental pool. We have received the available apartments for sale as provided by the Client;
- The Condo hotel rooms and apartments are in place as FIVE Rooms Revenues has a lease in place with the Owner of Title and is operated by the Manager;
- F&B and leisure facilities are operated under the hotel management in place as FIVE Hospitality is operated by the Manager.

As per information provided by the Client, Assas Investments Limited is an affiliate of the Client. Hence, we have assumed that the above areas of the Property are owned by the Client freehold.

Operating Agreement

We were provided with a copy of the Hotel Management Agreement (HMA) and the addendum to the original HMA signed on 1st January 2020 between the Owner of Title and Manager. For the avoidance of doubt the Owner of Title and the Manager for this Property are owned by FIVE Holding (BVI) Limited. The key operating agreement terms have been included in the table below:

Owner information headings	Details
Owner of Title	The Palm Jumeirah Co. LLC
Land Purchaser	Assas Investments Limited
Lessee	FIVE Hotel FZCO
Manager	FIVE International Hotel Management LLC
Date	1st January 2019
HMA headings	Details
Initial Term	27 years and 3 months (until 31st March 2047)
Basic Management Fees	2.50% of Gross Operating Revenues
Sales & Marketing Fees	1.00% of Gross Operating Revenues
Group Service Fees	0.50% of Gross Operating Revenues
Incentive Management Fee	10.00% of Gross Operating Profit (GOP)
FF&E Reserve	1.00% of Gross Operating Revenue per year as per the addendum to the original HMA signed on 1st January 2020.
Hotel units for lease headings	Details
Unit Owners* Profit Share	40.00% of Gross Room Revenue.
Rental calculation	40.00% multiplied by (Rooms Revenue minus Deductible Expenses) multiplied by unit area divided by total participating area.
Deductible Expenses	Service charges, sales tax, Dubai Municipality fee (10% of room revenue), sales tax, credit card commissions and utility charges.
Condo – Hotel Rooms Lease Terms	Mandatory rental pool – 30-year leases

Condo – Hotel Apartments Lease Terms	Optional rental pool – 1-year leases
Holiday Home units for lease	Details
Holiday Home Unit owners** share – “buyer’s monthly income”	75.00% of rental revenue generated from the residences less property management fees and deductions.
Client’ returns – “property management fee”	25.00% of rental revenue generated from the residences.
Definition of rental revenue	Total income generated net of any taxes from the occupancy of the unit by guests and the provision of the holiday home services to the unit.
Definition of holiday home services	Performing all management, marketing, and operational obligations necessary to operate the unit as a holiday home let to be used and occupied by guests upon the commercial terms determined by the agent in its absolute discretion.
Definition of deductions	Third party fees, service charges, and utility charges applicable to the unit, including but not limited to DEWA, chilled water, DU/Etisalat and such other fees and charges applicable to the unit towards the holiday home services.

Source: The Client

Source: As per title deed, The Client

*Unit Owner is a 3rd party owner of an individual Condo Hotel Room / Apartment on a leasehold basis.

**Holiday Home Unit Owners are 3rd party owners of an individual leasehold Condo Hotel Room which renew their Holiday Home licence on an annual basis.

Under the operating agreement in place, the operating structure within the Property is outlined below:

1. Owner and Manager of the Property have entered into a hotel management agreement to operate the Property on a day-to-day basis;

The Owner sells the Condo Hotel / Apartment units on leasehold agreements, of which the process of how these are managed and revenues allocated is described below:

2. Where a unit has been sold Owner and individual Unit Owner of the leasehold interest, within a Hotel-Condo sign an agreement for the Manager to operate the units within a mandatory or optional rental pool, dependent on product purchase:
 - a. Condo-Hotel Rooms are allocated within a mandatory rental pool under a 30-year lease. Where the individual investor will receive a fixed return as detailed in the Hotel units for lease section of the Operating Agreement;
 - b. Condo-Hotel Apartments are allocated within an optional rental pool under a 1 to 5-year lease. These units can be either owner occupied or included within the rental pool for investment purposes at the individual owners discretion;
3. In the case of a Condo-unit being unsold, the Owner will receive the cash-flows as EBITDA within the hotel operating model.
4. Holiday Home units are sold by the Owner to the individual Holiday Home Unit Owner of the leasehold interest, which is leased on an annual basis into an optional rental pool.

Key Valuation Factors

Strengths and Opportunities:

- The Property is located on a prime plot on the trunk of Jumeirah Palm with promenade and beach access
- The Property has strong F&B concepts, which have been successful since opening that currently generate strong F&B Revenue
- The Property offers unobstructed views over Dubai Marina and Dubai Harbour
- The Operator being part of Five Holdings it gives the on-site management more flexibility to adapt and reorganize operations to stay dynamic and offer novelties to guests
- Opening of a third FIVE property will provide hotel guests with a greater choice of venues and distribute centralised expenses

Risks and Mitigating Factors:

- Access to the Property is difficult from land as a U-Turn is needed to access the Property via Jumeirah Palm's service road
- The Property is operated by local operator FIVE International Hotel Management, whose brand identity and standards are strongly linked to its founders
- Due to the Condo-Hotel nature of the Property, the inventory of the Hotel apartments component can vary on a yearly basis affecting performance of the Property
- New supply and increased competition entering the Jumeirah Palm and Dubai Marina hospitality markets totalling more than 4,000 and 1,900 keys, respectively
- Undercutting of rates by local hotels and inferior quality hotels to gain market share

Valuation Methodology

We have calculated the Fair Value of the subject site by adopting the Profits Method of valuation. Please refer to Appendix A for the standard methodology description.

Inspection Date

15 March 2023 – **The Client has confirmed there were no material changes to the physical attributes of the property and it is still operating as a trading hotel, at a 5-Star luxury positioning between the date of inspection and the date of valuation. We have assumed this advice to be correct**

Valuation Date

31 December 2020

Fair Value

31 DECEMBER 2020: AED 2,912,300,000 (TWO BILLION, NINE HUNDRED AND TWELVE MILLION, THREE HUNDRED THOUSAND UNITED ARAB EMIRATES)

Under RICS Red Book guidelines we have adopted a 10-year cashflow and capitalised Year 10 into perpetuity to provide our opinion of Fair Value.

Our valuation, on a going concern basis, is under the assumption of continued operation of the hotel business. The current value of the property is intrinsically linked to the successful operation of the hotel business on the property. Any change, deterioration or cessation of the business practices as per our assumptions would have a significantly detrimental impact on the property's value. Caution is advised in this regard.

Fair Value Apportionment by Category

CBRE has valued the Fair Value of the freehold interest. As requested by the Client, CBRE has componentised the added value of the various components of the property specifically for accounting purpose under relevant IFRS requirements as outlined below. CBRE disclaims all liability in regard to the individual apportioned values.

As requested by the Client, we include below a breakdown of the hypothetical added value of each component of the Fair Value, derived from category of operational and sales activities:

Valuation Date	Fair Value (AED)	FIVE room revenue (AED)	FIVE hospitality (AED)	Holiday Homes (AED)	Condo units: sold inventory revenue to be received (AED)
31 December 2020	2,912,300,000	1,659,000,000	1,031,300,000	53,000,000	169,000,000

FIVE room revenue – Inclusion of the 475 hotel room revenue, room expenses, pro-rata undistributed operating expenses, management fee income, pro-rata non-operating income and expenses, pro-rata FF&E Reserve attributed within the hotel management agreement and Unit Owner of the long term leasehold income from individual Condo units.

FIVE hospitality – Inclusion of the Food and Beverage, Other Operating Department and Miscellaneous Income revenue, expenses, pro-rata undistributed operating expenses, pro-rata non-operating income and expenses, pro-rata FF&E Reserve attributed within the hotel management agreement.

Holiday Homes – Inclusion of the 3 Owner Holiday Homes and 4 Third Party Holiday Homes revenue, Holiday Homes expenses, pro-rata undistributed operating expenses, management fee income, pro-rata non-operating income and expenses, pro-rata FF&E Reserve attributed within the hotel management agreement and Third Party Holiday Home pay away, as per the lease agreement in place.

Condo units: sold inventory revenue to be received – Condo units that have been 'sold' on a 30 year lease to individual Condo unit owners, with revenue still to be received through respective payment plans in place.

Fair Value Apportionment by Income Source

As requested by the Client, we include below a hypothetical breakdown of the constituent elements of the Fair Value by income source:

Valuation Date	Fair Value (AED)	Hotel operational cash flow	FIVE management fees (AED)	Third party income (AED)	Condo units: sold inventory revenue to be received (AED)
31 December 2020	2,912,300,000	1,542,400,000	439,400,000	761,500,000	169,000,000

Hotel operational cash flow – Inclusion of the total revenue, total departmental expenses, total undistributed operating expenses, management fees, non-operating income and expenses and FF&E Reserve, calculating the EBITDA of the Property over the 10-year forecast period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

FIVE management fees – Fees generated by the FIVE hotel management company operating the Property under the Hotel Management Agreement in place over the 10-year forecast period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

Third party income – Individual unit owner (units ‘sold’ on a 30yr lease) profit and Third Party Holiday Homes profit share under the leasehold agreements in place over the 10-year period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

Condo units: sold inventory revenue to be received – Condo units that have been ‘sold’ on a 30 year lease, with revenue still to be received through respective payment plans in place.

APPENDIX A: Valuation Methodology

Profits Method

Specialised Trading Properties

The Property is of a category that is normally bought and sold on the basis of its trading potential on the assumption that there will be a continuation in trading. The essential characteristics of properties that are normally sold on the basis of their trading potential is that they are designed, or adapted, for a specific use (such as a Hotel) and that ownership of the property normally passes with the sale of the business as an operational entity.

Our valuation therefore is the Market Value of the Property as a fully equipped operational entity valued having regard to its trading potential. The operational entity comprises:-

The legal interest in the land and buildings;

The plant and machinery and all trade fixtures, fittings, furniture, furnishings and equipment required to continue operating the business (consumable stocks are excluded);

The market's perception of the trading potential, excluding personal goodwill, together with an assumed ability to obtain/renew existing licences, consents, certificates and permits;

The benefit of any transferable licences, consents, certificates and permits.

Specialised trading properties such as the Property are normally valued using the "profits' method" having regard to revenue and operating profits. Operating profits are known as Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) after the 11th revised edition of the Uniform System of Accounts for the Lodging Industry (USALI). The valuer assesses the fair maintainable level of trade and EBITDA that could be achieved by a reasonably efficient operator and which would form the basis for a bid in the open market.

The capitalisation factor applied to the revenue or operating profits reflects growth potential, risk and the desirability of the Property and is market derived.

Even where specialised trading properties are leased and the rent payable is not linked to turnover or EBITDA, where possible an attempt is made to understand the fair maintainable level of trade at the Property in an effort to estimate if the Property is 'correctly' rented.

We have prepared valuations of the Property on the basis of Market Value assuming a fully equipped operational entity having regard to trading potential. In assessing the value of a Property, we have had regard to the following methods of valuation.

Discounted cash flow (DCF)

Under the DCF method, the projected EBITDA for the Property over ten years are discounted back to present day values using an appropriate discount rate. The value of the Property derived from the capitalised earnings in the 10th year is also brought back to present values. Capital expenditure is built into the cash flow if appropriate.

Terminal Value

Where the asset is expected to continue beyond the explicit forecast period, it is necessary to estimate the value of the asset at the end of that period. The terminal value is then discounted back to the valuation date, normally using the same discount rate as applied to the forecast cash flow.

The terminal value should consider the following:

- (a) Whether the asset is deteriorating/finite-lived in nature or indefinite-lived will influence the method used to calculate a terminal value,
- (b) Whether there is future growth potential for the asset beyond the explicit forecast period,
- (c) Whether there is a predetermined fixed capital amount expected to be received at the end of the explicit forecast period,

(d) The expected risk level of the asset at the time the terminal value is calculated,

(e) For cyclical assets, the terminal value should consider the cyclical nature of the asset, and

(f) The tax attributes inherent in the asset at the end of the explicit forecast period and whether those tax attributes would be expected to continue into perpetuity. For example, an asset being depreciated/amortised for tax purposes will eventually be fully depreciated/amortised, potentially increasing the effective tax rate. The three most commonly used methods for calculating a terminal value are:

(a) Gordon growth model/constant growth model (appropriate only for indefinite-lived assets),

(b) Market approach/exit value (appropriate for both deteriorating/finite-lived assets and indefinite-lived assets), and

(c) Salvage value/disposal cost (appropriate only for deteriorating/finite-lived assets).

Gordon Growth Model/Constant Growth Model

The constant growth model assumes that the asset grows (or declines) at a constant rate into perpetuity.

Market Approach/Exit Value

The market approach/exit value method can be performed in a number of ways, but the ultimate goal is to calculate the value of the asset at the end of the explicit cash flow forecast.

Common ways to calculate the terminal value under this method include application of a market-evidence based capitalisation factor or a market multiple.

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Condensed Valuation Report



FIVE Jumeirah Village

Dubai

United Arab Emirates

Date of Inspection: 15 March 2023

Date of Valuation: 31 December 2020

Reliant Parties: FIVE Holdings (BVI) Limited, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Emirates NBD Bank PJSC, Commercial Bank of Dubai PSC, Mashreqbank psc.

Important Report Disclaimers – CBRE Valuation

- i. This document is for the sole use of FIVE Holdings (BVI) Limited (the “Client”), its affiliates and any other person directly provided with it by CBRE. Use by, or reliance upon this document by anyone other than those parties named above is not authorised by CBRE.
- ii. CBRE has prepared a full Valuation Report (the “Valuation Report”) relying on and referring to information provided by third parties (including the current operators of the property) including financial and market information (“Information”). CBRE assumes that the Information is accurate, reliable and complete and it has not tested the Information in that respect. Caution is advised in this regard.
- iii. CBRE has prepared this Condensed Valuation Report for inclusion within an offering memorandum on behalf of the Client (the “Offering Memorandum”); CBRE has not been involved in the preparation of the remainder of the Offering Memorandum. CBRE disclaims any liability to any person in the event of false and misleading statements included in, or an omission from, the Offering Memorandum.
- iv. This Condensed Valuation Report is a condensed version of the full Valuation Report addressing the same subject matter. The Valuation Report also draws attention to the key issues and considerations impacting value and provides additional detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations. Commercial investments of this nature are inherently complex, and the market conditions have changed and/or have been uncertain in recent times.
- v. Neither this Condensed Valuation Report nor CBRE’s full Valuation Report may be reproduced in whole or in part without the prior written approval of CBRE.
- vi. Where CBRE has expressly agreed (by way of a reliance letter) that persons other than the Client can rely upon the Valuation Report (a “Relying Party” or “Relying Parties”), then CBRE shall have no greater liability to any Relying Party than it would have had if such party had been named as a joint client under the Instruction.
- vii. CBRE’s maximum aggregate liability to the Client and to any authorised Reliant Parties, howsoever arising under, in connection with or pursuant to reliance upon this Condensed Valuation Report or any other Valuation Report produced under the same letter of instruction, and whether in contract, tort, negligence or otherwise shall not exceed US \$15,000,000 (AED 55,087,500).
- viii. CBRE is not a financial advisor, and this document does not constitute financial product advice. Investors should consider obtaining independent advice from their financial advisor before making any decision to invest in/with the Client.
- ix. None of the information in this Condensed Valuation Report constitutes advice as to the merits of entering into any form of transaction. If you do not understand this legal notice, then it is recommended that you seek independent legal advice.

Publication

Apart from the use in respect of the Offering Memorandum, neither the whole nor any part of our report nor any references to it may be included in any published document, circular or statement nor published in any way without our prior written approval.

If you request our approval to use or publish the report or any part of thereof (including any valuations contained therein), in any external publication, investor briefing or website, or make it available to any third parties whatsoever, you must provide us with a specimen of the text and layout of the article, display or advertisement and identify the intended forum and recipients. If we approve the publication or display, you may not vary from the specimen so approved by us.

Any such approved publication of, or reference to the report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of any special assumptions referred to above (if applicable).

Part I: Valuation Report

Valuation Report

Report Date	10 May 2023
Addressee	FIVE Holdings (BVI) Limited Coastal Building Wickham's Cay II P.O. Box 2221, Road Town, Tortola British Virgin Islands
The Property	FIVE Jumeirah Village Dubai Lazuward SW, Jumeirah Village Dubai, United Arab Emirates
Interest Valued	Freehold under going concern, subject to lease agreements and management agreement in place.
Property Description	5-Star luxury "Condo-Hotel" with 250 rooms, 200 hotel apartments, 7 F&B outlets, 2 meeting rooms, a spa, health club, swimming pools and third-party operated outlets.
Instruction	To value the freehold going concern of the property on the basis of Fair Value as at the valuation date in accordance with the terms of engagement entered into between CBRE and the addressees dated 18 August 2023.
Valuation Date	31 December 2020
Capacity of Valuer	External Valuer, as defined in the current version of the RICS Valuation – Global Standards.
Purpose	We understand that our valuation report and the Appendices to it (together the "Valuation Report") are required for inclusion in an Offering Memorandum which is to be published by the Client pursuant to the proposed issue of Notes by the Client and admission of the Note to the Nasdaq Dubai and the London Stock Exchange (the "Transaction"). The Valuation is on the basis of Fair Value as defined in the current edition of the International Financial Reporting Standards.
Aggregate Fair Value – 31 December 2020	AED 956,400,000 (Nine Hundred and Fifty Six Million, Four Hundred Thousand United Arab Emirates) exclusive of VAT. We confirm that the "Fair Value" reported above, for the purpose of financial reporting under International Financial Reporting Standards (IFRS), is effectively the same as "Market Value". We have valued the Properties individually at the respective 31 December 2020 included within the Condensed Property Report. Our opinion of Fair Value is based upon the Scope of Work and valuation Assumptions attached, and has been primarily derived using the Profits method and a 10-year discounted cash flow, with consideration towards recent market transactions on arm's length terms to derive a terminal capitalisation rate.

Valuation of a trade related Property as a Going Concern

Hotel and leisure properties are normally bought and sold on the basis of their trading potential. The essential characteristic of this type of property is that they have been designed or adapted for a specific use, and the resulting lack of flexibility means that the value of the property interest is intrinsically linked to the returns that an owner can generate from that use. The value therefore reflects the trading potential of the property. It can be contrasted with generic property that can be occupied by a range of different business types, such as standard office, industrial or retail property.

Our valuation has been assessed having regard to trading potential of the business currently operating on the property. In this regard we have made the assumption of the continued operation of the current hotel business on the property. The current value of the property is intrinsically linked to the successful operation of the current hotel business. Any change, deterioration or cessation of the business practices as detailed in our valuation would have a significantly detrimental impact on the property's value. Investment caution is advised in this regard.

General Market Volatility – as at Valuation Date

The valuation takes no account of the costs of business closure, disruption or any other costs associated with realising this value and is not a vacant possession value.

We draw your attention to the fact that a combination of global inflationary pressures (leading to higher interest rates) and the recent geopolitical events in Ukraine, in addition to the on-going effects of the global Covid-19 pandemic in some markets, has heightened the potential for greater volatility in property markets over the short-to-medium term. Experience has shown that consumer and investor behaviour can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility. Lending/Investment caution is advised in this regard.

You should note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how market participants respond to current events.

Heightened Volatility Hotel and Tourism Property

The value of hotels and tourism related property is traditionally volatile and can be subject to rapid changes of value in short timeframes. These property types appeal to a narrow and very specific segment of the market which can be significantly impacted by many factors such as, broader economic conditions, migration, changes to operating costs and inflation, travel and visas restrictions (both domestic and international) and other changes to government policy, which may materially impact levels of supply and demand for the product. All these (and more) factors will likely have a significant impact on the value and demand for the subject property.

Going forward there will be several key factors impacting on the viability of hotel and leisure and their underlying values. Key concerns relate to the subject property are:-

- Due to the condo-hotel nature of the Property, the inventory of the hotel apartments component can vary affecting performance of the Property.
- The Property is in a non-established hospitality market and mostly under development community of Dubai.
- New supply and increased competition within the Dubai hospitality market

- Undercutting of rates by local hotels and inferior quality hotels to gain market share.

In addition, we also note that recent stresses in the banking system may significantly restrict capital.

As experienced in previous market cycles, the value of hotel and tourism related property can undergo rapid and significant price corrections, as supply, demand and cost factors change which should be considered in any investment decisions. Caution is advised in this regard.

Valuation Uncertainty Market transaction of hotels with similar operating structures is limited and as such our valuation includes appropriate adjustments and subjective analysis. Our valuation therefore contains a degree of inherent uncertainty that may be greater than for a standard hotel operating structure valuation.

Rental Income Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent.

Special Assumptions No special assumptions have been assumed in undertaking the Fair Value of the asset.

Compliance with Valuation Standards The valuation has been prepared in accordance with the current version of the RICS Valuation – Global Standards, which incorporate the International Valuation Standards “the Red Book”.

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently.

Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE Ltd, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.

This valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property.

Other valuers may reach different conclusions as to the value of the subject property. This valuation is for the sole purpose of providing the intended user with the Valuer’s independent professional opinion of the value of the subject property as at the valuation date.

Sustainability Considerations Wherever appropriate, sustainability and environmental matters are an integral part of the valuation approach. ‘Sustainability’ is taken to mean the consideration of such matters as environment and climate change, health and well-being and corporate responsibility that can or do impact on the valuation of an asset. In a valuation context, sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect value. The range of issues includes key environmental risks, such as flooding, energy efficiency and climate, as well as matters of design, configuration, accessibility, legislation, management, and fiscal considerations – and current and historic land use.

Sustainability has an impact on the value of an asset, even if not explicitly recognised. Valuers reflect markets, they do not lead them. Where we recognise the value impacts of

	<p>sustainability, we are reflecting our understanding of how market participants include sustainability requirements in their bids and the impact on market valuations.</p>
Assumptions	<p>The property details on which the valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.</p> <p>If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figure may also be incorrect and should be reconsidered.</p>
Variation from Standard Assumptions	<p>None</p>
Verification	<p>We recommend that before any financial transaction is entered into based upon these valuations, you obtain verification of any third party information contained within our report and the validity of the assumptions we have adopted.</p> <p>We would advise you that whilst we have valued the property reflecting current market conditions, there are certain risks which may be, or may become, uninsurable. Before undertaking any financial transaction based upon this valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.</p>
Valuer	<p>The property has been valued and inspected by a valuer who is qualified for the purpose of the valuation in accordance with the Red Book.</p>
Independence	<p>The total fees, including the fee for this assignment, earned by CBRE Dubai LLC (or other companies forming part of the same group of companies within the UAE) from the Addressee (or other companies forming part of the same group of companies) is less than 5.0% of the total UK or UAE revenues.</p> <p>It is not anticipated this situation will vary in the financial year to 31 December 2023.</p> <p>We confirm that we do not have any material interest in FIVE Holdings (BVI) Limited or other companies in the same Group or the Property.</p>
Conflicts of Interest	<p>We confirm that we have previously undertaken a valuation on the asset for financial reporting purposes in 2020, 2021 and 2022 for the Client.</p> <p>We confirm that CBRE has no other material involvement with the property and have no conflicts of interest – and that copies of our conflict of interest checks have been retained within the working papers.</p>
Disclosure	<p>The principal signatory of this report has continuously been the signatory of Valuations for the Company since March 2018.</p> <p>CBRE Dubai LLC has continuously been carrying out Valuation instructions for the Company since 30 November 2020.</p> <p>CBRE Dubai LLC has carried out Valuation services on behalf of the Company since 30 November 2020.</p>
Reliance	<p>The contents of this Report may only be relied upon by:</p> <p>(i) Addressees of the Report; and</p>

(ii) Parties who have received prior written consent from CBRE in the form of a reliance letter;

for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of the special assumptions referred to herein.

Yours faithfully



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RICS Registered Valuer

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Yours faithfully



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Sources of Information and Scope of Works

Sources of Information	<p>We have carried out our work based upon information supplied to us by the Client between 01 March 2023 and 04 August 2023, as set out within this report, which we have assumed to be correct and comprehensive.</p> <ul style="list-style-type: none">• Site plan;• Title deed;• Hotel Actual performance for the following periods:<ul style="list-style-type: none">○ YE 2020;• Hotel building schedule details, including number of Condo hotels and residences, F&B outlet approximate capacities and cuisine offering and spa, swimming pool and children’s leisure facilities offered at the Property;• Floor plans / layouts;• Facility mix and amenities;• A copy of a typical Condo-Hotel lease.
The Property	<p>Our report contains a brief summary of the property details on which our valuation has been based.</p>
The Inspection	<p>The property was internally inspected by Christopher Robson MRICS, RICS Registered Valuer, and Benjamin Parkins on 15 March 2023. The Client has advised there have been no material change to the property between the Inspection Date and the Valuation Date, and we have assumed this to be true for this valuation.</p> <p>We confirm we inspected the property on 15 March 2023 The Client has confirmed there were no material changes to the physical attributes of the property and it is still operating as a trading hotel, at a 5-Star luxury positioning between the date of inspection and the date of valuation. We have assumed this advice to be correct.</p> <p>All valuations are current as at the date of valuation only. The value assessed may in the future change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property or particular property sector). CBRE does not accept liability for losses arising from subsequent changes in value. As values can vary from time to time, CBRE recommends the valuation be reviewed periodically in the future to ascertain any changes in value.</p> <p>Without limiting the generality of this statement, we do not assume any responsibility or accept any liability, nor should the valuation be relied upon if the Client, or any Reliant Party becomes aware of any factors that may have an effect on the valuation and has not disclosed such information to CBRE.</p>
Areas	<p>We have not measured the properties but have relied upon the floor areas provided to us by FIVE Investments LLC as set out in this report, which we have assumed to be correct and measured in accordance with RICS code of measuring practice 6th edition under Gross Internal Area (GIA).</p>

Environmental Matters	<p>We have not been provided with copies of any environmental reports referring to the Property.</p> <p>We have not carried out any investigations into the past or present uses of the property, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.</p>
Services and Amenities	<p>We understand that all main services including water, drainage, electricity and telephone are available to the property. None of the services have been tested by us.</p>
Repair and Condition	<p>We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the property. We are unable, therefore, to give any assurance that the property is free from defect.</p>
Titles, Tenures and Lettings	<p>Details of title/tenure under which the property is held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title, including relevant deeds, leases and planning consents is the responsibility of your legal adviser.</p> <p>We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.</p>

Valuation Assumptions

Introduction

An Assumption is defined in the Red Book Glossary and VPS 4 to be a “supposition taken to be true” (an “Assumption”).

Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that it has been agreed need not be verified by the valuer as part of the valuation process. Assumptions are made when it is reasonable for the valuer to accept that something is true without the need for specific investigation.

The Client has confirmed and we confirm that our Assumptions are correct as far as the Client and we, respectively, are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The principal Assumptions which we have made are stated within this Valuation Report.

For the avoidance of doubt, the Assumptions made do not affect compliance with the approach to Market Value under the Red Book.

Capital Values

The valuation has been prepared on the basis of "Fair Value" (in accordance with International Financial Reporting Standard 13), which is defined as:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

"Fair Value", for the purpose of financial reporting, is effectively the same as "Market Value", which is defined in the Red Book as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.

No account has been taken of the availability or otherwise of capital based Government grants.

Rental Values

Unless stated otherwise rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent in the Red Book, which is as follows:

"The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

[a] the property is not contaminated and is not adversely affected by any existing or proposed environmental law;

[b] any processes which are carried out on the property which are regulated by environmental legislation are properly licensed by the appropriate authorities.

[c] the property is either not subject to flooding risk or, if it is, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

[a] there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;

[b] the property is free from rot, infestation, structural or latent defect;

[c] no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the property; and

[d] the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the property. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Lettings,
Planning, Taxation and
Statutory & Local
Authority requirements

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

[a] the property possesses a good and marketable title free from any onerous or hampering restrictions or conditions;

[b] the building has been erected either prior to planning control, or in accordance with planning permissions, and has the benefit of permanent planning consents or existing use rights for their current use;

[c] the property is not adversely affected by town planning or road proposals;

[d] the building complies with all statutory and local authority requirements including building, fire and health and safety regulations;

[e] all rent reviews are upward only and are to be assessed by reference to full current market rents;

[f] there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

[g] tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;

[h] there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

[i] where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and

[j] vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

Part II: Property Details

Property Details

Outside view of the Property



Source: Property's website

Location



Source: Google Maps

The Property

The Property is situated within the Al Barsha South Fourth district of Dubai. More specifically, the Property is located within Jumeirah Village Circle (JVC), a residential community within Al Barsha South. The area surrounding the Property comprises primarily recently completed and under-construction residential buildings and townhouses.

The Property is located directly to the South West of JVC and adjacent to the Nakheel Circle Villas. The Property is located 25 minutes' drive from the EXPO venue.

The Property can be directly accessed from street level. The Property is well connected to Dubai's major road network with Sheikh Mohammed bin Zayed Road, Hessa Street and Al Khail Road. The Property is located 30 minutes away of Dubai International Airport (DXB).

The FIVE JVC Hotel is a purpose built full-service luxury five-star hotel. It is currently under the management of FIVE International Hotel Management. In addition to 450 keys (250 Condo hotel rooms and 200 Condo hotel apartments) in the hotel pool, the hotel offers seven F&B outlets, including a nightclub and a sports bar, two meeting rooms, a spa, a health club, and swimming pools. The Property is a well-known landmark and won several architectural awards; at the date of inspection, it is our opinion that the Property is in a condition commensurate with age of approximately four years.

The Condo hotel rooms are being sold or are being offered to the open market to individual 3rd party investors on a 1 to 5-year tenure (short term) with an optional rental pool agreement in place.

The Condo hotel apartments are being sold or are being offered to the open market to individual 3rd party investors on a 30-year leasehold tenure (long term) with a mandatory rental pool agreement in place.

Tenure

We have been provided with a Title Deed dated 14 May 2018 which confirms the plot number as plot 870 (Municipality No. 681 – 875) of the Al Barsha Fourth Community and the owner of the title as Unlimited 1 Limited. The freehold title is subject to the following:

- Condo hotel apartments – Can be purchased on a 30-year leasehold basis, linked to a mandatory rental pool. We have received the available apartments for sale as provided by the Client;
- Condo hotel rooms – Can be purchased on a 1 to 5-year leasehold basis and is optional for individual owners to include within the rental pool. We have received the available apartments for sale as provided by the Client;
- The Condo hotel rooms and apartments are in place as FIVE Rooms Revenues has a lease in place with the Owner of Title and is operated by the Manager;
- F&B and leisure facilities are operated under the hotel management in place as FIVE Hospitality is operated by the Manager.

As per information provided by the Client, Unlimited 1 Limited is an affiliate of the Client. Hence, we have assumed that the above areas of the Property are owned by the Client freehold.

Operating Agreement

We were provided with a copy of the Hotel Management Agreement (HMA) and the addendum to the original HMA signed on 1st January 2020 between the Owner of Title and Manager. For the avoidance of doubt the Owner of Title and the Manager for this Property are owned by FIVE Holding (BVI) Limited. The key operating agreement terms have been included in the table below:

Owner information headings	Details
Owner of Title	Jumeirah Village LLC
Land Purchaser	Unlimited 1 Limited
Lessee	FIVE Hotel Management LLC
Manager	FIVE International Hotel Management LLC
Signing Date	31 st December 2018
HMA headings	Details
Initial Term	30 years
Basic Management Fee	2.50% of Gross Operating Revenues
Sales & Marketing Fees	1.00% of Gross Operating Revenues
Group Service Fees	0.50% of Gross Operating Revenues
Incentive Management Fee	10.00% of Gross Operating Profit (GOP)
FF&E Reserve	1.00% of Gross Operating Revenue per year as per the addendum to the original HMA signed on 1 st January 2020
Hotel units for lease headings	Details
Unit Owner of leasehold interest in an individual Condo*	40.00% of Gross Room Revenue.
Rental calculation	(40% multiplied by Room Revenue) minus Deductible Expenses multiplied by owned unit area divided by total participating area.
Deductible Expenses	Service charges, sales tax, Dubai Municipality fee (10% of room revenue), sales tax, credit card commissions and utility charges.
Condo – Hotel Rooms Lease Terms	Mandatory rental pool – 30-year leases
Condo – Hotel Apartments Lease Terms	Optional rental pool – 1 to 5-year leases

Source: As per title deed, The Client

*Unit Owner is a 3rd party owner of an individual Condo Hotel Room / Apartment on a leasehold basis.

Under the operating agreement in place, the operating structure within the Property is outlined below:

1. Owner and Manager of the Property have entered into a hotel management agreement to operate the Property on a day-to-day basis;

The Owner sells the Condo Hotel / Apartment units on leasehold agreements, of which the process of how these are managed and revenues allocated is described below:

2. Where a unit has been sold Owner and individual Unit Owner of the leasehold interest, within a Hotel-Condo sign an agreement for the Manager to operate the units within a mandatory or optional rental pool, dependent on product purchase:
 - a. Condo-Hotel Rooms are allocated within a mandatory rental pool under a 30-year lease. Where the individual investor will receive a fixed return as detailed in the Hotel units for lease section of the Operating Agreement;
 - b. Condo-Hotel Apartments are allocated within an optional rental pool under a 1 to 5-year lease. These units can be either owner occupied or included within the rental pool for investment purposes at the individual owners discretion;
3. In the case of a Condo-unit being unsold, the Owner will receive the cash-flows as EBITDA within the hotel operating model.

Key Valuation Factors

Strengths and Opportunities:

- Full service luxury Property, first property of this kind in the submarket
- The Property offers unobstructed 360 degrees views over the Dubai skyline.
- Good connectivity with Dubai's main road network with Sheikh Mohammed Bin Zayed Road, Hesse Street and Al Khail Road
- The residential population of JVC provide benefit for F&B catchment.

Risks and Mitigating Factors:

- The Property is operated by local operator FIVE International Hotel Management, whose brand identity and standards are strongly linked to its founders.
- Due to the condo-hotel nature of the Property, the inventory of the hotel apartments component can vary affecting performance of the Property.
- The Property is in a non-established hospitality market and mostly under development community of Dubai.
- New supply and increased competition within the Dubai hospitality market
- Undercutting of rates by local hotels and inferior quality hotels to gain market share.

Valuation Methodology

We have calculated the Fair Value of the subject site by adopting the Profits Method of valuation. Please refer to Appendix A for the standard methodology description.

Inspection Date

15 March 2023 – **The Client has confirmed there were no material changes to the physical attributes of the property and it is still operating as a trading hotel, at a 5-Star luxury positioning between the date of inspection and the date of valuation. We have assumed this advice to be correct**

Valuation Date

31 December 2020

Fair Value

31 DECEMBER 2020: AED 956,400,000 (NINE HUNDRED AND FIFTY SIX MILLION, FOUR HUNDRED THOUSAND UNITED ARAB EMIRATES)

Under RICS Red Book guidelines we have adopted a 10-year cashflow and capitalised Year 10 into perpetuity to provide our opinion of Fair Value.

Our valuation, on a going concern basis, is under the assumption of continued operation of the hotel business. The current value of the property is intrinsically linked to the successful operation of the hotel business on the property.

Any change, deterioration or cessation of the business practices as per our assumptions would have a significantly detrimental impact on the property's value. Caution is advised in this regard.

Fair Value Apportionment by Category

CBRE has valued the Fair Value of the freehold interest. As requested by the Client, CBRE has componentised the added value of the various components of the property specifically for accounting purpose under relevant IFRS requirements as outlined below. CBRE disclaims all liability in regard to the individual apportioned values.

As requested by the Client, we include below a breakdown of the hypothetical added value of each component of the Fair Value, derived from category of operational and sales activities:

Valuation Date	Fair Value (AED)	FIVE room revenue (AED)	FIVE hospitality (AED)	Condo units: sold inventory revenue to be received (AED)	Condo units: inventory to sell (AED)
31 December 2020*	956,400,000	789,800,000	175,600,000	N/A	N/A

* condo unit sales were not applicable for Aggregate Fair Value calculation in YE 2020, as no units had been brought to market during the period.

FIVE room revenue – Inclusion of the 450 hotel room revenue, room expenses, pro-rata undistributed operating expenses, management fee income, pro-rata non-operating income and expenses, pro-rata FF&E Reserve attributed within the hotel management agreement and Unit Owner of the long term leasehold income from individual Condo units.

FIVE hospitality – Inclusion of the Food and Beverage, Other Operating Department and Miscellaneous Income revenue, expenses, pro-rata undistributed operating expenses, pro-rata non-operating income and expenses, pro-rata FF&E Reserve attributed within the hotel management agreement.

Condo units: sold inventory revenue to be received – Condo units that have been ‘sold’ on a 30 year lease to individual Condo unit owners, with revenue still to be received through respective payment plans in place.

Condo units: inventory to sell – Condo units that have not been ‘sold’, but are available to purchase on a 30 year lease on the open market.

Fair Value Apportionment by Income Source

As requested by the Client, we include below a hypothetical breakdown of the constituent elements of the Fair Value by income source:

Valuation Date	Fair Value (AED)	Hotel operational cash flow	FIVE management fees (AED)	Third party income (AED)	Condo units: sold inventory revenue to be received (AED)	Condo units: inventory to sell (AED)
31 December 2020*	965,400,000	513,300,000	156,500,000	295,500,000	N/A	N/A

* condo unit sales were not applicable for Aggregate Fair Value calculation in YE 2020, as no units had been brought to market during the period.

Hotel operational cash flow – Inclusion of the total revenue, total departmental expenses, total undistributed operating expenses, management fees, non-operating income and expenses and FF&E Reserve, calculating the EBITDA of the Property over the 10-year forecast period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

FIVE management fees – Fees generated by the FIVE hotel management company operating the Property under the Hotel Management Agreement in place over the 10-year forecast period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

Third party income – Individual unit owner (units 'sold' on a 30yr lease) profit share under the leasehold agreements in place over the 10-year period, applying a terminal capitalisation rate and discount rate to reflect a Fair Value at the date of valuation.

Condo units: sold inventory revenue to be received – Condo units that have been 'sold' on a 30 year lease, with revenue still to be received through respective payment plans in place.

Condo units: inventory to sell – Condo units that have not been 'sold' on a 30yr lease, but are available to purchase on the open market.

APPENDIX A:

Valuation Methodology

Profits Method

Specialised Trading Properties

The Property is of a category that is normally bought and sold on the basis of its trading potential on the assumption that there will be a continuation in trading. The essential characteristics of properties that are normally sold on the basis of their trading potential is that they are designed, or adapted, for a specific use (such as a Hotel) and that ownership of the property normally passes with the sale of the business as an operational entity.

Our valuation therefore is the Market Value of the Property as a fully equipped operational entity valued having regard to its trading potential. The operational entity comprises:-

The legal interest in the land and buildings;

The plant and machinery and all trade fixtures, fittings, furniture, furnishings and equipment required to continue operating the business (consumable stocks are excluded);

The market's perception of the trading potential, excluding personal goodwill, together with an assumed ability to obtain/renew existing licences, consents, certificates and permits;

The benefit of any transferable licences, consents, certificates and permits.

Specialised trading properties such as the Property are normally valued using the "profits' method" having regard to revenue and operating profits. Operating profits are known as Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) after the 11th revised edition of the Uniform System of Accounts for the Lodging Industry (USALI). The valuer assesses the fair maintainable level of trade and EBITDA that could be achieved by a reasonably efficient operator and which would form the basis for a bid in the open market.

The capitalisation factor applied to the revenue or operating profits reflects growth potential, risk and the desirability of the Property and is market derived.

Even where specialised trading properties are leased and the rent payable is not linked to turnover or EBITDA, where possible an attempt is made to understand the fair maintainable level of trade at the Property in an effort to estimate if the Property is 'correctly' rented.

We have prepared valuations of the Property on the basis of Market Value assuming a fully equipped operational entity having regard to trading potential. In assessing the value of a Property, we have had regard to the following methods of valuation.

Discounted cash flow (DCF)

Under the DCF method, the projected EBITDA for the Property over ten years are discounted back to present day values using an appropriate discount rate. The value of the Property derived from the capitalised earnings in the 10th year is also brought back to present values. Capital expenditure is built into the cash flow if appropriate.

Terminal Value

Where the asset is expected to continue beyond the explicit forecast period, it is necessary to estimate the value of the asset at the end of that period. The terminal value is then discounted back to the valuation date, normally using the same discount rate as applied to the forecast cash flow.

The terminal value should consider the following:

- (a) Whether the asset is deteriorating/finite-lived in nature or indefinite-lived will influence the method used to calculate a terminal value,
- (b) Whether there is future growth potential for the asset beyond the explicit forecast period,
- (c) Whether there is a predetermined fixed capital amount expected to be received at the end of the explicit forecast period,

(d) The expected risk level of the asset at the time the terminal value is calculated,

(e) For cyclical assets, the terminal value should consider the cyclical nature of the asset, and

(f) The tax attributes inherent in the asset at the end of the explicit forecast period and whether those tax attributes would be expected to continue into perpetuity. For example, an asset being depreciated/amortised for tax purposes will eventually be fully depreciated/amortised, potentially increasing the effective tax rate. The three most commonly used methods for calculating a terminal value are:

(a) Gordon growth model/constant growth model (appropriate only for indefinite-lived assets),

(b) Market approach/exit value (appropriate for both deteriorating/finite-lived assets and indefinite-lived assets), and

(c) Salvage value/disposal cost (appropriate only for deteriorating/finite-lived assets).

Gordon Growth Model/Constant Growth Model

The constant growth model assumes that the asset grows (or declines) at a constant rate into perpetuity.

Market Approach/Exit Value

The market approach/exit value method can be performed in a number of ways, but the ultimate goal is to calculate the value of the asset at the end of the explicit cash flow forecast.

Common ways to calculate the terminal value under this method include application of a market-evidence based capitalisation factor or a market multiple.

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