

Dear Arabian Ranches Homeowners,

It brings us great pleasure, as members of the Arabian Ranches Interim Owners Association (**IOA**), to send you this introductory communication and to update you on issues related to your community and in particular with regards to the work undertaken by the IOA on your behalf during our first year of operation in 2011.

Background

In late 2010 and early 2011, Emaar Community Management (**ECM**), initiated the process of calling a first General Assembly for the Arabian Ranches development (by circulating leaflets to all villas as well as putting up signs at all entry gates) where home owners were invited to vote for seven committee members from each of five ECM-designated geographic zones, under the following structure (an additional reserve team of up to three members has also been appointed at some of the below communities, depending on nominations at the time):

ECM-designated zones at the Arabian Ranches:

1. **North West** comprising of Saheel, Alma and La Avenida;
2. **South East** comprising of Savannah, Mirador, Terranova and Al Mahra;
3. **AlReem** I, II and III;
4. **South West** comprising of Hattan, La Coleccion, the Golf Villas and Alvorada I, II, III and IV; and
5. **Palmera** I, II, III and IV.

ECM's basis of designing these five zones included area proximity, similar services usage, area design and property types.

After ECM held initial meetings with each of the five zones in early 2011 (to put timelines into context, Palmera's first meeting with ECM as an appointed committee was held on February 20, 2011. The other zones followed at later dates) and to ease the communication process between ECM and the five zones, each of the five zones appointed a representative 'chairperson' to liaise on behalf of each zone, and with ECM. This process was completed in June 2011, which provided a platform for a more effective communication channel between all parties. Since then, the committees have held numerous meetings, review sessions, discussions and have tried to reach out to the wider Arabian Ranches community through the website www.arabianranchescommunity.com (which we encourage you to participate in). We have also communicated through word-of-mouth as direct access to the homeowners has been unavailable due to privacy policies and due to the 'interim' status of the IOA. ECM have agreed to forward our communications to you via their own internal distribution channels, with this being our initial communication on behalf of the IOA.

Key Milestones and Issues to Date

The committees have been working closely with ECM on a number of issues with momentum increasing in the mid-to-latter part of 2011. The committees are pleased with the progress being undertaken during the second half of 2011, albeit significant challenges and work remain. We have, however, had significant delays resulting from the ongoing transition from developer-driven to owner-driven communities in Dubai. Continuous regulatory changes and delays, coupled with a nascent local owners' association infrastructure continue to slowdown efforts towards a complete transition from interim owners association (with no legal standing or decision making powers) to a formal and legally established and accountable association.

Our primary focus for the first year has been (in no order of priority):

- 1) **Service Fees** - The annual service fees currently charged to homeowners for running the communities common areas including security, landscaping, cleaning, maintenance and management. The committees have been shown the budget for 2011 and 2012. The committees have gone through these budgets and are in constant and active discussions with ECM on each line item presented. A key issue raised by the committees relates to the method applied for allocating service fees to the commercial entities in the Arabian Ranches (the school, clinic, golf club, retail outlets and nursery). Once again, however, as an interim association, we only have review and query status. We are striving to work with ECM on lowering costs and maintaining efficiencies where possible, and have submitted several suggestions for cost-savings, which have been accepted and are under review by ECM. Furthermore, the committees have requested that ECM provide a budget for capital expenditure estimates in the community (i.e. estimates for replacing pool chillers, major maintenance of pipelines, lake pumps etc.) One of the key positive outcomes from this exercise, as we move towards a legal and accountable homeowners association, is that we continue to increase our understanding of how the community services are structured and delivered, what is essential or nice-to-have and continually look at ways of reducing costs where possible, but without impacting the existing quality of services. This exercise will stand us in good stead for forthcoming years.
- 2) **The Jointly Owned Property Declaration (JOPD)** -The JOPD is a key requirement by Dubai's Real Estate Regulatory Authority (**RERA**) to establish the official owners' association and details key matters such as the freehold status of the community, the common areas site plan, future development, the community rules and the criteria for allocating entitlement (i.e. ownership allocation) among homes which effectively drives the share of service fee payments between the owners and the non-residential entities. This is effectively the document that provides the operating rules and parameters for any association i.e. the guidelines on which the community is run, what can/cannot be done within the community etc. We have been actively lobbying and working with ECM to ensure that the application to establish a formal and legal owners association for the Arabian Ranches is completed as soon as possible. ECM have, on behalf of Emaar, recently appointed a consultant firm to draft the JOPD. Drafting and finalizing the JOPD is the responsibility of Emaar as the developer of the Arabian Ranches. ECM have, however, agreed that the IOA review the draft prior to finalization and execution.
- 3) **The Community Structure** - The IOA initially entered into detailed discussions and reviews (as well as hearing initial viewpoints from third party consultants) to determine the ideal structure for the formal owners' association. The key alternatives stood between two options: (i) a 'single' tier structure where one legal entity will manage the community, supported by informal committees from each of the five zones and (ii) a 'dual' tier structure where a legal association is established for each of the five zones and is overseen by a sixth master-community association. Keeping in mind that each of the two alternatives has pros and cons, the IOA submitted a 'wishlist' to ECM with around 20 key suggestions for the finalized structure. It appears that the single tier structure is the one recommended by both Emaar and their consultants along with endorsement from RERA. ECM has stated that our wishlist was forwarded to the external consultant, and they had requested that these be incorporated into the recommended structure. ECM have verbally confirmed that the majority of the suggestions will be met.

- 4) **Defaulting Homeowners** - One of the most significant issues currently facing the Arabian Ranches community is homeowners that have failed or refused to pay their share of annual service fees. In 2010, around 10% to 13% of Arabian Ranches homeowners failed to pay their service fees. Furthermore, based on previous year defaults, the current cumulative outstanding service fees (relating to prior years including 2008, 2009, 2010, 2011) stand at around 20% of the total 2011 budget. Whilst some homeowners have failed to pay, our community amenities and service providers including security, landscaping, maintenance, cleaning, insurance and utilities have had to continue to be paid on time, to ensure the value of the community is maintained and to avoid negative media and possible service disruption. In order to make up for the uncollected service fees shortfall, Emaar has been funding the community to ensure uninterrupted services. Interest expenses arising from such lending are however resulting in increased costs to the community as a whole. For those of you who have defaulted on paying fees, we urge you to do so at the earliest on <https://eservice.emaar.com> or by calling Emaar Customer Service on +97143661688. We are working towards improving efficiencies and costs, and to improve communication on accountability and transparency of accounts and expenses. If you have any specific concerns, we encourage you to write to us through the website.

The IOA are working closely with ECM to significantly increase collection efforts and to ensure that defaulting homeowners are subjected to severe penalties that may include restricting defaulting homeowners and their tenants from accessing/utilizing the facilities such as tennis courts and swimming pools, restriction of modification and transfer of their properties, naming and shaming the defaulters, providing a service to current and future tenants to check on the service fee status of any villa prior to renting it, and legal notices that ultimately may result in foreclosure of the defaulters' properties to cover outstanding costs.

- 5) **Tennis Courts and Swimming Pools** - Numerous complaints from residents have been circulating through the website and media regarding the use of tennis courts and swimming pools by trainers, especially with regards to non-Arabian Ranches residents being trained or using the facilities illegally, resulting in residents being unable to book tennis courts and to possibly cramp some swimming pools during peak hours. The committees have taken this issue very seriously and have been working closely with ECM to implement an updated trainers' policy that carries the risk of trainers being blacklisted from entering the community, should they fail to ensure that their students are confirmed residents of the Arabian Ranches. Additionally, security staff will increase their spot checks of trainers and students in the community to ensure that the rules are being respected. Finally, the committees have asked ECM to review the online tennis court booking system to remove loopholes in booking courts as well as to ensure that all trainers have sufficient qualifications and insurance coverage.
- 6) **Security** - We are currently exploring ways of increasing security and access controls into the community while maintaining cost-efficient budgets (cost has been the reason that transponders / electronic access cards are not given to residents/homeowners, for example). The committees are working with ECM to look into identity cards for homeowners and residents (as a cost efficient measure) as well as the cost of certain technology including vehicle license plate recognition cameras at the main gates. Furthermore, a number of complaints regarding cars going through Saheel to avoid traffic to and from the school in the morning have now been restricted with additional security.

- 7) **Tendering and Other Community Policies** - ECM is currently working on a list of policy documents (such as training policies, community access policies etc.) that would form an important policy library for the community. The committees have recently worked with ECM to update the trainers' policy. Furthermore, the committees have requested further details on the current tendering process and have encouraged ECM to invite additional companies to tender for services in the community.

- 8) **Other issues** – The committees were informed that residents of the Arabian Ranches can now have an independent post-box installed at their villa by Emirates Post at an annual cost of AED750. Unfortunately, Emirates Post will soon be relocating the post-boxes that have been sitting outside the retail community center to an undisclosed location in Motor City. ECM have confirmed that all PO Box numbers will remain the same for homeowners that choose to maintain the service with Emirates Post. Homeowners seeking this service should call Emirates Post directly.

We encourage you to reach out to us through www.arabianranchescommunity.com and we wish you a happy and prosperous new year. We look forward to gaining further momentum on the issues highlighted in this letter as well as on further enhancing the wonderful living experience that we have at the Arabian Ranches ensuring that the value, maintenance, cleanliness, amenities and security remain the best in Dubai and continue to improve in the future.

Sincerely,

The Arabian Ranches Interim Owners Association

Enclosure: Appendix – Current interim board members by zone

APPENDIX – Current Interim Board Members by Zone

The following tables represent the current list of the seven board members for each of the five zones. Highlighted within the tables are the roles currently held by some of the members (current as of the date of this document):

(C) – Represents current chairperson of each committee

(S) – Represents the current secretary to the chairpersons board

(R) – Represents the current reserve members of each committee, if any

North West (Saheel, Alma, La Avenida)

No.	Name
1 (C)	Michael Lunjevich
2	Keith Flanagan
3	Matthew Gill
4	Alan Rodgers
5	Kees Hartzuiker
6	Elan Fabbri
7	Stephen Quinn
8 (R)	Arjun Reddy
9 (R)	Bashir Siraj
10 (R)	Sreekumar Brahmanandan

South East (Savannah, Mirador, Terranova, Al Mahra)

No.	Name
1 (C)	Mark Taylor
2 (S)	Damian Hitchen
3	Michael Larkin
4	Mohamed Gamal
5	Basel Hantouli
6	Samer Al Omari
7	Delia Fowler
8 (R)	Ferhad Patel
9 (R)	Anja Bolz
10 (R)	Taraneh Khajenoori

AlReem I, II and III

No.	Name
1 (C)	Suhail Yaqub
2	Rodger K Clarke
3	David Lankester
4	Ali Denton Cardew
5	Raveena Devnani
6	Hisham Kayali
7	Risalat Karim Mir
8 (R)	John Harsant
9 (R)	Ashraf Taha
10 (R)	Samer Al Omari

South West (Hattan, La Coleccion, Golf Villas, Alvorada I, II, III and IV)

No.	Name
1 (C)	Jesdev Saggarr
2	Mahindra
3	Rhonwen Scott
4	T.R. Vijayan
5	Natasha de Ridder
6	Della Penna Arcangelo
7	Arup Das
8 (R)	-
9 (R)	-
10 (R)	-

Palmera (Palmera 1, 2, 3 and 4)

No.	Name
1 (C)	Wissam Haddad
2	Maher Khelifa
3	Khaled Alami
4	Marlon Pereira
5	Manish Jain
6	Roger Cruickshank
7	Peter Van Wyk
8 (R)	-
9 (R)	-
10 (R)	-