

Rent to Own FAQS

Overview

- Eligibility for Rent to Own
- Price Comparisons and equity
- Additional Costs
- Payment Methods
- Agreements and Extensions
- Financing a purchase

Q: Which projects are eligible for Rent to Own?

A: Rent-to-Own will be available for residential units in Sun Tower.

Q: What will my rent be?

A: The annual rent will depend on the unit size and type. Once you have selected your apartment, Sorouh can provide you with an exact quotation.

Q: How do the rents compare with other buildings?

A: The Rent-to-Own rates are very competitive, representing a saving of over 20% against comparable buildings on the Corniche and Al Raha Beach. In addition, these rates are frozen for 3 years and you will also not need to pay any leasing commissions (normally 5%).

Q: How much of my rent is converted in to equity?

A: Each year of the Rent-to-Own term, Sorouh will convert 90% of the rent you have paid into potential equity. This amount accumulates over the term of your lease until such time you wish to purchase the unit

Q: Do I receive interest/profit on the equity that is accumulating?

A: No, the monies are retained by Sorouh and only become yours once you exercise your option to purchase.

Q: Will my rent go up?

A: No, for the duration of the option period your rent is guaranteed not to go up.

Q: Are there any extra fees?

A: The leasing commissions, service charge and property management fees will be paid for by Sorouh. Tenants will however need to pay their own utilities and district cooling charges.

Q: Can I break the tenancy?

A: You can break your tenancy at the end of each year but it can't be broken mid-year.

Q: Can I pay in installments?

A: Yes, the rent can be paid quarterly.

Q: How long does my option to buy last?

A: The option to purchase is available for three years. However, you don't have to wait that long and can exercise the option to purchase at the end of each year of the lease.

Q: Can I extend the agreement?

A: No, the option to purchase can't be extended beyond three years.

Q: Can I transfer this equity to another unit or person?

A: No, the option to purchase only relates to the named tenant and the unit/space being leased.

Q: When can I buy?

A: The option to buy can be exercised at the end of each year of the lease up to the 3rd year. You will need to notify Sorouh in writing two months in advance of the lease break about whether you wish to buy, continue the lease or terminate the lease.

Q: Do I have to buy?

A: No, the choice is entirely yours.

Q: How will I know when I can buy and how much to pay?

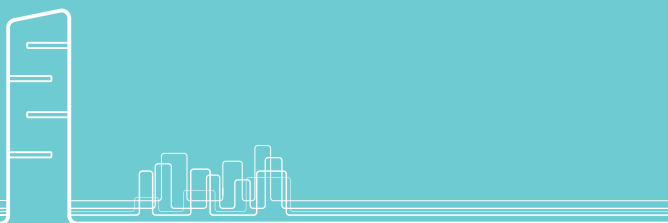
A: Sorouh will contact you two months before the lease break to advise you on your options.

Q: Will I be able to get finance?

A: This will depend on your personal circumstances and the policies of lenders at that time. Sorouh has agreements with all the major lenders in Abu Dhabi and can provide impartial advice on your options.

Q: Will I need to make a down-payment to buy?

A: Tenants that exercise their option to buy at the end of the option period will likely have accumulated a significant amount of equity. Whether you need to make an additional down payment will depend on the value of the finance you wish to obtain. For example, if you have accumulated 15% equity and you are eligible for an 85% LTV mortgage, then you will not have to make a down payment. It should be noted that some lenders levy fees on the application and processing of mortgages. Sorouh has in-house experts who can advise you on these fee structures and the different mortgage products available.



Rent to Own FAQS (Continued)

Q: Which other developers are providing Rent-to-Own options?

A: Currently there are no other developers offering Rent-to-Own products in Abu Dhabi for residential or commercial property.

Q: What happens if I decide not to buy?

A: If, for whatever reason, you decide not to purchase your space then there are no penalties or fees. The equity you have accumulated will however be forfeited and retained by Sorouh.

Q: Why should I buy?

A: There are many benefits of ownership including greater security and rights, and the opportunity to benefit from increasing values. The cost of ownership can often be cheaper than renting in the long run. Sorouh's Rent-to-Own product is designed to help you own your property but without the normal risks and large outlay of cash. It also puts you in control to purchase your home at a time that's right for you.

Q: What are the benefits of Rent-to-Own?

A: The normal way to secure a residence is either by renting or buying.

The drawbacks of renting are:

- The rent you pay each year goes to the landlord; it never stops and you will never own the property. Tenants often feel this is wasted money.
- Landlords have the right to put your rent up at their discretion.
- Tenants normally have to pay 5% of the rent to an agent on top of the rent they pay to the landlord.
- Landlords have the right to evict you if you can't afford the rental increases or if they decide to move in themselves.

Sorouh's Rent-to-Own solves these problems by fixing the rent, not charging fees, giving you the option to buy and converting 90% of your rent into a deposit so your money is not wasted.

The drawbacks of buying are:

- Buying a property is a big commitment, especially during times of uncertainty. If your circumstances change and you can't pay your mortgage then you may well lose your home.

- Buying is also risky. At Sorouh we believe the worst of the economic downturn is over and that high quality property will perform well in the medium and long term. However there are no guarantees and were the market to take an unexpected downturn then the value of your home could go down.
- Buying property requires a large commitment of cash. Even with a mortgage of 80% LTV, you would still need to pay 20% upfront. For example, for a good quality two bed apartment valued at AED 2 million, you would need to pay AED 400,000 now. Furthermore there can often be transfer fees (1-2% of contract value), agent fees (2-3% of contract value) and mortgage fees (1-2% of loan value).

Sorouh's Rent-to-Own means you don't need to pay a down payment now and, depending on your accumulated equity and mortgage type, you may not even need to make a future down payment when you buy. It also gives you flexibility to buy when you feel the time is right and protects you from rapidly appreciating prices as your buy-out prices are pre-determined. Ultimately, if you decide not to buy, you haven't lost anything; you've simply enjoyed the benefits of a market-leading development at highly competitive rents.

Q: Can I simply buy the property now?

A: Yes you can. Prices are available from the Sorouh Sales team.

Q: Is it better to buy now?

A: In the long run, owning property is probably more cost-effective than leasing, however the decision to buy now will be determined by your personal circumstances, your attitude to risk and your views on the prospects for the market.

