

This is a non-certified translation of the original Arabic version of the Prospectus. This English version is provided for convenience only and does not constitute a legal document. Subscribers should only rely on the Arabic version of the Prospectus. In the case of any discrepancies or omissions, the Arabic version of the Prospectus shall prevail.

OFFER TO SUBSCRIBE FOR SHARES IN A PUBLIC SUBSCRIPTION IN THE UAE ONLY

Prospectus for the Public Offering of Shares in

Emaar Development PJSC (the "Company")

Dated: 26 October 2017

(under incorporation in the United Arab Emirates as a Public Joint Stock Company)

The sale of 800,000,000 ordinary shares with a nominal value of AED1.00 each (the "**Offer Shares**") in a public subscription in the United Arab Emirates (the "**UAE**"). The offer price range will be announced in the listing announcement on the same day of opening the Offer Period on 2 November 2017 (the "**Offer Price Range**").

The final offer price (the "Final Offer Price") will be announced after the closing of the subscription. Please refer to the section on the Final Offer Price in the first section of this Prospectus which sets out a description of how the Final Offer Price will be calculated.

No action has been taken or will be taken in any jurisdiction that would permit a public subscription of the Offer Shares pursuant to this Prospectus or the possession, circulation or distribution of this Prospectus. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, nor may this Prospectus or any other offering material or advertisement or other document or information in connection with the Offer Shares be distributed or published, in or from any jurisdiction except in compliance with any applicable rules and regulations of any such jurisdiction.

Offer Period

The offer period for the First Tranche and for the Second Tranche (as described in this Prospectus) starts on 2 November 2017 and will close on 13 November 2017¹ for the First Tranche and on 15 November 2017 for the Second Tranche.

This is the initial public offering ("**Offering**"), including the offer to the Emirates Investment Authority ("**EIA**"), of 800,000,000 Offer Shares in the capital of the Company, a public joint stock company ("**PJSC**") under incorporation in the UAE and in the process of being converted from a limited liability company into a PJSC, which are being offered for sale by the Founder (as defined in this Prospectus). The Offer Shares represent 20% of the total issued ordinary shares in the capital of the Company (the "**Shares**"). Prior to this Offering, the Shares have not been listed in any financial market and there has been no public market for the Shares. Following the closing of the Offer Periods in respect of the First Tranche and the Second Tranche and the completion of the incorporation process, the Company will apply to list its Shares on the Dubai Financial Market (the "**DFM**").

Method of sale of the Offer Shares in a public subscription:

The Offer Shares will be sold by the Founder (Emaar Properties PJSC) in a public offering whereby the Final Offer Price will be determined through the application of a book building process, where a subscription orders' ledger will be created through the subscription orders made only by the Second Tranche Subscribers.

In creating the subscription orders ledger, the Offer Shares subscribed by the Second Tranche Subscribers will constitute the Offer Shares used in calculating the Final Offer Price of each Offer Share. In order for the subscription to succeed, the subscription percentage of the Second Tranche Subscribers must not be less than 90%, and the subscription percentage of First Tranche Subscribers

¹ The Subscription Period for the individual tranche shall remain open for a period of 10 days including Saturdays for the acceptance of applications.

must not be less than 10%, of the Offer Shares. If the First Tranche is not subscribed to in total, the remaining shares will be allocated to the Second Tranche. The Founder commits to cooperate with the Receiving Banks to refund the amounts received from Subscribers for the Offering and the proceeds accrued on such amounts from the date of receipt until the date of refund to the Subscribers, provided that the refund is made within five working days from the date on which all allocations of Offer Shares to successful First Tranche Subscribers and Second Tranche Subscribers is determined.

The Founders may not, whether directly or indirectly or through their subsidiaries, subscribe for any of the Offer Shares.

A list of further definitions and abbreviations is provided in the “*Definitions and Abbreviations*” Section of this Prospectus.

Tranche Structure

A. First Tranche

The First Tranche offer will be made pursuant to this Prospectus.

10% of the Offer Shares, amounting to 80,000,000 Shares, are allocated to the First Tranche, which is restricted to the following persons:

- *Individual Subscribers*

Natural persons who hold a NIN with the DFM and have a bank account in the UAE. There is no citizenship or residence requirement.

Minors are permitted to apply for Offer Shares in accordance with the procedures applied by the Receiving Banks and the laws in force in this regard.

- *Other investors*

Other investors (companies and establishments) who do not participate in the Second Tranche that hold a NIN with the DFM and have a bank account in the UAE.

If all of the Offer Shares in the First Tranche are not fully subscribed, the unsubscribed Offer Shares will be available to Second Tranche Subscribers, or alternatively (in consultation with the Authority) the Selling Shareholder may extend the Closing Date for the First Tranche and the Second Tranche.

The minimum application size for subscribers in this Tranche is AED10,000 with any additional application in increments of AED1,000.

There is no maximum application size for subscribers in this Tranche.

B. Second Tranche

90% of the Offer Shares, amounting to 720,000,000 Shares, are allocated to the Second Tranche, which is restricted to the following persons:

- *Qualified Institutional Subscribers*

Juridical persons capable of making investments on their own, including:

- (i) the federal government of the UAE and governments of each Emirate in the UAE, governmental corporations and authorities and companies wholly owned by any of them; or
- (ii) international organizations and entities; or

- (iii) persons licensed to practice business activities which include investment activities,

who, in each case, have been approved by the Company and the Selling Shareholder, in consultation with the Joint Global Coordinators and to which the following characteristics apply: (a) in the United States and a QIB to whom an offer can be made in accordance with Rule 144A, (b) a person outside the United States to whom an offer can be made in reliance on Regulation S, or (c) a person in the Dubai International Financial Center ("**DIFC**") to whom an offer can be made pursuant to an exemption from registration under the Market Rules Module of the DFSA's Rulebook.

- *Qualified High Net Worth Individual Subscribers*

Natural persons who have been approved by the Company and the Selling Shareholder, in consultation with the Joint Global Coordinators, and:

- (i) whose annual income is not less than AED1,000,000 or whose net worth (excluding his or her principal residence) amounts to at least AED5,000,000; and
- (ii) who confirm that they have sufficient knowledge or expertise, whether alone or in co-operation with a financial consultant, to evaluate the merits and risks associated with, or resulting from, the proposed investment.

All Subscribers must hold an NIN with the DFM.

If all of the Offer Shares in the Second Tranche are not fully subscribed, then the Offer will be withdrawn (unless otherwise determined by the Authority).

The minimum application size for the subscribers in the Second Tranche is AED 500,000.

There is no maximum application size for subscribers in the Second Tranche.

C. EIA

40,000,000 Offer Shares (representing 5% of all Offer Shares) are reserved for the Emirates Investment Authority, in accordance with the requirements of article 127 of Federal Law No. 2 for the year 2015 with regard to commercial companies, and its amendments (the "**Companies Law**"). Offer Shares allocated to the EIA under this preferential rights regime will be deducted from the total size of the Second Tranche. If the EIA does not exercise its preferential rights to apply for Offer Shares then those Offer Shares will be available to other Second Tranche Subscribers.

Every Subscriber must hold a NIN with DFM and bank account number in order to be eligible to apply for Offer Shares. Subscribers may apply for Offer Shares in only one Tranche. In the event a person applies in more than one Tranche, the Company and / or the Founders may disregard one or both of such applications.

The approval of the Authority has been obtained for the sale of the Offer Shares in a public subscription. The Shares have not been registered with any other regulatory authority in any other jurisdiction.

The publication of the Arabic version of this Prospectus has been approved by the Authority in accordance with the provisions of the Companies Law.

A copy of the offering document for the Second Tranche (in English only), referred to as the "**Second Tranche Document**", which was not sighted or endorsed by the Authority, is available at www.emaar.com. No information contained in, or referred to in, the Second Tranche Document, forms part of, or is incorporated into, this Prospectus.

In accordance with Article 121 of the Companies Law each of the Offer Participants (as defined below) shall be liable for its participation in the incorporation process, including the Selling Shareholder and the Board members, with regard to the completeness and accuracy of the information contained in this Prospectus within the limits of the scope of work and expertise of each Offer Participant.

Investment in the Offer Shares involves a high degree of risk. Prospective Subscribers should carefully read the “Investment Risks” section of this Prospectus to inform themselves about factors that should be considered before investing in the Offer Shares.

Name of Participants in the Offering (“Offer Participants”)

Joint Lead Managers

EFG-Hermes Brokerage (UAE)	Emirates NBD Capital PrJSC	First Abu Dhabi Bank PJSC
P.O. Box 112736	P.O. Box 506710	P.O.Box.6316
Dubai, UAE	Dubai, UAE	Abu Dhabi, UAE

Lead Receiving Banks

Emirates NBD Bank PJSC	First Abu Dhabi Bank PJSC
P.O. Box 777	P.O.Box.6316
Dubai, UAE	Abu Dhabi, UAE

Receiving Banks

Abu Dhabi Islamic Bank PJSC	Union National Bank PJSC
P.O. Box 313	P.O. Box 3865
Abu Dhabi UAE	Abu Dhabi, UAE
Dubai Islamic Bank PJSC	Mashreq Bank PJSC
P.O. Box 1080	P.O. Box 1250
Dubai, UAE	Dubai, UAE
Emirates Islamic Bank PJSC	Noor Bank PJSC
P.O. Box 6564	P.O. Box 8822
Dubai, UAE	Dubai, UAE
Ajman Bank PJSC	
P.O. Box 7770	
Ajman, UAE	

IPO Subscription Legal Counsel

Legal advisor to the Company as to UAE law Al Tamimi & Company Dubai International Financial Centre, 6th Floor, Building 4 East, Sheikh Zayed Road, PO Box 9275, Dubai, UAE	Legal advisor to the Company as to English and US law Linklaters LLP Ninth Floor, Currency House Dubai International Financial Centre P.O. Box 506516 Dubai, United Arab Emirates
Legal advisor to the Joint Lead Managers as to UAE, English and US law Allen & Overy LLP 5th Floor, Al Mamoura B Building Muroor Road PO Box 7907 Abu Dhabi, United Arab Emirates	

Independent Auditors

Ernst & Young Middle East–Dubai Branch

P.O. Box 9267

28th Floor

Al Saqr Business Tower

Dubai, United Arab Emirates

IPO Subscription Auditors

Ernst & Young Middle East–Dubai Branch.

P.O. Box 9267

28th Floor

Al Saqr Business Tower

Dubai, United Arab Emirates

Subscriber Relations Officer

Karim Farouq

Emaar Development PJSC (under incorporation)

Tel.: 04438407

Email: kfarouk@emaar.ae

P.O. Box 48882

Dubai, United Arab Emirates

This Prospectus was issued on **26 October 2017**
This Prospectus is available on the website of the Company www.emaardevelopment.com and the
website of Emaar Properties www.emaar.com

IMPORTANT NOTICE

(To be carefully read by all Subscribers)

- This Prospectus is intended to provide potential Subscribers with information to assist in deciding whether or not to apply for Offer Shares. Potential Subscribers should read this document in its entirety, and carefully review, examine and consider all data and information contained in it, before deciding whether or not to apply for Offer Shares (and, in particular, Section 9 ("**Investment Risks**")), as well as the Memorandum of Association and Articles of Association of the Company, when considering making an investment in the Company.
- In making an investment decision, each potential Subscriber must rely on its own examination, analysis and enquiry of the Company and the terms of the Offer, including the merits and risks involved and obtain any necessary advice from his or her legal and financial advisors regarding the investment. An investment in Offer Shares entails considerable risks. Potential Subscribers should not apply for Offer Shares unless they are able to bear the loss of some or all of that investment.
- Recipients of this Prospectus are authorised solely to use this Prospectus for the purpose of considering the subscription in the Offer Shares, and may not reproduce or distribute this Prospectus, in whole or in part, and may not use any information herein for any purpose other than considering whether or not to apply for Offer Shares under the First Tranche. Recipients of this Prospectus agree to the foregoing by accepting delivery of this Prospectus.
- The contents of this Prospectus should not be construed as legal, financial or tax advice.
- The information contained in this Prospectus shall not be subject to revision or addition without securing the approval of the Authority and informing the public of such revision or addition by publication in two daily newspapers in accordance with the rules issued by the Authority. The Founders reserve the right to cancel the Offering at any time and at their sole discretion with the prior written approval of the Authority.
- The Offer Shares are being offered under this Prospectus for the purpose of subscription in the UAE only. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the Offer Shares or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, Offer Shares by any person in any jurisdiction outside of the UAE (including the Abu Dhabi Global Market ("**ADGM**") and the DIFC).
- This document is not being published or distributed, and must not be forwarded or transmitted, in or into or to any jurisdiction outside the UAE. The Offer Shares have not been registered with any regulatory authority in any jurisdiction other than the Authority.
- If the Offer Shares are offered in another jurisdiction, the Company shall offer the Offer Shares in a manner that is compliant with the applicable laws and rules and acceptable to the relevant authorities in the relevant jurisdiction.
- This Prospectus is not intended to constitute a financial promotion, offer, sale or delivery of shares or other securities under the ADGM Financial Services Regulatory Authority ("**FSRA**") Markets Rules or the DIFC Markets Law or under the DIFC Markets Rules.
- The Offer has not been approved or licensed by the FSRA or DFSA, and does not constitute an offer of securities in the ADGM in accordance with the FSRA Markets Rules or in the DIFC in accordance with the DIFC Markets Law or the DIFC Markets Rules.
- This Prospectus has been approved by the Authority. The Authority's approval of this Prospectus shall neither be deemed as an endorsement or approval of the subscription feasibility nor a recommendation of investment, but it means only that the minimum requirements according to the issuance rules and information disclosure applicable to the prospectuses and issued by the Authority have been met. The Authority and the DFM shall

not be held liable for the accuracy, completeness or sufficiency of the information contained in this Prospectus, nor shall they be held liable for any damage or loss suffered by any person due to reliance upon this Prospectus or any part thereof.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Historical financial information

The Company's audited consolidated financial statements as of and for the three years ended 31 December 2014, 2015 and 2016 (the "**Audited Financial Statements**") and unaudited interim condensed consolidated financial statements as of and for the nine months ended 30 September 2017 (the "Unaudited Interim Financial Statements" and, together with the Audited Financial Statements, the "Financial Statements") have been included in this Prospectus. The Audited Financial Statements have been prepared in accordance with the requirements of International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. The Unaudited Interim Financial Statements have been prepared in accordance with the requirements of International Accounting Standard 34, 'Interim Financial Reporting'. The financial information as of and for the nine months ended 30 September 2016 is neither audited nor reviewed

The Company's Historical Financial Information represents the financial results of the Company as if BTS real estate development business was with the Company during these periods and such treatment being in accordance with IFRS for transactions between entities under common control.

Currency presentation

Unless otherwise indicated, all references in this document to:

- "UAE dirham" or "AED" are to the lawful currency of the United Arab Emirates; and
- "US dollars" or "USD" are to the lawful currency of the United States of America.

Rounding

Certain data in this document, including financial, statistical, and operating information, has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100%.

FORWARD-LOOKING STATEMENTS

This document includes forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the control of the Company and all of which are based on current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned" or "anticipates" or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding intentions, beliefs and current expectations concerning, among other things, results of operations, financial condition, liquidity, prospects, growth, strategies, and dividend policy and the industry in which the Company operates.

These forward-looking statements and other statements contained in this Prospectus regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved. Actual events or results may differ materially as a result of risks and uncertainties that the Company faces. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements. Please refer to Section 9 ("**Investment Risk**") for further information.

The forward-looking statements contained in this document speak only as of the date of this document. The Company, the Selling Shareholder, all of the Offer Participants, the Joint Global Coordinators, and all of the other Advisors expressly disclaim any obligation or undertaking to update these forward-looking statements contained in this document to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law.

IMPORTANT INFORMATION

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful.

Recipients of this Prospectus are authorised solely to use this Prospectus for the purpose of considering making an investment in the Offer Shares, and may not reproduce or distribute this Prospectus, in whole or in part, and may not use any information herein for any purpose other than considering an investment in the Offer Shares. Such recipients of this Prospectus agree to the foregoing by accepting delivery of this Prospectus. Prior to making any decision as to whether to invest in the Offer Shares, prospective Subscribers should read this Prospectus in its entirety (and, in particular, the section headed "Investment Risks") as well as the Memorandum of Association and Articles of Association of the Company. In making an investment decision, each Subscriber must rely on their own examination, analysis and enquiry of the Company and the terms of the Offering, including the merits and risks involved.

No person is authorised to give any information or to make any representation or warranty in connection with the Offer or Offer Shares which is not contained in this Prospectus. By applying for Offer Shares, a Subscriber acknowledges that (i) they have relied only on the information in this Prospectus and (ii) no other information has been authorised by the Company, the Selling Shareholder, any other Offer Participant, the Joint Global Coordinators, or any other of the Company's advisors (the **Advisors**).

Neither the content of any other website not referred to in the Prospectus, nor the content of any website accessible from hyperlinks on any of such websites, forms part of, or is incorporated into, this Prospectus, and neither the Company, the Selling Shareholder, any other Offer Participant, the Joint Global Coordinators, nor any other Advisor bears or accepts any responsibility for the contents of such websites.

None of the Company or the Selling Shareholder accepts any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the Company, the Offer or the Offer Shares, unless such forecasts, views or opinions are proven to have originated from them. None of the Company, the Selling Shareholder, the other Offer Participants, the Joint Global Coordinators, or any other Advisors makes any representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

None of the Company, the Selling Shareholder, the other Offer Participants, or the Joint Global Coordinators warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

Statements contained in this Prospectus are made as at the date of this Prospectus unless some other time is specified in relation to them and the publication of this Prospectus (or any action taken pursuant to it) must not be interpreted as giving rise to any implication that there has been no change in the condition, facts or affairs of the Company since such date.

This Prospectus may be subject to revision, with the prior written approval of the Authority. Any revision will become effective only after it has been announced in two daily newspapers circulating in the UAE. The Selling Shareholder reserves the right, with the prior approval of the Authority, to withdraw the Prospectus and cancel the Offer at any time and in their sole discretion. Neither the delivery of this Prospectus nor any sale made under it may, under any circumstances, be taken to imply that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as of any subsequent time.

A syndicate of international and regional banks have been appointed as joint global coordinators (the **"Joint Global Coordinators"**).

EFG-Hermes Brokerage (UAE) ("**EFG UAE**"), Emirates NBD Capital PSC ("**Emirates NBD Capital**") and First Abu Dhabi Bank ("**FAB**") have been appointed as joint lead managers (the **"Joint Lead Managers"**) and will manage the issuance, marketing and promotion of the Offer Shares and coordinate with the Company, the Authority and the other Offering participants with regard to the offering of the Offer Shares in the UAE. Emirates NBD Bank PJSC and FAB have also been appointed as co-lead receiving banks (the **"Lead Receiving Banks"**) and, in their capacity as such, are responsible for receiving the subscription amounts set out in this Prospectus in accordance the rules and laws applicable in and within the UAE under the First Tranche.

The Joint Global Coordinators (other than EFG UAE, Emirates NBD Capital and FAB) are not responsible for participating in, or managing, any aspect of the public offering of the Offer Shares under the First

Tranche or otherwise in the UAE including the related bookbuilding process or receiving any part of the subscription monies payable thereunder.

In accordance with Article 121 of the Companies Law each of the Offer Participants shall be liable for its participation in the incorporation process, including the Selling Shareholder and the Board members, with regard to the completeness and accuracy of the information contained in this Prospectus within the limits of the scope of work and expertise of each Offer Participant.

The Joint Global Coordinators, and the Joint Lead Managers are acting exclusively for the Company and the Selling Shareholder and no one else in connection with the Offer, will not regard any other person (whether or not a recipient of this document) as a client in relation to the Offer. Whereas each Offer Participant shall be liable, including the Selling Shareholder and the Board members, with regard to the completeness and accuracy of the information contained in this Prospectus within the limits of the scope of work and expertise of each Offer Participant. The Joint Global Coordinators, and the Joint Lead Managers (and their respective affiliates) may have engaged (directly or through their respective affiliates) in transactions with, and provided various investment banking, financial advisory and other services for, the Company and the Selling Shareholder for which they would have received customary fees. Any previous transactions between the Joint Global Coordinators, the Joint Lead Managers and the Company do not constitute any conflict of interest as between them.

The board members of the Company whose names are set out in this Prospectus assume joint and several responsibility for the completeness, accuracy and verification of the contents of this Prospectus. They declare that, to the best of their knowledge and belief, and having carried out appropriate and reasonable due diligence investigations, the information contained in this Prospectus is, at the date hereof, factually accurate, complete and correct in all material respects and that there is no omission of any information that would make any statement in this Prospectus materially misleading.

This Prospectus contains data submitted according to the issuance and disclosure rules issued by the Authority.

By applying for Offer Shares, Subscribers acknowledge that they have not relied on any person other than the Selling Shareholder and the Board members of the Company whose names are set out in this Prospectus to verify the information in this Prospectus or their decision to apply for Offer Shares.

No action has been taken or will be taken in any jurisdiction that would permit a public subscription or sale of the Offer Shares or the possession, circulation or distribution of this Prospectus or any other material relating to the Company or the Offer Shares, in any country or jurisdiction where action for that purpose is required. Offer Shares may not be offered or sold, directly or indirectly, nor may this Prospectus or any other offer material or advertisement or other document or information in connection with the Offer Shares be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes must inform themselves of and observe all such restrictions.

None of the Company, the Selling Shareholder, any of the Offer Participants, the Joint Global Coordinators or any other Advisors accepts any responsibility for any violation of any such restrictions on the sale, offer to sell or solicitation to purchase Offer Shares by any person, whether or not a prospective purchaser of Offer Shares in any jurisdiction outside the UAE, and whether such offer or solicitation was made orally or in writing, including electronic mail. None of the Company, the Selling Shareholder, the other Offer Participants, the Joint Global Coordinators, or any other Advisors (or their respective representatives) makes any representation to any potential Subscriber regarding the legality of applying for Offer Shares by such potential Subscriber under the laws applicable to such potential Subscriber.

Definitions and Abbreviations

<i>AED or UAE Dirham</i>	The lawful currency of the United Arab Emirates.
<i>Articles of Association</i>	The articles of association of the Company.
<i>Authority</i>	The Securities and Commodities Authority of the United Arab of Emirates.
<i>Board</i>	The board of directors of the Company.
<i>CDS</i>	The Central Depository System of DFM.
<i>Closing Date</i>	13 November 2017 for the First Tranche and 15 November 2017 for the Second Tranche.
<i>Companies Law</i>	The UAE Commercial Companies Law No. 2 of 2015.
<i>DFM</i>	Dubai Financial Market in the UAE.
<i>Distribution of Dividends</i>	Holders of Shares will be entitled to receive dividends declared in respect of the financial year ended in 2017 and subsequent financial years, if any dividends are paid by the Company.
<i>EBITDA</i>	Earnings before interest, tax, depreciation and amortization.
<i>Emaar Properties</i>	Emaar Properties PJSC.
<i>Final Offer Price</i>	<p>The offer price at which all the Subscribers in the First Tranche and the Second Tranche will purchase Offer Shares will be at the Final Offer Price.</p> <p>The Final Offer Price of the Offer Shares will be determined following a bookbuild process for the Second Tranche and following consultation between the Joint Global Coordinators, the Founders and the Company. The shares of the Second Tranche Subscribers must represent all of the Offer Shares used to calculate the Final Offer Price of the Offer Shares.</p> <p>Following closing of the Second Tranche, the Company will publish an announcement setting out the Final Offer Price (the “Offer Price Announcement”), which will be published in two Arabic local daily newspapers and one English newspaper in the UAE and on the website www.emaar.com.</p>
<i>Financial year</i>	The financial year of the Company will start on 1st January and end on 31st December of each year.
<i>First Tranche</i>	The Offering of the Offer Shares in the UAE to First Tranche Subscribers.
<i>First Tranche Subscribers</i>	Individual Subscribers and other investors (including natural persons, companies and establishments) who do not participate in the Second Tranche that hold a NIN with the DFM and have a bank account in the UAE.
<i>Founders</i>	Emaar Properties PJSC and Emirates Properties Holdings Limited
<i>GCC</i>	Gulf Cooperation Council countries comprising the United Arab Emirates, Kingdom of Saudi Arabia, Oman, Qatar,

	Kuwait and Bahrain.
<i>Company</i>	Emaar Development PJSC (under conversion), which is being converted from a limited liability company to a public joint stock company in Dubai pursuant to the applicable laws of the UAE.
<i>IFRS</i>	International Financial Reporting Standards.
<i>Individual Subscribers</i>	Natural persons (including Qualified High Net Worth Individual Subscribers who do not participate in the Qualified Investors Tranche) who hold a NIN with the DFM and have a bank account in the UAE. There is no citizenship or residence requirement.
<i>iVESTOR Card</i>	A VISA pre-paid smart card issued for Subscribers registered with the DFM and subject to the iVESTOR Card terms and conditions available on the DFM website (www.dfm.ae).
<i>Listing of the Shares</i>	<p>Following the closing of the subscription, the allocation to successful Subscribers and the finalization of the incorporation of the Company after being converted from a limited liability company to a public joint stock company with the relevant authorities in the UAE, the Company will apply to list all of its Shares on the DFM.</p> <p>Trading in the Shares on the DFM will be effected through the DFM Share Registry.</p>
<i>Maximum Investment</i>	No maximum subscription in Offer Shares has been set.
<i>Minimum Investment</i>	The minimum subscription for Offer Shares in the First Tranche has been set at AED 10,000, with any additional investment to be made in increments of at least AED 1,000. The minimum subscription for Offer Shares in the Second Tranche has been set at AED 500,000 (see the section on “ Subscription Amounts ” in the first section of this Prospectus for further details).
<i>NIN</i>	A unified investor number that a Subscriber must obtain from DFM for the purposes of subscription.
<i>Offering</i>	The public subscription for 20% of the total Shares of the Company which are being offered for sale by the Founder.
<i>Offer Price Range</i>	The Offer Shares are being offered at an offer price range that will be published on the first day of opening the Offer Period.
<i>Offer Period</i>	<p>The subscription period for the First Tranche starts on 2 November 2017 and will close on 13 November 2017.</p> <p>The subscription period for the Second Tranche starts on 2 November 2017 and will close on 15 November 2017.</p>
<i>Offer Shares</i>	800,000,000 Shares which will be sold by the Selling Shareholder in a public subscription process.
<i>Ownership Restrictions</i>	It is prohibited that more than 49% of the Shares of the Company be held by non UAE nationals.
<i>QIB</i>	A “Qualified Institutional Buyer” as defined in Rule 144A is a form of U.S. institutional investor that owns and invests a minimum of \$100 million in securities on a discretionary basis, or is a U.S. registered broker-dealer that owns and

	invests at least \$10 million in securities on a discretionary basis.
<i>Qualified High Net Worth Individual Subscribers</i>	<p>Natural persons who have been approved by the Company and the Selling Shareholder, in consultation with the Joint Global Coordinators; and:</p> <ul style="list-style-type: none"> (i) whose annual income is not less than AED1,000,000 or whose net worth (excluding his or her principal residence) amounts to at least AED5,000,000; and (ii) who confirm that he or she has sufficient knowledge or expertise, whether alone or in co-operation with a financial consultant, to evaluate the merits and risks associated with, or resulting from, the proposed investment.
<i>Qualified Institutional Subscribers</i>	<p>Juridical persons capable of making investments on their own, including</p> <ul style="list-style-type: none"> (i) the federal government of the UAE and governments of each Emirate in the UAE, governmental corporations and authorities and companies wholly owned by any of them; or (ii) international organisations and entities; or (iii) persons licensed to practice business activities which include investment activities, <p>who, in each case, has been approved by the Company and the Selling Shareholder, in consultation with the Joint Global Coordinators and who is also one of the following: (a) in the United States and a QIB to whom an offer can be made in accordance with Rule 144A, (b) a person outside the United States to whom an offer can be made in reliance on Regulation S, or (c) a person in the DIFC to whom an offer can be made pursuant to an exemption from registration under the Market Rules Module of the DFSA's Rulebook.</p>
<i>Second Tranche</i>	The offer of Offer Shares to Second Tranche Subscribers.
<i>Second Tranche Subscribers</i>	Qualified Institutional Subscribers and Qualified High Net Worth Individual Subscribers.
<i>Receiving Banks</i>	The group of banks led by the Lead Receiving Banks, comprising those banks and the following other participating receiving banks: Abu Dhabi Islamic Bank PJSC, Union National Bank PJSC, Dubai Islamic Bank PJSC, Mashreq Bank PJSC, Emirates Islamic Bank PJSC, Noor Bank PJSC and Ajman Bank PJSC.
<i>Regulation S</i>	A U.S. federal securities law that defines when an offering of securities is deemed to be executed outside the United States and therefore not be subject to the public registration requirements of applicable U.S. federal securities laws.
<i>Rule 144A</i>	Rule 144A is a U.S. federal securities law that permits QIBs to trade private placed securities freely among themselves without having to register the sale of such securities to the public under such laws.
<i>Selling Shareholder or Founder</i>	Emaar Properties PJSC.
<i>Shares</i>	The ordinary shares of the Company with a nominal value of AED one dirham each.

<i>Shareholder</i>	Holder of Shares.
<i>Subscriber</i>	A natural or juridical applicant, in either case who applies for subscription in the Offer Shares.
<i>UAE</i>	United Arab Emirates.
<i>US Securities Act</i>	The US Securities Act of 1933, as amended.

First section: Subscription terms and conditions

Key details of shares offered for sale to the public

- **Name of the Company:** Emaar Development PJSC under incorporation
- **Share capital:** The share capital amounts to AED 4,000,000,000 (four billion UAE dirham) divided into 4,000,000,000 Shares, with the nominal value of each Share being AED 1 (one UAE dirham) of which three billion nine hundred ninety-nine million seven hundred thousand 3,999,700,000 Shares are in-kind shares, and 300,000 Shares in cash.
- **Percentage, number and type of the Offer Shares:** 800,000,000 Shares, all of which are ordinary shares and which constitute 20 per cent of the Company's issued share capital.
- **Offer Price Range per Offer Share:** The Offer Price Range will be published on the same day of opening the Offer Period on 2 November 2017.
- **Eligibility of the qualified categories of Subscriber to apply for the acquisition of the Offer Shares:**
 - **First Tranche:** The First Tranche of the Offering will be open to First Tranche Subscribers as described on the cover page of this Prospectus and the "Definitions and Abbreviations" section of this Prospectus. All Subscribers in the First Tranche must hold a NIN with DFM and a bank account number in the UAE.
 - **Second Tranche:** The Second Tranche of the Offering will be open to Second Tranche Subscribers as described on the cover page of this Prospectus and the "Definitions and Abbreviations" section of this Prospectus. All Subscribers in the Second Tranche must hold a NIN with DFM.
- **Public subscription in the Offer Shares is prohibited as follows:** Public subscription is prohibited to any Subscriber whose investment is restricted by the laws of the jurisdiction where the Subscriber resides or by the laws of the jurisdiction to which the Subscriber belongs. It is the Subscriber's responsibility to determine whether the Subscriber application for, and investment in, the Offer Shares conforms to the laws of the applicable jurisdiction(s).
- **Minimum investment:** The minimum subscription in Offer Shares pursuant to the First Tranche has been set at AED 10,000 with any additional investment to be made in AED 1,000 increments. The minimum subscription for Offer Shares in the Second Tranche has been set at AED 500,000.
- **Maximum investment:** No maximum subscription in Offer Shares has been set.
- **Subscription of Founders:** The Founders may not subscribe for Offer Shares, whether directly or indirectly, or through their subsidiaries.
- **Lock-up period:** The Shares held by the Founders following completion of the Offering shall be subject to a lock-up which starts on the date of Listing of the Shares and ends on the date on which the audited financial statements of the Company are published for the second fiscal year following its incorporation as a public joint stock company. A Founder will not be allowed to sell or transfer Shares during such period, except to another Founder.
- **UAE Ownership:** The Founders expect to continue to own at least 51% of the Shares in the Company which would ensure that the Company continues to be in compliance with the UAE ownership requirements.

Further Information on the First Tranche

1. Subscription Applications

Each Subscriber in the First Tranche may submit one subscription application only (i) in the case of a subscription application by a natural person, in his or her personal name (unless he or she is acting as a representative for another Subscriber) or (ii) in the case of a subscription application by a corporate entity, in its corporate name. In case a Subscriber submits more than one application in his or her personal name or its corporate name, the Receiving Banks and the Joint Lead Managers reserve the right to disqualify all or some of the Subscription Applications submitted by such Subscriber and not to allocate any Offer Shares to such Subscriber.

Subscribers must complete all of the relevant fields in the subscription application along with all required documents and submit it to any Receiving Bank together with the subscription amount during the Offer Period for the First Tranche.

The completed subscription application should be clear and fully legible. If it is not, the Receiving Bank shall refuse to accept the subscription application from the Subscriber until the latter satisfies all the required information or documentation before the close of the subscription.

Subscription for Offer Shares would deem the Subscriber to have accepted the Memorandum of Association and Articles of Association of the Company and complied with all the resolutions issued by the Company's general assembly. Any conditions added to the subscription application shall be deemed null and void. No photocopies of subscription applications shall be accepted. The subscription application should only be fully completed after reviewing the Prospectus and the Company's Memorandum of Association and Articles of Association. The subscription application then needs to be submitted to any of the Receiving Banks' branches mentioned herein. The Subscribers or their representatives shall affirm the accuracy of the information contained in the application in the presence of the bank representative in which the subscription was made. Each subscription application shall be clearly signed or certified by the Subscriber or his representative.

The Receiving Banks are entitled to reject subscription applications submitted by any Subscriber in the First Tranche for any of the following reasons:

- the subscription application form is not complete or is not correct with regard to the amount paid or submitted documents (and no Offer Participant takes responsibility for non-receipt of an allotment of Offer Shares if the address of the subscribers is not filled in correctly);
- the subscription application amount is paid using a method that is not a permitted method of payment;
- the subscription application amount presented with the subscription application does not match the minimum required investment or the increments set for the First Tranche offer; and
- the completed subscription application form is not clear and fully legible.

The Receiving Banks may reject subscription applications submitted by any Subscriber in the First Tranche for any of the following reasons:

- the manager's cheque is returned for any reason;
- if the amount in the bank account mentioned in the subscription application form is insufficient to pay for the application amount mentioned in the subscription application form or the Receiving Bank is unable to apply the amount towards the application whether due to signature mismatch or any other reasons;
- if the NIN is not made available to DFM or if the NIN is incorrect;
- if the subscription application is found to be duplicated (any acceptance of such duplicate application is solely at the discretion of the Company and the Selling Shareholder);
- if the subscription application is otherwise found not to be in accordance with the terms of the Offering;

- if the Subscriber is found to have submitted more than one application (it is not permitted to apply in both the First Tranche or the Second Tranche, nor is it permitted to apply in either tranche more than once);
- if the Subscriber is a natural person and is found to have submitted the subscription application other than in his or her personal name (unless he or she is acting as a representative for another Subscriber);
- a Subscriber has not adhered to the rules applicable to the First Tranche offer;
- if it is otherwise necessary to reject the subscription application to ensure compliance with the provisions of the Companies Law, the Articles of Association, this Prospectus or the requirements of the UAE Central Bank, the Authority or the DFM; and
- if for any reason FTS transfer fails or the required information in the special fields is not enough to process the application.

The Receiving Banks, the Founders, the Company and the Joint Lead Managers may reject the application for any of the reasons at any time until allocation of the Offer Shares and have no obligation to inform the subscribers before the notification of the allocation of Shares to such rejected Subscribers.

Documents accompanying Subscription Applications

Subscribers shall submit the following documents along with their subscription application forms:

For *individuals* who are UAE or GCC nationals or nationals of any other country:

- The original and a copy of a valid passport or Emirates identity card; and
- In case the signatory is different from the Subscriber:
 - the duly notarized power of attorney held by that signatory or a certified copy by UAE-regulated persons/bodies, such as a notary public, or as otherwise duly regulated in the country;
 - the original passport of the signatory for verification of signature and a copy of the original passport; and
 - the original passport of the Subscriber for verification of signature and a copy of the original passport.
- In case the signatory is a guardian of a minor, the following will be submitted:
 - Original and copy of the guardian's passport for verification of signature;
 - Original and copy of the minor's passport; and
 - If the guardian is appointed by the court, original and copy of the guardianship deed attested by the court and other competent authorities (e.g. notary public).

For *corporate bodies* including banks, financial institutions, investment funds and other companies and establishments:

- UAE registered corporate bodies:
 - The original and a copy of a trade license or commercial registration for verification or a certified copy by one of the following UAE-regulated persons/bodies; a notary public or as otherwise duly regulated in the country;
 - The original and a copy of the document that authorizes the signatory to sign on behalf of the subscriber and to represent the subscriber, to submit the application, and to accept the terms and conditions stipulated in the Prospectus and in the subscription form; and
 - The original and a copy of the passport of the signatory.

- Foreign corporate bodies: the documents will differ according to the nature of the corporate body and its domicile. Accordingly, please consult with the the Joint Lead Managers to obtain the list of required documents.

2. Method of subscription and payment for the First Tranche

Method of payment for First Tranche

The subscription application must be submitted by a Subscriber to any of the Receiving Banks listed in this Prospectus and the NIN with DFM and the Subscriber's bank account number must be provided, together with payment in full for the amount it wishes to use to subscribe for the Offer Shares, which is to be paid in one of the following ways:

- Certified bank cheque (Manager's cheque) drawn on a bank licensed and operating in the UAE, in favor of Emaar Development PJSC - IPO; or
- Debiting a Subscriber's account with a Receiving Bank; or
- Electronic Subscriptions (please refer to the section on Electronic Subscription below).

Details of the Subscriber's bank account must be completed on the subscription application form even if the application amount will be paid by Manager's cheque.

On the date of completion of the Company's conversion into a public joint stock company, the relevant amount of the proceeds for the acquisition of the Offer Shares will be paid to, as appropriate, the Founders.

The subscription amount may not be paid or accepted by a Receiving Bank using any of the following methods:

- In cash;
- Cheques (not certified); or
- Any other mode of payment other than mentioned above.

Electronic subscription

The DFM will make its official website www.dfm.ae available to Subscribers with a NIN registered on the DFM website www.dfm.ae and holding a valid iVESTOR Card for them to submit their electronic subscriptions to the Receiving Banks. The Receiving Banks may also have their own electronic channels (On-line internet banking applications, mobile banking applications, ATMs, etc.) interfaced with the DFM IPO system. By submitting the electronic subscription form the customer submitting the application is accepting the Offering terms and conditions on behalf of the Subscriber and is authorising the iVESTOR Card issuing bank and the Receiving Bank to pay the total subscription amount by debiting the amount from the respective iVESTOR Card or the bank account of the customer and transferring the same to the IPO account in favor of Emaar Development PJSC - IPO held at the Receiving Banks, as detailed in the subscription application. The submission of an electronic application will be deemed to be sufficient for the purposes of fulfilling the identification requirements and accordingly, the supporting documentation in relation to applications set out elsewhere in this document will not apply to electronic applications under this section. Notification of the final allocation of Offer Shares and the refund of proceeds for unallocated Offer Shares (if any) and interest thereon following the closing of the Offer Period and prior to the listing of the Shares shall be performed solely by, and processed through, the Receiving Banks in which the original application for subscription was submitted.

In the event any of the Subscribers do not comply with this Prospectus, especially in relation to the electronic subscription and iVESTOR Card, neither the DFM, the Founders, the Company, the Board, the Receiving Banks nor the iVESTOR Card issuing bank shall in anyway be liable for the use of the electronic subscription facility by the customer of the bank or the Subscriber, the debiting of the customer account of the Receiving Banks, nor the debiting of the iVESTOR Card by the iVESTOR Card issuing bank, in respect of all and any losses or damages suffered, directly or indirectly as a result of the electronic subscription facility and/or the iVESTOR Card.

With regard to electronic submission of an application via ATM or Internet Banking, the

customers accessing the ATM with their debit card and the internet banking with password as is customary with electronic banking transaction will be deemed sufficient for the purpose of identification and the documentation requirement will not be applicable to such customers.

Subscription applications may also be received through UAE Central Bank Fund Transfer ("FTS") mode. The investor choosing the FTS method will be required to provide their valid NIN with DFM along with the value of Offer Shares subscribed for in the special instructions field.

Important dates relevant to the methods of payment of the subscription amounts

- Subscription amounts paid by way of cheque must be submitted by 12pm on 11 November 2017.
- Subscription applications made via ATM or Internet Banking must be made before 2pm on 13 November 2017.²
- Subscription applications received through FTS must be made before 12pm on 12 November 2017.

Subscription amounts

Subscribers in the First Tranche must submit applications to purchase Offer Shares in the amount of AED 10,000 or more, with any subscription over AED 10,000 to be made in increments of AED 1,000. Subscribers in the First Tranche shall accordingly apply for an AED subscription amount which shall be applied towards purchasing Offer Shares at the Final Offer Price, rather than applying for a specific number of Offer Shares.

Final Offer Price

The offer price at which all the Subscribers will purchase Offer Shares will be at the Final Offer Price.

The Offer Shares will be sold in an initial public offer and the Final Offer Price will be determined by way of the application of a book building process, where an application orders' ledger will be created through the application orders made only by the Second Tranche Subscribers (see details of who may apply in the Second Tranche). Second Tranche Subscribers will be invited to bid for Offer Shares within the Offer Price Range using price sensitive orders (as in, by indicating application amounts that vary in size depending on price). The Joint Global Coordinators will use the information on the extent of demand at various prices provided by these Second Tranche Subscribers to determine and recommend to the Company and the Selling Shareholder the Final Offer Price (which must be within the Offer Price Range) for all participants in the Offering.

The Shares of the Qualified Institutional Subscribers must represent the majority of the Offer Shares used to calculate the Final Offer Price of the Offer Shares. .

Subscription process

Subscribers must complete the application form relevant to their Tranche, providing all required details. Subscribers who do not provide the NIN with DFM and bank account will not be eligible for subscription and will not be allocated any Offer Shares.

Subscribers may only apply in one Tranche. In the event a person applies in more than one Tranche, then the Founders and the Company may disregard one or both of such applications.

The Receiving Bank through which the subscription is made will issue to the Subscriber an acknowledgement of receipt which the Subscriber has to keep until the Subscriber receives the allotment notice. One copy of the subscription application after being submitted, signed, and stamped by the Receiving Bank shall be considered as an acknowledgement for receipt of the subscription application. This receipt shall include the data of the Subscriber, address, amount paid, details of the payment method, and date of investment. The acknowledgement in the case of Electronic Applications via online internet banking and ATM would provide basic information of the application such as NIN number, Amount, Date, Customer bank account details.

² The Subscription Period for the individual tranche shall remain open for a period of 10 days including Saturdays for the acceptance of applications.

If the address of the Subscriber is not filled in correctly, the Company, the Founders, the Joint Lead Managers, the Receiving Banks and the Founders take no responsibility for non-receipt of such allotment advice.

3. Further information on various matters

Offer Period

Commences on 2 November 2017 and closes on 13 November 2017 for the First Tranche and 15 November 2017 for the Second Tranche.

Receiving Banks

Abu Dhabi Islamic Bank, Union National Bank PJSC, Dubai Islamic Bank PJSC, Mashreq Bank PJSC, Emirates Islamic Bank PJSC, Noor Bank PJSC and Ajman Bank PJSC.

Method of allocation of Offer Shares to different categories of Subscribers *(under Ministerial Resolution No. (206) of 2010 concerning the allocation of securities to Subscribers and proceeds generated from subscriptions)*

Should the total size of investments exceed the number of Offer Shares, then the Founder will allocate the Offer Shares according to the allotment policy specified below and will refund to Subscribers the excess subscription amounts and interest thereon.

Notice of Allocation

A notice to successful Subscribers in the First Tranche will be sent by way of SMS initially confirming to successful Subscribers that their applications were successful and that they have been allocated Offer Shares. They will also be notified by SMS of the number of Offer Shares allocated to them. This will be followed by a notice setting out each Subscriber's Share allocation, which will be sent by registered mail to each Subscriber.

Method of refunding surplus amounts to Subscribers

By no later than 20 November 2017 (being within five (5) working days of the Closing Date of the Second Tranche), the Offer Shares shall be allocated to Subscribers and, within five (5) working days of such allocation, the surplus subscription amounts, and any interest resulting thereon, shall be refunded to Subscribers in the First Tranche who did not receive Offer Shares, and the subscription amounts and any interest resulting thereon shall be refunded to the Subscribers in the First Tranche whose applications have been rejected for any of the above reasons. The surplus amount and any accrued interest thereon are returned to the same Subscriber's account through which the payment of the original application amount was made. In the event payment of the subscription amount is made by certified bank cheque, these amounts shall be returned by sending a cheque with the value of such amounts to the Subscriber at the address mentioned in the subscription application.

The difference between the subscription amount accepted by the Company and the Founder for a Subscriber, if any, and application amount paid by that Subscriber will be refunded to Subscribers pursuant to the terms of this Prospectus.

Listing and trading of Shares

Subsequent to the allocation of Offer Shares and the finalisation of the incorporation of the Company, the Company will list all of its Shares on the DFM. Trading in the Shares will be effected on an electronic basis, through the DFM's share registry, with the commencement of such trading estimated to take place after completion of the registration.

Voting rights

All Shares are of the same class and shall carry equal voting rights and shall rank *pari passu* in all other rights and obligations. Each Share confers on its holder the right to cast one vote on all Shareholders' resolutions.

Risks

There are certain risks that are specific to investing in this Offering. Those risks have been discussed in a section headed "Investment Risks" of this Prospectus and must be taken into

account before deciding to subscribe in Offer Shares.

Emirates Investment Authority

The EIA shall be entitled to subscribe to up to (5%) five per cent. of the Offer Shares, and the percentage of subscription which the EIA will purchase shall be allocated in full before the commencement of allocation. Shares allocated to the EIA under this preferential rights regime will be deducted from the total size of the Second Tranche. If the EIA does not exercise its preferential rights then its reserved portion shall be available to Second Tranche Subscribers for subscription.

Summary of the Valuation Report

An independent third party has valued the real estate assets of the company at a gross asset value of AED35.6 billion as of 30 September 2017 and their Executive Summary report is available on www.emaardevelopment.com. Their Valuation Report will be available on www.emaardevelopment.com next week and should be read in its entirety, including the assumptions to their valuations.

4. Timetable for subscription and listing

The dates set out below outline the expected timetable for the Offering. However, the Company reserves the right to change any of the dates/times, or to shorten or extend the specified time periods upon obtaining the approval of the appropriate authorities and publishing such change during the Offering period in daily newspapers. The number of days allocated to subscribe must not be less than (10) ten days in accordance with the provisions of the Companies Law.

Event	Date
Offering commencement date	2 November 2017
Closing Date of the First Tranche	13 November 2017 ³
Closing Date of the Second Tranche	15 November 2017
Announcement of Final Offer Price	16 November 2017
Allocation of First Tranche	No Later than 19 November 2017
Notice sent by SMS confirming who has been a successful Subscriber	19 November 2017
Commencement of dispatch of registered mail relating to allotment shares	20 November 2017
Convene the Constitutive General Assembly at 9.00 am at The Address Hotel Dubai	20 November 2017
Refunds of investment surplus to the Subscribers	No later than 25 November 2017
Expected date of listing the Shares on the DFM	22 November 2017

5. Conversion of the Company

All Subscribers should note that the notice for convening the constitutive general assembly of the Company ("**Constitutive General Assembly**") is served pursuant to this Prospectus. Please see the Fourth Section (Notice of Constitutive General Assembly). The Constitutive General Assembly meeting will take place at 9 am on 20 November 2017 at The Address Hotel Dubai.

³ The Subscription Period for the individual tranche shall remain open for a period of 10 days including Saturdays for the acceptance of applications.

All Subscribers to whom Shares have been allocated are invited pursuant to the notice to attend the Constitutive General Assembly on the date set out in the notice (please see Fourth Section (Notice of Constitutive General Assembly) of this Prospectus) on production of a valid official identification document (including passport or Emirates ID card or proxy form). Any successful Subscribers attending and voting at that meeting shall have a number of votes equivalent to the number of Offer Shares that are allocated to that successful Subscriber, following allocation.

6. Tranches

The Offering of the Offer Shares is divided as follows:

The First Tranche:

Size: 80,000,000 Shares (representing 10% of the Offer Shares).

Eligibility: First Tranche Subscribers, being:

- natural persons (including Qualified High Net Worth Individual Subscribers (as described under the Second Tranche) who do not participate in the Second Tranche) who hold an NIN with the DFM and have a bank account in the UAE. There is no citizenship or residence requirement; and
- other subscribers who do not participate in the Second Tranche that hold an NIN with the DFM and have a bank account in the UAE.

Minimum application size: AED10,000, with any additional application in increments of AED1,000.

Maximum application size: There is no maximum application size.

Allocation policy: In case of over-subscription in the First Tranche, Offer Shares will be allocated to First Tranche Subscribers pro rata to each Subscriber's subscription application amount based on the Final Offer Price. Applications will be scaled-back on the same basis if the First Tranche is over-subscribed. Any fractional entitlements resulting from the pro rata distribution of Offer Shares will be rounded down to the nearest whole number. Shares will be allocated in accordance with the aforementioned allotment policy, based on the Final Offer Price.

Unsubscribed Offer Shares If all of the Offer Shares allocated to the First Tranche are not fully subscribed, the unsubscribed Offer Shares shall be available to Second Tranche Subscribers, or alternatively (in consultation with the Authority) the Selling Shareholder may extend the Closing Date for the First Tranche and the Second Tranche.

The Second Tranche:

Size: 720,000,000 Shares (representing approximately 90% of the Offer Shares).

Eligibility: Second Tranche Subscribers, being:

- juridical persons capable of making investments on their own, including:
 - (i) the federal government of the UAE and governments of each Emirate in the UAE, governmental corporations and authorities and companies wholly owned by any of them; or
 - (ii) international organisations and entities; or

- (iii) persons licensed to practice business activities which include investment activities,

who, in each case, has been approved by the Company and the Selling Shareholder, in consultation with the Joint Global Coordinators and who is also one of the following: (a) in the United States and a QIB to whom an offer can be made in accordance with Rule 144A, (b) a person outside the United States to whom an offer can be made in reliance on Regulation S, or (c) a person in the DIFC to whom an offer can be made pursuant to an exemption from registration under the Market Rules Module of the DFSA's Rulebook; and

- natural persons who have been approved by the Company and the Selling Shareholder, in consultation with the Joint Global Coordinators and:
 - (i) whose annual income is not less than AED1,000,000 or whose net worth (excluding his or her principal residence) amounts to at least AED5,000,000; and
 - (ii) who each confirm that he or she has sufficient knowledge or expertise, whether alone or in co-operation with a financial consultant, to evaluate the merits and risks associated with, or resulting from, the proposed investment.

Minimum application size: The minimum application size is AED 500,000.

Maximum application size: There is no maximum application size.

Allocation policy: Allocations within the Second Tranche will be determined by the Company and the Founder, in consultation with the Joint Global Coordinators. It is therefore possible that Subscribers who have submitted applications in this tranche may not be allocated any Shares or that they are allocated a number of Shares lower than the number of Shares mentioned in their subscription application.

Discretionary allocation: The Company and the Founder reserves the right to allocate Offer Shares in the Second Tranche in any way as they deem necessary.

The Company and the Founder retains the right to offer additional shares for subscription to be considered as part of the First Tranche and the Second Tranche subject to obtaining the required approvals, including the approval of the Authority.

Unsubscribed Offer Shares: If all the Offer Shares allocated to the Second Tranche are not fully subscribed, then the Offer will be withdrawn (unless otherwise determined by the Authority).

Multiple applications

A Subscriber may only submit an application for Offer Shares under one Tranche. In the event a Subscriber applies for subscription in more than one Tranche, the Company and the Selling Shareholder may deem one or both applications invalid.

Emirates Investment Authority

(Preferential allocation rights equal to 5% of the Offer Shares)

40,000,000 Offer Shares (representing 5% of all Offer Shares) are reserved for the Emirates Investment Authority, in accordance with the requirements of article 127 of the Companies Law. Offer Shares allocated to the Emirates Investment Authority under this preferential rights regime will be deducted from the total size of the Second Tranche. If the EIA does not exercise its preferential rights to apply for Offer Shares then those Offer Shares will be available to other Second Tranche Subscribers for application.

Important notes

Subscribers in the First Tranche will be notified of whether they have been successful in their application for Offer Shares by means of an SMS.

Upon listing of the Shares on the DFM, the Shares will be registered on an electronic system as applicable to the DFM. The information contained in this electronic system will be binding and irrevocable, unless otherwise specified in the applicable rules and procedures governing the DFM.

Subject to the approval of the Authority, the Company reserves the right to alter the percentage of the Offer Shares which is to be made available to either the First Tranche or the Second Tranche (provided that the size of the Second Tranche may not exceed 90% or be reduced below 60% of the Offer Shares).

Second Section: Key details of the Company

1. Overview of the Company

Name of the Company:	Emaar Development PJSC]
Primary objects of the Company:	<ul style="list-style-type: none">– Buying and selling of real estate.– Leasing and management of self-owned property.
Head office and branches:	PO Box 48882, Dubai, United Arab Emirates.
Details of trade register and date of engaging in the activity:	License No. 543667. Date of Engaging in activity - 2 April 2003.
Term of the Company:	99 years.
Financial year:	1 January to 31 December.
Major banks dealing with the Company:	First Abu Dhabi Bank PJSC
Details of current Management:	

Name	Nationality	Capacity
Ahmad Thani Al Matroushi	UAE	General Manager

Details of new Board Members:

Name	Nationality	Capacity
1. H.E. Mohamed Ali Rashed Al Abbar	UAE	Chairman
2. Mr. Ahmed Bin Jamal Bin Hassan Jawa	KSA	Non-Executive Director
3. Mr. Jamal Majid Khalfan Bin Theniyah	UAE	Non-Executive Director
4. Mr. Arif Obaid Saeed Al Dehail	UAE	Non-Executive Director
5. H.E. Dr. Aisha Butti Bin Humaid Bin Bishr	UAE	Non-Executive Independent Director
6. Mr. Abdulla Mohammed Abdulla Mohammed Al Awar	UAE	Non-Executive Independent Director
7. Mr. Adnan Abdul Fattah Kazim Abdul Fattah	UAE	Non-Executive Independent Director

2. Incorporation and activities:

Overview

As Emaar Properties has segregated its real estate development business and transferred it to us, we are the leading developer of integrated lifestyle masterplan communities in Dubai, which feature world-class residential and commercial property, shopping malls and other retail assets and high-end hospitality and leisure attractions. Redefining the traditional approaches to property development, our integrated lifestyle masterplan communities are distinguished by their world-class design, superior build quality, high quality finishes and wide range of amenities. Our integrated lifestyle masterplan concept combines retail, hospitality, leisure and other requirements of our residents within secure, well-maintained communities.

With the support of our parent company, Emaar Properties, we have developed some of Dubai's most prestigious integrated lifestyle masterplan communities, including Emirates Living, the first major freehold community built in Dubai, Dubai Marina, the region's largest man-made marina development, and Downtown Dubai, one of the world's most visited destinations.

Our extensive pipeline of projects in prime locations, including our 170 million square foot gross floor area ("GFA") land bank for BTS assets (213 million square foot total GFA) as at 30 September 2017, positions us to capitalize on the further growth of the Dubai residential real estate market. In addition to our substantial existing land bank, we estimate that our land bank is sufficient to provide us with 12 years of project launches and 16 years of project completions, giving us a competitive advantage over others in our market who must invest substantial capital to secure land for development.

History

Emaar Development has operated as a part of Emaar Properties since its inception in 1997. The Government of Dubai gifted Emaar Properties the initial components of its land bank in 1998. In 1999, we launched Emirates Living, the first major freehold integrated lifestyle masterplan community in Dubai. Our second project, Dubai Marina, launched in 2000 and was shortly thereafter followed in 2002 and 2004 with the launch of our desert-themed integrated lifestyle masterplan community, Arabian Ranches, and Downtown Dubai, our flagship community that combines commercial, residential, hotel, entertainment, shopping and leisure developments.

Competitive Strengths

The combination of our excellence in executing master planned projects, valuable asset base, de-risked cash generation business model, experienced management team and support from Emaar Properties has enabled us to become the leading residential real estate developer in Dubai. As a result, we benefit from the following key competitive strengths:

Premier real estate developer in a growing and stable market with supportive macroeconomic fundamentals

We are the leading developer of integrated lifestyle masterplan communities in Dubai. Since our inception, we believe that we have played a key role in the development of Dubai from a regional hub to a global destination. Our profitable track record and our expectation of robust growth in our business are fundamentally linked to our market position in Dubai and the platform it provides for the successful development of our project portfolio. Dubai is the second largest Emirate (by area, population and GDP) in the UAE after Abu Dhabi and, as such, is an important part of the wider UAE economy. Dubai has a diversified economy, and we benefit from its strong fundamentals. Unlike many others in the region, Dubai's economy has limited dependence on oil and associated products. With its Dubai 2030 Vision, the Government of Dubai is pursuing a transition to an international hub for knowledge based innovation and sustainable industrial activities and the creation of significant number of specialised jobs. Consequently, Dubai has a sound macroeconomic outlook underpinned by strong diversification, which together with projected GDP and population growth, is expected to drive demand for real estate. In addition, as it offers rental yields well in excess of many other major international cities, Dubai's real estate market has been resilient through economic cycles and is an attractive destination for international investment given its enhanced regulatory and stabilised pricing environment. Our reputation as the premier supplier of prime residential real estate has allowed us to capitalise on Dubai's sound macroeconomic fundamentals. We believe that these strong fundamentals, together with Dubai's advancing infrastructure and status as an international trade, transit and tourism hub, provide an optimal platform for robust growth in our business.

Excellence in execution, exceptional platform and client base

We have developed Dubai's premier integrated lifestyle masterplan communities containing some of the city's most iconic assets, including Downtown Dubai with the Burj Khalifa, the world's tallest building, and the Dubai Mall, the world's most visited shopping mall. Our extensive track record of development, including Emirates Living, the UAE's first freehold masterplan community, has allowed us to develop unmatched expertise in the design and execution of these complex and large-scale projects. We believe our experience and expertise makes the Emaar brand one of the most sought after in our market, and has resulted in the sale of higher volumes of residential units at higher prices than our principal competitors. Our market leading position provides us with valuable consumer intelligence that informs our design and planning processes, as well as our marketing, sales and distribution strategy. Despite the scale and complexity of our projects, our development strategy is agile, allowing us to respond to shifting demand trends to address the needs and preferences of our customers and maintain a healthy sales backlog and profit margins across our project portfolio. Our customer base continues to grow with approximately 4,200 in the nine months ended 30 September 2017, well

above average for the last three full years. We also benefit from an affluent customer base, including a substantial number of repeat customers, who in the nine months ended 30 September 2017 had purchased an average of 2.9 of our residential units. In addition, the strength of the Emaar brand has broadened the appeal of our projects to an international audience who, in the nine months ended 30 September 2017, accounted for 39 per cent. of our total sales, representing more than a 50 per cent. increase over 2014.

Valuable asset base and de-risked cash generation business model

Our extensive pipeline of projects in prime locations, including our 170 million square foot land bank, positions us to capitalize on the further growth of the Dubai residential real estate market. As at 30 September 2017, our project portfolio, including our share of joint venture projects, had an adjusted NAV of AED 24.1 billion. In addition to our substantial existing land bank, we benefit from strong relationships with reputable joint venture partners, including the government related entities, who also provide land for our projects, minimizing our capital investment requirements. We estimate that our land bank is sufficient to provide us with 12 years of project launches and 16 years of project completions (assuming four years to complete launches) giving us a competitive advantage over others in our market who must invest substantial capital to secure land for development. Our well-established project development process allows us to convert our high-quality land bank into cash-generative developments while maintaining strong profit margins and minimizing capital investment. Before construction of a development commences, an average of 70 per cent. of the residential units in the development are pre-sold and between 30 and 40 per cent. of the total sales value of those of residential units, which ensures that the project is substantially self-funded through customer payments. Funding the development of our projects through pre-sale cash flow de-risks our business model and provides strong revenue visibility based on our sales backlog. We expect to deliver approximately 21,500 residential units over the next four years and, as at 30 September 2017, our associated sales backlog was AED 41 billion.

As at 30 September 2017, we had approximately 4,800 residential units available for sale and under development, approximately 650 units in the design phase and approximately 200 completed units which we expect to sell in the next two to three years. These units have an aggregate estimated sales value of AED19 billion, based on current listing prices for the relevant projects. Over the next five years, we expect to offer approximately 50,400 further units for sale.

Experienced management team and support of Emaar Properties

As a subsidiary of Emaar Properties, we enjoy the support of a financially strong and committed major shareholder, with an unparalleled reputation for excellence in the Dubai real estate market. As one of the largest real estate master developers operating in the GCC, Emaar Properties has substantial experience designing and executing complex property development projects, from land acquisition through the design, approvals, marketing and sales stages of the real estate development lifecycle. Our affiliation with Emaar Properties allows us to pursue our business strategies with the support of one of Dubai's most respected companies. In addition, our senior management team, many of whom participated in Emaar Properties' most successful projects, brings significant of experience operating in the Dubai real estate market. We will continue to have access to Emaar Properties' expertise and support following the Offering, as well as the benefit of the strength of its relationships with GREs and the UAE government, which believe creates an opportunity for growth and favourable development arrangements. In preparation for the Offering, we have implemented a corporate governance framework in line with international best practice, including appointing three independent directors to our Board, and have entered into the Relationship Agreement with Emaar Properties to ensure that all of our related party transactions are subject to appropriate independence requirements.

Strategy

Our primary objective is to produce sustained and secure long-term returns from our projects. In particular, we intend to:

Maintain our leadership position in the prime residential real estate market in Dubai

We are the leading developer of residential real estate in Dubai, and enjoy a reputation for delivering the highest quality integrated lifestyle masterplan communities in the some of Dubai's most desirable locations. We adhere to our rigorous standards and processes through all phases of development. We believe that maintaining our strategic focus on delivering our current and future projects to the premium standard associated with the Emaar brand and providing an exceptional customer experience will allow us to maintain and further grow our market leading position.

Deliver value for customers

We strive to create innovative and high quality residential real estate products that deliver a superior customer experience. Our integrated lifestyle masterplan communities are designed with residents in mind and seek to add value to our customers' residential properties. Our breadth of market intelligence allows us to optimize the price and composition of the relevant residential units and to tailor community amenities to meet the needs of our customers. We are committed to continuing to play a central role in the development of Dubai as an international destination.

Leverage our significant land bank and partnership with GREs

Our significant land bank of 170 million square feet GFA will drive the future growth of our project portfolio. The significant size and prime location of our plots will enable us to continue to undertake complex projects built around iconic assets, such as the Tower at Dubai Harbour, which is expected to overtake the Burj Khalifa as the world's tallest building when complete. We will seek to maximise the value of our project portfolio by drawing on our market insight to phase and scale our product launches and build-outs to optimise demand and pricing.

Through our controlling shareholder, Emaar Properties, we have established an excellent working relationship with the Government of Dubai, as Emaar Properties is 29.2 per cent. owned by the Investment Corporation of Dubai (the "ICD"), the investment arm of the Government of Dubai. The Government's strong support of our business and our alignment with the development goals of the ICD has been evidenced by their grant of land for our Downtown Dubai project, as well as our Dubai Marina, Arabian Ranches I and Emirates Living projects. We intend to continue to leverage our favourable GRE partnerships to gain further access to significant prime land bank opportunities with minimal capital outlay through joint venture arrangements and otherwise.

Financial risk management

Our pre-sale funding model significantly de-risks the cash requirements for the development of our projects. We generally pre-sell an average of 70 per cent. of the residential units in a development and collect between 30 and 40 per cent. of the total sales value of those residential units prior to awarding construction contracts. Our agile sales and marketing strategy underpins our business model and seeks to ensure a healthy and continuous sales backlog which enhances free cashflows, provides revenue visibility and underpins our business model. Our sales force has substantial expertise in our principal and target markets, including KSA, India, the UK, Russia and China, and leverages the Emaar brand to achieve premium pricing, further supporting our operating margins. We have and will continue to implement cost optimisation and value engineering initiatives to optimize our cost base.

Optimise capital structure and enhance returns to shareholders

We intend to maintain a conservative capital structure with sufficient flexibility to execute on sustainable growth opportunities as they arise while maintaining prudent leverage levels which we expect will enable us to fund dividend distributions to enhance long-term shareholder value. We are targeting to distribute aggregate dividends of no less than \$1.7 billion, to be paid in respect of the next three financial years ending 31 December 2020, with the first post-IPO dividend to be paid in the third quarter of 2018. Payment of any dividends will be subject to consideration by our Board of Directors of the cash management and operating expense requirements of our business. We intend to operate within prudent leverage limits for a company in our sector, and aim to maintain net debt of less than 60 per cent. of backlog profit.

Business Model

The central elements of our business model are (i) the creation of integrated lifestyle masterplan communities; (ii) partnering with governments, GREs and/or key local business partners; and (iii) the project development process.

Our integrated lifestyle masterplan communities combine high-end residential and commercial units with retail, hospitality and leisure attractions, and offer amenities such as schools, mosques and healthcare facilities. They are generally anchored by a landmark attraction, such as the Burj Khalifa, Dubai Marina or the Tower, and are supported by essential infrastructure such as roads, power, water and sewage, landscaping and open recreational spaces.

We seek to enter into partnerships or strategic alliances with local partners, who either provide us with development rights to tracts of desirable land at attractive prices or contribute land as part of their equity participation in our joint venture projects. These partners are typically government entities and GREs that have established relationships with local suppliers of construction services or which themselves have construction capability. Additionally, they help to expedite the completion of our projects by providing us with know-how and assisting with regulatory processes, such as obtaining permits and authorisations.

Our project development process involves the following steps:

Project assessment

The first phase of any proposed project is the project assessment stage. This stage focuses on the initial, informal master planning of the proposed development, which involves the generation of ideas regarding the composition of the development (i.e., layout, buildings, amenities, design, etc.) and a preliminary assessment of its feasibility.

Upon approval from the Board, a Memorandum of Understanding (“**MOU**”) with an expression of interest is signed with relevant counterparties, confirming interest in the project and our exclusive development rights. External consultants are then appointed to carry out a detailed feasibility study. Investment Committee and Board approvals are obtained in order to proceed with development based on the outcome of the detailed feasibility study, including approval of, where applicable, the terms and conditions of any proposed joint venture agreement.

Master planning

Master planning starts after the granting or acquisition of land, whether directly, through a joint venture agreement or development agreement. This stage of the process is designed to ensure that a project will reflect the Emaar brand and quality standards, which are monitored on an on-going basis by quality assurance and control teams, and that it will respond to the demands and preferences of our customers, as informed by the insights of our sales and marketing team.

Once the master plan is agreed, we may sell certain portions of the project and also act as developer or sub-contract the development of land retained (such development in all cases being undertaken in accordance with the applicable master plan).

Plot level design and tender process

Following approval of the master plan, we commence the schematic and tender process stage, when a bill of quantities (“**BOQ**”) is undertaken which defines the overall scope of work, lists the materials required and details the nature and scope of activities to be carried out to execute the project. It also includes details of the budget estimates for the proposed project. The BOQ is then submitted to the CEO for approval.

Marketing and sales

The marketing and sales plan for each project is developed at the masterplan stage, and includes the launch plan and a marketing strategy informed by key insights from the sales and development teams. These insights incorporate a pricing proposal which covers the different types of residential units included in each development, their locations within the development and individual features, as well as an affordability analysis, which combines target market research, rental yields, mortgage rates and target margins, among other things.

Construction of infrastructure

Infrastructure works are commenced before any buildings are constructed and run in parallel to main works construction for the duration of the development. Construction of infrastructure includes undertaking earth work, liaising with the relevant utility providers, building utility networks (such as district cooling stations, laying relevant pipelines for water and sewerage, and establishing the electrical and telecommunications networks) and building roads.

Construction of projects

Before tenders are awarded, a minimum threshold is normally set for pre-sales of residential units in a particular project. This is typically around 70 per cent. of the total sales value of the completed project, with between 30 and 40 per cent. of the associated sales value collected.

We rely on leading regional and local contractors in the execution of our projects. We also rely on international construction services companies, consultants and project managers. In the past, we have worked with BESIX (including on the Burj Khalifa), Balfour Beatty LLC (including on Dubai Marina and the Dubai Mall), ALEC (including on Dubai Hills) and Shapoorji Pallonji. Design and cost consultants we have employed include Arcadis, RTKL, CH2M and Benoy

Facility Management

Our communities are managed by Emaar Community Management ("ECM"), a company currently 100 per cent. owned by Emaar Properties. ECM is an award-winning division of the Emaar Group that specializes in delivering a full suite of management services. It provides community development and management, operations, customer service, owners' associations and advocacy groups, community engagement and events and promotes educational and sustainability initiatives. ECM manages all of Emaar's master planned lifestyle communities. The ECM team consists of experienced professionals with international certifications including Certified Manager of Community Associations, Association Management Specialist and Professional Community Association Manager.

Project Structure

Construction of the BTL and BTO assets in each development is funded by Emaar Properties through a number of back-to-back arrangements with us. We also receive a development fee from Emaar Properties to manage the development of these assets.

Wholly owned projects under development

The developments in our projects contain BTS, BTL and BTO assets. In our wholly owned projects under development, we hold the full title to non-mixed use BTS assets (typically residential units) and we are responsible for funding the development of these assets. Title will transfer to purchasers of the relevant assets upon completion of the project.

Joint venture projects

In our joint venture projects, we are responsible for funding the development of the BTS assets. We are also responsible for the development of the BTL/BTO assets on behalf of Emaar Properties, for which we will be paid a development fee.

Customers

Our customer base is diverse. In the nine months ended 30 September 2017, 37 per cent. of our customers were non-UAE residents, representing 35 per cent. of our revenues, compared with 27 per cent. of our customers, representing 28 per cent. of our revenue, in the year ended 31 December 2014.

The table below sets forth the nationality of our customers as a percentage of our total sales in the nine months ended 30 September 2017.

Nationality	Share of total sales
MENA ex. GCC	17%
India	14%
UAE	13%
KSA	12%
Europe	7%
Other GCC	7%
Pakistan	5%
North America	5%
United Kingdom	5%
China	4%
Other	10%

Projects

Our assets comprise wholly owned projects under development (with the exception of Downtown Views 2 (Zabeel Second land plot) for which we have signed a sale agreement but do not currently hold registered title to the land until the final instalment of the purchase price is made), projects undertaken with JV partners and our land bank.

As at 30 September 2017 we had a gross asset value ("**GAV**") of AED35.6 billion (including 100 per cent. of our joint ventures). The table below sets out our GAV by project.

As at 30 September 2017				
	GAV ⁽¹⁾	% of GAV	Share of GAV	% Share of GAV
	(AED bn)		(AED bn)	
Wholly-owned projects				
Downtown Dubai.....	12.1	34.1	12.1	47.7
Emirates Living.....	0.6	1.6	0.6	2.3
Dubai Marina.....	0.6	1.8	0.6	2.6
Arabian Ranches.....	1.7	4.8	1.7	6.8
Rasal Khaimah.....	0.2	0.5	0.2	0.7
Dubai Harbour.....	0.4	1.1	0.4	1.5
Joint Ventures				
Dubai Hills Estate.....	11.0	31.0	5.5	21.7
Zabeel Square.....	0.5	1.3	0.2	0.9
Emaar South.....	0.5	1.4	0.2	1.0
Joint Development Agreement				
Dubai Creek Harbour.....	8.3	23.4	4.2	16.4
Total	35.6		25.4	

Our share of the GAV amounted to AED 25.4 billion at 30 September 2017.

Wholly owned projects under development

The following discussion summarises the principal features of each of our wholly owned development projects:

Downtown Dubai

Downtown Dubai is our flagship project and is situated in central Dubai off the main highway (Sheikh Zayed Road) between Business Bay and the DIFC. It is a mixed-use 500-acre community that combines commercial, residential, hotel, entertainment, shopping and leisure developments. The complex includes the world's tallest structure, the Burj Khalifa, which stands at 828 metres, the Dubai Mall (one of the world's largest shopping malls and the world's most

visited mall), the Dubai Opera House (which will be Dubai's first dedicated multi-format opera house), Souq Al Bahar (a residential and retail destination), eight luxury hotels (including the first Armani Hotel) with over 2,000 rooms (including serviced apartments), 4.5 million square feet of gross office space, 4.4 million square feet of leasable retail space, numerous residential towers and Sheikh Mohammed bin Rashid Boulevard, and a 3.5 km leisure and entertainment strip. An additional three luxury five-star hotels, The Address Boulevard, The Address Sky Views and The Address Fountain Views, are under construction.

Emirates Living

This project has expanded from its original design and now includes seven related communities: Emirates Living, the Greens, the Views, the Lakes, the Meadows, the Springs and the Hills. The Emirates Living development includes four international schools, a four-star hotel, VIDA the Hills, the Montgomerie golf course and a complex of four commercial buildings known as "Emaar Business Park".

Dubai Marina

Dubai Marina is one of the largest waterfront developments of its kind in the GCC region, with 8.5 km of marine frontage, comprising approximately 200 high-rise towers. It is divided into 10 districts, each developed as a distinct community.

Arabian Ranches

Arabian Ranches I is an approximately 71 million square metres master planned lifestyle community. Arabian Ranches I has 4,360 residential units made up of one and two storey single family homes ranging from 1,690 to 7,230 square feet in size. The community includes a golf course, a village community centre with 20 retail outlets providing a total of 110,039 square feet of retail space and a school. In addition, Arabian Ranches I includes the Dubai Polo and Equestrian Club which itself has 71 villas known as "Polo Homes".

Following the successful launch of Arabian Ranches I, the development of the Arabian Ranches II, adjacent to Arabian Ranches I, began in September 2012. It will comprise approximately 1,658 residential units made up of three- to six-bedroom independent villas ranging from 1,679 to 4,948 square feet in size, divided into 10 distinct communities.

Joint venture projects

We undertake certain of our projects through joint venture arrangements. We partner with leading GREs that can provide access to premier land and complementary development expertise.

The following discussion summarises the principal features of each of our joint venture projects:

Dubai Hills Estate

Dubai Hills Estate is the "city of the future" and the first phase of the Mohammed Bin Rashid City ("MBR City"), a planned mixed-use residential and commercial development within Dubai. Dubai Hills Estate is a master-planned community spread over 118 million square feet, and is located centrally by the junction of Umm Suqeim Road and Al Khail Road. The master plan comprises over 30,000 residential units, 4.2 million square feet of retail space, 1.5 million square feet of office space and three hotels comprising 515,000 feet and over 680 keys.

Dubai Creek Harbour

Dubai Creek Harbour is an integrated lifestyle masterplan community which sits next to Ras Al Khor Wildlife Sanctuary over an area of 60 million square feet (almost three times the size of Downtown Dubai). Dubai Creek Harbour aims to support Dubai's commercial and cultural development and will feature state-of-the-art technology, integrated transportation systems, environmentally sustainable ecosystems and green, open parks.

Zabeel Square

Zabeel Square is a joint venture project developed with Meraas to create a mixed-use development near Zabeel Park, Dubai. The total project value is AED4 billion, including BTO/BTL assets. It will contain over 1,700 residential units, 130,000 square feet of retail space and a hotel comprising 180,000 square feet and over 200 keys.

Emaar South

Emaar South is our first development within DWC. It will be a mixed use development spread over an area of approximately 72 million square feet. The development will include a gated community of luxury villas, townhouses, mid-rise apartments, four star business hotels, retail space, hospitality, healthcare and educational facilities, braded recreational facilities and a number of mosques.

Land bank

We had, as at 30 September 2017, approximately 170 million square feet GFA in our land bank. We own 14 million square feet GFA, for BTS assets directly (including Dubai Harbour,). We also had access to 156 million square feet GFA through our joint venture relationships, including 47 million, 29 million and 80 million square feet contributed by Meraas Holding, the Dubai Aviation City Corporation and Dubai Holding, respectively. The principal components of our land bank form part of the projects described above.

Ras al Khaimah

Ras al Khaimah project is an approximately 1.4 million square feet project located at the tip of Al Marjan Island. The total project value is estimated at AED 2 billion, including BTS/BTL assets. It will have 800 residential units, over 12,000 square feet of retail space and a five-star hotel with 220 keys.

Competition

We currently compete with other major Dubai based property development companies including Nakheel, Deyaar Development, Meraas Holding, Damac Properties and Union Properties. Meraas Holding is also one of our joint venture partners. Competition principally takes the form of competing for purchasers of residential property. In addition, if we undertake other developments in Dubai, we may also need to compete for the land on which the developments are to be located.

Insurance

We require our contractors to provide insurance cover including workman's compensation, motor vehicles insurance, insurance for plant and contractor's equipment and, if applicable, marine insurance for goods transported to each project. We purchase contractors all risks ("CAR") insurance for each project during the construction phase.

Our corporate insurance programme is comprehensive and robust. Managed by a dedicated in-house insurance team and in partnership with the best industry resources, our insurance team endeavour to keep the insurance programme aligned and updated, on an ongoing basis, in accordance with the latest insurance solutions available in the global insurance market.

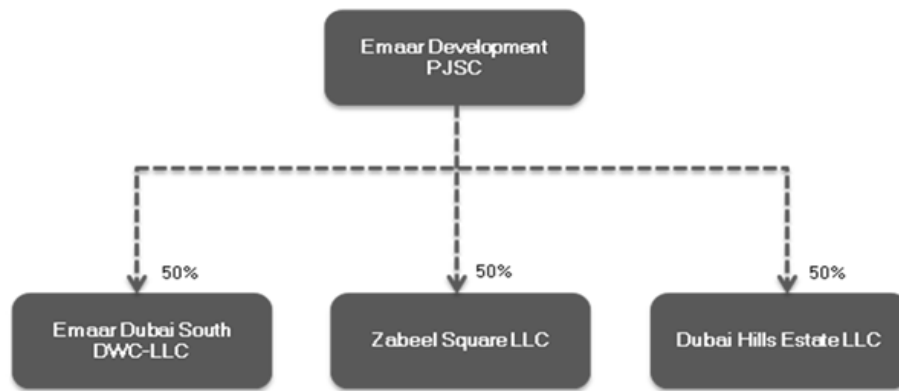
Intellectual Property

We license the use of the Emaar brand and name as well as the names of our developments from Emaar Properties.

Information Technology

We seek to ensure that its information technology ("IT") systems and software meet the requirements of our business, are effectively maintained and are kept up to date. We have an online document management system which is available 24 hours a day seven days a week. In addition, we continue to expand our current IT systems to improve operational efficiency and to enrich our customers' online experience.

3. Details of the Company's investments in subsidiaries and other investments:



For more details on the arrangements between the Company and its joint venture partners, please refer to the section on "Joint Venture Agreements".

4. Statement of capital development

Company's current share capital structure before the commencement of the Offering

The capital of the Company has been fixed at AED 4,000,000,000; divided into 4,000,000,000 ordinary shares with a value of AED 1.00 for each share, of which 3,999,700,000 represent shares in kind. All the shares are equal in respect of all rights.

The following table illustrates the Company's ownership structure and distribution of share capital between shareholders before and after Offering:

Before Offering

Name	Nationality	Type of Shares	Number of Shares owned	Total value of Shares owned*	Ownership proportion
Emaar Properties PJSC	UAE	ordinary	3,999,999,997	AED 3,999,999,997	99.999%
Emirates Properties Holdings Limited	BVI	ordinary	3	AED 3,000	0.0001%

* - Based on nominal value

Name	Nationality	Type of Shares	Number of Shares owned	Total value of Shares owned*	Ownership proportion
Founders	UAE	ordinary	3,200,000,000	AED 3,200,000,000	80%
Subscribing shareholders at completion of the Offering	UAE	ordinary	800,000,000	AED 800,000,000	20%

After Offering

* - Based on nominal value

Company's capital structure upon completion of the Offering

Upon the completion of the Offering, the Company's paid-up share capital shall be AED 4,000,000,000, divided into 4,000,000,000 Shares with a nominal value of AED1.00 per Share.

The Founders hold 80% of the Shares as set out above. The Company has presented its plan to the Authority for the Founder to offer 20% of the total share capital

No. of Founders' Shares:	3,200,000,000 Shares
No. of total Subscribers' Shares (note that this covers all tranches of Offer Shares set out in this Prospectus):	800,000,000 Shares
Total:	4,000,000,000 Shares

5. Status of actions and disputes with the Company over the past three years

There are no outstanding material governmental, legal or arbitration proceedings or disputes (including any such proceedings or disputes which are pending or threatened or of which we are aware).

6. Statement of the number and type of employees of the Company and of its subsidiary:

We will be employing approximately 317 employees.

7. Accounting policies adopted at the Company:

The Company prepares its accounts in accordance with IFRS as issued by the International Accounting Standards Board and applicable requirements of UAE laws.

8. Statement of Company's loans, credit facilities and indebtedness and the most significant conditions thereof:

On 27 September 2017, the Company has entered into an Islamic murabaha financing agreement with First Abu Dhabi Bank PJSC ("**Bank**") encompassing a term facility of USD1.2 billion and a revolving facility of USD 100 million ("**Facilities**"). The Bank is the investment agent, security agent, account bank, mandated lead arranger, book runner and underwriting bank for the Facilities, and, as at the date of this prospectus, it is the sole financier. The Facilities have a five year term.

We drew down AED4,408 million and used AED3,960 million of the proceeds to pay a dividend to Emaar Properties. The remaining undrawn balance is available to us on a revolving basis.

The proceeds of the Facilities can be used by the Company for the payment of dividends, acquisition of land for development, repayment of advances made by Emaar Properties to the Company ("**Parent Bridge Advances**") and fees and expenses due to the Bank in connection with the Facilities. The Company is required to make regular repayments of the Facilities over the term.

The Facilities are guaranteed by Emaar Properties ("**Parent**") for a limited period. The guarantee may be released on the Company's request provided the Bank receives agreed form written undertakings from the Parent ("**Parent Undertaking**"). The term sheet for the Facilities indicates the Parent must certify to the Bank that assets of a value equal to at least AED 11 billion have been transferred to the Company. If the audited financial statements for the period to 30 September 2017 do not support this certification the Parent is obliged to make up any shortfall in assets transferred or else the Facilities must be prepaid in full.

Rights and revenues from certain specified projects ("**Assigned Projects**") transferred to the Company by the Parent shall secure repayment of the Facilities. These projects, the underlying assets and escrow accounts must be transferred to the Company from the Parent within six months of entering the Facilities. The rights and revenues of the Company are assigned for the

benefit of the Bank and subject to certain controls, including but not limited to, an obligation to route revenues and prescribed insurances that are not deposited into the escrow accounts of the Assigned Projects through accounts to be pledged in favour of the Bank. Prior to the transfer of the Assigned Projects to the Company, the Parent will be subject to the same controls. Proceeds received by the Company from revenues and insurances (not used in repair, replacement or reinstatement) directed into accounts held with the Bank are to be used for the purposes of meeting its repayment and prepayment obligations under the Facilities.

Upon certain events the Company must prepay all amounts then outstanding under the Facilities. This includes where the direct or indirect ownership of the Parent in the Company reducing below 51% or the Parent ceasing to control directly or indirectly the Company. Also, where the credit rating of the Parent falls below certain specified thresholds, subject to the parties agreeing an alternative solution, the Facilities may be cancelled and prepaid.

The Company is subject to three financial covenants under the terms of the Facilities: Net debt (being all debt of the Company less its cash and cash equivalent balances) must not exceed its EBITDA by more than four times. EBITDA of the Company must be greater than five times all finance charges payable less any interest receivable. Finally, the cash flows received and projected from the Assigned Projects must be a minimum of 1.5 times the Facilities. If this last financial covenant is breached, the Company may remedy the position by the assignment of revenues of another project or prepayment of the Facilities to meet the mandated threshold.

Subject to certain exceptions, the Facilities impose several restrictions on the Company's conduct of business, including but not limited to, the ability to incur new debt, declare dividends or make any distribution to shareholders from funds secured to the Bank where a default has occurred, dispose of assets, provide security to a third party, undertake mergers and acquisitions or change its business. Specific covenants apply to the Assigned Projects secured to the Bank to ensure the Company owns and is a diligent owner of the assets and that at least half of the units in each project have been sold. The Company may not repay or discharge (and the Parent cannot permit repayment or discharge) of any obligations owed to the Parent and any such liabilities are fully subordinated to the Facilities. Failure to meet any of the covenants or obligations by the Company or the Parent owed to the Bank or committing any default under the Facilities or the associated security, guarantee and finance documentation may result in the Facilities being cancelled, all amounts due and outstanding being payable and the Bank exercising its rights under the security documents and the guarantee from the Parent.

Initially the parties agreed that the following are the Assigned Projects that will be transferred:

- (a) the development known as Downtown Views to be constructed in Downtown Dubai, Dubai;
- (b) the development known as Downtown Views II to be constructed in Downtown Dubai, Dubai;
- (c) the development known as FORTE to be constructed in Downtown Dubai, Dubai;
- (d) the development known as 42 | 52 to be constructed in Dubai Marina, Dubai;
- (e) the development known as Vida Residences Dubai Marina to be constructed in Dubai Marina, Dubai;
- (f) the development known as Act One | Act Two to be constructed in Downtown Dubai, Dubai;
- (g) the development known as The Address Dubai Opera to be constructed in Downtown Dubai, Dubai;
- (h) the development known as Vida Dubai Mall to be constructed in Downtown Dubai, Dubai; and
- (i) the development known as II PRIMO to be constructed in Downtown Dubai, Dubai;"

9. Statement of current pledges and encumbrances on the Company's and its subsidiaries' assets:

Where the Assigned Projects have been transferred to the Company by Emaar Properties, the Company has agreed to assign the benefit of its interest in the project escrow accounts as security in favour of the Bank. Prior to transfer Emaar Properties has assigned its interest in the Assigned Projects' escrow accounts to the Bank. All revenues and insurances deposited into the accounts of Company held with the Bank are also pledged in favour of the Bank pursuant to a separate pledge agreement.

10. Founders Committee:

The Founders elected a committee (the “**Founders Committee**”) to undertake all steps and procedures necessary on their behalf and on behalf of the Company to complete all the procedures required with regard to the Offering, including dealing with the competent authorities.

The Founders Committee is composed the following individuals as representatives of Emaar Properties PJSC:

- Mr. **Ahmad Thani Rashed Al Matrooshi** (Chairman)
- Mr. **Ahmad Juma Mohamed Matar Al Falasi** (Member); and
- Mr. **Ahmed Ibrahim** (Member)

11. Investment Risks:

Investing in and holding the Shares involves financial risk. Prospective investors in the Shares should carefully review all of the information contained in this Prospectus and should pay particular attention to the following risks associated with an investment in us and the Shares which should be considered together with all other information contained in this Prospectus. If one or more of the following risks were to arise, our business, financial condition, results of operations, prospects or the price of the Shares could be materially and adversely affected and investors could lose all or part of their investment. The risks set out below may not be exhaustive and do not necessarily include all of the risks associated with an investment in us and the Shares. Additional risks and uncertainties not currently known to us or which we currently deem immaterial may arise or become material in the future and may have a material adverse effect on our business, results of operations, financial condition, prospects or the price of the Shares.

Risks Relating to Our Business

The concentration of our property portfolio exposes us to fluctuations in demand for residential real estate in the UAE

The substantial majority of our property portfolio is located in Dubai. As an increasing number of real estate developments are launched and reach completion, the number of residential properties available in the Dubai market may exceed the demand for such properties, leading to saturation. If the property market in Dubai were to become saturated, or demand for residential properties in Dubai were to decline or to be lower than expected, we could have to sell our properties at reduced prices, or at a loss, or may not be able to sell them at all. In addition, a large portion of our customers purchase properties as investments, generally with a view to selling them for profit or leasing them for rental income. Any perceived or actual oversupply of residential properties in Dubai for sale may result in potential customers experiencing difficulty selling properties purchased from us, either for an expected profit or at all. In addition, any perceived or actual over supply of residential rental properties in Dubai, or a decrease in demand for rental properties, may cause rental rates to decline. This could result in a decrease in demand for our properties from customers who expect to receive revenue from the part- or full- time rental of their properties.

As at 30 September 2017, our sales backlog was AED41 billion and we are scheduled to deliver approximately 24,700 associated residential units over the next four years. There can be no assurance that our residential unit sales backlog will be realised or that there is sufficient demand in the Dubai residential real estate market to absorb all of the residential units that we will deliver at the prices we anticipate or at all. As our revenue is derived almost entirely from the sale of our residential units in Dubai, any adverse change in the demand for the reasons set out above or otherwise could have a material adverse effect on our business, financial condition and results of operations.

The substantial majority of our property portfolio is located in Dubai, and our financial performance is therefore dependent on economic and political conditions in Dubai and the surrounding regions

With the exception of one of our landbank plots, all of our projects are located in Dubai. Consequently, our business, results of operations and financial condition could be adversely affected by changes in economic, political or social conditions in Dubai and the surrounding regions.

Although economic growth rates in the UAE remain above those of many more developed, as well as regional, markets, the UAE has experienced slower economic growth in recent years, following the downturn experienced as a result of the global financial crisis in 2008. There can be no assurance that economic growth or performance in Dubai or the UAE, in general, will be sustained. The UAE, as well as many of the GCC countries from which we source our customers, depend in particular on revenue from oil and oil products, the prices of which have declined sharply in recent years and have continued to remain volatile, with current pricing levels well below historic highs. In addition, the economy of the UAE and Dubai, in particular, is heavily dependent upon expatriate workers, who have historically made up a significant portion of our customers. If the economies of the UAE or Dubai suffer another 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, our business, results of operations and financial condition could be adversely affected.

The property and construction markets in the UAE, in particular, are affected by macroeconomic factors that are beyond our 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. Although following the global financial crisis the real estate market in Dubai experienced a recovery in demand and pricing during the period from 2011 to the middle of 2015, which resulted in increased sales for our projects compared to similar periods in 2009 to 2011, the market slowed again in the second half of 2015 and in 2016. Pricing in 2017 has remained in line with 2016 levels, notwithstanding higher demand, and remains below the 2014 peak. There can be no assurance that the current demand and pricing levels for real estate in Dubai will persist. In addition, the Government of Dubai has set ambitious goals for development, including in connection with the Dubai 2020 Expo and the Dubai Vision 2030 Plan. A failure to meet these goals could create a negative perception of Dubai's development prospects generally and the real estate market in particular. Any resulting decrease in demand or pricing could cause our financial performance to deteriorate.

While the UAE is currently seen as a relatively stable political environment, certain other jurisdictions in the Middle East are not and there is no guarantee that political stability in the UAE will continue in the future. Since late 2010, there has been political and civil unrest in a range of countries in the MENA region, including Egypt, Qatar, Saudi Arabia, Syria, Lebanon and Yemen. This unrest has ranged from public demonstrations to, in extreme cases, armed conflict, and has given rise to increased political uncertainty across the region. More recently, the governments of the UAE, Saudi Arabia, Bahrain and Egypt have imposed a blockade on Qatar after accusing Qatar of supporting terrorist activity in the region.

Continuing instability and unrest in the MENA region may significantly affect the UAE and Dubai. Although the UAE has not been directly affected by the unrest in the MENA region to date, it is unclear what impact this unrest could have on the regional economy, levels of foreign direct investment in the UAE and Dubai's attractiveness as a tourist and residential destination. The occurrence of any or all of these factors could have a material adverse effect on our business, results of operations and financial condition.

The continued success of our business is dependent in part upon the wealth of domestic and international investors, as well as the continued appeal of Dubai and the UAE as real estate investment markets

Our business is dependent on the levels of disposable income and investment capital of individuals in the UAE and elsewhere, particularly KSA and India, as well as new markets, such as China. In addition, we benefit from a strong base of repeat customers, who in the nine months ended 30 September 2017 had purchased an average of 2.9 of our residential units and accounted for 25 per cent. of our sales. The wealth of these individuals is affected, in part, by the performance of the international real estate, financial and consumer markets, and the deployment of their disposable income is affected by a variety of factors, including alternative investment opportunities and returns, the availability of financing, including mortgages, as well as foreign currency exposure, interest rates, inflation and tax rates. The global financial crisis in 2008 had a material adverse effect on the levels of disposable income and wealth of individuals worldwide and, therefore, on the demand for properties in the Dubai market. Although the global financial markets have since recovered, any factors that adversely affect the wealth of residential real estate investors and/or the desirability of the Dubai real estate market as an investment outlet for domestic and international investors could have a material adverse effect on our business, financial condition and results of operations.

We are subject to risks associated with our joint ventures

A significant proportion of our land bank has historically been sourced through the contribution of land into our joint ventures by our joint venture partners, which allow us to acquire land with minimal upfront cash contributions. In line with this strategy, we expect most of our land bank to be sourced through similar arrangements in the near-to-medium-term. Therefore, co-operation and agreement with our joint venture partners on existing and future projects are essential for the smooth operation and financial success of such projects and our business. However, our joint venture partners may have economic or business interests or goals that are inconsistent with ours, be unable or unwilling to fulfil their obligations under the relevant joint venture or other agreements, or experience financial or other difficulties.

In addition, disputes with our joint venture partners may arise in the future that could adversely affect our joint venture projects. In many cases, our joint venture partners are our competitors. In addition, many of our joint venture partners are directly or indirectly owned by government related entities ("**GRES**"), which further exposes us to additional risks, including the need to satisfy both political and regulatory demands and the need to react to differences in focus or priorities, both of which can lead to delays in decision making, thereby increasing costs and exposure to competition.

Furthermore, we may not be able to control the decision-making process of the joint ventures without the agreement of our joint venture partners and, particularly when we do not have a majority control of the joint venture. Pursuant to the agreements governing our joint ventures, we are responsible for the development of the BTS assets of each project and are paid a development fee in respect of the BTL and BTO assets. We are entitled to invoice the Dubai Hills, Zabeel Square and Emaar South joint ventures for reimbursement of costs incurred for the development of the BTL and BTO assets. If these joint ventures fail to reimburse us or if our joint venture partners seek amendments to our joint venture arrangements, or otherwise pursue actions adverse to our interests, this could have a material adverse effect on our business, results of operations and financial condition. For a more detailed description of these agreements, see "*Related Party Transactions and Material Contracts*".

In addition, our ability to expand in the future will continue to depend upon the availability of suitable and willing joint venture partners, including, in particular, those with high quality land banks, our ability to complete the relevant transactions and the availability of financing on commercially acceptable terms. We cannot give any assurance that we will be successful in establishing any future joint ventures or that, once established, a joint venture will be profitable. If a joint venture is unsuccessful, we may be unable to recoup our initial investment. In addition, our inability to realise joint venture opportunities may result in our losing access to premium

plots of land which might be developed by our competitors and/or require us to incur significant capital expenditure to acquire land plots in the future.

Any of these factors, alone or in combination, could lead to a decline in construction quality, delays in project delivery, reputational risks and higher capital expenditure and/or funding costs, which could have a material adverse effect on our business, results of operations and financial condition.

Our projects may be delayed, suspended, terminated or materially changed in scope, resulting in delayed recognition of revenue and damage to our reputation

There are a number of construction, financing, operating and other risks associated with property development. Due to their extensive nature, our projects require considerable capital expenditure during the initial phases. We recognise revenue from our projects according to the percentage completion the construction process. Payments by our customers are also tied to construction milestones, as are the development fees paid to us by Emaar Properties with respect to the BTL and BTO assets within our projects. Material delays in the construction process will, consequently, delay payments due from customers and Emaar Properties, as well as the revenue we are able to recognise. While we frequently experience construction delays in the ordinary course of business and such delays are made up in subsequent stages of a project, delays can have a significant impact on the associated timing of revenue recognition, which could lead to potentially significant fluctuations in our financial results on a quarterly basis. This is particularly true with respect to high value projects where even a small delay in construction progress can result in delays in large amounts of revenue being recognized. The time taken and the costs involved to complete construction can be adversely affected by many factors, including:

- delays in obtaining all, or refusals of any, necessary zoning, land use, building, development, occupancy and other required governmental permits, requisite licences, permits, approvals and authorisations (including due to new regulatory frameworks);
- unforeseen engineering, environmental or geological problems;
- our inability to obtain necessary financing arrangements on acceptable terms, or at all, and otherwise fund construction and capital improvements and provide any necessary performance guarantees;
- defaults by, or the bankruptcy or insolvency of, contractors and other counterparties;
- inadequate supporting infrastructure, including as a result of failure by third parties to provide utilities and transportation and other links that are necessary or desirable for the successful operation of a project;
- design or construction defects and otherwise failing to complete projects according to design specification;
- shortages of, or defective, materials and/or equipment, labour shortages, shortages of other necessary supplies and/or disputes with contractors or sub-contractors;
- availability of suitable land (including through joint venture partners);
- increases in the cost of construction materials (for example, raw materials such as steel and other commodities common in the construction industry), energy, building equipment (including, in particular, cranes), labour and/or other necessary supplies (due to rising commodity prices or inflation or otherwise);
- shortages of project managers, contractors and construction specialists, both internally and externally, to ensure that planned projects are delivered both on time and on budget;
- strikes and work stoppages or other labour disputes or disturbances affecting our projects, contractors, sub-contractors or suppliers;

- the failure of contractors to meet agreed timetables, in particular with respect to more complex or technically challenging developments (for example, due to the scale, height or complex design of a development);
- adverse weather conditions, natural disasters, accidents, force majeure events and/or changes in governmental priorities;
- increases in the supply of properties from competitors during the construction of certain projects; and
- changes in demand trends due to, among other things, a shift in buyer preferences, a downturn in the economy, a change in the surrounding environment of the project, including the location or operation of transportation hubs or population density or otherwise.

Any of these factors could give rise to delays in the completion of construction and/or result in construction costs exceeding budgeted amounts. Projects subject to delays or cost overruns may take longer or fail to generate the revenue, cash flow and profit margins that were originally anticipated. In addition, the targeted return on the investment in the project may not be realised. There can be no assurance that the revenue that we are able to generate from our projects will be sufficient to cover the associated construction costs. The occurrence of any of the foregoing factors could have a material adverse effect on our business, results of operations and financial condition.

Our off-plan sales model exposes us to reputational risks and liabilities

Our business model is based on selling a significant number of our residential units “off-plan” or in the early stages of construction. The completion of a given project is dependent on a number of factors, including macroeconomic conditions, timely delivery on the part of our contractors and sub-contractors and the absence of any force majeure. If a project with pre-sale commitments from customers is delayed or cancelled, customers may bring civil claims against us. Even where customers have no contractual right to terminate their contract with us and/or to demand repayment of monies paid, if we fail to deliver a residential unit, under Dubai law, a customer may seek to claim reimbursement from us together with interest. In addition, our projects comprise integrated lifestyle masterplan communities, which contain amenities and conveniences such as retail areas, supermarkets, clinics and medical centres, schools and parks, many of which will be funded and owned by other companies in the Emaar Group. If substantial parts of these amenities are delayed, cancelled or changed, customers who have acquired residential units in affected developments may not be able to enjoy the services or the overall environment which they may have expected when the project was originally launched. Delays in completion or cancellation of all or a portion of a project could also adversely affect our reputation and ability to attract future customers. Any of the foregoing factors could have a material adverse effect on our business, results of operations and financial condition.

Real estate valuation is inherently subjective

The valuation report prepared by Jones Lang LaSalle UAE Limited Dubai Branch (“JLL”) (the “**Valuation Report**”) provides a theoretical value of our properties and development projects, based on the assumptions made therein, and is based on certain material assumptions which have not been confirmed or investigated by JLL or any other third party. The assumptions are described in the Valuation Report and include, among others, special assumptions relating to the status of title, encumbrance of interests and the estimated timing of completion of infrastructure works. JLL conducted a property-by-property valuation of our properties and development projects, and these valuations may exceed the value that could be obtained in connection with a concurrent sale of all of our properties.

Our property assets are inherently difficult to value. Factors such as changes in regulatory requirements and applicable laws (including in relation to building and environmental regulations, taxation and planning), political conditions, the condition of financial markets and real estate markets, the financial condition of customers, potential adverse tax consequences,

and interest and inflation rate fluctuations all mean that valuations are subject to uncertainty. The judgement of our management, as well as of JLL, significantly impacts the determination of the value of our projects, particularly with respect to joint venture projects and land bank projects. As a result, the valuations contained in this Prospectus are subject to substantial uncertainty and are made on the basis of assumptions which may not be correct. No assurance can be made that the valuations of our projects will reflect actual sale prices, even where any such sale occurs shortly after the relevant valuation date. Neither should the valuations be taken as an indication of the availability of financing for the potential sale of any of our projects or an indication of continuing demand for any of our projects. Significant differences between valuations and actual sales prices could have a material adverse effect on our business, financial condition and results of operations.

In addition, a key component of determining the value of a project is based on the assessment by management and JLL of real estate market conditions in Dubai. The Dubai real estate market is in turn affected by many factors such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond our control and may adversely impact projects after their most recent valuation date. As a result, any material decline in the real estate market in Dubai could have a material adverse effect on our business, results of operations and financial condition.

Real estate investments are illiquid

Because real estate investments are generally illiquid, and due to the cyclicity of real estate markets, our ability to promptly sell one or more of our projects in response to changing political, economic, financial and investment conditions is limited. The real estate market is affected by many factors that are beyond our control. In addition, to the extent we require third-party funding to develop our projects, we may be required to grant a mortgage over certain projects, or parts thereof, to secure our payment obligations, which could preclude us from selling such projects or affected residential units in the event of a default under such financing arrangements. There can be no assurance that the sale of units in any of our projects will be at a price which reflects the most recent valuation of the relevant project, particularly if we are forced to sell in adverse economic conditions. Any of these factors, alone or in combination, could have a material adverse effect on our real estate portfolio, which could in turn have a material adverse effect on our business, results of operations and financial condition.

We are dependent on our parent company, Emaar Properties, in many key areas of our business

Following the Offering, Emaar Properties will remain our controlling shareholder, and the development of our projects will remain closely associated with, and in some respects be dependent upon, Emaar Properties. For example, Emaar Properties will remain responsible for securing tenants and negotiating leasing arrangements for the BTL assets within our integrated lifestyle masterplan communities. If Emaar Properties is not able to secure high quality tenants for these BTL assets, the desirability of the BTS assets within the relevant development may decrease. Furthermore, Emaar Community Management (a subsidiary of Emaar Properties) manages our developments once they have been completed, including providing landscaping, maintenance, security and other services which play a significant role in ongoing customer satisfaction. If these services are not provided to the requisite standard and customer satisfaction with our developments decreases, our reputation could be adversely affected.

In addition, pursuant to the terms of the Master Transfer Agreement, Emaar Properties is required to prefund development expenses incurred in relation to those developments and to indemnify us in the event of an unforeseen tax liability or other regulatory issue. Emaar Properties has also undertaken to prefund infrastructure costs at Dubai Creek Harbour. Emaar Properties has also undertaken to prefund, to the extent necessary, profits relating to the BTS assets at Dubai Creek Harbour. If Emaar Properties fails to meet its obligations pursuant to these undertakings, our business, results of operations and financial condition could be adversely affected. We have also entered into agreements with Emaar Properties which cover the use of the Emaar name and certain other trademarks, the lease of Emaar Properties'

principal sales centre on the Boulevard in Downtown Dubai. There can be no assurance that we will be able to achieve market terms in any transactions carried out pursuant to these agreements, particularly in circumstances where no unrelated third parties are able to offer us comparable services, or that these agreements will be sufficient to cover the needs of our business in the relevant areas. For further details on the Master Transfer Agreement and the other agreements, please see *"Related Party Transactions and Material Contracts"*.

We rely on the strength of the Emaar brand

We rely on brand recognition and the goodwill associated with the Emaar brand. Therefore, the name "Emaar" and its associated trading names and trademarks are key to our business. We have obtained a license for the use of the Emaar brand and name, as well as the names of our projects, from Emaar Properties pursuant to the intellectual property licence agreement. The reputation associated with the Emaar brand supports our business, including our ability to maintain premium pricing for our residential units. The Emaar brand is also used by Emaar Properties and other companies within the Emaar Group that are outside of our control. A deterioration of the value of the Emaar brand could therefore have a material adverse effect on our business, results of operations and financial condition.

Erosion of trademarks and other intellectual property could materially adversely affect our business.

We rely on brand recognition with our businesses and associated goodwill, brand, trading names, project names and trademarks are critical to our continued success. Substantial erosion in the value of these brands and other brands on which we rely, whether due to property related issues, customer complaints, adverse publicity, legal action, third-party infringements or other factors, could materially adversely affect our business, results of operations, financial condition and prospects.

We face competition in property development

We face competition for the development of real estate from other property developers in the UAE. In particular, the population growth of Dubai from 1.3 million in 2005 to an estimated 2.7 million in 2016 (as estimated by the Dubai Statistics Centre), along with the growth in business and leisure travel to Dubai, contributed to an increase in the number of participants in the Dubai real estate market and the number of new developments opening and being announced over this period. Competition may affect our ability to sell our projects at expected prices, if at all. Our competitors may lower their pricing for comparable developments, which could result in downward pricing pressure. In addition, the Government of Dubai could decide to support new entrants or other property development companies to implement its general development strategy, which would further increase competition. We also face the risk that competitors may anticipate and capitalise on certain potential investment opportunities in advance of our doing so. Increased competition may also increase our costs of financing, materials, contractors and sub-contractors. Certain of our competitors may have greater financial, technical, marketing or other resources, including with respect to the size and quality of their landbanks, and, therefore, may be able to withstand increased costs, price competition and volatility more successfully. Any oversupply or competition in our market could have a material adverse effect on our business, results of operations and financial condition.

Property developers may consolidate to achieve economies of scale. If consolidation in the Dubai real estate market were to occur, there is a risk that we would have to operate in a more competitive market place and against larger competitors than we have had historically. Furthermore, given economic downturns in recent years and the strategy of investors to diversify their investments and re-examine the robustness of various real estate markets in the region, Dubai may see demand for its real estate market decrease in favour of other real estate markets in the region. These circumstances could have a material adverse effect on our business, results of operations and financial condition.

Our business strategy depends on our ability to successfully develop our projects

The successful implementation of our strategy will require us to maintain our leadership position in the Dubai residential real estate market, actively managing our projects to deliver value for customers, preserving positive working relationships with our joint venture partners and other counterparties and maintaining our sound financial position. Successful development of current and future projects will depend significantly on our ability to complete milestones on time and within budget and on the availability of adequate external financing or cash in hand. The addition of new projects to our project portfolio will also increase our operating costs, and the success of our strategy will require us to continue to develop our projects on a profitable basis. As at 30 September 2017, we had a sales backlog of AED41 billion and expect to deliver approximately 24,700 associated over the next four years. There can be no assurance that our residential unit sales backlog will be realised in full, or that we will deliver all of the planned residential units on time or sell them at expected margins. In addition, we have a significant land bank on which to develop future projects, and there can be no assurance that it will be developed within our expected timeframe or at all.

Our integrated lifestyle masterplan communities take a substantial amount of time to complete, from the initial master planning phase to the completion of construction, and our ability to make changes to our development plans in response to changing consumer tastes and preferences is limited. While our projects cover a wide range of residential property options, including villas, bungalows, townhouses and mid and high-rise apartments, with a variety of community amenities, there can be no assurance that they will remain attractive to prospective customers. In addition, our integrated lifestyle masterplan communities are anchored around retail and entertainment complexes. If these complexes are not viewed positively within the communities in which they are situated because of the existence of similar facilities elsewhere in Dubai or their mix of retail, entertainment and other amenities, the attractiveness of our integrated lifestyle masterplan communities to prospective purchasers could also decrease, which could have a material adverse effect on our business, results of operations and financial condition.

We rely on experienced third-party contractors and sub-contractors to construct our projects

All construction activities associated with our projects are undertaken by third-party contractors and sub-contractors. While we have historically had access to experienced contractors, there can be no guarantee that we will continue to have such access in the future, or that the costs associated with hiring experienced contractors will not increase due to higher levels of competition for their services or otherwise. Furthermore, our property developments are complex, and in addition to our reliance on the main contractors who oversee their construction and assist in elements of the design and planning process, we are also dependent on access to numerous specialist sub-contractors to complete our projects in accordance with our high standards. Accordingly, there can be no assurance that the quality of construction of our completed and ongoing projects will be maintained on our future projects, particularly if we have difficulty accessing the specialist sub-contractors we require. Although we believe that we have a strong reputation for developing high quality projects, any difference in the quality of construction from project to project could adversely affect our brand and have a material adverse effect on our business, results of operations or financial condition.

Our contractors typically provide a one-year warranty on their workmanship and generally remain liable for structural defects for a period of 10 years. We, in turn, typically offer our customers a one-year warranty on the workmanship in their residential unit and generally remain liable for structural defects for a period of 10 years. If a contractor defaults on its warranty or liability in relation to the correction of a workmanship-related or structural defect which is discovered during the relevant period, we may not be able to locate another suitably qualified contractor to rectify the defect in a timely manner or at all and may not be able to recover the cost of any repairs from the defaulting contractor. Furthermore, if a significant number of customers encounter workmanship or structural defects and these are not rectified in a timely and satisfactory manner, our reputation may be adversely affected, which could have a material adverse effect on our business, results of operations and financial condition.

Although we have taken provisions in our financial statements for these warranties which, historically, have significantly exceeded any claims made under our warranties, there can be no assurance that this will continue to be the case in the future.

If our contractors' relationships with their employees deteriorate, we may be faced with labour shortages or stoppages, which could adversely affect our ability to develop our projects

Our projects have in the past, and may in the future, be impacted by strikes and work stoppages by our contractors' employees. The contractors we engage for the construction of our projects source the majority of their workers from countries outside of the UAE using recruitment agencies. In recent years, the policies and practices with respect to the recruitment, compensation and treatment of construction workers in the UAE and other GCC countries has come under increased scrutiny. While we seek to impose standards for the compliance with all relevant laws and regulations by our contractors through our agreements with them, the treatment and status of their workers is ultimately outside of our control. Our contractors' relations with their employees could deteriorate due to disputes related to the level of wages, accommodation or benefits or their response to changes in government regulation of workers and the workplace. In addition, changes in regulations such as more restrictive visa requirements or immigration laws relating to the employment in Dubai of unskilled labour could lead to a shortage of workers available to our contractors. As we rely heavily on our contractors to provide a high quality service, any labour shortage or stoppage could adversely affect our ability to complete our projects on time, which could expose us to liability and damage our reputation.

We are exposed to the risk of default by our contractors

Should one of our contractors or suppliers default on its arrangements with us for any reason, including as a result of its bankruptcy or insolvency, or if our relationship with a contractor or supplier deteriorates, we 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. We may also be exposed to the risk that the alternative contractor or supplier fails to meet our high standards for workmanship and quality. In addition, some contractors may require licences or permits to work for us 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 our ability to complete the affected project(s), which could have a material adverse effect on our business, results of operations and financial condition.

Our projects may be subject to delays due to utility and road infrastructure providers' inability to provide required services and connections to our developments within project delivery times

Access to certain of our projects is dependent on the completion of connecting infrastructure, such as roads and utilities for which third party Government utilities and agencies are responsible. There can be no assurance that material delays in delivering our projects will not occur as a result of delays in the connection of infrastructure. For example, in Dubai, the demand for electricity, water and gas has increased substantially in the past decade and may continue to increase in the future if the development and population of Dubai continues to expand. Our current projects may be delayed and future projects may be hindered due to the inability of utility providers to provide the required levels of water and power generation and connections for these utilities in a timely manner. Any delays in our projects, even when outside of our control, may adversely affect our brand and reputation, as well as increase the costs associated with affected projects, and could have a material adverse effect on our business, results of operations and financial condition.

Our business model relies on cash from off-plan sales to fund construction, and any significant decrease in the level of these sales could lead to the delay in completion or cancellation of projects

We finance our projects principally through internally generated cashflows that result primarily from the pre-sale of residential units, as well as the receipt of development fees paid by Emaar

Properties and our joint venture partners, the reimbursement of development expenditures related to BTL/BTO assets and through third-party bank facilities. We may also require financing to fund land acquisitions, initial project development costs and capital expenditures and to support the ongoing development and future growth of our project portfolio.

In Dubai, customers pay purchase price instalments for off-plan sales of residential units directly into a designated escrow account with a local bank approved by RERA. Although this practice is not clearly stipulated in UAE Law No. 8 of 2007 (the "Escrow Law"), it is required by RERA. An escrow agent, also approved by RERA, determines when a developer is permitted to make withdrawals from the escrow account to pay consultants or contractors for the project (these withdrawals are usually permitted in stages as specified construction milestones are completed). The developer is also permitted to use up to five per cent. of the escrow funds for "soft costs" such as advertising and sales. If there are insufficient escrow funds, RERA may require the developer to top-up the escrow account. Subject to the requirement to retain certain funds for remedial works for one year following the date on which the residential units are registered in the customers' names, the remainder of the escrow funds are released upon completion of the project, except for five per cent. of the receipts, which must be retained in the escrow account for one year from the date of completion. As a result, we are not able to finance the development of new projects using funds raised from the sale of existing projects until such projects are completed.

We may not have sufficient capital to undertake future land acquisitions and other investments that we may deem necessary or desirable. Where presales of residential units in a particular project are insufficient to fund its completion, we may have to seek external financing. Our ability to obtain external financing and the cost of such financing are dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in us and our area of business focus, the success of our business, provisions of tax and securities laws that may be applicable to our ability to raise capital and political and economic conditions in the UAE. 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 us. We may also be required to provide security over our assets to obtain any such financing and/or agree to contractual limitations on the operations of our business. An inability to obtain additional financing on terms favourable to us or at all could result in defaults on existing contracts, construction, completion delays and damage to our reputation as a reliable contractual counterpart, which, in turn, could have a material adverse effect on our business, results of operations and financial condition.

We are exposed to the risk of customers defaulting on their purchase price instalments

We begin selling our projects when they are still off-plan. Upon buying a residential unit, the customer contractually agrees to pay us the purchase price in instalments on a pre-agreed payment schedule. We commence main construction works once we receive a sufficient portion of deposits (typically between 30 and 40 per cent. of the total value of the residential units sold), and we use the cash collected to cover initial phase construction costs. Subsequent purchase price instalments are used to fund further construction of the project. If, due to poor economic conditions, declines in property values or otherwise, a significant portion of customers were to default on paying their subsequent instalments at any particular stage in the construction of a project, we would be required to rely on local laws and regulations to seek to recover monies owed, which can be a costly and time consuming process. If we are unsuccessful, and are unable to obtain the relevant funds, this could jeopardise the completion of the project, which could have a material adverse effect on our business, results of operations and financial condition.

Our projects could be exposed to catastrophic events or acts of terrorism over which we have no control

Our projects could be adversely affected or disrupted by natural disasters (such as earthquakes, floods, tsunamis, hurricanes, fires or typhoons) or other catastrophic events, including:

- changes to predominant natural weather, hydrologic and climatic patterns, including sea levels;
- major accidents, including chemical, radioactive or other material environmental contamination;
- major epidemics affecting the health of persons in the MENA region and travel into the MENA region;
- fires resulting from faulty construction materials; and/or
- criminal acts or acts of terrorism.

The occurrence of any of these events at one or more of our projects, other projects associated with the Emaar Group, or in the UAE or MENA region more generally may cause disruptions to our operations, which could have a material adverse effect on our business, results of operations and financial condition. In addition, such an occurrence may increase the costs associated with our projects, may subject us to liability or impact our brand and reputation and may otherwise hinder the normal operation of our projects.

In December 2015, an electrical fault caused a fire at the Address Downtown, a property owned by Emaar Properties, and in April 2017, a construction accident caused a fire at the Address Residences Fountain Views complex, part of the Downtown Dubai Development. While the cost of these incidents were covered by our insurance and did not result in any injuries or fatalities, these and any future incidents could have a material adverse impact on our reputation as a developer of safe, high-quality properties.

The foregoing factors could have a material adverse effect on our business, results of operations and financial condition. The effect of any of these events on our financial condition and results of operations may be exacerbated to the extent that any such event involves risks for which we are uninsured or not fully insured.

We rely on our senior management team, certain employees and external sales agencies

We rely on our senior management for the implementation of our strategy and our day-to-day operations. Our continued success will depend, on our ability to continue to retain and attract appropriately qualified personnel, including those with the relevant technical expertise in the real estate development sector, to operate our business. Competition for appropriately qualified technical, marketing and support personnel with the relevant expertise in the property development sector in the UAE is intense, and there can be no assurance that we will continue to be able to successfully recruit such personnel. Should we experience the loss of one or more of our key members of management or staff and be unable to replace them in a timely fashion (or at all) with other appropriately qualified and experienced individuals, our business, results of operations and financial condition could be adversely affected.

In addition, we contract with approximately 1,070 sales agencies in the UAE and internationally to market our projects, and such agencies were responsible for the sales of more than 70 per cent. of our residential units in each of the three years ended 31 December 2016. Our arrangements with these agencies are non-exclusive and on a commission basis. Although no single agency or group of affiliated agencies accounted for more than 5 per cent. of our sales during this period, the loss of one or more of our most successful third-party sales agencies could adversely affect our business.

The terms of our current and any future financings may restrict us from entering into certain transactions and/or limit our ability to respond to changing market conditions

Our current financing arrangements contain various covenants that limit our ability to engage in specified types of transactions, including, among other things, our ability to incur or guarantee additional financial indebtedness and/or grant security or create any security interests, in addition to maintaining certain financial ratios. These provisions may restrict our ability to respond to adverse economic conditions, which could have a material adverse effect on our business, results of operations and financial condition.

Furthermore, if we secure additional funding in the future, such funding would increase our leverage and could thereby limit our ability to raise further funding, limit our ability to react to changes in the economy or the markets in which we operate, and/or prevent us from meeting our debt obligations. Additionally, incurring further debt could also, among other things:

- increase our vulnerability to general economic and industry conditions;
- increase the risk that we may be unable to pay the interest, profit payments or principal on any outstanding obligations;
- require us to provide security over certain of our assets;
- require a substantial portion of cash flow from operations to be dedicated to the payment of financing costs and repayment of principal on our indebtedness, thereby reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities;
- restrict us from making strategic acquisitions or cause us to make non-strategic divestitures;
- limit our ability to obtain additional financing for working capital, capital expenditures, project development, debt service requirements, acquisitions and general corporate or other purposes; and
- limit our ability to adjust to changing market conditions and place us at a competitive disadvantage compared to our competitors who are less highly leveraged.

Any of the foregoing consequences could have a material adverse effect on our business, results of operations and financial condition.

The regulatory framework governing the UAE and Dubai real estate market may be subject to change

We cannot predict the contents of any future legislation that is imposed or implemented by RERA or the Government of Dubai. While many of the real estate laws and regulations recently implemented, and to be implemented in the future, are intended to improve the real estate market in Dubai, the effects of the implementation of such laws are often uncertain, there may be difficulties or delays in enforcing them and there can be no assurance that such laws and regulations will not impose more onerous obligations on us or have a material adverse effect on our business, results of operations and financial condition.

Prior to the Offering, our project portfolio was transferred from Emaar Properties to us. The contractual arrangements underpinning these transfers are bespoke and complex. Many of them required the consent and approval of the Dubai Land Department ("DLD"), the Real Estate Regulatory Agency (a regulatory arm of the DLD) ("RERA") and other government authorities. While we believe that we have maintained a positive dialogue with the relevant authorities and have all necessary approvals for the transfers, if any of the relevant authorities were to change their position and retroactively disapprove or impose additional taxes or charges on the transfers or interpret our rights under any of the arrangements differently, this could have a material adverse effect on our business, results of operations and financial condition.

The Company had discussions with the DLD in relation to the application of 4% registration fee of the properties' value as a result of converting the Company to a public joint stock company ("**Conversion Fees**"), and the DLD confirmed that the DLD shall exempt the Company from the Conversion Fees. While we believe that the DLD will exempt the Company from the Conversion Fees, if the DLD was to change their position and impose the Conversion Fees on the conversion of the Company to a public joint stock company, this will result in the payment of substantial fees which could have a material adverse effect on our cash flow and the Company's financial condition.

We are required to maintain and renew numerous licences and permits to operate

Our operations are required to comply with numerous laws and regulations, both at the local and national level, and require the maintenance and renewal of commercial licences and permits to conduct our business from the launch of a masterplan, through construction to sales and marketing. Because of the complexities involved in procuring and maintaining numerous licences and permits, as well as in ensuring continued compliance with different and sometimes inconsistent local and national licensing regimes, we cannot give any assurance that we will at all times be in compliance with all of the requirements imposed on each of our projects, although we are not aware of any material breaches that currently exist. Our potential failure to comply with applicable laws and regulations or to obtain and maintain requisite approvals, certifications, permits and licences, whether intentional or unintentional, could lead to substantial sanctions, including criminal, civil or administrative penalties, revocation of our licences and/or increased regulatory scrutiny, and liability for damages. It could also result in contracts to which we are a party being deemed to be unenforceable or invalidate or increase the cost of the insurance that we maintain for our project portfolio (assuming it is covered for any consequential losses). For the most serious violations, we could also be forced to suspend operations until we obtain required approvals, certifications, permits or licences or otherwise bring our operations into compliance. In addition, any adverse publicity resulting from any compliance failure, particularly as regards the safety of projects, could negatively impact our reputation and have a material adverse effect on our business, results of operations and financial condition.

Furthermore, changes to existing, or the introduction of new laws, regulations or licensing requirements are beyond our control and may be influenced by political or commercial considerations not aligned with our interests. Any such laws, regulations or licensing requirements could adversely affect our business by reducing our revenue and/or increasing our operating costs, and we may be unable to mitigate the impact of such changes. Any of these occurrences could have a material adverse effect on our business, results of operations and financial condition.

We may incur unanticipated costs related to compliance with health and safety and environmental laws and regulations

We have adopted safety standards to comply with applicable laws and regulations and safety requirements are contractually agreed with our contractors. If we and/or our contractors fail to comply with the relevant standards, either or both may be liable for penalties and our business and/or reputation might be materially and adversely affected.

In addition, we seek to ensure that we and our contractors comply with all applicable environmental, health and safety laws. While we believe we are in material compliance with such laws, there can be no assurance that we will not be subject to potential liability, including remediation obligations with respect to contaminated project sites or liability in the event of an accident at one of our projects. If an environmental liability arises in relation to, or an accident occurs at, any project owned or developed by us and it is not remedied, is not capable of being remedied or is required to be remedied at our cost, this may have a material adverse effect on the relevant project, our reputation and our business, results of operations and financial condition, either because of the cost implications for us or because of disruption to services provided at the relevant project. Moreover, it may result in a reduction of the value of the relevant project or affect our ability to dispose of such project.

Amendments to existing laws and regulations relating to health and safety standards and the environment may impose more onerous requirements on us and subject our developments to more rigorous scrutiny than is currently the case. Our compliance with such laws or regulations may necessitate further capital expenditure or subject us to other obligations or liabilities, which could have a material adverse effect on our business, results of operations and financial condition.

We may not have adequate insurance to cover potential losses

Although we seek to ensure that our projects are appropriately insured, no assurance can be given that any of our existing insurance policies will be sufficient to cover losses arising from certain events or will be renewed on equivalent, commercially reasonable terms or at all. In addition, given the volatility and complexity of our market, certain types of risks and losses are either uninsurable or uneconomical to insure (for example, among, others risks or losses relating to war, terrorism, geo-political climate, threats to cyber security, currency fluctuation, general economic crisis and inadequate succession planning). Furthermore, it may be difficult to identify appropriate insurance solutions to cover these risks, given the vast variety and complexity of products offered in the insurance market in recent years.

The occurrence of an uninsured or uninsurable loss could result in the loss of all or part of the capital invested in, or unrecoverable costs incurred to rectify the loss or pay compensation and anticipated future revenues relating to, any project that is damaged or destroyed. We may also remain liable for any debt or mortgage, indebtedness or other financial obligations related to the relevant project. The occurrence of any such event, could have a material adverse effect on our business, results of operations and financial condition.

In preparation for the Offering, we have implemented a number of new policies, processes, systems and controls which have a limited operating history

To date, we have operated as part of Emaar Properties, with policies, processes, systems and controls appropriate for a company of our size that has been part of a larger corporate group. In preparation for the Offering, we have implemented a number of new policies, processes, systems and controls to comply with the requirements for a publicly listed company on the DFM. While we believe that we will be in full compliance with these requirements from Admission, we have not been able to assess their performance over an extended period of time and therefore cannot provide assurances as to their efficacy. We will also continue to rely on certain services and systems provided by Emaar Properties, pursuant to the Relationship Agreement. As our business continues to grow, we will need to continue to develop and implement appropriate policies and controls. Any material inadequacies, weaknesses or failures in our policies, processes, systems and controls could have a material adverse effect on our business, results of operations and financial condition.

In the ordinary course of business, we may become subject to lawsuits

From time to time, we may in the ordinary course of business, be named as defendant in lawsuits, claims and other legal proceedings. Disputes may also arise in connection with construction or other contracts or agreements entered into with contractors, customers or other third parties. These actions may seek, among other things, compensation for alleged losses, civil penalties or injunctive or declaratory relief. If any such action is ultimately resolved unfavourably, and we are required to bear all or a portion of the costs arising as a result of a lack of, or inadequate insurance proceeds, the outcome could have a material adverse effect on our business, results of operations and financial condition.

We are exposed to interest rate volatility and inflation

Interest rates are highly sensitive to factors beyond our control, including the interest rate and other monetary policies of governments and central banks where our customers and potential customers are located and in whose currencies we borrow. If interest rates increase, we will be obliged to pay a higher rate of interest on our debt. Paying a higher rate of interest on our floating rate debt would result in an increase in our interest expense and may have a material adverse effect on our business, results of operations and financial condition.

Interest rates may also impact the attractiveness of real estate as an investment opportunity. Since the global financial crisis, interest rates have remained at historic lows. In recent years, rental yields available on residential investment properties in Dubai, such as the projects we develop, have been higher than returns available in certain other international real estate markets. There can be no assurance that this trend will continue. In addition, if interest rates increase materially, investment in real estate may become less appealing as an alternative to traditional financial investment products and could also deter potential customers from seeking mortgage financing to purchase our properties, which could have a material adverse effect on our business, results of operations and financial condition.

Inflation can also adversely affect our business by increasing our costs for material and labour, which we may not be able to subsequently pass on to our customers. In addition, inflation is often accompanied by higher interest rates, which could have a negative impact on demand for our properties and the cost of debt financing. Average annual consumer price inflation in the UAE was 2.35 per cent., 4.07 per cent. and 1.61 per cent. in 2014, 2015 and 2016, respectively, according to the UAE Federal Competitiveness and Statistics Authority. Should inflation or interest rates increase in the future, our business, results of operations and financial condition could be adversely affected by any of the following:

- decreasing sales as a result of decreased spending levels;
- increasing materials, labour and financing costs, and an inability to receive reimbursement from customers for their share of the increased expenses;
- higher contractual obligations due to exchange rate fluctuations; and/or
- other cost overruns.

Foreign exchange movements may adversely affect our profitability

We maintain our accounts and report our results in UAE dirhams, currently pegged to the U.S. dollar at a fixed exchange rate of 3.67 UAE dirhams to one U.S. dollar, and is the currency in which the substantial majority of our revenues are earned and our costs are incurred. Consequently, although there can be no assurance that foreign currency fluctuations will not adversely affect our profits and financial performance in the future, our management believes that the Company's operations are not generally subject to significant foreign exchange risk. However, all of our residential units are priced and sold in UAE dirhams. Consequently, if the U.S. dollar appreciates relative to the currencies which our prospective customers use to purchase our residential units, the demand for our residential units could be adversely affected. As a result, the performance of our business is exposed to foreign currency fluctuations relative to the UAE dirham.

In addition, there can be no assurance that the Government of the UAE will not de-peg the UAE dirham from the U.S. dollar in the future, which may have a material adverse effect on our business, results of operations and financial condition.

Risks Relating to the UAE, the MENA Region and Emerging Markets

Investments in emerging markets are subject to greater risks than more developed markets, including significant political, social and economic risks

All of our operations and assets are located in the UAE. While the UAE has historically not been affected by political instability, there is no assurance that any political, social, economic and market conditions affecting the MENA region generally (as well as outside the MENA region because of interrelationships within the global financial markets) would not have a material adverse effect on our business, results of operations and financial condition.

Specific risks in the UAE and the MENA region that may have a material impact on our business, results of operations and financial condition include:

- an increase in inflation and the cost of living;

- a devaluation in the currency of the UAE or any other currency which has an impact on our business;
- external acts of warfare and civil clashes or other hostilities involving nations in the region;
- governmental actions or interventions, including tariffs, protectionism and subsidies;
- difficulties and delays in obtaining governmental or other approvals, new permits and consents for our operations or renewing existing ones;
- potential lack of transparency or reliability as to title to real property;
- cancellation of contractual rights;
- lack of infrastructure;
- expropriation or nationalisation of assets;
- inability to repatriate profits and/or dividends;
- continued regional political instability and unrest, including government or military regime change, riots or other forms of civil disturbance or violence, including through acts of terrorism which could adversely affect the UAE economy;
- military strikes or the outbreak of war or other hostilities involving nations in the region;
- a material curtailment of the industrial and economic infrastructure development that is currently underway across the MENA region;
- increased government regulations, or adverse governmental activities, with respect to price, import and export controls, the environment, customs and immigration, capital transfers, foreign exchange and currency controls, labour policies, land and water use and foreign ownership;
- changing tax regimes, including the imposition of taxes in currently tax favourable jurisdictions, including the UAE;
- arbitrary, inconsistent or unlawful government action, including capricious application of tax laws and selective tax audits;
- limited availability of capital or debt financing; and
- slowing regional and global economic environment.

Any unexpected changes in the political, social, economic or other conditions in the UAE or its neighbouring countries may have a material adverse effect on our business, results of operations and financial condition.

It is not possible to predict the occurrence of events or circumstances such as or similar to those outlined above or the impact of such occurrences and no assurance can be given that we would be able to sustain our current profit levels if such events or circumstances were to occur.

Investors should also be aware that emerging markets are subject to greater risks than more developed markets, including in some cases significant legal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in developing markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved.

To the extent that economic growth or performance in the region in which we operate slows or begins to decline, or political conditions become sufficiently unstable to have a material adverse effect on our business, results of operations and financial condition.

Legal and regulatory systems may create an uncertain environment for investment and business activities

The UAE's institutions and legal and regulatory systems are not yet as fully matured and as established as those of Western Europe and the United States. Existing laws and regulations may be applied inconsistently with anomalies in their interpretation or implementation. Such anomalies could affect our ability to enforce its rights under its contracts or to defend our business against claims by others. Changes in the UAE legal and regulatory environment, including in the ability of non-UAE residents to own property, in zoning, planning or construction regulations or building codes, in labour, welfare or benefit policies or in tax regulations could have a material impact on our business.

The UAE's economy is maturing, and in part due to its desire to accede to the World Trade Organisation, the UAE has begun, and we expect it will continue, to implement new laws and regulations which could impact the way we manage our project portfolio. For example, Law Dubai No. 27 of 2007 ("**Law No. 27**") concerning jointly owned properties sets out the framework for granting purchasers of individual residential units in a building freehold ownership rights to their residential units together with ownership of a proportionate share of the common areas in the building. Pursuant to directions supplementing Law No. 27, introduced on 13 April 2010 (the "**Directions**"), we are required to comply with certain disclosure requirements (for both new and existing projects), including, among others, an obligation to provide each customer with a jointly owned property declaration ("**JOPD**"). The JOPD is required to register the sale of a residential unit with the Dubai Land Department and if the disclosure requirements under the Directions are not satisfied, the relevant sale contract may be held to be void. We believe we are in compliance with the disclosure requirements in all material respects and in view of the current practice in this regard. However, if a large number of purchases of residential units from us or our subsidiary were held to be void, this could have a material adverse effect on our business, results of operations and financial condition. There can be no assurance that if laws or regulations were imposed in respect of the products and services offered by us it would not increase our costs, impact the costs that are associated with buying properties in Dubai, adversely affect the way in which we conduct our business or otherwise have a material adverse effect on our results of operations and financial condition. In addition, Pursuant to Law No. 27, the developer must register a master community declaration or a jointly owned property declaration with RERA, and the owners' association to be formed subsequently. However, the Law No. 27 is not fully implemented in Dubai and, as a matter of practice, RERA does not register owners' associations but does accept the filing of the strata documents (i.e. master community declaration or jointly owned property declaration). In the absence of registration of strata documents with RERA, the Company will remain responsible in respect of the management of the common areas of the projects and the collection of the service charges. Additionally, the Company may not be able to enforce the relevant provisions of Law No. 27 requiring purchasers/end users to comply with the rules of the strata documentation.

UAE visa legislation may have an adverse effect on our business

A federal decision No. 281 of 2009 issued by the Minister of the Interior in May 2009 (the "**Resolution**"), which came into effect on 1 June 2009 and standardised the terms of residency permits issued to expatriate residential property owners across the UAE. The decree allows expatriate property owners to apply for renewable multiple-entry visas with a validity of six months. The residency permit does not entitle the holder to work in the UAE and is in effect a long-term visit visa. In order to successfully apply for the new permit, expatriate property owners must satisfy certain criteria, including a minimum property valuation of at least AED1 million, earnings thresholds and the maintenance of appropriate insurance. While the Resolution was passed with the intention of standardising the previous rules and stimulating the domestic residential real estate market, it is not possible to assess whether the effect of the Resolution has had a positive or negative effect on levels of foreign investment in the UAE residential property market. Separately, the Dubai Government, through the Dubai Land Department, has introduced a two-year residency visa for residential property owners in Dubai,

and, while the criteria for obtaining this residency visa is similar to the residency permit, it provides the holder with UAE residency status, allowing the individual to obtain an Emirates ID card, to obtain a UAE driving licence and to sponsor dependants (subject to meeting the relevant criteria for dependant sponsorship). Any further changes in the UAE's visa policies may discourage foreign nationals from investing in property in the UAE, which could have an adverse effect on our business, results of operations and financial condition.

The introduction of the value added tax in the UAE may have an adverse effect on our business and our financial position

The UAE announced the adoption of a value added tax ("VAT"), effective 1 January 2018. On 23 August 2017, the government published the Law No. 8 of 2017 regarding the VAT (the "VAT Law"). The executive regulations of VAT Law are expected to be announced before the end of 2017 and are expected to provide more details about products and services that will be subject to VAT and whether particular products will be zero-rated or exempted. As per the VAT Law, the first sale of residential units by developers is zero-rated, provided that the sale takes place within three years from the date of completion of the unit in question. All secondary sales of residential units are exempted. The executive regulations of the VAT Law are to provide more details and conditions about the parameters of such VAT treatment. There is no guarantee that our residential units will be zero-rated under the executive regulations of the VAT Law, and even if they will be zero-rated initially, there is no guarantee that they will be zero-rated in the future. If our residential units are to be exempted from VAT, we will not be able to claim a credit for the VAT we pay on inputs to construct them. Because exempting breaks the VAT's chain of credits on input purchases, we may have to absorb the cost of five per cent. VAT on all our input supplies and not be in a position to claim it back, which may adversely affect our profit margins. In all cases, the responsibility of accounting for VAT resides with us and there will be significant compliance costs for us in ensuring that we collect and remit the tax to the UAE Ministry of Finance and otherwise comply with the reporting requirements. Given that the VAT will be applicable on 1 January 2018, we will be under pressure to prepare for implementation within a limited time, and the challenges are compounded by the delay in announcing the executive regulations of the VAT Law. In addition, we have not yet determined the costs of upgrading our IT systems to manage the collection and remittance (if any) of the VAT or whether we will be in a position to begin properly to collect such taxes when they go into effect and if they apply to our business. There can be no assurance that the implementation of the VAT in the UAE will not adversely affect demand for our projects, that we will be able to pass on the taxes to our customers, or that the costs of upgrading our systems to manage the collection and remittance of the taxes (if any) or of any fines or other penalties to which we may be subject if we are unable to begin properly to collect the taxes when they go into effect will not be material, which could have a material adverse effect on our business, results of operations and financial condition.

Risks arising from unlawful or arbitrary governmental action

Governmental authorities in the UAE have a high degree of discretion and, at times, act selectively or arbitrarily, without hearing or prior notice, and sometimes in a manner that is contrary to law or influenced by political or commercial considerations. Such governmental action could include, among other things, the withdrawal of building permits, the expropriation of property without adequate compensation or the forcing of business acquisitions, combinations or sales. Any such action taken may have a material adverse effect on our business, results of operations and financial condition.

Risks Relating to the Offering and to the Shares

After the Offering, Selling Shareholder will continue to be able to exercise significant influence over us, our management and our operations

Immediately following the Offering, the Selling Shareholder will hold 80 per cent. of our share capital. As a result, the Selling Shareholder will be able to exercise control over our management and operations and over our shareholders' meetings, such as in relation to the

payment of dividends and the appointment of the majority of the Directors to our Board of Directors and other matters. There can be no assurance that the interests of the Selling Shareholder will coincide with the interests of purchasers of the Shares. (See "*Subscription and Sale*" and "*Principal and Selling Shareholder*".)

Furthermore, the Selling Shareholder's significant Share ownership may: (i) delay or deter a change of control of the Company (including deterring a third party from making a takeover offer for the Company); (ii) deprive shareholders of an opportunity to receive a premium for their Shares as part of a sale of the Company; and (iii) affect the liquidity of the Shares, each of which could have a material adverse effect on the market price of the Shares. In addition, Emaar Properties, which will remain our controlling shareholder following the completion of the Offering, is engaged in the investment in, and the development and management of, among other things, a large portfolio of properties, including residential properties. As a result, there may be circumstances where our investments compete directly with the other properties that Emaar Properties operates (by itself or with a joint venture partner), and it may take decisions with respect to those properties that are adverse to the interests of our other shareholders.

Substantial sales of Shares by the Selling Shareholder following the expiry of the statutory lock-up period could depress the price of the Shares

Sales of a substantial number of Shares by the Selling Shareholder following the completion of the Offering may significantly reduce our share price. As required under applicable UAE law, the Selling Shareholder has agreed in the Underwriting Agreement (as described below) to certain restrictions on its ability to sell, transfer and otherwise deal in its Shares for a period of two years from the Closing Date, described in further detail in "*Subscription and Sale*" below. We are unable to predict whether, following the expiry of the statutory lock-up period, substantial amounts of Shares (in addition to those which will be available in the Offering) will be sold in the open market following the completion of the Offering. Any sales of substantial amounts of Shares in the public market, or the perception that such sales might occur, could materially and adversely affect the market price of the Shares.

The Offering may not result in an active or liquid market for the Shares

Prior to the Offering, there has been no public trading market for the Shares. We cannot guarantee that an active trading market will develop or be sustained following the completion of the Offering, or that the market price of the Shares will not decline thereafter below the Offer Price Range. The failure of an active trading market to develop may affect the liquidity of the Shares. The Shares may therefore be difficult to sell compared to the shares of companies with more liquid trading markets and the price of the Shares may be subject to greater fluctuation than might otherwise be the case. The trading price of the Shares may be subject to wide fluctuations in response to many factors, including stock market fluctuations and general economic conditions or changes in political sentiment, regardless of our actual performance or conditions in Dubai.

We may not pay cash dividends on the Shares. Consequently, you may not receive any return on investment unless you sell your Shares for a price greater than that which you paid for them

While we intend to pay dividends in respect of the Shares, there can be no assurance that we will do so. Any decision to declare and pay dividends in the future will be made at the discretion of our Board of Directors and will depend on, among other things, the availability of distributable reserves, our capital expenditure plans and other cash requirements in future periods and other factors that our Board of Directors may deem relevant. As a result, you may not receive any return on an investment in the Shares unless you sell your Shares for a price greater than that which you paid for them.

The DFM is significantly smaller in size than other established securities markets and there can be no assurance that a liquid market in the Shares will develop

The Company has applied for the Shares to be admitted to the Official List of Securities of the DFM. The DFM has been open for trading since September 2005, but its future success and liquidity in the market for the Shares cannot be guaranteed. The DFM is substantially smaller in

size and trading volume than other established securities markets, such as those in the United States and the United Kingdom. As at 30 September 2017, there were 36 companies with securities traded on the DFM with a market capitalisation of approximately AED 134 billion.

These factors could generally decrease the liquidity and increase the volatility of the share prices, which in turn could increase the price volatility of the Shares and impair the ability of a holder of Shares to sell any Shares on the DFM in the desired amount and at the price and time achievable in more liquid markets.

It may be difficult for shareholders to enforce judgments against us in the UAE, or against our directors and senior management

The Company is in the process of being converted from a limited liability company to a public joint stock company incorporated in the UAE. All of our directors and officers reside outside the United States and the United Kingdom. In addition, all of our assets and the majority of the assets of our directors and senior management are located outside the United States and the United Kingdom. As a result, it may not be possible for US investors to effect service of process within the United States or the United Kingdom upon the Company or our directors and senior management or to enforce in the US courts or outside the United States judgments obtained against them in US courts or in courts outside the United States, including judgments predicated upon the civil liability provisions of the US federal securities laws or the securities laws of any state or territory within the United States. There is also doubt as to the enforceability in England and Wales and in the UAE, whether by original actions or by seeking to enforce judgments of US courts, of claims based on the federal securities laws of the United States. In addition, punitive damages in actions brought in the United States or elsewhere may be unenforceable in England and Wales and in the UAE.

Holders of the Shares in certain jurisdictions, including the United States, may not be able to exercise their pre-emptive rights if we increase our share capital

Under our Articles of Association (the "Articles") to be adopted with effect from, and conditional upon, Admission, holders of the Shares generally have the right to subscribe and pay for a sufficient number of our Shares to maintain their relative ownership percentages prior to the issuance of any new Shares in exchange for cash consideration. US holders of the Shares may not be able to exercise their pre-emptive rights unless a registration statement under the Securities Act is effective with respect to such rights and the related Shares or an exemption from the registration requirements of the Securities Act is available. Similar restrictions exist in certain other jurisdictions. We currently do not intend to register the Shares under the Securities Act or the laws of any other jurisdiction, and no assurance can be given that an exemption from such registration requirements will be available to enable US or other holders of the Shares to exercise their pre-emptive rights or, if available, that we will utilise such exemption. To the extent that the US or other holders of the Shares are not able to exercise their pre-emptive rights, the pre-emptive rights would lapse and the proportional interests of such US or other holders would be reduced.

12. Reasons for the Offering

The Offering is being conducted, among other reasons, to allow the Founder to sell part of their shareholding, while providing increased trading liquidity in the Shares and raising the Company's international profile.

All expenses of the Offering will be paid by the Selling Shareholder, except that the Company will be responsible for the fees for listing on the Dubai Financial Market.

13. Use of Proceeds

The Company will not receive any proceeds from the Offering, all of which will be received by the Selling Shareholder.

Third section: Financial disclosures

Summary of the Company's Actual Financial Statements and a Summary of Key Notes and Key Financial Indicators as of and for the three Years Ended 31 December 2014, 31 December 2015 and 31 December 2016

The following discussion and analysis should be read in conjunction with the Company and its subsidiaries (together referred to as the "Group") consolidated financial statements, including the notes thereto, included in this Prospectus as of and for the financial years ended 31 December 2014, 2015, and 2016. Investors should also read certain risks associated with the purchase of Offer Shares in the section entitled "Investment Risks".

1. Selected Consolidated Financial Information and Operating Data

The selected consolidated financial information set forth below shows our historical consolidated financial information and other unaudited operating information as at and for the years ended 31 December, 2014, 2015 and 2016.

The financial information set forth below under the captions "Consolidated Statement of Comprehensive Income Data", "Consolidated Statement of Financial Position Data" and "Consolidated Statement of Cash Flows Data" has been derived from, and should be read in conjunction with, the Historical Financial Information included elsewhere in this Prospectus.

EBITDA and EBITDA margin are non-IFRS measures and were calculated by us based on data derived from our financial statements.

2. Consolidated Statement of Comprehensive Income Data

	<i>(US\$ 1.00 = AED 3.673)</i>		
	<i>2016 AED'000</i>	<i>2015 AED'000</i>	<i>2014 AED'000</i>
Revenue	6,898,599	5,252,842	3,139,694
Cost of revenue	(4,037,246)	(2,857,976)	(1,298,740)
GROSS PROFIT	2,861,353	2,394,866	1,840,954
Selling, general and administrative expenses	(577,148)	(611,189)	(492,749)
Finance income	124,388	60,754	140,247
Finance costs	(13,865)	(16,486)	(35,811)
Other income	59,744	134,010	157,940
Share of results of joint venture	(2,575)	-	-
PROFIT FOR THE YEAR	2,451,897	1,961,955	1,610,581
Other comprehensive income	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	2,451,897	1,961,955	1,610,581
ATTRIBUTABLE TO:			
Owners of the Parent	2,112,403	1,742,045	1,275,647
Non-controlling interest	339,494	219,910	334,934
	2,451,897	1,961,955	1,610,581
Earnings per share attributable to the owners of the Parent:			
- basic and diluted earnings per share (AED)	7,041,343	5,806,817	4,252,157

Consolidated Statement of Financial Position Data

(US\$ 1.00 = AED 3.673)

	2016 AED'000	2015 AED'000	2014 AED'000
ASSETS			
Bank balances	9,753,544	9,460,972	7,394,389
Trade and unbilled receivables	1,472,280	1,053,979	719,782
Other assets, receivables, deposits and prepayments	1,777,140	909,206	591,901
Development properties	6,022,305	4,482,829	4,801,557
Loan to a joint venture	13,016	-	-
Property, plant and equipment	81,615	85,554	4
TOTAL ASSETS	19,119,900	15,992,540	13,507,633
LIABILITIES AND EQUITY			
Liabilities			
Trade and other payables	3,032,355	2,830,206	2,699,342
Advances from customers	8,135,670	7,876,668	7,323,532
Retentions payable	418,745	431,960	407,796
Employees' end-of-service benefits	17,390	15,005	10,448
TOTAL LIABILITIES	11,604,160	11,153,839	10,441,118
EQUITY			
Equity attributable to owners of the Parent			
Share capital	300	300	300
Statutory reserve	150	150	150
Shareholder's contribution	6,751,772	4,289,227	2,736,951
	6,752,222	4,289,677	2,737,401
Non-controlling interests	763,518	549,024	329,114
TOTAL EQUITY	7,515,740	4,838,701	3,066,515
TOTAL LIABILITIES AND EQUITY	19,119,900	15,992,540	13,507,633

DEVELOPMENT PROPERTIES:

	2016 AED'000	2015 AED'000	2014 AED'000
Balance at the beginning of the year	4,482,829	4,801,557	4,123,935
Add: Costs incurred during the year	5,625,822	2,662,006	1,993,097
Less: Costs transferred to property, plant and equipment	-	(85,516)	-
Less: Costs transferred to cost of revenue during the year	(4,037,246)	(2,857,976)	(1,298,740)
Less: Transferred to Ultimate Parent (i)	(49,100)	(37,242)	(16,735)
Balance at the end of the year	6,022,305	4,482,829	4,801,557

- (i) Represents infrastructure cost of build to lease/operate assets (BTL/BTO) charged to Ultimate Parent as per MTA. As agreed in the MTA, development of all infrastructure relating to the projects, including BTL/BTO assets will be carried out by the Company and transferred to the Ultimate Parent at an agreed rate.

Consolidated Statement of Changes in Equity Data

	Attributable to the owners of the Parent					
	Share capital	Statutory reserve	Shareholder's contribution	Total	Non-controlling interests	Total equity
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Balance at 1 January 2016	300	150	4,289,227	4,289,677	549,024	4,838,701
Profit for the year	-	-	2,112,403	2,112,403	339,494	2,451,897
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	2,112,403	2,112,403	339,494	2,451,897
Movement in shareholder's contribution	-	-	350,142	350,142	-	350,142
Dividend of a subsidiary	-	-	-	-	(125,000)	(125,000)
Balance at 31 December 2016	300	150	6,751,772	6,752,222	763,518	7,515,740
Balance at 1 January 2015	300	150	2,736,951	2,737,401	329,114	3,066,515
Profit for the year	-	-	1,742,045	1,742,045	219,910	1,961,955
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	1,742,045	1,742,045	219,910	1,961,955
Movement in shareholder's contribution	-	-	(189,769)	(189,769)	-	(189,769)
Balance at 31 December 2015	300	150	4,289,227	4,289,677	549,024	4,838,701
Balance at 1 January 2014	300	150	671,361	671,811	(5,820)	665,991
Profit for the year	-	-	1,275,647	1,275,647	334,934	1,610,581
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	1,275,647	1,275,647	334,934	1,610,581
Movement in shareholder's contribution	-	-	789,943	789,943	-	789,943
Balance at 31 December 2014	300	150	2,736,951	2,737,401	329,114	3,066,515

Consolidated Statement of Cash Flows Data

(US\$ 1.00 = AED 3.673)

	2016 AED'000	2015 AED'000	2014 AED'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year	2,451,897	1,961,955	1,610,581
Adjustments for:			
Share of results of joint venture	2,575	-	-
Depreciation	11,344	34	3
Provision for employees' end-of-service benefits, net	2,385	4,557	1,623
(Reversal)/provision for doubtful debts	(8,347)	19,007	-
Finance costs	13,865	16,486	35,811
Finance income	(124,388)	(60,754)	(140,247)
Cash from operations before working capital changes	2,349,331	1,941,285	1,507,771
Trade and unbilled receivables	(409,954)	(353,204)	(149,423)
Other assets, receivables, deposits and prepayments	(865,150)	(313,731)	(433,680)
Development properties	(1,539,476)	233,212	(966,651)
Advances from customers	259,002	553,136	3,366,240
Trade and other payables	188,894	115,163	130,556
Retentions payable	(13,215)	24,164	73,768
Net cash flows (used in)/ from operating activities	(30,568)	2,200,025	3,528,581
CASH FLOWS FROM INVESTING ACTIVITIES			
Finance income received	121,604	57,180	43,044
Loan to a joint venture	(15,441)	-	-
Amounts incurred on property, plant and equipment	(7,405)	(68)	-
Investment in a joint venture	(150)	-	-
Deposits maturing after three months	(561,169)	182,138	(2,473,800)
Net cash flows (used in)/ from investing activities	(462,561)	239,250	(2,430,756)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance costs paid	(610)	(785)	(31,549)
Repayment of loans to financial institutions	-	-	(760,220)
Dividend paid by a subsidiary to the non-controlling interests	(125,000)	-	-
Movement in shareholder's contribution	350,142	(189,769)	789,943
Net cash flows from/ (used in) financing activities	224,532	(190,554)	(1,826)
(DECREASE)/ INCREASE IN			
CASH AND CASH EQUIVALENTS	(268,597)	2,248,721	1,095,999
Cash and cash equivalents at the beginning of the year	6,869,310	4,620,589	3,524,590
CASH AND CASH EQUIVALENTS			
AT THE END OF THE YEAR	6,600,713	6,869,310	4,620,589

Interim Consolidated Statement of Comprehensive Income Data

(US\$ 1.00 = AED 3.673)

	30 September 2017 AED'000 (Unaudited)	30 September 2016 AED'000 (Unaudited)
Revenue	6,508,387	5,129,772
Cost of revenue	(3,758,283)	(2,980,696)
GROSS PROFIT	2,750,104	2,149,076
Selling, general and administrative expenses	(438,459)	(404,023)
Finance income	90,155	87,065
Finance costs	(10,950)	(10,588)
Other income	54,976	46,577
Share of results of joint venture	(3,548)	(1,627)
PROFIT FOR THE PERIOD	2,442,278	1,866,480
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,442,278	1,866,480
ATTRIBUTABLE TO:		
Owners of the Parent	2,105,773	1,596,915
Non-controlling interest	336,505	269,565
	2,442,278	1,866,480
Earnings per share attributable to the owners of the parent: - basic and diluted earnings per share (AED)	7,019,243	5,323,050

Interim Consolidated Statement of Financial Position Data

	<i>(US\$ 1.00 = AED 3.673)</i>	
	<i>30 September 2017 AED'000 (Unaudited)</i>	<i>31 December 2016 AED'000</i>
ASSETS		
Bank balances	10,167,361	9,753,544
Trade and unbilled receivables	1,346,284	1,472,280
Other assets, receivables, deposits and prepayments	2,855,042	1,777,140
Development properties	6,491,784	6,022,305
Loans to joint ventures	378,939	13,016
Property, plant and equipment	70,808	81,615
TOTAL ASSETS	21,310,218	19,119,900
LIABILITIES AND EQUITY		
Liabilities		
Trade and other payables	3,548,033	3,032,355
Advances from customers	8,031,798	8,135,670
Retentions payable	473,174	418,745
Employees' end-of-service benefits	20,784	17,390
TOTAL LIABILITIES	12,073,789	11,604,160
EQUITY		
Equity attributable to owners of the Parent		
Share capital	300	300
Statutory reserve	150	150
Shareholder's contribution	8,355,956	6,751,772
	8,356,406	6,752,222
Non-controlling interests	880,023	763,518
TOTAL EQUITY	9,236,429	7,515,740
TOTAL LIABILITIES AND EQUITY	21,310,218	19,119,900

Interim Consolidated Statement of Changes in Equity Data

(US\$ 1.00 = AED 3.673)

	Attributable to the owners of the Parent					Non-Total equity
	Share capital	Statutory reserve	Shareholder's contribution	Total	controlling interests	
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Balance at						
31 December 2016	300	150	6,751,772	6,752,222	763,518	7,515,740
Profit for the period	-	-	2,105,773	2,105,773	336,505	2,442,278
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	2,105,773	2,105,773	336,505	2,442,278
Dividend of a subsidiary	-	-	-	-	(220,000)	(220,000)
Movement in shareholder's contribution	-	-	(501,589)	(501,589)	-	(501,589)
Balance at 30 September 2017	300	150	8,355,956	8,356,406	880,023	9,236,429
Balance at						
31 December 2015	300	150	4,289,227	4,289,677	549,024	4,838,701
Profit for the period	-	-	1,596,915	1,596,915	269,565	1,866,480
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	1,596,915	1,596,915	269,565	1,866,480
Movement in shareholder's contribution	-	-	57,336	57,336	-	57,336
Balance at 30 September 2016	300	150	5,943,478	5,943,928	818,589	6,762,517

Interim Consolidated Statement of Cash Flows Data

	<i>(US\$ 1.00 = AED 3.673)</i>	
	<i>30 September 2017 AED'000 (unaudited)</i>	<i>30 September 2016 AED'000 (unaudited)</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	2,442,278	1,866,480
Adjustments for:		
Share of results of joint venture	3,548	1,627
Depreciation	10,863	7,722
Provision for employees' end-of-service benefits, net	3,394	3,929
Finance costs	10,950	10,588
Finance income	(90,155)	(87,065)
Cash from operations before working capital changes	2,380,878	1,803,281
Trade and unbilled receivables	125,996	(299,510)
Other assets, receivables, deposits and prepayments	(1,078,399)	(351,403)
Development properties	(469,479)	(999,789)
Advances from customers	(103,872)	288,802
Trade and other payables	515,678	406,516
Retentions payable	54,429	94,750
Net cash flows from operating activities	1,425,231	942,647
CASH FLOWS FROM INVESTING ACTIVITIES		
Finance income received	90,652	81,937
Loan to joint ventures	(369,321)	(7,022)
Amounts incurred on property, plant and equipment	(56)	(7,747)
Investment in a joint venture	(150)	(150)
Deposits maturing after three months	1,091,666	(328,901)
Net cash flows from / (used in) investing activities	812,791	(261,883)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance costs paid	(10,950)	(10,588)
Dividend paid by a subsidiary to the non-controlling interests	(220,000)	-
Movement in shareholder's contribution	(501,589)	57,336
Net cash flows (used in) / from financing activities	(732,539)	46,748
INCREASE IN CASH AND CASH EQUIVALENTS	1,505,483	727,512
Cash and cash equivalents at the beginning of the period	6,600,713	6,869,310
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8,106,196	7,596,822

3. Dividend policy

Our ability to pay dividends is dependent on a number of factors, including the availability of distributable reserves and our capital expenditure plans and other cash requirements in future periods, and there is no assurance that we will pay dividends or, if a dividend is paid, what the amount of such dividend will be.

We are targeting to distribute aggregate dividends of no less than \$1.7 billion, to be paid in respect of the next three financial years ending 31 December 2020, with the first post-IPO dividend to be paid in the third quarter of 2018. We are targeting the payment of these dividends in equal instalments, subject to our cash requirements for land purchases, debt repayment and operating expenditure. For the dividends declared with respect to the 2018 financial year, we intend to pay a portion in the third quarter of 2018 as an interim dividend, with the remainder expected to be paid in the second quarter of 2019. Dividends in respect of the 2019 and 2020 financial years are expected to be paid in the second quarter of the following year, after the annual general meeting. Thereafter, we expect annual dividend payments to increase further due to lower leverage and higher expected cash flows from operations.

Fourth section: Notice of Constitutive General Assembly

The notice set out below is relevant for all Subscribers which have been allocated Shares. It calls for convening the Constitutive General Assembly meeting at the date, time and place set out in the notice. All Subscribers are entitled to attend and vote at such meeting. Any voting rights of any Subscriber attending the General Assembly meeting shall correspond to the number of Shares such Subscriber receives following the allotment process.

Notice of Constitutive General Assembly meeting

Date: 26 October 2017

Dear Sir or Madam,

Thank you for applying to purchase shares in **Emaar Development PJSC** (a public joint stock company, under incorporation in the Emirate of Dubai, United Arab Emirates) ("**Company**").

This is to notify you that in accordance with Article (131) of the UAE Commercial Companies Law No. 2 of 2015, the Founders Committee of the Company are pleased to invite you to attend the first meeting of the constitutive general assembly which will be held at the Address Hotel Dubai, at 9 am on 20 November 2017.

If the required quorum for the first meeting is not present, a second meeting will be held at the same venue on 26 November 2017 at 9 am.

The constitutive general assembly is valid with the attendance of shareholders or their representatives holding 50 per cent or more of the shares of the Company and the assembly will be chaired by the person elected by the assembly from amongst the Founders.

The agenda of the constitutive general assembly is as follows:

1. Reviewing and ratifying the Founders Committee's report in respect of the incorporation of the Company and its related expenses.
2. Approving the Memorandum of Association and Articles of Association of the Company.
3. Approving the appointment of the first Board of Directors for three years as per article 23 of the Articles of Association of the Company.
4. Approving the appointment of the Company's auditor.
5. Announcing the incorporation of the Company.

The Founders and all persons to whom Shares in the Company have been allocated may attend the meeting in person or through an authorized representative. Each Shareholder shall have a number of votes equal to the number of Shares that he owns. In the event a representative of the shareholder will attend, he/she must bring along a written proxy authorizing his/her attendance on behalf of the original shareholder (attached is a sample proxy). It should be noted that if the proxy holder is not a shareholder, then the proxy needs to be notarized and the proxy holder should not be one of the Company's Board members; and the proxy holder should not be representing shares for more than one shareholder of a value that exceed 5% of the share-capital of the Company.

Any change in the dates above will be announced through the local newspapers following receipt of approval from the Securities and Commodities Authority of the United Arab Emirates.

Should you attend in person, kindly bring your proof of identification (identification card, passport). If you are attending through an authorized representative, a certified copy of your passport and the original passport of your representative are required and the notarized power of attorney.

Yours faithfully,

Founders' Committee

Form of Proxy

Proxy for Attending and Voting at the Constitutive General Assembly meeting of Emaar Development PJSC

(Under Incorporation)

We/I, the undersigned....., hereby appoint and authorize pursuant to this proxy Mr./ Ms(the "**Attorney**") to attend the Constitutive General Assembly meeting of Emaar Development PJSC (Under Incorporation) on my/our behalf. The Attorney shall have the right to vote on all matters discussed in the meeting whether the meeting was held on its original date or postponed to any other date. The Attorney shall also have the right to sign all decisions and documents in this regard.

Signature:

Messers:

Date:

Fifth section: Other details

1. Mechanism for adopting a governance system in the Company

The Board is committed to standards of corporate governance that are in line with international best practice. As at the date of this Prospectus, and on and following listing of the Shares on the DFM, the Board complies and intends to continue complying with the corporate governance requirements applicable to public joint stock companies listed on the DFM as set out in the Governance Rules and Corporate Discipline Standards issued on 28 April 2016 pursuant to Ministerial Decree no. R.M/7 of 2016 (the "**Governance Rules**"). The Company will report to its shareholders and to the Authority on its compliance with the Governance Rules, in accordance with the provisions thereof.

As envisaged by the Governance Rules, the Board has established two permanent committees: an Audit Committee and a Nomination and Remuneration Committee. If the need should arise, the Board may set up additional committees as appropriate. The Chairman is not permitted to be a member of either the Audit Committee or the Nomination and Remuneration Committee. The Governance Rules require that the majority of the Board must be comprised of non-executive directors, and that at least one third of the Board must be independent in accordance with the criteria set out in the Governance Rules. As of the date of this Prospectus, the Board consists of non-executive Directors (other than the Chairman) (the "Non-Executive Directors"). The Company regards all of the Non-Executive Directors, as "independent members of the Board" within the meaning of the Governance Rules and free from any business or other relationship that could materially interfere with the exercise of their independent judgment.

The Governance Rules further require that the Board meet at least once every three months.

The Governance Rules apply to all companies listed on the DFM. These requirements include, inter alia:

- (a) Entering into related parties transactions: The Company shall not enter into transactions with Related Parties without the consent of the Board of Directors in cases where the value of the transaction does not exceed (5%) of the issued share capital of the Company, and with the approval of the general assembly where such percentage threshold is exceeded. The Company is not allowed to enter into transactions that exceed (5%) of the issued capital unless the transaction has evaluated by an assessor accredited by the Authority. The Related Party who has an interest in the transaction shall not participate in voting in terms of the decision taken by the Board of Directors or the general assembly in respect of this transaction.
- (b) In the event of a significant change to the terms of the transaction after approval, another approval must be obtained from the Board of Directors or the general assembly, as the case may be. The deal which exceeds (5%) of the issued capital shall be re-evaluated and its conditions shall be reviewed before its conclusion by an assessor accredited by the Authority at the Company's expense.
- (c) The following shall be liable for damages to the Company if transactions with the Related Parties are concluded in violation of the Governance Rules or if it is proven that the transaction or the deal is unfair or involves a conflict of interests and incurs damages to the shareholders:
 - (i) The Related Party with whom the transaction was entered into;
 - (ii) The Board of Directors if the decision was issued by consensus. However, if the decision was issued by the majority, dissenting directors shall not be held liable in the event that they have recorded their objection in the minutes. If one of the members did not attend the meeting in which the decision was issued, he is still responsible for the decision unless he proves that he was unaware of the decision or was aware of it but could not object thereto

- (d) In the event the Company enters into any related parties transaction, each shareholder holding at least (5%) five per cent. of the Shares, shall have the right to:
 - Consult and check all documents and deeds pertaining to the transaction and appoint an "independent auditor" on its own expenses to review the transaction.
 - File legal proceedings before the competent court against the parties to the transaction to oblige them to provide all documents and deeds and shall have the rights to ask questions to the parties of the transaction to get clarifications, and in the event the transaction proved to be unfair or involving a conflict of interests and harming the other shareholders' interests, the court may void the transaction and force the related party to pay the Company any profit or benefit achieved, in addition to the compensation in the event any damage proved to be suffered by the Company.
- (e) The Company shall maintain a register for Related Parties where the names of such parties shall be recorded together with their transactions, in details, and actions taken in relation thereto. The Company shall provide documents of the transactions with Related Parties and the nature of those transactions, size, and details of each transaction, and shall inform the shareholders of such transactions in the general assembly.
- (f) Prior to entering into a transaction between a Related Party and the Company or any of its subsidiaries reaching 5% of the issued share capital of the Company, the Related Party shall disclose immediately in writing, addressed to the Board of Directors, the nature of the deal, conditions and all substantial information about his share or his stake in the two contracting companies and his interest or benefit, which the Board of Directors is required to immediately disclose to the Authority and the Market.
- (g) The details of the deal referred to in paragraph (f) above, together with the conditions and conflict of interests of Related Party shall be listed in the annual financial statements submitted to the general assembly, and this data shall be published on the website of the Market and the Company.
- (h) The Board of Directors shall set written rules regarding the trading of Board members and employees of the Company in the securities issued by the Company or its, subsidiaries, or its sister companies. In addition, the Board of Directors shall prepare a special and comprehensive register for all insiders, including persons who could be considered as insiders on a temporary basis and who are entitled to or have access to inside information of the Company prior to publication. The record shall also include prior and subsequent disclosures of the insiders. a committee will be established to be responsible for the management, follow-up, and supervision of insiders' trading and their ownerships, maintain the register and submit periodic statements and reports to DFM.
- (i) By way of exception, the Authority exempts the Company from Article 4(b) of the Governance Rules and permits the roles of chairman and managing director of the Board to be combined and held by one person.

2. **Company's proposed management structure**

- **Company's Board structure**

The Board consists of 7 Directors of which there is one executive member and six non-executive Directors, three of whom are independent Directors.

The management expertise and experience of each of the Directors is set out below:

Mohamed Alabbar - Chairman of the Board

A global entrepreneur with active interests in real estate, retail, luxury hospitality and now e-commerce, technology, logistics and the food industry, Mohamed Alabbar is the Founder Chairman of Emaar Properties, the leading developer of iconic assets such as

Burj Khalifa. A graduate of Finance and Business Administration from Seattle University in the U.S., Mr. Alabbar also holds an Honorary Doctorate from the same university.

Ahmed Jawa - Non-Executive Board Member

Mr Jawa is an entrepreneur and founder of Starling Holding, a global investment group dealing with private equity and direct investments worldwide. He is also the founder of Contracting and Trading Company, which oversees investment opportunities in the GCC. Mr Jawa also had a joint venture with Walt Disney Company for consumer products in the Middle East, and is also a board member of RAK Petroleum Company, a publicly traded company in Norway.

Jamal Bin Theniyah - Non-Executive Board Member

Mr Bin Theniyah previously served as Non-Executive Director and Vice Chairman of DP World. He was appointed Managing Director in 2001 and became the DP World Vice Chairman in 2005. He was serving as the CEO of Port & Free Zone World, and was appointed Non-Executive Independent Director of Etihad Rail Company in 2009.

Arif Al Dehail - Non-Executive Board Member

Mr Al Dehail is currently serving as CEO of the Dubai Port Authority. He was previously CEO of the Department of Planning & Development, the regulatory arm of Ports, Customs & Free Zone Corporation; and Chairman & CEO of P&O Ports. He also served as Assistant Managing Director of DP World - UAE region, having worked on several key projects in the UAE and within DP World global portfolio.

Her Excellency Dr Aisha Bin Bishr - Non-Executive Independent Board Member

Dr Bin Bishr is currently serving as Director General of Smart Dubai Office, the government entity overseeing Dubai's citywide smart transformation. She previously worked as Assistant Director General of the Executive Office and Assistant Undersecretary in the Ministry of Labor, UAE.

Adnan Kazim - Non-Executive Independent Board Member

Mr Kazim is a senior executive of the Emirates Group, currently serving as Divisional Senior Vice President of Strategic Planning, Revenue Optimisation & Aeropolitical Affairs. He joined Emirates in 1992 and has held various positions including Senior Vice President, Gulf, Middle East & Iran; and Senior Vice President, Africa, of Commercial Operations at Emirates Airline.

Abdulla Mohammed Al Awar - Non-Executive Independent Board Member

Mr Al Awar is currently serving as CEO of Dubai Islamic Economy Development Centre. He has previously held various executive positions while working for the Dubai International Financial Centre (DIFC), and served as its CEO from 2009 to 2012. He has also served as member of the Economic Committee of the Executive Council of Dubai, a member of the Dubai Free Zones Council and a board member of Bourse Dubai among others.

- **Senior Management**

In addition to the members of the Board, the day-to-day management of our operations is conducted by our senior management team, as follows:

Name	Age	Position
Chris O'Donnell	60	Chief Executive Officer
Sunil Grover	45	Chief Financial Officer

John Carfi	51	CEO of Development and Project
Rasha Hassan	43	Chief Commercial Officer
Milosha Mascarenhas	32	Design Director
Rami El Tawil	33	Head of Marketing
Jeevan D'Mello	50	Chief Customer Officer
Walid Karam	49	Legal Counsel

Chris O'Donnell - Chief Executive Officer

Chris O'Donnell has over 40 years of real estate industry experience. Prior to joining Emaar, he served as the Group Director of Real Estate of the Al Futtaim Group from 2012 to 2016, as CEO of Nakheel LLC from 2006 to 2011 and as Managing Director of the Investa Property Group from 2000 to 2006. Chris also served in management positions at Westpac Investment Property Limited, Lend Lease Property Investment Services Limited and the Capital Property Group. Chris holds a diploma in Business (Real Estate Management) from the Canberra Institute of Technology, as well as a New Zealand Certificate in Building and a Certificate of Endorsement - Quantity Surveying from the Wellington Polytechnic. Chris is a fellow of the Australian Institute of Company Directors, a Fellow of the Australian Property Institute and an Affiliate Member of the Australian Institute of Quantity Surveyors.

Sunil Grover - Chief Financial Officer

Mr Grover joined Emaar Properties in March 2000. He has over 20 years of experience in finance, accounting, budgeting, planning and reporting. Prior to joining Emaar, Mr Grover worked with Noida Power Company Limited (RPG Group Company). He holds a Bachelor of Commerce from the University of Delhi. He is a certified Company Secretary from Institute of Company Secretaries of India (ICSI) and has also passed Uniform Certified Public Accountant Examination from American Institute of Certified Accountants (AICPA).

John Carfi - CEO of Development and Projects

Mr Carfi joined Emaar Properties in March 2017, bringing over 30 years of proven experience in large scale mixed use residential and commercial property development. Mr Carfi was previously CEO of Residential Development for Mirvac, leading a team of over 900 professionals, working across acquisition, construction, sales, marketing, design and development, in Australia. John holds post-graduate qualifications from the University of Chicago Booth School of Business and INSEAD, as well as a Bachelor of Applied Science in Building Construction Technology from the University of Technology, Sydney.

Rasha Hassan - Chief Commercial Officer

Rasha Hassan has over 13 years of real estate industry experience and 20 years of experience in management positions. She has been with Emaar since 2004, serving in Residential and Commercial Property Sales and Leasing, as the head of Customer services and Property Management and presently as Chief Commercial Officer, overseeing the operations of sales, as well as Emaar's property services company, Hamptons. Rasha holds a degree in Finance from Al Turath University.

Rami El Tawil - Head of Marketing

Rami El Tawil has over eight years of experience in the real estate industry and 12 years of senior management experience. He has been with Emaar since 2012, serving

as both Director and Senior Corporate Director of Media, Sponsorship & Media Business Development, as Senior Commercial Director and presently as the Head of Marketing, developing and implementing Emaar's marketing strategy. Prior to joining Emaar, Rami served as a Media Manager for Abu Dhabi Media and the MEC media agency. He holds an Executive Masters in Business Administration from the University of Atlanta.

Milosha Mascarenhas - Design Director

Milosha Mascarenhas has over 10 years of industry experience. She has been with Emaar since 2015, serving as Architect, Project Manager and presently as Design Director. Prior to joining Emaar, Milosha worked as a senior architect and project managers for various consultancies in Dubai, including for RSP Architects Planners & Engineers, Woods Bagot and Mathew & Ghosh Architects. Milosha holds a Bachelor's degree in Architecture from Goa University.

Jeevan D'Mello - Chief Customer Officer

Jeevan D'Mello has over 29 years of industry experience. He has been with Emaar since 2002, serving as Senior Director of Community Management and presently as Chief Customer Officer. Jeevan also is a lecturer and faculty member at the Dubai Real Estate Institute. Prior to joining Emaar, Jeevan held positions at NRI Network Corporation Limited, HSBC Bank Middle East. Jeevan holds a diploma in Architecture from the Academy of Architecture and is a Certified Manager of Community Associations by the Community Associations Institute.

Walid Karam - Legal Counsel

Walid Karam has over 26 years of law and legal consulting experience. He has been with Emaar since 2007, serving as Head of Legal, Direct of Legal and currently as Senior Direct, Legal. Prior to joining Emaar, Walid worked for six years for Habib Al Mulla & Co., a leading local law firm in Dubai, as well as for Emile Kanaan & Co., a leading law firm in Beirut. He holds a Bachelor Degree in Law from Saint Joseph University in Beirut, Lebanon.

- **Conditions of eligibility, election, removal and proposed names of the Company's first Board formation:**

Board members will be elected by an Ordinary General Assembly Meeting by secret ballot. However, the first appointment of the Directors was made by the Founders.

- **Director's competencies and responsibilities:**

The principal duties of the Board are to provide the Company's strategic leadership, to determine the fundamental management policies of the Company and to oversee the performance of the Company's business. The Board is the principal decision making body for all matters that are significant to the Company, whether in terms of their strategic, financial or reputational implications. The Board has final authority to decide on all issues save for those which are specifically reserved to the General Meeting of shareholders by law or by the Company's Articles of Association.

The key responsibilities of the Board include:

- determining the Company's strategy, budget and structure;
- approving the fundamental policies of the Company;
- implementing and overseeing appropriate financial reporting procedures, risk management policies and other internal and financial controls;

- proposing the issuance of new ordinary shares and any restructuring of the Company;
- appointing executive management;
- determining the remuneration policies of the Company and ensuring the independence of Directors and that potential conflicts of interest are managed; and
- calling shareholder meetings and ensuring appropriate communication with shareholders.

Members of the Board are appointed by the shareholders for three-year terms. Board members may serve any number of consecutive terms.

All members of the Board will be formally appointed at the constitutive general assembly of the Company (the **Constitutive General Assembly**) which will be held on 20 November 2017. The business address of each of the Directors is P.O. Box 48882, Dubai, UAE.

3. Board Committees

In line with the Governance Rules, the Board will be assisted by two Board-level committees: Audit and Risk Committee and Nomination and Remuneration Committee.

- **Audit and Risk Committee**

The Audit and Risk Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing and monitoring the integrity of the Company's annual and interim financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors, overseeing the Company's relationship with its external auditors, reviewing the effectiveness of the external audit process, and reviewing the effectiveness of the Company's internal control review function. The ultimate responsibility for reviewing and approving the annual report and accounts remains with the Board. The Audit Committee will give due consideration to the applicable laws and regulations of the UAE, the Authority and the DFM, including the provisions of the Governance Rules.

The Governance Rules require that the Audit and Risk Committee must be comprised of at least three members who are non-executive Directors and that the majority of members must be independent. One of the independent members must be appointed as the Chairman of the Audit and Risk Committee. In addition, at least one member is required to have recent and relevant audit and accounting experience. The Audit and Risk Committee will be chaired by one of the independent members and will include other members elected by the Board.

The Audit and Risk Committee has taken appropriate steps to ensure that the Company's Auditors are independent of the Company as required by the Governance Rules and has obtained written confirmation from the Company's Auditors that they comply with guidelines on independence issued by the relevant accountancy and auditing bodies.

- **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee assists the Board in discharging its responsibilities relating to the composition and make-up of the Board and any committees of the Board. It is responsible for evaluating the balance of skills, knowledge and experience and the size, structure and composition of the Board and committees of the Board and, in particular, for monitoring the independent status of the independent Non-Executive Directors. It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors

or committee members as the need may arise. In addition, the Nomination and Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration, setting the over-arching principles, parameters and governance framework of the Group's remuneration policy and determining the individual remuneration and benefits package of each of the Company's Executive Directors and senior management.

The Governance Rules require the Nomination and Remuneration Committee to be comprised of at least three non-executive Directors, of whom at least two must be independent. The chairman of the Nomination and Remuneration Committee must be chosen from amongst the independent committee members, and its other members will be nominated by the Board.

- **Other committees**

In addition to the two Board committees described above, we also intend to establish a Steering Committee. The purpose of this committee is expected to provide internal, executive level, oversight and to make decisions in areas that are critical to the Company's operations, including, for example:

- formulating the Company's strategic plan;
- implementing operating plans and monitoring the Company's progress against approved budgets and established key performance indicators;
- monitoring all risk, insurance and health and safety issues;
- reviewing operational challenges, deficiencies and any complaints;
- reviewing corporate compliance; and
- identifying business improvement opportunities.

- **Internal audit**

Our internal audit function will be outsourced to an independent audit firm. In the long term, we expect to establish our own in-house internal audit function.

4. Shareholders' rights and responsibilities

The Shareholders' key rights as per the Companies Law and the Articles of Association are as follows:

- The right to dividend distributions determined by the General Assembly.
- The priority right to subscribe for new shares in secondary offerings and to receive their share of the assets upon liquidation of the Company.
- The right to attend General Assembly Meetings and receive a copy of the Company's financial statements.
- The right to request the nullity of any resolutions passed at the General Assembly and to prosecute the board members.
- The right to be nominated as a member of the Board of Directors.
- The right to appoint the auditors of the Company and determine their remuneration.

- The limitation of liability of the shareholder to the payment of the purchased share value, but not for the Company's debts except within the limits of the nominal value of his shares.

5. Memorandum of Association and Articles of Association

The full text of the Memorandum of Association and Articles of Association of the Company are annexed to the Prospectus.

6. Legal matters

The following summary is qualified by the relevant provisions of the Company's Memorandum of Association and the Articles of Association and the Companies Law.

• Conversion

The Company will be converted from a limited liability company to a public joint stock company prior to listing. The Company's Memorandum of Association and Articles of Association referred to in the Prospectus are the Memorandum of Association and the Articles of Association which the Company will adopt upon conversion.

• Articles of Association

The Company's Articles of Association describe the rights and obligations associated with the ownership of the Shares in detail.

• Attending General Assembly and voting rights

Each Shareholder shall have the right to attend the General Assembly meetings and shall have a number of votes equal to the number of his Shares.

• Share register

Upon listing on the DFM, the Shares will be dematerialised and the share register will be maintained by the DFM.

• Financial information

A Shareholder is entitled to request a copy of the annual audited financial statements of the Company.

• Financial year

The financial year of the Company will start on the 1st of January and end on 31st of December of each year. The first financial year of the Company will start upon incorporation of the Company as a public joint stock company and end on December 31 of the following year.

• Dividends and liquidation proceeds

The Company shall pay dividends on Shares in compliance with the regulations and decisions issued by the Authority. Eligible Shareholders shall have the sole right to the profits due on those Shares. In the event of liquidation of the Company, each Shareholder shall be entitled to a part of the Company's assets in accordance with Article 169 of the Companies Law.

• Interim Dividends

Subject to the shareholders' approval, the Company may distribute interim dividends on a semiannual or quarterly basis.

- **General Assembly**

The Board may convene a General Assembly whenever it deems necessary. The Shareholders may also require the Board to convene a meeting if it is requested by a number of Shareholders holding not less than 20% (twenty per cent). of the Company's issued share capital. In any event, the General Assembly must convene at least once a year upon an invitation by the Board within the four (4) months following the end of the financial year at the place and the time specified in the invitation to the meeting.

Any resolution adopted by the General Assembly without consideration to the Company's interests in favour of a particular group of Shareholders, causing damage to them or providing a private benefit to the members of the Board or to third parties, may be revoked.

The judgment annulling a resolution of an Ordinary General Assembly shall consequently lead to the resolution being considered as non-existent vis a vis all Shareholders. The Board must publish the annulment judgment in two local daily newspapers published in the Arabic language.

Proceedings for annulment are time barred on the expiry of one year from the date of adopting the resolution contested. Initiating the proceedings will not prevent the implementation of the resolution unless the court decides otherwise.

- **Liability of the Board**

The Board shall be liable towards the Company, the Shareholders and third parties for all acts of fraud, abuse of power, violation of the law or the Company's Articles of Association, in addition to mismanagement. The Company shall have the right to initiate proceedings against the members of the Board claiming damages suffered by the shareholders as a result of the Board's faults. A resolution of the General Assembly shall be adopted specifying who shall initiate the proceedings on behalf of the Company.

Any Shareholder may independently initiate proceedings if the Company fails to do so, if the Board's acts have caused a particular damage to the initiating Shareholder. However, he must notify the Company of his intention to initiate proceedings beforehand.

- **Appointment of the Chairman and the Powers of the Chairman**

The Articles of Association provide that the Board of Directors shall elect, from amongst their members, a chairman and a vice-chairman. The chairman shall represent the Company before the courts and shall execute the resolutions adopted by the Board of Directors. In the event that there is an equality of votes by the directors, then the Chairman shall have a casting vote.

7. Independent Auditors

The consolidated financial statements of the Company as of and for the years ended 31 December 2014, 2015 and 2016 have been audited by Ernst & Young Middle East (Dubai Branch) ("E&Y") of P.O. Box 9267, Level 28 Al Saqr Business Tower, Sheikh Zayed Road, Dubai, UAE, as stated in their report appearing elsewhere herein. The unaudited interim condensed consolidated financial statements of the Company as of and for the nine months ended 30 September 2017 have been reviewed in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" by EY as stated in their review report appearing elsewhere herein.

8. **Material events and contracts concluded by the Company within and before the conversion period (including related party agreements)**

- **Master Transfer Agreement**

The Company entered into a master transfer agreement with Emaar Properties, dated 29 September 2017 as amended (the “**Master Transfer Agreement**”), in relation to the transfer of Emaar Properties’ UAE real estate development business (the “**Business**”) to the Company.

In accordance with the terms of the Master Transfer Agreement, Emaar Properties transferred to the Company (or procured the transfer by applicable members of its group to the Company of) all assets and liabilities relating to the Business, including, without limitation, certain plots of land, contracts, joint venture arrangements, intellectual property rights, and employees, in each case with effect from 1 September 2017. Pursuant to the Master Transfer Agreement, Emaar Properties has assigned its rights to BTS profits under the existing joint development agreement relating to Dubai Creek Harbour to the Company and has undertaken to pay the amount of any such BTS profits released from the RERA escrow accounts to the Company on a quarterly basis (whether or not such BTS profits have been released from the banks accounts of the joint venture SPV and distributed to Emaar Properties).

To the extent that any assets of the Business have not validly been transferred to the Company under the terms of the Master Transfer Agreement (or any other documents entered into pursuant thereto), Emaar Properties agrees to (or agrees to procure that any relevant member of its group shall) continue to hold such assets for the benefit of the Company and manage such assets in accordance with the directions of the Company until such time as it has validly transferred such assets to the Company.

In addition to setting out the terms of the transfer of the Business, the Master Transfer Agreement also sets out terms agreed between the Company and Emaar Properties in relation to the development of the projects that form part of the Business, the ownership of units within such projects on completion of development and the ongoing allocation of development costs and infrastructure costs.

The Master Transfer Agreement includes indemnities from the Company to Emaar Properties against any liabilities assumed by the Purchaser under the terms of the Master Transfer Agreement and against any losses suffered by Emaar Properties arising from the conduct of the Business by the Company following 1 September 2017.

- **Relationship Agreement**

On 16 October 2017, the Company entered into an agreement with Emaar Properties (the “**Relationship Agreement**”) that will come into force on Admission. The principal purpose of the Relationship Agreement is to ensure that the Company is capable at all times of carrying on its business independently of Emaar Properties.

The Relationship Agreement shall stay in effect until the earlier of: (i) Emaar Properties ceasing to own an interest, directly or indirectly, of at least 10 per cent. in the Company, at which point the rights and obligations of Emaar Properties under the Relationship Agreement shall terminate; and (ii) the Shares ceasing to be listed on the DFM; and (iii) the mutual agreement of the Company and Emaar Properties to terminate the Relationship Agreement (in whole or in part), subject to the prior approval of a majority of independent non-executive directors (or if there are two independent non-executive directors or fewer, then the approval of both or the sole independent non-executive director).

Under the terms of the Relationship Agreement, Emaar Properties agrees to conduct all transactions, relationships, arrangements and agreements with the Company on

arm's length and on normal commercial terms. Emaar Properties undertakes to exercise its voting rights in the Company to ensure that: (i) the Board consists at all times of seven members; (ii) the majority of the members of the Board shall be non-executive directors; (iii) at least one-third of the members of the Board shall, at all times, be independent non-executive directors; and (iv) to the extent reasonably practicable, each member of the senior management of the Company as at Admission shall remain in a leadership position within the Company for a period of eight years following Admission. Emaar Properties will not seek to employ any of the senior management of the Company.

Emaar Properties agrees to provide certain shared services to the Company for a period of three years following Admission. In consideration for the provision of such services, the Company shall pay an annual management services fee to Emaar Properties equal to 3 per cent. of the Company's total annual revenue.

The Company shall have an option to acquire any future development assets owned by Emaar Properties or any of its affiliates, whether alone or as part of a joint venture with a third party, whether such assets are identified at Admission or afterwards.

The price payable by the Company for a relevant development asset (the "**Purchase Price**") shall be determined by the agreement of the Company and Emaar Properties as to the Fair Market Value (as defined in the Relationship Agreement) of the relevant asset, failing which the Purchase Price should be determined by taking the average of two independent property valuations carried out by two internationally reputable property valuation firms (which are jointly appointed by the Company and Emaar Properties), provided that the Purchase Price shall not be lower than any purchase cost incurred by Emaar Properties. The Purchase Price and the overall terms of the acquisition shall require the approval of the Board of the Company (including the approval of the majority of the independent non-executive directors).

The Relationship Agreement will not impose restrictions on the Company's activities; the Company will be free to acquire assets at any stage of development from third parties, and to develop assets itself.

Emaar Properties shall make available to the Company a revolving credit facility of up to US\$300,000,000 in accordance with the terms of the Relationship Agreement (the "**Credit Facility**"). The Company shall use the Credit Facility for the purposes of meeting its cashflow requirements from time to time. The rate of interest payable by the Company to Emaar Properties for each loan granted by Emaar Properties under the Credit Facility (each a "**Loan**") is: (i) in respect of any Loan with a term of three years or shorter, 3-month LIBOR plus 1.4 per cent. per annum; or (ii) in respect of any Loan with a term longer than three years, 3-month LIBOR plus 2 per cent. per annum.

The Board believes that the terms of the Relationship Agreement will enable the Company to carry on its business independently from the Selling Shareholder and its affiliates, and to ensure that all transactions and relationships between the Company and the Selling Shareholder are, and will be, at arm's length and on a normal commercial basis.

- **Other Material Contracts**

The following is a summary of certain terms of our material contracts. The following summaries do not purport to describe all of the applicable terms and conditions of

such contracts and are qualified in their entirety by reference to the actual agreements.

- o **Joint Venture Agreements**

- (1) Dubai Hills**

Emaar Properties entered into a shareholders' agreement with Meraas Estates LLC ("**Meraas Estates**") dated 8 June 2013 and amended on 19 November 2013 (the "**Dubai Hills Shareholders' Agreement**") in relation to the establishment of a joint venture company, Dubai Hills Estate LLC (the "**Dubai Hills JVCo**"), to be owned by Emaar Properties and Meraas Estates in equal shares.

Emaar Dubai LLC ("**Emaar Dubai**"), an affiliate of Emaar Properties, entered into a development services agreement with the Dubai Hills JVCo dated 4 December 2013 and amended on 8 May 2017 (the "**Dubai Hills DSA**") in relation to the development of a mixed use real estate project consisting of a residential community, commercial and retail spaces, hospitality, healthcare and educational facilities, branded recreational facilities, including polo fields and/or club and community, golf course community and/or club and supports its services, utility services, common areas and open spaces (the "**Dubai Hills Project**").

On 19 October 2017, the Company entered into a deed of implementation, novation, amendment and restatement with, amongst others, Emaar Properties, Meraas Estates, Meraas Venture LLC ("**Meraas Venture**") and Emaar Dubai LLC (the "**Dubai Hills Implementation Agreement**") in relation to (amongst other things) the transfer of Emaar Properties' interest in the BTS portion of the Dubai Hills Project to the Company, the transfer of Meraas Estates' interest in the BTS portion of the Dubai Hills Project to Meraas Venture and the novation, amendment and restatement of the Dubai Hills Shareholders' Agreement and the Dubai Hills DSA.

Under the Dubai Hills Implementation Agreement: (i) Emaar Properties agreed to transfer all of its shares in the Dubai Hills JVCo to the Company and to novate the Dubai Hills Shareholders Agreement to the Company; (ii) Meraas Estates agreed to transfer all of its shares in the Dubai Hills JVCo to Meraas Venture and to novate the Dubai Hills Shareholders' Agreement to Meraas Venture; (iii) Emaar Properties and Meraas Venture agreed to incorporate, as equal shareholders, three additional joint venture companies (the "**New Dubai Hills JVCos**"); (iv) Emaar Dubai, as developer of the Dubai Hills Project, agreed to novate the Dubai Hills DSA to the Company and Emaar Properties agreed to guarantee the performance of the Company's obligations under the Dubai Hills A&R SHA (as defined below) once it becomes effective.

The parties to the Dubai Hills Implementation Agreement have agreed to transfer (or procure the transfer of) all of the assets of the Dubai Hills JVCo and related operations, save for the BTS assets, to the New Dubai Hills JVCos such that the Dubai Hills JVCo retains only the BTS assets relating to the Dubai Hills Project (and certain related assets).

On completion of the incorporation of the New Dubai Hills JVCo (and concurrently with execution of the shareholders' agreements in respect of the New Dubai Hills JVCos on terms substantially the same as the Dubai Hills A&R SHA (as defined below)), the Company and Meraas Venture will enter into an amended and restated shareholders' agreement (the "**Dubai Hills A&R SHA**") in relation to the Dubai Hills JVCo, and the Company and Dubai Hills JVCo will enter into an amended and

restated development services agreement (the “**Dubai Hills A&R DSA**”) to, amongst other things, reflect the planned transfer of the assets of Dubai Hills JVCo.

Under the terms of the Dubai Hills A&R SHA, Meraas Venture will have contributed the land required for the development of the Dubai Hills Project and the Company will fund the development of the BTS portion of the Dubai Hills Project.

The Dubai Hills A&R SHA will state that any profits generated from the BTS portion of the Dubai Hills Project are shared equally between Meraas Venture and the Company.

Under the Dubai Hills A&R SHA, the board of directors of the Dubai Hills JVCo will contain three appointees by the Company and three appointees by Meraas Venture. All decisions of the board of directors are to be approved by a majority of members attending a meeting, including at least one director appointed by the Company and one director appointed by Meraas Venture.

The Dubai Hills A&R SHA may be terminated in the event that either: (i) Meraas Venture and the Company agree in writing whether following a deadlock matter of the board of directors or otherwise; (ii) the Dubai Hills JVCo is wound up; or (iii) an event of default occurs and the non-defaulting party requests to liquidate the Dubai Hills JVCo.

Under the Dubai Hills A&R DSA, the Company will provide certain development services to the Dubai Hills JVCo in exchange for a fee.

The Dubai Hills A&R DSA terminates on the handover of the Dubai Hills Project or as agreed between the parties. The Dubai Hills A&R DSA may also be terminated by Dubai Hills JVCo serving a termination notice on the Company, in circumstance where the Company commits a material breach which remains un-remedied for sixty (60) days, or where the Company is wound up.

The Dubai Hills A&R DSA and the Dubai Hills A&R SHA are governed by the laws of the United Arab Emirates as applied in the Emirate of Dubai..

(2) Emaar South (1)

On 5 December 2013, Emaar Properties entered into a memorandum of understanding with Dubai Aviation City Corporation (“**DACC**”) in relation to the establishment a joint venture company, Emaar Dubai South DWC-LLC (the “**Emaar South JVCo**”), to be owned by Emaar Properties and DACC in equal shares.

Emaar Properties and DACC entered into a joint development agreement (the “**Emaar South (1) JDA**”) in relation to the development of the Dubai South Golf District as a mixed use development including a gated community of luxury villas, low-rise residential accommodation, hotel, commercial and retail spaces, hospitality, healthcare, educational facilities, branded recreational facilities, sites for one or more Mosques, one 18 hole golf course with a driving range, other practice facilities and a club house, and a reserved area connecting the newly developed golf course to an existing 18 hole golf course outside the development (the “**Emaar South (1) Project**”).

On 17 October 2017, the Company entered into a deed of implementation, novation, amendment and restatement with, among others, Emaar Properties and DACC (the “**Emaar South (1) Implementation Agreement**”) in relation to the transfer of Emaar Properties’ interest in the BTS portion of the Emaar South (1) Project to the Company

and the novation, amendment and restatement of the Emaar South (1) Project of the Emaar South (1) JDA.

Under the Emaar South (1) Implementation Agreement, Emaar Properties agreed to transfer its shares in the Emaar South JVCo to the Company and to novate the Emaar South (1) JDA to the Company. Emaar Properties and DACC agreed to incorporate, as equal shareholders, an additional joint venture company (the **"New Emaar South JVCo"**) and the parties to the Emaar South (1) Implementation Agreement have agreed to transfer (or procure the transfer of) all of the assets of the Emaar South JVCo save for the BTS to the New Emaar South JVCo such that the Emaar South JVCo retains only the BTS assets relating to the Emaar South (1) Project.

In order to give effect to the Emaar South (1) Implementation Agreement, the Company and DACC will enter into an amended and restated joint development agreement (the **"Emaar South (1) A&R JDA"**) in relation to the Emaar South JVCo. Emaar Properties and DACC will enter into a joint venture agreement with respect to the New Emaar South JVCo.

Under the terms of the Emaar South (1) A&R JDA, DACC will hold the land relating to the BTS portion of the Emaar South (1) Project on behalf of the Emaar South JVCo for the development of the Emaar South (1) Project and the Company will fund the development of the BTS portion of the Emaar South (1) Project.

The Emaar South (1) A&R JDA will state that any profits generated from the BTS portion of the Emaar South (1) Project are shared equally between DACC and the Company, after settling any capital loans borrowed by the Emaar South JVCo and any amounts due to DACC in relation to land of the BTS portion of the Emaar South (1) Project.

Under the Emaar South (1) A&R JDA, the board of directors of the Emaar South JVCo will contain three appointees by the Company, three appointees by DACC and one appointee chosen jointly by the Company and DACC. All decisions of the board of directors will be approved by at least one director appointed by the Company and one director appointed by DACC.

Under the Emaar South (1) A&R JDA, the Company will also provide certain development services to the Emaar South JVCo and the New Emaar South JVCo. In consideration for the provision of such development services to the Emaar South JVCo, the Company will receive a fee, not to exceed an aggregate amount of AED 300 million, equivalent to 1.5% of the income generated by the Emaar South (1) Project and 1.5% of the profit (prior to payment of such services) generated by the Emaar South (1) Project.

The Emaar South (1) A&R JDA may, when signed, be terminated in the event: (i) DACC and the Company agree in writing, (ii) the Emaar South JVCo is wound up, (iii) either of DACC or the Company acquires all the shares in the Emaar South JVCo held by the other shareholder, or (iv) an event of default occurs and the non-defaulting party requests to sell or purchase all of the shares in Emaar South JVCo.

The Emaar South (1) A&R JDA will be governed by the laws of the United Arab Emirates as applied in the Emirate of Dubai.

(3) Zabeel Square

Emaar Properties entered into a joint venture agreement with Meraas Zabeel owned by Meraas Venture One Person Company LLC ("**Meraas Zabeel**") dated 9 January 2017 as amended on 31 January 2017, 20 February 2017, 31 March 2017 and 7 May 2017 (the "**Zabeel Square JVA**") in relation to (amongst other things) the establishment of a joint venture company, Zabeel Square LLC (the "**Zabeel Square JVCo**").

Emaar Dubai, an affiliate of Emaar Properties, entered into a development services agreement with the Zabeel Square JVCo dated 30 April 2017 (the "**Zabeel Square DSA**") in relation to the development of a mixed use development project in Zabeel including residential apartments, retail units and hotel(s) and serviced/branded apartments (the "**Zabeel Square Project**").

On 22 October 2017, the Company entered into a deed of implementation, novation, amendment and restatement with, amongst others, Meraas Zabeel and Emaar Dubai LLC (the "**Zabeel Square Implementation Agreement**") in relation, amongst other things, to the transfer of Emaar Properties' interest in the BTS portion of the Zabeel Square Project to the Company and the novation, amendment and restatement of the Zabeel Square JVA and the Zabeel Square DSA.

Under the Zabeel Square Implementation Agreement: (i) Emaar Properties agreed to transfer all of its shares in the Zabeel Square JVCo to the Company and to novate the Zabeel Square JVA to the Company; (ii) Emaar Properties and Meraas Zabeel agreed to incorporate, as equal shareholders, two additional joint venture companies (the "**New Zabeel Square JVCos**"); (iii) Emaar Dubai, as developer of the Zabeel Square Project, agreed to novate the Zabeel Square DSA to the Company. Emaar Properties has agreed to guarantee the performance of the Company's obligations under the Zabeel Square JVA and the Zabeel Square A&R JVA (as defined below) once it becomes effective.

The parties to the Zabeel Square Implementation Agreement have agreed to transfer (or procure the transfer of) all of the assets of the Zabeel Square JVCo and related operations, save for the BTS assets, to the New Zabeel Square JVCos such that the Zabeel Square JVCo retains only the BTS assets relating to the Zabeel Square Project.

On completion of the incorporation of the New Zabeel Square JVCo (and concurrently with execution of the shareholders' agreements in respect of the New Zabeel Square JVCos on terms substantially the same as the Zabeel Square A&R SHA (as defined below)), the Company and Meraas Zabeel will enter into an amended and restated joint venture agreement (the "**Zabeel Square A&R JVA**") in relation to the Zabeel Square JVCo, and the Company and Zabeel Square JVCo will enter into an amended and restated development services agreement (the "**Zabeel Square A&R DSA**") to, amongst other things, reflect the transfer of assets of Zabeel Square JVCo.

Under the terms of the Zabeel Square A&R JVA, Meraas Zabeel will have contributed the land of the Zabeel Square Project and the Company will fund the development of the BTS portion of the Zabeel Square Project.

The Zabeel Square A&R JVA will state that any profits generated from the BTS portion of the Zabeel Square Project are shared equally between Meraas Zabeel and the Company.

Under the Zabeel Square A&R JVA, the board of directors of the Zabeel Square JVCo will contain two appointees by the Company and two appointees by Meraas Zabeel. All decisions of the board of directors are to be approved by a majority of members attending a meeting, including at least one director appointed by the Company and one director appointed by Meraas.

The Zabeel Square A&R JVA may, when signed, be terminated in the event: (i) Meraas Zabeel and the Company agree in writing, (ii) the Zabeel Square JVCo is wound up, or (iii) an event of default occurs and the non-defaulting party exercises its right to sell all of its shares in the Zabeel Square JVCo to a third party or to purchase all of the shares of the defaulting party in the Zabeel Square JVCo or to otherwise terminate the agreement.

Under the Zabeel Square A&R DSA, the Company agrees to provide certain development services to the Zabeel Square JVCo, in exchange for a fee.

The Zabeel Square A&R DSA terminates on the handover of the Zabeel Square Project or as agreed between the parties. The Zabeel Square A&R DSA may also be terminated by either party serving a termination notice on the other, in circumstances where the other party commits a material breach which remains un-remedied for thirty (30) days.

The Zabeel Square A&R DSA and the Zabeel Square A&R JVA are governed by the laws of the United Arab Emirates as applied in the Emirate of Dubai.

o **Material Construction Contracts**

Emaar Properties entered into construction contracts with various contractors that have been transferred to the Company by virtue of the Master Transfer Agreement. The following is a summary of the main terms of the construction contracts that have been transferred to the Company in its capacity as employer.

(1) Construction Contract for Boulevard Point

The Company is currently the employer under a construction contract entered into on 5 April 2016 with Arabian Construction Co. SAL (Dubai Branch) acting as contractor ("ACC"). In accordance with the terms of the contract, ACC shall carry out the main contract works for the Boulevard Point project, which forms part of the Downtown Dubai development. The contract value is for AED 755,145,196.00 and it is for a duration of 28 months. Under the contract a performance bond of 10% of the value of the contract, as well as, an advance payment bond of the same value are required to be issued. ACC and the Company are required to procure standard insurances required for contracts of a similar nature.

The liability of the Company is limited to the replacement value of the Works (as defined under the contract) and the replacement cost of the Free Issue Items (as defined under the contract). The total liability of ACC to the Company (other than usual exclusions) shall not exceed the contract value or the contract value in addition to any variations, whichever is the greater amount.

The Defects Liability Period (as defined under the contract) is one year except in respect of (i) any part of the relevant section or portion of Works replaced, repaired or modified the Defects Liability Period shall be extended so as to run for a period of one year calculated from the date of completion of replacement, repair or modification; and (ii) any part of the Works which has been taken over but which cannot at some time during its Defects Liability Period be used for the purposes for which it is intended by reason of the defect, its Defect Liability Period shall be extended by a period equal to the time during which the said part of the Works could not be used.

The Company or ACC may terminate the contract in the event of force majeure. The Company may terminate the contract in the event of default by ACC or for convenience and ACC may terminate the contract in the event of default by the Company.

There is no change of control provision, further, the Company may assign its rights under the contract without permission from ACC, however, ACC shall not assign the contract or any part thereof without the consent of the Company.

The governing law is UAE law and the jurisdiction is that of Dubai courts.

(2) Construction Contract for Burj Vista

The Company is currently the employer under a construction contract entered into in September 2014 with Al Ghandi & Consolidated Contractors International Company LLC acting as contractor ("**Al Ghandi**"). In accordance with the terms of the contract, Al Ghandi shall design and construct two residential towers for the Burj Vista project, which forms part of the Downtown Dubai development. The contract value is for AED 839,200,000.00 and it is for a duration of 30 months. The Burj Vista project is an ongoing project that is still under construction. Under the contract a performance bond of 10% of the value of the contract, as well as, an advance payment bond of 5% of the value of the contract are required to be issued. Al Ghandi and the Company are required to procure standard insurances required for contracts of a similar nature.

The liability of the Company is limited to the replacement value of the Works (as defined under the contract) and the replacement cost of the Free Issue Items (as defined under the contract).

The Defects Liability Period (as defined under the contract) is one year except in respect of (i) any part of the relevant section or portion of Works replaced, repaired or modified the Defects Liability Period shall be extended so as to run for a period of one year calculated from the date of completion of replacement, repair or modification; and (ii) any part of the Works which has been taken over but which cannot at some time during its Defects Liability Period be used for the purposes for which it is intended by reason of the defect, its Defect Liability Period shall be extended by a period equal to the time during which the said part of the Works could not be used.

The Company or Al Ghandi may terminate the contract in the event of force majeure. The Company may terminate the contract in the event of default by Al Ghandi or for convenience and Al Ghandi may terminate the contract in the event of default by the Company.

There is no change of control provision, further, the Company may assign its rights under the contract without permission from Al Ghandi, however, Al Ghandi shall not assign the contract or any part thereof without the consent of the Company.

The governing law is UAE law and the jurisdiction is that of Dubai courts.

(3) Construction Contract for The Hills Raft Package

The Company is currently the employer under a construction contract entered into on 29 October 2014 with Al Ghandi, as amended by addendum dated 16 June 2016. In accordance with the terms of the contract, Al Ghandi shall design (to the extent provided for under the contract) and construct the raft slab for The Hills project. The contract value is for AED 52,250,000 and it is for a duration of 90 days. The Hills project is an ongoing project that is still under construction while the raft works for this project have been completed. Under the contract a performance bond of 10% of the value of the contract, as well as, an advance payment bond of the same value are required to be issued. Further, retention bonds are required to be issued by Al Ghandi for the release of retention amounts. Al Ghandi and the Company are required to procure standard insurances required for contracts of a similar nature.

The liability of the Company is limited to the replacement value of the Works (as defined under the contract) and the replacement cost of the Free Issue Items (as defined under the contract).

The Defects Liability Period (as defined under the contract) is one year except in respect of (i) any part of the relevant section or portion of Works replaced, repaired or modified the Defects Liability Period shall be extended so as to run for a period of one year calculated from the date of completion of replacement, repair or modification; and (ii) any part of the Works which has been taken over but which cannot at some time during its Defects Liability Period be used for the purposes for which it is intended by reason of the defect, its Defect Liability Period shall be extended by a period equal to the time during which the said part of the Works could not be used.

The Company or Al Ghandi may terminate the contract in the event of force majeure. The Company may terminate the contract in the event of default by Al Ghandi or for convenience and Al Ghandi may terminate the contract in the event of default by the Company.

There is no change of control provision, further, the Company may assign its rights under the contract without permission from Al Ghandi, however, Al Ghandi shall not assign the contract or any part thereof without the consent of the Company.

The governing law is UAE law and the jurisdiction is that of Dubai courts.

(4) Construction Contract for The Hills Main Works

The Company is currently the employer under a construction contract entered into on 16 June 2016 with Al Ghandi. In accordance with the terms of the contract, Al Ghandi shall design (to the extent provided for under the contract) and construct two residential towers, one hotel and serviced apartments tower, one serviced apartments tower and interconnecting basement car parking and podium together with associated external works, external services and hard and soft landscaping for The Hills project. The contract value is for AED 843,720,094.00 and it is for a duration of 22 months. Under the contract a performance bond of 10% of the value of the contract, as well as, an advance payment bond of 5% of the value of the contract are required to be issued. Further, retention bonds are required to be issued by Al Ghandi for the release of 25% of the retention amounts. Al Ghandi and the Company are required to procure standard insurances required for contracts of a similar nature.

The liability of the Company is limited to the replacement value of the Works (as defined under the contract) and the replacement cost of the Free Issue Items (as defined under the contract).

The Defects Liability Period (as defined under the contract) is one year except in respect of (i) any part of the relevant section or portion of Works replaced, repaired or modified the Defects Liability Period shall be extended so as to run for a period of one year calculated from the date of completion of replacement, repair or modification; and (ii) any part of the Works which has been taken over but which cannot at some time during its Defects Liability Period be used for the purposes for which it is intended by reason of the defect, its Defect Liability Period shall be extended by a period equal to the time during which the said part of the Works could not be used.

The Company or Al Ghandi may terminate the contract in the event of force majeure. The Company may terminate the contract in the event of default by Al Ghandi or for convenience and Al Ghandi may terminate the contract in the event of default by the Company.

There is no change of control provision, further, the Company may assign its rights under the contract without permission from Al Ghandi, however, Al Ghandi shall not assign the contract or any part thereof without the consent of the Company.

The governing law is UAE law and the jurisdiction is that of Dubai courts.

(5) Letter of Acceptance for Opera Grand

The Company is currently the employer as per a letter of acceptance to a tender entered into on 28 June 2016 with Al Ghandi. Until a contract is executed between the parties, the terms of the letter of acceptance and the accompanying tender documents ("**LOI**"), shall apply between the parties. In accordance with such terms, Al Ghandi shall carry out the main contract works for the Opera Grand project, which forms part of the Downtown Dubai development. The contract value is for AED 577,876,459.00 and it is for a duration of 32 months. A performance bond of 10% of the value of the contract, as well as, an advance payment bond of 15% of the value of the contract are required to be issued.

The liability of the Company is limited to the replacement value of the Works (as defined under the LOI) and the replacement cost of the Free Issue Items (as defined under the LOI).

The Defects Liability Period (as defined under the tender documents) is one year except in respect of (i) any part of the relevant section or portion of Works replaced, repaired or modified the Defects Liability Period shall be extended so as to run for a period of one year calculated from the date of completion of replacement, repair or modification; and (ii) any part of the Works which has been taken over but which cannot at some time during its Defects Liability Period be used for the purposes for which it is intended by reason of the defect, its Defect Liability Period shall be extended by a period equal to the time during which the said part of the Works could not be used.

The Company or Al Ghandi may terminate the contract in the event of force majeure. The Company may terminate the contract in the event of default by Al Ghandi or for convenience and Al Ghandi may terminate the contract in the event of default by the Company.

There is no change of control provision, further, the Company may assign its rights under the contract without permission from Al Ghandi, however, Al Ghandi shall not assign the contract or any part thereof without the consent of the Company.

The governing law is UAE law and the jurisdiction is that of Dubai courts.

(6) Construction Contract for The Address Residence Sky View Raft Package

The Company is currently the employer under a construction contract entered into on 14 August 2014 with Brookfield Multiplex Constructions LLC ("**Brookfield**"). In accordance with the terms of the contract, Brookfield shall design (to the extent provided for under the contract) and construct the raft slab for The Address Residence Sky View project. The contract value is for AED 46,500,000.00 and it is for a duration of 183 days. The Address Residence Sky View project is an ongoing project that is still under construction and a portion of the raft works has yet to be completed. Under the contract a performance bond of 10% of the value of the contract, as well as, an advance payment bond of the same value are required to be issued. Further, retention bonds are required to be issued by Brookfield for the release of retention amounts. Brookfield and the Company are required to procure standard insurances required for contracts of a similar nature.

The liability of the Company is limited to the replacement value of the Works (as defined under the contract) and the replacement cost of the Free Issue Items (as defined under the contract).

The Defects Liability Period (as defined under the contract) is one year except in respect of (i) any part of the relevant section or portion of Works replaced, repaired or modified the Defects Liability Period shall be extended so as to run for a period of one year calculated from the date of completion of replacement, repair or modification; and (ii) any part of the Works which has been taken over but which cannot at some time during its Defects Liability Period be used for the purposes for which it is intended by reason of the defect, its Defect Liability Period shall be extended by a period equal to the time during which the said part of the Works could not be used.

The Company or Brookfield may terminate the contract in the event of force majeure. The Company may terminate the contract in the event of default by Al Ghandi or for convenience and Brookfield may terminate the contract in the event of default by the Company.

There is no change of control provision, further, the Company may assign its rights under the contract without permission from Brookfield, however, Brookfield shall not assign the contract or any part thereof without the consent of the Company.

The governing law is UAE law and the jurisdiction is that of Dubai courts.

(7) Construction Contract for the Address Residence Sky View

The Company is currently the employer under a construction contract entered into on 8 June 2015 with ACC. In accordance with the terms of the contract, ACC shall carry out the main contract works for the Address Residence Sky View project, which forms part of the Downtown Dubai development. The contract value is for AED 1,830,000,000.00 and the commencement date under the contract is 3 July 2014 and the completion date is 3 December 2016. The Address Residence Sky View project is an ongoing project that is still under construction. Under the contract, a performance bond of 10% of the value of the contract, as well as, an advance payment bond of AED 50,000,000 are required to be issued. ACC and the Company are required to procure standard insurances required for contracts of a similar nature.

The liability of the Company is limited to the replacement value of the Works (as defined under the contract) and the replacement cost of the Free Issue Items (as defined under the contract).

The Defects Liability Period (as defined under the contract) is one year except in respect of (i) any part of the relevant section or portion of works replaced, repaired or modified the Defects Liability Period shall be extended so as to run for a period of one year calculated from the date of completion of replacement, repair or modification; and (ii) any part of the works which has been taken over but which cannot at some time during its Defects Liability Period be used for the purposes for which it is intended by reason of the defect, its Defect Liability Period shall be extended by a period equal to the time during which the said part of the works could not be used.

The Company or ACC may terminate the contract in the event of force majeure. The Company may terminate the contract in the event of default by ACC or for convenience and ACC may terminate the contract in the event of default by the Company.

There is no change of control provision, further, the Company may assign its rights under the contract without permission from ACC, however, ACC shall not assign the contract or any part thereof without the consent of the Company.

The governing law is UAE law and the jurisdiction is that of Dubai Courts.

(8) Construction Contract for Fountain Views - Main Contract

The Company is currently the employer under a construction contract entered into on 1 March 2014 with ACC. In accordance with the terms of the contract, ACC shall carry out the main contract works for The Address Residences Fountain Views project, which forms part of the Downtown Dubai development. The contract value is for AED 2,825,000,000 and it is to be completed by 15 March 2017. Under the contract a performance bond of 10% of the value of the contract, as well as, an advance payment bond of 15% of the contract value are required to be issued. ACC and the Company are required to procure standard insurances required for contracts of this nature.

The liability of the Company is limited to the replacement value of the Works (as defined under the contract) and the replacement cost of the Free Issue Items (as defined under the contract). The total liability of ACC to the Company (other than usual exclusions) shall not exceed the contract value or the contract value in addition to any variations, whichever is the greater amount.

The Defects Liability Period (as defined under the contract) is one year except in respect of (i) any part of the relevant section or portion of works replaced, repaired or modified the Defects Liability Period shall be extended so as to run for a period of one year calculated from the date of completion of replacement, repair or modification; and (ii) any part of the works which has been taken over but which cannot at some time during its Defects Liability Period be used for the purposes for which it is intended by reason of the defect, its Defect Liability Period shall be extended by a period equal to the time during which the said part of the works could not be used.

The Company or ACC may terminate the contract in the event of force majeure. The Company may terminate the contract in the event of default by ACC or for convenience and ACC may terminate the contract in the event of default by the Company.

There is no change of control provision, further, the Company may assign its rights under the contract without permission from ACC, however, ACC shall not assign the contract or any part thereof without the consent of the Company.

The governing law is the law applicable in the Emirate of Dubai and the jurisdiction is that of Dubai courts.

(9) Construction Contract for Fountain Views - Early Works

The Company is currently the employer under a construction contract entered into on 03 February 2014 with Brookfield acting as contractor. In accordance with the terms of the contract, Brookfield shall carry out the Early Contract Works for The Address Residences Fountain Views project, which forms part of the Downtown Dubai development. The contract value is for AED 77,027,106.25 and it is to be completed by 30 April 2014. Under the contract a performance bond of 10% of the value of the contract, as well as, an advance payment bond of 10% of the contract value are required to be issued. Brookfield and the Company are required to procure standard insurances required for contracts of this nature.

The liability of the Company is limited to the replacement value of the Works (as defined under the contract) and the replacement cost of the Free Issue Items (as defined under the contract). The total liability of Brookfield to the Company (other than usual exclusions) shall not exceed the contract value or the contract value in addition to any variations, whichever is the greater amount.

The Defects Liability Period (as defined under the contract) is one year except in respect of (i) any part of the relevant section or portion of works replaced, repaired or modified the Defects Liability Period shall be extended so as to run for a period of one year calculated from the date of completion of replacement, repair or modification;

and (ii) any part of the works which has been taken over but which cannot at some time during its Defects Liability Period be used for the purposes for which it is intended by reason of the defect, its Defect Liability Period shall be extended by a period equal to the time during which the said part of the works could not be used.

The Company or Brookfield may terminate the contract in the event of force majeure. The Company may terminate the contract in the event of default by Brookfield or for convenience and Brookfield may terminate the contract in the event of default by the Company.

There is no change of control provision, further, the Company may assign its rights under the contract without permission from Brookfield, however, Brookfield shall not assign the contract or any part thereof without the consent of the Company.

The governing law is the law applicable in the Emirate of Dubai and the jurisdiction is that of Dubai courts.

(10) Construction Contract for Boulevard Crescent

The Company is currently the employer under a construction contract entered into on 11 July 2017 with Al Rostamani Pegel LLC acting as contractor ("**Al Rostamani**"). In accordance with the terms of the contract, Al Rostamani shall carry out the main contract works for the Boulevard Crescent project. The contract value is for AED 458,900,000 and it is to be completed by 27 June 2018. Under the contract a performance bond of 10% of the value of the contract, as well as, an advance payment bond of 15% of the contract value are required to be issued. Al Rostamani and the Company are required to procure standard insurances required for contracts of this nature.

The liability of the Company is limited to the replacement value of the Works (as defined under the contract) and the replacement cost of the Free Issue Items (as defined under the contract). The total liability of Al Rostamani to the Company (other than usual exclusions) shall not exceed the contract value or the contract value in addition to any variations, whichever is the greater amount.

The Defects Liability Period (as defined under the contract) is one year except in respect of (i) any part of the relevant section or portion of works replaced, repaired or modified the Defects Liability Period shall be extended so as to run for a period of one year calculated from the date of completion of replacement, repair or modification; and (ii) any part of the works which has been taken over but which cannot at some time during its Defects Liability Period be used for the purposes for which it is intended by reason of the defect, its Defect Liability Period shall be extended by a period equal to the time during which the said part of the works could not be used.

The Company or Al Rostamani may terminate the contract in the event of force majeure. The Company may terminate the contract in the event of default by ACC or for convenience and Al Rostamani may terminate the contract in the event of default by the Company.

There is no change of control provision, further, the Company may assign its rights under the contract without permission from Al Rostamani, however, Al Rostamani shall not assign the contract or any part thereof without the consent of the Company.

The governing law is the law applicable in the Emirate of Dubai and the jurisdiction is that of Dubai courts.

Acknowledgement issued by the Founders' Committee and members of the Board

The members of the Founders Committee and members of the Board of Emaar Development PJSC (a public joint stock company under incorporation), in their joint and several capacity, hereby acknowledge full responsibility with respect to the validity of the data and information contained in the subscription prospectus. Having exercised the standard of care of a reasonable person, we confirm that there is no material facts or information the lack of which in the Prospectus will make any statement contained therein to be misleading or influential in the investment decision of the Subscribers.

They are committed to the issuance and disclosure rules issued by the Authority and undertake to notify the Authority of any material events or changes that may affect the financial position of the Company as of the date of submitting the application to offer the Shares for public subscription to the Authority until the date of starting the subscription process. They also confirm that they applied adequate diligence in concluding agreements that determine the duties and responsibilities of the parties participating in the subscription process according to the best terms available at the contractual date and pursuant to the requirements issued by the Authority.

Upon any change or amendment in the subscription information or conditions, they undertake to notify the Authority immediately and to obtain the approval of the Authority on the advertisements, publication and promotional campaigns that the company may wish to publish to promote and introduce the subscription.

Upon the completion of the subscription, they undertake to convene to the constitutive general assembly on the date, time and place mentioned in this Prospectus and to complete the registration and listing of the subscribed Shares with the competent bodies within a period not exceeding the time appointed by the Authority.

Chairman of the Founders Committee

Annex 1 - Financial Statements

Emaar Development LLC and its Subsidiary
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2016, 2015 and 2014

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF EMAAR DEVELOPMENT LLC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Emaar Development LLC (the "Company") and its subsidiary (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2016, 31 December 2015 and 31 December 2014, and the consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2016, 31 December 2015 and 31 December 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRSs").

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 are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the General Manager for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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.

The General Manager is responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF EMAAR DEVELOPMENT L.L.C (continued)

Report on the Audit of the Consolidated Financial Statements (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 skepticism 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.



INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF EMAAR DEVELOPMENT L.L.C (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the consolidated Financial Statements (continued)

We communicate with the General Manager 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.

For Ernst & Young

A handwritten signature in black ink, appearing to read 'Anthony O'Sullivan', is written over a light blue horizontal line.

Signed by:
Anthony O'Sullivan
Partner
Registration number: 687

17 October 2017

Dubai, United Arab Emirates

Emaar Development LLC and its Subsidiary

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December 2016, 2015, 2014

(US\$ 1.00 = AED 3.673)

		2016 AED'000	2015 AED'000	2014 AED'000
	Notes			
Revenue	4	6,898,599	5,252,842	3,139,694
Cost of revenue	4	(4,037,246)	(2,857,976)	(1,298,740)
GROSS PROFIT		2,861,353	2,394,866	1,840,954
Selling, general and administrative expenses	5	(577,148)	(611,189)	(492,749)
Finance income	6	124,388	60,754	140,247
Finance costs		(13,865)	(16,486)	(35,811)
Other income		59,744	134,010	157,940
Share of results of joint venture	12	(2,575)	-	-
PROFIT FOR THE YEAR		2,451,897	1,961,955	1,610,581
Other comprehensive income		-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,451,897	1,961,955	1,610,581
ATTRIBUTABLE TO:				
Owners of the Parent		2,112,403	1,742,045	1,275,647
Non-controlling interest		339,494	219,910	334,934
		2,451,897	1,961,955	1,610,581
Earnings per share attributable to the owners of the Parent:				
- basic and diluted earnings per share (AED)	20	7,041,343	5,806,817	4,252,157

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements.

Emaar Development LLC and its Subsidiary

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016, 2015, 2014

(US\$ 1.00 = AED 3.673)

	Notes	2016 AED'000	2015 AED'000	2014 AED'000
ASSETS				
Bank balances	7	9,753,544	9,460,972	7,394,389
Trade and unbilled receivables	8	1,472,280	1,053,979	719,782
Other assets, receivables, deposits and prepayments	9	1,777,140	909,206	591,901
Development properties	10	6,022,305	4,482,829	4,801,557
Loan to a joint venture	11	13,016	-	-
Property, plant and equipment	13	81,615	85,554	4
TOTAL ASSETS		19,119,900	15,992,540	13,507,633
LIABILITIES AND EQUITY				
Liabilities				
Trade and other payables	14	3,032,355	2,830,206	2,699,342
Advances from customers	15	8,135,670	7,876,668	7,323,532
Retentions payable	16	418,745	431,960	407,796
Employees' end-of-service benefits	17	17,390	15,005	10,448
TOTAL LIABILITIES		11,604,160	11,153,839	10,441,118
EQUITY				
Equity attributable to owners of the Parent				
Share capital	18	300	300	300
Statutory reserve	19	150	150	150
Shareholder's contribution	23	6,751,772	4,289,227	2,736,951
		6,752,222	4,289,677	2,737,401
Non-controlling interests		763,518	549,024	329,114
TOTAL EQUITY		7,515,740	4,838,701	3,066,515
TOTAL LIABILITIES AND EQUITY		19,119,900	15,992,540	13,507,633

The consolidated financial statements were authorised for issue on 17 October 2017 by:



General Manager

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements.

Emaar Development LLC and its Subsidiary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2016, 2015, 2014

(US\$ 1.00 = AED 3.673)

	Attributable to the owners of the Parent				Non-controlling interests AED'000	Total equity AED'000
	Share capital AED'000	Statutory reserve AED'000	Shareholder's contribution AED'000	Total AED'000		
Balance at 1 January 2016	300	150	4,289,227	4,289,677	549,024	4,838,701
Profit for the year	-	-	2,112,403	2,112,403	339,494	2,451,897
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	2,112,403	2,112,403	339,494	2,451,897
Movement in shareholder's contribution	-	-	350,142	350,142	-	350,142
Dividend of a subsidiary	-	-	-	-	(125,000)	(125,000)
Balance at 31 December 2016	300	150	6,751,772	6,752,222	763,518	7,515,740
Balance at 1 January 2015	300	150	2,736,951	2,737,401	329,114	3,066,515
Profit for the year	-	-	1,742,045	1,742,045	219,910	1,961,955
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	1,742,045	1,742,045	219,910	1,961,955
Movement in shareholder's contribution	-	-	(189,769)	(189,769)	-	(189,769)
Balance at 31 December 2015	300	150	4,289,227	4,289,677	549,024	4,838,701
Balance at 1 January 2014	300	150	671,361	671,811	(5,820)	665,991
Profit for the year	-	-	1,275,647	1,275,647	334,934	1,610,581
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	1,275,647	1,275,647	334,934	1,610,581
Movement in shareholder's contribution	-	-	789,943	789,943	-	789,943
Balance at 31 December 2014	300	150	2,736,951	2,737,401	329,114	3,066,515

Movement in shareholder's contribution represents change in the net assets allocated to the Build-to-sell real estate development business. Also refer note 2.1, 23.

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements.

Emaar Development LLC and its Subsidiary

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended 31 December 2016, 2015, 2014

(US\$ 1.00 = AED 3.673)

	Notes	2016 AED'000	2015 AED'000	2014 AED'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the year		2,451,897	1,961,955	1,610,581
Adjustments for:				
Share of results of joint venture	12	2,575	-	-
Depreciation	5	11,344	34	3
Provision for employees' end-of-service benefits, net	17	2,385	4,557	1,623
(Reversal)/provision for doubtful debts	8	(8,347)	19,007	-
Finance costs		13,865	16,486	35,811
Finance income	6	(124,388)	(60,754)	(140,247)
Cash from operations before working capital changes		2,349,331	1,941,285	1,507,771
Trade and unbilled receivables		(409,954)	(353,204)	(149,423)
Other assets, receivables, deposits and prepayments		(865,150)	(313,731)	(433,680)
Development properties		(1,539,476)	233,212	(966,651)
Advances from customers	15	259,002	553,136	3,366,240
Trade and other payables		188,894	115,163	130,556
Retentions payable		(13,215)	24,164	73,768
Net cash flows (used in)/ from operating activities		(30,568)	2,200,025	3,528,581
CASH FLOWS FROM INVESTING ACTIVITIES				
Finance income received		121,604	57,180	43,044
Loan to a joint venture		(15,441)	-	-
Amounts incurred on property, plant and equipment	13	(7,405)	(68)	-
Investment in a joint venture		(150)	-	-
Deposits maturing after three months		(561,169)	182,138	(2,473,800)
Net cash flows (used in)/ from investing activities		(462,561)	239,250	(2,430,756)
CASH FLOWS FROM FINANCING ACTIVITIES				
Finance costs paid		(610)	(785)	(31,549)
Repayment of loans to financial institutions		-	-	(760,220)
Dividend paid by a subsidiary to the non-controlling interests		(125,000)	-	-
Movement in shareholder's contribution		350,142	(189,769)	789,943
Net cash flows from/ (used in) financing activities		224,532	(190,554)	(1,826)
(DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(268,597)	2,248,721	1,095,999
Cash and cash equivalents at the beginning of the year		6,869,310	4,620,589	3,524,590
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	6,600,713	6,869,310	4,620,589

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements.

Emaar Development LLC and its Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016, 2015, 2014

1 DOMICILE AND ACTIVITIES

Emaar Development L.L.C (the “Company” or the “Parent”) is a limited liability company incorporated on 2 April 2003 (formerly Emaar Investment LLC) with the Department of Economic Development, Dubai, United Arab Emirates (UAE) and is owned 99% by Emaar Properties PJSC (the ‘Ultimate Parent’), an entity incorporated in UAE and listed on the Dubai Financial Market (DFM) and 1% by Emirates Property Holdings Limited, an entity incorporated in the British Virgin Islands. The Company and its subsidiary constitute the Group (the “Group”). The Company’s registered office is at P.O. Box 48882, Dubai, United Arab Emirates (“UAE”).

During 2017, the Ultimate Parent announced their intention to sell upto 30% of their shares in the Company through an Initial Public Offering (“IPO”) and subsequently list the Company on the DFM. As part of proposed IPO, the legal status of the Company will be converted from that of a Limited Liability Company (L.L.C) to a Public Joint Stock Company (“PJSC”) to be known as Emaar Development PJSC upon receipt of the appropriate approval from the Ministry of Economy.

The principal activities of the Group are property development and development management in the UAE.

2.1 BASIS OF PREPARATION

As part of a proposed IPO, the Ultimate Parent entered into a Master Transfer Agreement (“MTA”) on 29 September 2017 with the Company for the transfer of its Build-to-sell (BTS) real estate development business (sale of condominiums, villas, commercial units and plots of land) in the UAE to the Company. As per the MTA all assets and liabilities relating to the BTS real estate development business of the Ultimate Parent are transferred to the Company. As this transaction is between entities under common control, which is scoped out under IFRS 3 – Business Combinations, the Company has chosen to present the consolidated financial statements for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 as if BTS real estate development business was with the Company from the beginning of the earliest period presented. Accordingly, the consolidated financial statements which have been prepared for the purpose of inclusion in the IPO prospectus, represents the results of operations and assets and liabilities of the BTS real estate development business for each of the years ended 31 December 2016, 31 December 2015 and 31 December 2014. Further, as per the MTA, certain warranty provisions and advances from customers relating to BTS real estate developments which were completed in the prior years are retained in the books of the Ultimate Parent as these obligations will be continued to be serviced the Ultimate Parent company. In addition, based on the MTA, the Company will also continue to manage the development of Build-to-Operate (BTO) and Build-to-lease (BTL) assets on behalf of the Ultimate Parent for which the Company will receive management fees at an agreed rate. The Ultimate Parent also transferred its interest in the BTS real estate development business of its subsidiary, Dubai Hills Estate LLC to the Company. Joint ventures partners have also consented to transfer the interest of the Ultimate Parent in the BTS real estate development business of joint ventures to the Company. Currently, legal formalities for such transfers are under process. However, the beneficial interest in the BTS real estate development business has been transferred to the Group by virtue of contractual arrangements entered into by the parties.

The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements have been prepared in United Arab Emirates Dirhams (AED), which is the Company’s functional and presentation currency, and all values are rounded to the nearest thousand except where otherwise indicated. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The consolidated financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of consolidated financial statements on the basis described above requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which for the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Emaar Development LLC and its Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016, 2015, 2014

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and entity controlled by the Company (its subsidiary) as at 31 December 2016, as at 31 December 2015 and as at 31 December 2014. Control is achieved where all the following criteria are met:

- (a) the Company has power over an entity (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- (b) the Company has exposure, or rights, to variable returns from its involvement with the entity; and
- (c) the Company has the ability to use its power over the entity to affect the amount of the Company's returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Subsidiary

Subsidiary is fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Share of comprehensive income/loss within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in the consolidated statement of comprehensive income; and
- Reclassifies the Group's share of components previously recognised in other comprehensive income to the consolidated statement of comprehensive income or retained earnings, as appropriate.

Details of the Company's significant subsidiary are as follows:

Subsidiary	Place of incorporation	Principal activities	Percentage of beneficial interest
Dubai Hills Estate LLC	UAE	Property development	50.00%

Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

The Group's investment in joint ventures are accounted for using the equity method of accounting. Under the equity method of accounting, investments in joint ventures are carried in the consolidated statement of financial position at cost, plus post-acquisition changes in the Group's share of net assets of the joint venture companies, less any impairment in value.

The consolidated statement of comprehensive income reflects the Group's share of results of its joint ventures. Unrealised profits and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

The key judgments, estimates and assumptions that have a significant impact on the consolidated financial statements of the Group are discussed below:

Judgments

Satisfaction of performance obligations

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 sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, where contracts are entered into to provide real estate assets to customer, the Group does not create an asset with an alternative use to the Group and usually 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.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

In determining the impact of variable consideration the Group uses the “most-likely amount” method in IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

Transfer of control in contracts with customers

In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the asset that is the subject of the contract is transferred to the customer. In the case of contracts to sell real estate assets this is generally when the consideration for the unit has been substantially received and there are no impediments in the handing over of the unit to the customer.

Transfer of real estate assets from property, plant and equipment to development properties

The Group sells real estate assets in its ordinary course of business. When real estate assets which were previously classified as property, plant and equipment are identified for sale in the ordinary course of business, then the assets are transferred to development properties at their carrying value at the date of identification and become held for sale. Sale proceeds from such assets are recognised as revenue in accordance with IFRS 15 *Revenue from Contracts with Customers*.

Consolidation of subsidiary

The Group has evaluated all the investee entities to determine whether it controls the investee as per the criteria laid out by IFRS 10 *Consolidated Financial Statements*. The Group has evaluated, amongst other things, its ownership interest, the contractual arrangements in place and its ability and the extent of its involvement with the relevant activities of the investee entities to determine whether it controls the investee.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimations and assumptions

Split of real estate components

Consolidated financial statements of the Group includes certain assets, liabilities, income, expenses and cashflows which are allocated to the Group based on management assumptions and estimates. This mainly includes development properties, trade and other payables, selling, general and administrative expenses. These are allocated based on evaluation by project consultant and management best estimate of use of corporate resources by the Group.

Impairment of trade and other receivables

An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The management periodically reviews estimated useful lives and the depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Allocation of transaction price to performance obligation in contracts with customers

The Group has elected to apply the input method in allocating the transaction price to performance obligations where revenue is recognised over time. The Group considers that the use of the input method, which requires revenue recognition on the basis of the Group's efforts to the satisfaction of the performance obligation, provides the best reference of revenue actually earned. In applying the input method, the Group estimates the cost to complete the projects in order to determine the amount of revenue to be recognised. These estimates include the cost of providing infrastructure, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

Cost to complete the projects

The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include the cost of providing infrastructure, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

2.3 CHANGES IN THE ACCOUNTING POLICIES AND DISCLOSURES

Standards, amendments and interpretations in issue but not effective

At the date of authorisation of these consolidated financial statements, the following standards, amendments and interpretations were in issue but not yet effective.

IAS 12	Amendments to IAS 12 <i>Disclosure of interest in other entities</i> (Recognition of Deferred Tax Assets for Unrealised Losses) (effective for annual periods beginning 1 January 2017);
IAS 7	Amendments to IAS 7 <i>Statement of Cash Flows</i> (Disclosure Initiative) (effective for annual periods beginning 1 January 2017);
IFRS10, IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively);
IFRS 9	IFRS 9 <i>Financial Instruments</i> that replaces IAS 39 <i>Financial Instruments: Recognition and Measurement</i> and all previous versions of IFRS 9. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.
IFRS 2	Amendment to IFRS 2 <i>Share-based Payment</i> (Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018); and
IFRS 16	Leases: Lessees required to recognise a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term (effective for annual periods beginning on or after 1 January 2019).

The Group does not expect the adoption of the above new standards, amendments and interpretations to have a material impact on the future consolidated financial statements of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Group has elected to early adopt IFRS 15 - *Revenue from contracts with customers* with effect from 1 January 2015, as the Group considers it better reflects the real estate business performance of the Group. The Group opted for the full retrospective application permitted by IFRS 15 upon adoption of the standard. Accordingly, the standard has been applied retrospectively with effect from 1 January 2014 in accordance with IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors*, subject to the practical expedients permitted by IFRS 15.

Since this is the first set of financial statements prepared for the Group, management consider that the disclosure for transition adjustments on change in the accounting policies of revenue recognition are not of significant interest to the users of the consolidated financial statements.

Revenue from contracts with customers for sale of properties

The Group recognises revenue from contracts with customers based on a five step model as set out in IFRS 15:

- Step 1. Identify the contract(s) 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 every contract that must be met.
- Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or 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 amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
2. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not 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 asset based 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.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

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.

Interest income

Interest income is recognised as the interest accrues using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Development services

Revenue from rendering of development management services is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the development obligation at the reporting date. Where the outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Borrowing costs

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.

All other borrowing costs are recognised in the consolidated statement of comprehensive income in the year in which they are incurred.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives as follows:

Sales centers (included in land and buildings)	10 years
Computers and office equipment	2 - 5 years
Furniture and fixtures	2 - 10 years

No depreciation is charged on land and capital work-in-progress. The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of comprehensive income as the expense is incurred.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of property, plant and equipment may not be recoverable. Whenever the carrying amount of property, plant and equipment exceeds their recoverable amount, an impairment loss is recognised in the consolidated statement of comprehensive income. The recoverable amount is the higher of fair value less costs to sell of property, plant and equipment and the value in use. The fair value less costs to sell is the amount obtainable from the sale of property, plant and equipment in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of property, plant and equipment and from its disposal at the end of its useful life.

Reversal of impairment losses recognised in the prior years are recorded when there is an indication that the impairment losses recognised for the property, plant and equipment no longer exist or have reduced.

Development properties

Properties acquired, constructed or in the course of construction for sale in the ordinary course of business are classified as development properties 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; and
- Borrowing costs, 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 the estimated costs of sale.

The cost of development properties recognised in the consolidated statement of comprehensive income on sale is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

The management reviews the carrying values of the development properties on an annual basis.

Investment in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its joint ventures are accounted for using the equity method.

Under the equity method, the investment in the joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of its joint venture after tax and non-controlling in the subsidiary of the associate. Where there has been a change recognised directly in the other comprehensive income or equity of an associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of comprehensive income or the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the interest in the joint venture.

The financial statement of the joint venture is prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture, and its carrying value and recognises the impairment losses in the consolidated statement of comprehensive income.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in joint ventures (continued)

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any differences between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of comprehensive income. When the remaining investment in joint venture constitutes significant influence, it is accounted for as an investment in associate.

Financial assets

All financial assets are recognised and derecognised on trade date when the purchase or sale of a financial asset is made under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at cost, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date. If quoted market prices are not available, reference can also be made to broker or dealer price quotations.

The fair value of floating rate and overnight deposits with credit institutions is their carrying value. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest-bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

Classification of financial assets

For the purposes of classifying financial assets, an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer (under IAS 32: *Financial Instruments: Presentation*) except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are 'debt instruments'.

Equity investments

All financial assets that are equity investments are measured at fair value either through consolidated statement of other comprehensive income or through profit or loss. This is an irrevocable choice that the Group has made on early adoption of IFRS 9 - Phase 1 or will make on subsequent acquisition of equity investments unless the equity investments are held for trading, in which case, they must be measured at fair value through profit or loss. Gain or loss on disposal of equity investments is not recycled. Dividend income for all equity investments is recorded through the consolidated statement of comprehensive income.

Debt instruments

Debt instruments are also measured at fair value through profit or loss unless they are classified at amortised cost. They are classified at amortised cost only if:

- the asset is held within a business model whose objective is to hold the asset to collect the contractual cash flows; and
- the contractual terms of the debt instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

Trade and unbilled receivables

Trade and unbilled receivables are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. When trade and unbilled receivables are uncollectible, it is written off against provision for doubtful debts. Subsequent recoveries of amounts previously written off are credited to the consolidated statement of comprehensive income.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange component forms part of its fair value gain or loss. For financial assets classified as at fair value through profit or loss, the foreign exchange component is recognised in the consolidated statement of comprehensive income. For financial assets designated at fair value through other comprehensive income any foreign exchange component is recognised in the consolidated statement of comprehensive income. For foreign currency denominated debt instruments classified at amortised cost, the foreign exchange gains and losses are determined based on the amortised cost of the asset and are recognised in the 'other gains and losses' line item in the consolidated statement of comprehensive income.

Derecognition of financial assets

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group 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.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the financial assets carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

For financial assets carried at amortised cost, the carrying amount is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated statement of comprehensive income. Interest income on such financial assets continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the consolidated statement of comprehensive income. Financial asset together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or decreased by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators. Impairment losses of continuing operations are recognised in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of comprehensive income.

Financial liabilities and equity instruments issued by the Group

Debt and equity instruments are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual agreements. Financial liabilities within the scope of IFRS 9 phase 1, are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivative instrument as appropriate. The Group determines the classification of its financial liabilities at the initial recognition.

Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Loans and borrowings

Term loans are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. Where 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, then the difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

End-of-service benefits

The Group provides end-of-service benefits to its employees. The entitlement to these benefits is usually based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its eligible UAE and GCC national employees, the Group makes contributions to a pension fund established by the UAE General Pension and Social Security Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount can be reliably estimated. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Foreign currency translations

The consolidated financial statements are presented in AED which is the functional currency of the Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are recorded in the functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of comprehensive income. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

As at the reporting date, the assets and liabilities of subsidiary with functional currencies other than AED are translated into AED at the rate of exchange ruling at the reporting date and their statements of income are translated at the weighted average exchange rates for the year. The differences arising on the translation are taken directly to the consolidated statement of comprehensive income. On disposal of an entity, the deferred cumulative amount recognised in equity relating to that entity is recognised in the consolidated statement of comprehensive income.

Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Emaar Development LLC and its Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models

3 SEGMENT INFORMATION

For management purposes, the Group is organised into one segment based on its products and services, which is the real estate development business. Accordingly the Group only has one reportable segment. Management monitors the operating results of the business as a single unit for the purpose of making decisions about resource allocation and performance assessment.

Business segments

Revenue, operating results, assets and liabilities presented in the consolidated financial statements relates to the real estate development business of the Group.

Geographic segment

The Group is currently operating only in the UAE, hence the operating results, assets and liabilities presented in the consolidated financial statements relates to its operation in the UAE.

4 REVENUE AND COST OF REVENUE

	2016 AED'000	2015 AED'000	2014 AED'000
Revenue			
Sale of condominiums	3,236,832	2,913,112	1,365,197
Sale of villas	2,608,994	822,549	621,008
Sale of commercial units, plots of land and others	1,052,773	1,517,181	1,153,489
	<u>6,898,599</u>	<u>5,252,842</u>	<u>3,139,694</u>
Cost of revenue			
Cost of condominiums	2,253,218	2,029,768	664,912
Cost of villas	1,564,641	443,855	394,499
Cost of commercial units, plots of land and others	219,387	384,353	239,329
	<u>4,037,246</u>	<u>2,857,976</u>	<u>1,298,740</u>
Below is the split of revenue recognised over a period of time and single point in time:			
- Over a period of time	5,938,690	4,027,710	2,143,577
- Single point in time	959,909	1,225,132	996,117
	<u>6,898,599</u>	<u>5,252,842</u>	<u>3,139,694</u>

Cost of revenue includes AED Nil (2015: AED 70,823 and 2014: AED Nil) of costs incurred on certain projects of the Group which are discontinued.

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5 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2016 AED'000	2015 AED'000	2014 AED'000
Sales and marketing expenses	149,910	149,121	145,549
Payroll and related expenses	125,354	114,232	85,986
Property management expenses	56,022	62,036	65,744
Depreciation of property, plant and equipment (note 13)	11,344	34	3
Other expenses	234,518	285,766	195,467
	<u>577,148</u>	<u>611,189</u>	<u>492,749</u>

6 FINANCE INCOME

	2016 AED'000	2015 AED'000	2014 AED'000
Finance income on fixed deposits with banks	45,922	13,680	8,830
Other finance income	78,466	47,074	131,417
	<u>124,388</u>	<u>60,754</u>	<u>140,247</u>

7 BANK BALANCES

	2016 AED'000	2015 AED'000	2014 AED'000
Current and call bank deposit accounts	6,485,713	6,869,310	4,620,589
Fixed deposits maturing within three months	115,000	-	-
Cash and cash equivalents	6,600,713	6,869,310	4,620,589
Fixed deposits maturing after three months	3,152,831	2,591,662	2,773,800
	<u>9,753,544</u>	<u>9,460,972</u>	<u>7,394,389</u>

Cash at banks earn interest at fixed rates based on prevailing bank deposit rates. Short-term fixed deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Fixed deposits maturing after three months earn interest at rates between 1.3% and 2.95% per annum (2015: 1.3% and 2.5% per annum and 2014: 0.65% and 0.90% per annum).

The Company is required to maintain certain deposits / balances amounting to AED 9,242,814 thousands (2015: AED 8,956,765 thousands and 2014: AED 7,005,466 thousands) with banks for advances received from customers against sale of development properties which are deposited into escrow accounts. These deposits/balances are not under lien.

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8 TRADE AND UNBILLED RECEIVABLES

	2016 AED'000	2015 AED'000	2014 AED'000
Trade receivables			
Amounts receivables within 12 months, net	528,540	185,623	112,958
Unbilled receivables			
Unbilled receivables within 12 months	919,519	800,814	601,060
Unbilled receivables after 12 months	24,221	67,542	5,764
	943,740	868,356	606,824
Total trade and unbilled receivables	1,472,280	1,053,979	719,782

The above trade receivables are net of AED 56,629 thousands (2015: AED 64,976 thousands and 2014: AED 45,969 thousands) relating to provision for doubtful debts representing management's best estimate of doubtful trade receivables which are past due for more than 90 days. All other receivables are considered recoverable.

Movement in the provision for doubtful debts during the year is as follows:

	2016 AED'000	2015 AED'000	2014 AED'000
Balance at the beginning of the year	64,976	45,969	45,969
Provision made during the year	-	19,007	-
Reversal of provision during the year	(8,347)	-	-
Balance at the end of the year	56,629	64,976	45,969

At 31 December, the ageing analysis of net trade and unbilled receivables is as follows:

	Total AED'000	Neither past due nor impaired AED'000	Past due but not impaired			
			Less than 30 days AED'000	Between 30 to 60 days AED'000	Between 60 to 90 days AED'000	More than 90 days AED'000
2016	1,472,280	943,740	99,296	34,363	32,016	362,865
2015	1,053,979	868,356	39,433	16,407	30,670	99,113
2014	719,782	606,824	64,769	4,581	3,930	39,678

Refer note 24 (a) on credit risks of trade and unbilled receivables, which discusses how the Group manages and measures credit quality of trade and unbilled receivables that are neither past due nor impaired.

Emaar Development LLC and its Subsidiary

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9 OTHER ASSETS, RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2016 AED'000	2015 AED'000	2014 AED'000
Advances to contractors and others	703,183	348,883	259,169
Deferred sales commission (i)	419,427	243,290	163,773
Due from related parties	583,923	200,427	125,045
Accrued interest	11,362	8,578	5,004
Prepayments	4,904	2,963	3,641
Other receivables and deposits	54,341	105,065	35,269
	<u>1,777,140</u>	<u>909,206</u>	<u>591,901</u>
Other assets, receivables, deposits and prepayments maturity profile:			
Amounts recoverable within 12 months	1,777,140	909,206	591,901
Amounts recoverable after 12 months	-	-	-
	<u>1,777,140</u>	<u>909,206</u>	<u>591,901</u>

- (i) The deferred sales commission expense incurred to obtain or fulfil a contract with the customers is amortised over the period of satisfying performance obligations where applicable.

10 DEVELOPMENT PROPERTIES

	2016 AED'000	2015 AED'000	2014 AED'000
Balance at the beginning of the year	4,482,829	4,801,557	4,123,935
Add: Costs incurred during the year	5,625,822	2,662,006	1,993,097
Less: Costs transferred to property, plant and equipment (note 13)	-	(85,516)	-
Less: Costs transferred to cost of revenue during the year	(4,037,246)	(2,857,976)	(1,298,740)
Less: Transferred to Ultimate Parent (i)	(49,100)	(37,242)	(16,735)
Balance at the end of the year	<u>6,022,305</u>	<u>4,482,829</u>	<u>4,801,557</u>

- (i) Represents infrastructure cost of build to lease/operate assets (BTL/BTO) charged to Ultimate Parent as per MTA. As agreed in the MTA, development of all infrastructure relating to the projects, including BTL/BTO assets will be carried out by the Company and transferred to the Ultimate Parent at an agreed rate.

Properties acquired, constructed or in the course of construction for sale in the ordinary course of business are classified as development properties and include the costs of:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction including the cost of construction of infrastructure; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Common infrastructure cost is allocated to various projects and forms part of the estimated cost to complete a project in order to determine the cost attributable to revenue being recognised. The development span of some of the development properties is estimated to be over 10 years.

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11 LOAN TO A JOINT VENTURE

	2016 AED'000	2015 AED'000	2014 AED'000
Emaar Dubai South DWC LLC	15,441	-	-
Investment in joint venture (note 12)	(2,425)	-	-
	<u>13,016</u>	<u>-</u>	<u>-</u>

Loan to a joint venture is unsecured, repayable on demand and does not carry any interest.

12 INVESTMENT IN A JOINT VENTURE

	2016 AED'000	2015 AED'000	2014 AED'000
Emaar Dubai South DWC LLC	<u>(2,425)</u>	<u>-</u>	<u>-</u>

The following table summarises the income statements of joint venture for the year ended 31 December:

	2016 AED'000	2015 AED'000	2014 AED'000
Revenue	-	-	-
Loss for the year	<u>(5,150)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>(5,150)</u>	<u>-</u>	<u>-</u>
Group's share of loss for the year	<u>(2,575)</u>	<u>-</u>	<u>-</u>

The following table summarises the statements of financial position of joint venture as at 31 December:

	2016 AED'000	2015 AED'000	2014 AED'000
Total assets	84,392	-	-
Total liabilities	89,242	-	-
Net assets	<u>(4,850)</u>	<u>-</u>	<u>-</u>
Group's share of net assets	<u>(2,425)</u>	<u>-</u>	<u>-</u>

During 2015, the Ultimate Parent has entered into a joint venture agreement with Dubai Aviation City Corporation for the development of Emaar South project. The joint venture was incorporated in the UAE on 9 May 2016 and operates under the name of Emaar Dubai South DWC LLC ("Emaar South"), in which the Ultimate Parent has 50% interest. The entity is primarily involved in property development activities. Subsequent to reporting date, based on MTA, the Ultimate Parent has transferred its interest in BTS real estate development business of joint venture to the Company. On 28 September 2017, the joint venture partner has agreed to transfer the interest of the Ultimate Parent to the Company. However, legal formalities to transfer this interest to the Company are under process. The Group's interest in the joint venture is accounted for using the equity method accounting in the consolidated financial statements.

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12 INVESTMENT IN A JOINT VENTURE (continued)

Movement in investment in joint venture is as follows:

	2016 AED'000	2015 AED'000	2014 AED'000
Investment made during the year	150	-	-
Share of results for the year	(2,575)	-	-
Excess of loss over the value of investment is presented as part of loan to joint venture	(2,425)	-	-

As at 31 December 2016, the Group's joint venture had contingent liabilities of AED 28,800 thousands and commitments of AED 2,108,288 thousands.

13 PROPERTY, PLANT AND EQUIPMENT

	Land and building AED'000	Computers and office equipment AED'000	Furniture and fixtures AED'000	Capital work-in- progress AED'000	Total AED'000
2016:					
Cost:					
At 1 January 2016	-	76	-	85,516	85,592
Additions	2,225	6	5,174	-	7,405
Transfer	56,132	-	29,384	(85,516)	-
At 31 December 2016	58,357	82	34,558	-	92,997
Accumulated depreciation:					
At 1 January 2016	-	38	-	-	38
Depreciation charge for the year (note 5)	5,349	25	5,970	-	11,344
At 31 December 2016	5,349	63	5,970	-	11,382
Net carrying amount:					
At 31 December 2016	53,008	19	28,588	-	81,615
2015:					
Cost:					
At 1 January 2015	-	8	-	-	8
Additions	-	68	-	-	68
Transferred from development properties (note 10)	-	-	-	85,516	85,516
At 31 December 2015	-	76	-	85,516	85,592
Accumulated depreciation:					
At 1 January 2015	-	4	-	-	4
Depreciation charge for the year (note 5)	-	34	-	-	34
At 31 December 2015	-	38	-	-	38
Net carrying amount:					
At 31 December 2015	-	38	-	85,516	85,554

Emaar Development LLC and its Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016, 2015, 2014

13 PROPERTY, PLANT AND EQUIPMENT (continued)

	<i>Land and building AED'000</i>	<i>Computers and office equipment AED'000</i>	<i>Furniture and fixtures AED'000</i>	<i>Capital work-in- progress AED'000</i>	<i>Total AED'000</i>
2014:					
Cost:					
At 1 January 2014	-	8	-	-	8
At 31 December 2014	-	8	-	-	8
Accumulated depreciation:					
At 1 January 2014	-	1	-	-	1
Depreciation charge for the year (note 5)	-	3	-	-	3
At 31 December 2014	-	4	-	-	4
Net carrying amount:					
At 31 December 2014	-	4	-	-	4

14 TRADE AND OTHER PAYABLES

	<i>2016 AED'000</i>	<i>2015 AED'000</i>	<i>2014 AED'000</i>
Project contract cost accruals and provisions	1,780,326	1,912,552	1,903,122
Trade payables	430,521	485,397	435,068
Creditors for land purchase	344,026	-	-
Sales commission payable	54,939	47,362	45,459
Payable to authorities	18,271	54,779	54,423
Payable to related parties	4,608	1,605	129
Other payables and accruals	399,664	328,511	261,141
	<u>3,032,355</u>	<u>2,830,206</u>	<u>2,699,342</u>

Trade and other payables are non-interest bearing and for explanations on the Group's risk management process (refer note 24).

15 ADVANCES FROM CUSTOMERS

	<i>2016 AED'000</i>	<i>2015 AED'000</i>	<i>2014 AED'000</i>
Balance at the beginning of the year	7,876,668	7,323,532	3,879,270
Add: Amount billed during the year	7,157,601	5,805,978	6,583,956
Less: Revenue recognised during the year	(6,898,599)	(5,252,842)	(3,139,694)
Balance at the end of the year	<u>8,135,670</u>	<u>7,876,668</u>	<u>7,323,532</u>

The aggregate amount of the sale price allocated to the performance obligations of the Group that are unsatisfied / partially unsatisfied as at 31 December 2016 is AED 28,957,805 thousands (2015: AED 24,069,940 thousands and 2014: AED 20,010,793 thousands). The Group expects to recognise these unsatisfied performance obligations as revenue over a period of 4 to 5 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016, 2015, 2014

16 RETENTIONS PAYABLE

	<i>2016</i> <i>AED'000</i>	<i>2015</i> <i>AED'000</i>	<i>2014</i> <i>AED'000</i>
Retentions payable within 12 months	193,629	148,107	223,971
Retentions payable after 12 months	225,116	283,853	183,825
	<u>418,745</u>	<u>431,960</u>	<u>407,796</u>

17 EMPLOYEES' END-OF-SERVICE BENEFITS

The movement in the provision for employees' end-of-service benefits was as follows:

	<i>2016</i> <i>AED'000</i>	<i>2015</i> <i>AED'000</i>	<i>2014</i> <i>AED'000</i>
Balance at the beginning of the year	15,005	10,448	8,825
Provided during the year	4,323	5,012	2,948
Paid during the year	(1,938)	(455)	(1,325)
Balance at the end of the year	<u>17,390</u>	<u>15,005</u>	<u>10,448</u>

18 SHARE CAPITAL

	<i>2016</i> <i>AED'000</i>	<i>2015</i> <i>AED'000</i>	<i>2014</i> <i>AED'000</i>
Authorised capital: 300 shares of AED 1,000 each (2015: 300 shares of AED 1,000 each 2014: 300 shares of AED 1,000 each)	<u>300</u>	<u>300</u>	<u>300</u>
Issued and fully paid-up: 300 shares of AED 1,000 each (2015: 300 shares of AED 1,000 each 2014: 300 shares of AED 1,000 each)	<u>300</u>	<u>300</u>	<u>300</u>

19 STATUTORY RESERVES

As required by the UAE Federal Commercial Companies Law No. (2) of 2015 and the Article number 16.1 of the Company's Article of Association, 10% of the net profit for the year shall be transferred to statutory reserve until it reaches 50% of the paid-up share capital. The statutory reserve has reached 50% of the paid-up share capital of the Company and therefore, the Group has ceased further transfers to this reserve.

Emaar Development LLC and its Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016, 2015, 2014

20 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit or loss for the year attributable to the owners of Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit or loss attributable to the owners of the Parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The information necessary to calculate basic and diluted earnings per share is as follows:

	2016 AED '000	2015 AED '000	2014 AED '000
Earnings:			
Profit attributable to the owners of the Parent	<u>2,112,403</u>	<u>1,742,045</u>	<u>1,275,647</u>
	2016	2015	2014
Number of shares in thousands			
Weighted-average number of ordinary shares for basic and diluted earnings per share	<u>300</u>	<u>300</u>	<u>300</u>
	2016	2015	2014
Earnings per share:			
- basic and diluted earnings per share (AED)	<u>7,041,343</u>	<u>5,806,817</u>	<u>4,252,157</u>

21 GUARANTEES AND CONTINGENCIES

The Group has provided a performance guarantee of AED 3,908,818 thousands (2015: AED 2,069,723 thousands and 2014: AED 1,858,975 thousands) to the Real Estate Regulatory Authority (RERA), Dubai for its new projects as per RERA regulations.

22 COMMITMENTS

At 31 December 2016, the Group had project commitments of AED 10,976,101 thousands (2015: AED 7,174,746 thousands and 2014: AED 7,153,244 thousands). This represents the value of contracts issued at year end net of invoices received and accruals made at that date. There were certain claims submitted by contractors relating to various projects of the Group in the ordinary course of business from which it is anticipated that no material unprovided liabilities will arise.

23 RELATED PARTY DISCLOSURES

For the purpose of these consolidated financial statements, parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Emaar Development LLC and its Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016, 2015, 2014

23 RELATED PARTY DISCLOSURES (continued)

Related party transactions

During the year, the following were the significant related party transactions, which were carried out in the normal course of business on terms agreed between the parties:

	2016 AED'000	2015 AED'000	2014 AED'000
<i>Ultimate Parent:</i>			
Selling, general and administrative expenses (refer (i) below)	178,962	159,778	154,908
<i>Affiliated entities:</i>			
Selling, general and administrative expenses	14,533	14,848	12,219
Property development expenses	66,571	68,531	42,622
<i>Directors, Key management personnel and their related parties:</i>			
Selling, general and administrative expenses	-	1,050	-
Sale of property	2,281	-	43,589

Related party balances

Significant related party balances (and the consolidated statement of financial position captions within which these are included) are as follows:

	2016 AED'000	2015 AED'000	2014 AED'000
<i>Ultimate Parent and affiliated entities:</i>			
Other assets, receivables, deposits and prepayments (refer (iii) below)	583,923	200,427	125,045
Trade and other payables	5,252	400	3,819
<i>Directors, Key management personnel and their related parties:</i>			
Advance from customers	456	-	1,414
Trade receivables	-	29	-

(i) Allocation of corporate expenses:

Historically, Ultimate Parent has provided certain corporate functions to the Group and costs associated with these functions were allocated to the Group. These functions included human resources, treasury, investor relations, finance and accounting, compliance, information technology, corporate and legal compliance, business development and marketing. The costs of such services were allocated to the Group based on the most relevant allocation method to the service provided, which includes the headcount, time / efforts spent or number of users. In situations where no allocation methodology was more appropriate than another, an even allocation between the Group and other subsidiaries of the Ultimate Parent was utilised. The charges for these functions are included in selling, general, and administrative expenses in the consolidated statement of comprehensive income.

(ii) Shareholder's contribution:

Shareholder's contribution included as part of total equity of the Company represents the Ultimate Parents' interest in the net assets of the Company. Certain allocated expenses by the Ultimate Parent have also been adjusted with in shareholder's contribution.

Emaar Development LLC and its Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016, 2015, 2014

23 RELATED PARTY DISCLOSURES (continued)

(iii) Recoverable from Ultimate Parent:

This represents balances recoverable from the Ultimate Parent with respect to the development costs incurred for the BTS developments in Dubai Creek Harbor project. As agreed in the MTA, the Ultimate Parent has transferred the development services agreement relating to the BTS development in Dubai Creek Harbour project to the Company, for which the development costs including infrastructure costs are incurred by the Company. These balances will be recovered as per the agreed terms in the MTA.

Compensation of key management personnel

The remuneration of key management personnel during the year was as follows:

	2016 AED'000	2015 AED'000	2014 AED'000
Short-term benefits	49,597	39,002	25,363
Employees' end-of-service benefits	2,213	2,763	1,926
	<u>51,810</u>	<u>41,765</u>	<u>27,289</u>

During the year, the number of key management personnel is 52 (2015: 46 and 2014: 29).

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The Group has exposure to the following risks from its use of financial instruments:

- a) Credit risk;
- b) Market risk; and
- c) Liquidity risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital.

The Board of Directors of Ultimate Parent has overall responsibility for the establishment and oversight of the Group's risk management framework. Group's senior management are responsible for developing and monitoring the Group's risk management policies and report regularly to the Board of Directors on their activities.

The Group's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management policies in others. The Group's risk management policies (both formal and informal) are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee of the Ultimate Parent oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Group's principal financial liabilities, comprise retentions payable and trade and other payables. The Group has various financial assets such as bank balances and cash, trade and unbilled receivables and other receivables and deposits, which arise directly from its operations.

The Board of Directors of the Ultimate Parent reviews and agrees policies for managing each of these risks which are summarised below:

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk principally from its receivables from customers, other receivables and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade, unbilled and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less influence on credit risk. The Group earns its revenues from a large number of customers including international customers.

The Group has entered into contracts for the sale of residential and commercial units and plots of land 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, commercial units and plots of land is transferred to the buyer only after all the instalments are recovered. In addition, instalment dues are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group establishes an allowance for impairment at each reporting date that represents its estimate of incurred losses in respect of trade, unbilled and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Other financial assets and cash deposits

With respect to credit risk arising from the other financial assets of the Group, which comprise bank balances and cash, loan to a joint venture, other receivables and deposits, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets.

Credit risk from balances with banks and financial institutions is managed by treasury of the Ultimate Parent in accordance with the Group's policy. The Group limits its exposure to credit risk by only placing balances with banks of good repute. Given the profile of its bankers, management does not expect any counterparty to fail in meeting its obligations.

Guarantees

The Group's policy is to provide financial guarantees only to its subsidiary and joint ventures. For details of guarantees outstanding as at the reporting date refer note 21 to the consolidated financial statements.

Excessive risk of concentration

Concentration arise 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.

b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as currency risk, interest rate risk and equity prices risks, which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group is not exposed to any significant market risk. The Group's monetary assets are mainly denominated in AED or currency pegged against USD. Further, as at reporting date the Group does not have any financial instruments at floating interest rate.

Emaar Development LLC and its Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016, 2015, 2014

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. trade receivables, other financial assets) and projected cash flows from operations.

The cash flows, funding requirements and liquidity of Group companies are monitored on a centralised basis, under the control of treasury of the Ultimate Parent. The objective of this centralised system is to optimise the efficiency and effectiveness of the management of the Group's capital resources. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank borrowings and finance lease contracts. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Financial liabilities

	<i>Less than 3 months AED '000</i>	<i>3 to 12 months AED '000</i>	<i>1 to 5 years AED '000</i>	<i>Over 5 years AED '000</i>	<i>Total AED '000</i>
<i>As at 31 December 2016</i>					
Trade and other payables	985,900	1,373,748	574,308	193,063	3,127,019
Retentions payable	34,098	159,531	225,116	-	418,745
Total undiscounted financial liabilities	<u>1,019,998</u>	<u>1,533,279</u>	<u>799,424</u>	<u>193,063</u>	<u>3,545,764</u>
<i>As at 31 December 2015</i>					
Trade and other payables	1,104,821	963,710	600,199	246,888	2,915,618
Retentions payable	23,877	124,230	283,853	-	431,960
Total undiscounted financial liabilities	<u>1,128,698</u>	<u>1,087,940</u>	<u>884,052</u>	<u>246,888</u>	<u>3,347,578</u>
<i>As at 31 December 2014</i>					
Trade and other payables	910,813	950,062	623,166	300,713	2,784,754
Retentions payable	41,570	182,401	183,825	-	407,796
Total undiscounted financial liabilities	<u>952,383</u>	<u>1,132,463</u>	<u>806,991</u>	<u>300,713</u>	<u>3,192,550</u>

d) Capital management

Capital includes equity attributable to the equity holders of the Ultimate Parent. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The primary objective of the Group's capital management strategy is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and make changes to it in light of changes in business conditions. No changes were made in the objectives, policies and procedures for managing capital during the years ended 31 December 2016, 31 December 2015 and 31 December 2014.

Emaar Development LLC and its Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016, 2015, 2014

25 FAIR VALUES OF FINANCIAL INSTRUMENTS

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, other receivables, deposits and due from related parties. Financial liabilities of the Group include customer deposits, accounts payable, retentions payable and other payables.

Fair value of the financial instruments are included at the amounts at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of financial instruments are not materially different from their carrying values largely due to the short-term maturities of these instruments.

26 MATERIAL PARTLY-OWNED SUBSIDIARY

Financial information of subsidiary of the Group that has material non-controlling interest is provided below:

	<i>Country of incorporation</i>	<i>Ownership 2016</i>	<i>Ownership 2015</i>	<i>Ownership 2014</i>
Dubai Hills Estate LLC	UAE	50.00%	50.00%	50.00%

The following table summarises the statement of financial position of subsidiary as at 31 December 2016, 31 December 2015 and 31 December 2014. This information is based on the amounts before inter-company elimination.

	<i>2016 AED'000</i>	<i>2015 AED'000</i>	<i>2014 AED'000</i>
Total assets	4,298,439	2,533,831	1,392,976
Total liabilities	2,771,403	1,435,783	734,748
Total equity	1,527,036	1,098,048	658,228
Attributable to:			
Owners of the Parent	763,518	549,024	329,114
Non-controlling interest	763,518	549,024	329,114

The following table summarises statement of comprehensive income of the subsidiaries for the year ended 31 December. This information is based on the amounts before inter-company elimination.

	<i>2016 AED'000</i>	<i>2015 AED'000</i>	<i>2014 AED'000</i>
Revenue	1,155,620	824,808	865,033
Profit for the year	678,988	439,820	669,868
Total comprehensive income for the year	678,988	439,820	669,868
Attributable to:			
Owners of the Parent	339,494	219,910	334,934
Non-controlling interest	339,494	219,910	334,934

27 EVENTS AFTER REPORTING DATE

- (i) On 9 January 2017, the Ultimate Parent has entered into a joint venture agreement with Meraas Zabeel Owned by Meraas Venture One Person Company LLC for the purpose of mix-use development in the UAE. The Ultimate Parent has 50% equity interest in the joint venture company, Zabeel Square LLC ("Zabeel Square"). Subsequent to reporting date, based on MTA, the Ultimate Parent has transferred its interest in BTS real estate development business of joint venture to the Company. On 29 September 2017, the joint venture partner has agreed to transfer the interest of the Ultimate Parent to the Company. However, legal formalities to transfer this interest are under process. The Group's interest in the BTS real estate business of the joint venture is accounted for using the equity method in the consolidated financial statements.
- (ii) On 17 August 2017, the Ultimate Parent has entered into a sale and purchase agreement ("SPA") with Harbour Properties LLC to purchase 88,268 square meter of land at Dubai Harbour master plan development. Subsequently, as per the MTA the Ultimate Parent has transferred the BTS portion of land to the Group. However, legal formalities to transfer the land are under process.
- (iii) On 27 September 2017, the Group has entered into 5 year Murahaba financing facility amounting to USD 1,300,000 thousands (AED 4,774,900 thousand) with First Abu Dhabi Bank PJSC (FAB).
- (iv) On 17 October 2017, the Company has increased its share capital from AED 300 thousand to AED 4,000,000 thousand by conversion of shareholder's contribution into share capital.

Emaar Development LLC and its Subsidiary

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED 30 SEPTEMBER 2017

Emaar Development LLC and its subsidiary

**Unaudited Interim Condensed Consolidated Financial Statements
For the Period Ended 30 September 2017**

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE PARTNERS OF EMAAR DEVELOPMENT LLC AND ITS SUBSIDIARY

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Emaar Development LLC (the "Company") and its subsidiary (the "Group") as at 30 September 2017, comprising of the interim consolidated statement of financial position as at 30 September 2017, and the related interim consolidated statements of comprehensive income, statement of changes in equity and cash flows for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting* ("IAS 34"). 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 IAS 34.

We have not reviewed the financial information for the nine-month period ended 30 September 2016 and accordingly do not express a conclusion thereon.

For Ernst & Young



Signed by:
Anthony O'Sullivan
Partner
Registration No: 687

17 October 2017

Dubai, United Arab Emirates

Emaar Development LLC and its Subsidiary

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 30 September 2017 (Unaudited)

		<i>(US\$ 1.00 = AED 3.673)</i>	
		<i>30 September 2017 AED'000</i>	<i>30 September 2016 AED'000</i>
	<i>Notes</i>		
Revenue	4	6,508,387	5,129,772
Cost of revenue	4	(3,758,283)	(2,980,696)
GROSS PROFIT		2,750,104	2,149,076
Selling, general and administrative expenses	5	(438,459)	(404,023)
Finance income	6	90,155	87,065
Finance costs		(10,950)	(10,588)
Other income		54,976	46,577
Share of results of joint venture		(3,548)	(1,627)
PROFIT FOR THE PERIOD		2,442,278	1,866,480
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,442,278	1,866,480
ATTRIBUTABLE TO:			
Owners of the Parent		2,105,773	1,596,915
Non-controlling interest		336,505	269,565
		2,442,278	1,866,480
Earnings per share attributable to the owners of the parent:			
- basic and diluted earnings per share (AED)		7,019,243	5,323,050

The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

Emaar Development LLC and its Subsidiary

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

(US\$ 1.00 = AED 3.673)

		30 September 2017 AED'000 (Unaudited)	31 December 2016 AED'000 (Audited)
	Notes		
ASSETS			
Bank balances	7	10,167,361	9,753,544
Trade and unbilled receivables	8	1,346,284	1,472,280
Other assets, receivables, deposits and prepayments	9	2,855,042	1,777,140
Development properties	10	6,491,784	6,022,305
Loans to joint ventures	11	378,939	13,016
Property, plant and equipment		70,808	81,615
TOTAL ASSETS		21,310,218	19,119,900
LIABILITIES AND EQUITY			
Liabilities			
Trade and other payables	13	3,548,033	3,032,355
Advances from customers		8,031,798	8,135,670
Retentions payable		473,174	418,745
Employees' end-of-service benefits		20,784	17,390
TOTAL LIABILITIES		12,073,789	11,604,160
EQUITY			
Equity attributable to owners of the Parent			
Share capital		300	300
Statutory reserve		150	150
Shareholder's contribution	17	8,355,956	6,751,772
Non-controlling interests		8,356,406	6,752,222
		880,023	763,518
TOTAL EQUITY		9,236,429	7,515,740
TOTAL LIABILITIES AND EQUITY		21,310,218	19,119,900

The interim condensed consolidated financial statements were authorised for issue on 17 October 2017 by:


General Manager

The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

Emaar Development LLC and its Subsidiary

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 September 2017 (Unaudited)

(US\$ 1.00 = AED 3.673)

	Attributable to the owners of the Parent				Non-controlling interests AED'000	Total equity AED'000
	Share capital AED'000	Statutory reserve AED'000	Shareholder's contribution AED'000	Total AED'000		
Balance at 31 December 2016 (<i>Audited</i>)	300	150	6,751,772	6,752,222	763,518	7,515,740
Profit for the period	-	-	2,105,773	2,105,773	336,505	2,442,278
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	2,105,773	2,105,773	336,505	2,442,278
Dividend of a subsidiary	-	-	-	-	(220,000)	(220,000)
Movement in shareholder's contribution	-	-	(501,589)	(501,589)	-	(501,589)
Balance at 30 September 2017	300	150	8,355,956	8,356,406	880,023	9,236,429
Balance at 31 December 2015 (<i>Audited</i>)	300	150	4,289,227	4,289,677	549,024	4,838,701
Profit for the period	-	-	1,596,915	1,596,915	269,565	1,866,480
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	1,596,915	1,596,915	269,565	1,866,480
Movement in shareholder's contribution	-	-	57,336	57,336	-	57,336
Balance at 30 September 2016	300	150	5,943,478	5,943,928	818,589	6,762,517

Movement in shareholder's contribution represents change in the net assets allocated to the Build-to-sell real estate development business. Also refer note 2.1 and 17.

Emaar Development LLC and its Subsidiary

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 30 September 2017 (Unaudited)

		(US\$ 1.00 = AED 3.673)	
		30 September 2017 AED'000	30 September 2016 AED'000
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		2,442,278	1,866,480
Adjustments for:			
Share of results of joint venture	12	3,548	1,627
Depreciation	5	10,863	7,722
Provision for employees' end-of-service benefits, net		3,394	3,929
Finance costs		10,950	10,588
Finance income	6	(90,155)	(87,065)
Cash from operations before working capital changes		2,380,878	1,803,281
Trade and unbilled receivables		125,996	(299,510)
Other assets, receivables, deposits and prepayments		(1,078,399)	(351,403)
Development properties		(469,479)	(999,789)
Advances from customers		(103,872)	288,802
Trade and other payables		515,678	406,516
Retentions payable		54,429	94,750
Net cash flows from operating activities		1,425,231	942,647
CASH FLOWS FROM INVESTING ACTIVITIES			
Finance income received		90,652	81,937
Loan to joint ventures		(369,321)	(7,022)
Amounts incurred on property, plant and equipment		(56)	(7,747)
Investment in a joint venture		(150)	(150)
Deposits maturing after three months		1,091,666	(328,901)
Net cash flows from / (used in) investing activities		812,791	(261,883)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance costs paid		(10,950)	(10,588)
Dividend paid by a subsidiary to the non-controlling interests		(220,000)	-
Movement in shareholder's contribution		(501,589)	57,336
Net cash flows (used in) / from financing activities		(732,539)	46,748
INCREASE IN CASH AND CASH EQUIVALENTS		1,505,483	727,512
Cash and cash equivalents at the beginning of the period		6,600,713	6,869,310
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	8,106,196	7,596,822

The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

Emaar Development LLC and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2017 (Unaudited)

1 DOMICILE AND ACTIVITIES

Emaar Development L.L.C (the “Company” or the “Parent”) is a limited liability company incorporated on 2 April 2003 (formerly Emaar Investment LLC) with the Department of Economic Development, Dubai, United Arab Emirates (UAE) and owned 99% by Emaar Properties PJSC (the ‘Ultimate Parent’), an entity incorporated in UAE and listed on the Dubai Financial Market (DFM) and 1% by Emirates Property Holdings Limited, an entity incorporated in the British Virgin Islands. The Company and its subsidiary constitute the Group (the “Group”). The Company’s registered office is at P.O. Box 48882, Dubai, United Arab Emirates (“UAE”).

During 2017, the Ultimate Parent announced their intention to sell up to 30% of their shares in the Company through an Initial Public Offering (“IPO”) and subsequently list the Company on the DFM. As part of proposed IPO, the legal status of the Company will be converted from that of a Limited Liability Company (L.L.C) to a Public Joint Stock Company (“PJSC”) to be known as Emaar Development PJSC upon receipt of the appropriate approval from the Ministry of Economy.

The principal activities of the Group are property development and development management in the UAE.

2.1 BASIS OF PREPARATION

As part of a proposed IPO, the Ultimate Parent entered into a Master Transfer Agreement (“MTA”) on 29 September 2017 with the Company for the transfer of its Build-to-sell (BTS) real estate development business (sale of condominiums, villas, commercial units and plots of land) in the UAE to the Company. As per the MTA all assets and liabilities relating to the BTS real estate development business of the Ultimate Parent are transferred to the Company. As this transaction is between entities under common control, which is scoped out under IFRS 3 – Business Combinations, the Company has chosen to present the interim condensed consolidated financial statements for the period ended 30 September 2017 as if BTS real estate development business was with the Company from the beginning of the earliest period presented. Accordingly, the interim condensed consolidated financial statements which have been prepared for the purpose of inclusion in the IPO prospectus, represents the results of operations and assets and liabilities of the BTS real estate development business for the period ended 30 September 2017. Further, as per the MTA, certain warranty provisions and advances from customers relating to BTS real estate developments which were completed in the prior years are retained in the books of the Ultimate Parent as these obligations will be continued to be serviced the Ultimate Parent company. In addition, based on the MTA, the Company will also continue to manage the development of Build-to-Operate (BTO) and Build-to-lease (BTL) assets on behalf of the Ultimate Parent for which the Company will receive management fees at an agreed rate. The Ultimate Parent also transferred its interest in the BTS real estate development business of its subsidiary, Dubai Hills Estate LLC to the Company. Joint ventures partners have also consented to transfer the interest of the Ultimate Parent in the BTS real estate development business of joint ventures to the Company. Currently, legal formalities for such transfers are under process. However, the beneficial interest in the BTS real estate development business has been transferred to the Group by virtue of contractual arrangements entered into by the parties.

The interim condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard (IAS) 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 annual consolidated financial statements for the year ended 31 December 2016. 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 most recent annual consolidated financial statements.

The interim condensed consolidated financial statements have been prepared in United Arab Emirates Dirhams (AED), which is the Company’s functional and presentation currency, and all values are rounded to the nearest thousand except where otherwise indicated. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The interim condensed consolidated financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of interim condensed consolidated financial statements on the basis described above requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which for the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Emaar Development LLC and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2017 (Unaudited)

2.1 BASIS OF PREPARATION (continued)

The comparative information presented in the interim condensed consolidated financial statements represents the BTS real estate business of the Group transferred from the Ultimate Parent. The comparative information in the interim condensed consolidated financial statements are unreviewed.

Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Company and the entity controlled by the Company (its subsidiary) as at 30 September 2017. Control is achieved where all the following criteria are met:

- (a) the Company has power over an entity (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- (b) the Company has exposure, or rights, to variable returns from its involvement with the entity; and
- (c) the Company has the ability to use its power over the entity to affect the amount of the Company's returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the interim condensed consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Subsidiary

A subsidiary is fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Share of comprehensive income/loss within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in the interim consolidated statement of comprehensive income; and
- Reclassifies the Group's share of components previously recognised in other comprehensive income to the interim consolidated statement of comprehensive income or retained earnings, as appropriate.

Details of the Company's significant subsidiary are as follows:

Subsidiary	Place of incorporation	Principal activities	Percentage of beneficial interest
Dubai Hills Estate LLC	UAE	Property development	50.00%

Emaar Development LLC and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2017 (Unaudited)

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

The Group's investment in joint ventures are accounted for using the equity method of accounting. Under the equity method of accounting, investments in joint ventures are carried in the interim consolidated statement of financial position at cost, plus post-acquisition changes in the Group's share of net assets of the joint venture companies, less any impairment in value.

The interim consolidated statement of comprehensive income reflects the Group's share of results of its joint ventures. Unrealised profits and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

The key judgments, estimates and assumptions that have a significant impact on the interim condensed consolidated financial statements of the Group are discussed below:

Judgments

Satisfaction of performance obligations

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 sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, where contracts are entered into to provide real estate assets to customer, the Group does not create an asset with an alternative use to the Group and usually 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.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

In determining the impact of variable consideration the Group uses the "most-likely amount" method in IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

Transfer of control in contracts with customers

In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the asset that is the subject of the contract is transferred to the customer. In the case of contracts to sell real estate assets this is generally when the consideration for the unit has been substantially received and there are no impediments in the handing over of the unit to the customer.

Emaar Development LLC and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2017 (Unaudited)

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgments (continued)

Transfer of real estate assets from property, plant and equipment to development properties

The Group sells real estate assets in its ordinary course of business. When real estate assets which were previously classified as property, plant and equipment are identified for sale in the ordinary course of business, then the assets are transferred to development properties at their carrying value at the date of identification and become held for sale. Sale proceeds from such assets are recognised as revenue in accordance with IFRS 15 *Revenue from Contracts with Customers*.

Consolidation of subsidiary

The Group has evaluated all investee entities to determine whether it controls the investee as per the criteria laid out by IFRS 10 *Consolidated Financial Statements*. The Group has evaluated, amongst other things, its ownership interest, the contractual arrangements in place and its ability and the extent of its involvement with the relevant activities of the investee entities to determine whether it controls the investee.

Estimations and assumptions

Split of real estate components

The interim condensed consolidated financial statements of the Group include certain assets, liabilities, income, expenses and cash flows which are allocated to the Group based on management assumptions and estimates. This mainly includes development properties, trade and other payables, selling, general and administrative expenses. These are allocated based on evaluation by project consultant and management best estimate of use of corporate resources by the Group.

Impairment of trade and other receivables

An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Allocation of transaction price to performance obligation in contracts with customers

The Group has elected to apply the input method in allocating the transaction price to performance obligations where revenue is recognised over time. The Group considers that the use of the input method, which requires revenue recognition on the basis of the Group's efforts to the satisfaction of the performance obligation, provides the best reference of revenue actually earned. In applying the input method, the Group estimates the cost to complete the projects in order to determine the amount of revenue to be recognised. These estimates include the cost of providing infrastructure, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

Cost to complete the projects

The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include the cost of providing infrastructure, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the interim consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

2.3 CHANGES IN THE ACCOUNTING POLICIES AND DISCLOSURES

(a) New standards, interpretations and amendments adopted by the Group

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 2016, except for the adoption of new standards and interpretations effective as of 1 January 2017. Although these new standards and amendments apply for the first time in 2017, they do not have a material impact on the interim condensed consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Group is not required to provide additional disclosures in its interim condensed consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ended 31 December 2017.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. The application has no effect on the Group's interim consolidated financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

Annual Improvements Cycle - 2014-2016

Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. The Group has adopted the amendments retrospectively. As the disclosure requirements in IFRS 12 do not specifically apply to the interim condensed consolidated financial statements, the Group did not provide these disclosures. The Group will disclose the required information in its annual consolidated financial statements for the year ended 31 December 2017.

(b) Standards, amendments and interpretations in issue but not effective

At the date of authorisation of these interim condensed consolidated financial statements, other than the Standards and Interpretations adopted by the Group (as described above) the following Standards and Interpretations were in issue but not yet effective:

- | | |
|---------|--|
| IFRS 9 | IFRS 9 <i>Financial Instruments</i> that replaces IAS 39 <i>Financial Instruments: Recognition and Measurement</i> and all previous versions of IFRS 9. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. |
| IFRS 2 | Amendment to IFRS 2 <i>Share-based Payment</i> Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018); and |
| IFRS 16 | Leases: Lessees required to recognise a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term (effective for annual periods beginning on or after 1 January 2019). |

The Group does not expect the adoption of the above new standards, amendments and interpretations to have a material impact on the future interim condensed consolidated financial statements of the Group.

Emaar Development LLC and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2017 (Unaudited)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Group has elected to early adopt IFRS 15 with effect from 1 January 2015 and has applied the following accounting policy in the preparation of its interim condensed consolidated financial statements.

Revenue from contracts with customers for sale of properties

The Group recognises revenue from contracts with customers based on a five step model as set out in IFRS 15:

- Step 1. Identify the contract(s) 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 every contract that must be met.
- Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or 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 amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- 1. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- 2. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- 3. The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not 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 asset based 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.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is recognised in the interim 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.

Interest income

Interest income is recognised as the interest accrues using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Development services

Revenue from rendering of development management services is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the development obligation at the reporting date. Where the outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Emaar Development LLC and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2017 (Unaudited)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Development properties

Properties acquired, constructed or in the course of construction for sale in the ordinary course of business are classified as development properties 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; and
- Borrowing costs, 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 the estimated costs of sale.

The cost of development properties recognised in the interim consolidated statement of comprehensive income on sale is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

The management reviews the carrying values of the development properties on an annual basis.

Financial assets

All financial assets are recognised and derecognised on trade date when the purchase or sale of a financial asset is made under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at cost, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date. If quoted market prices are not available, reference can also be made to broker or dealer price quotations.

The fair value of floating rate and overnight deposits with credit institutions is their carrying value. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest-bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

Classification of financial assets

For the purposes of classifying financial assets, an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer (under IAS 32: *Financial Instruments: Presentation*) except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are 'debt instruments'.

Equity investments

All financial assets that are equity investments are measured at fair value either through interim consolidated statement of other comprehensive income or through profit or loss. This is an irrevocable choice that the Group has made on early adoption of IFRS 9 - Phase 1 or will make on subsequent acquisition of equity investments unless the equity investments are held for trading, in which case, they must be measured at fair value through profit or loss. Gain or loss on disposal of equity investments is not recycled. Dividend income for all equity investments is recorded through the interim consolidated statement of comprehensive income.

Debt instruments

Debt instruments are also measured at fair value through profit or loss unless they are classified at amortised cost. They are classified at amortised cost only if:

- the asset is held within a business model whose objective is to hold the asset to collect the contractual cash flows; and
- the contractual terms of the debt instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

Emaar Development LLC and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2017 (Unaudited)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Cash and cash equivalents

For the purpose of the interim consolidated statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

Trade and unbilled receivables

Trade and unbilled receivables are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. When trade and unbilled receivables are uncollectible, it is written off against provision for doubtful debts. Subsequent recoveries of amounts previously written off are credited to the interim consolidated statement of comprehensive income.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange component forms part of its fair value gain or loss. For financial assets classified as at fair value through profit or loss, the foreign exchange component is recognised in the interim consolidated statement of comprehensive income. For financial assets designated at fair value through other comprehensive income any foreign exchange component is recognised in the interim consolidated statement of comprehensive income. For foreign currency denominated debt instruments classified at amortised cost, the foreign exchange gains and losses are determined based on the amortised cost of the asset and are recognised in the 'other gains and losses' line item in the interim consolidated statement of comprehensive income.

Derecognition of financial assets

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group 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.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the financial assets carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment of financial assets(continued)

For financial assets carried at amortised cost, the carrying amount is reduced through the use of an allowance account and the amount of the loss is recognised in the interim consolidated statement of comprehensive income. Interest income on such financial assets continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the interim consolidated statement of comprehensive income. Financial asset together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or decreased by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the profit or loss.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators. Impairment losses of continuing operations are recognised in the interim consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the interim consolidated statement of comprehensive income.

Financial liabilities and equity instruments issued by the Group

Debt and equity instruments are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual agreements. Financial liabilities within the scope of IFRS 9 phase 1, are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivative instruments as appropriate. The Group determines the classification of its financial liabilities at the initial recognition.

Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Loans and borrowings

Term loans are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the interim consolidated statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Emaar Development LLC and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2017 (Unaudited)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities and equity instruments issued by the Group (continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. Where 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, then the difference in the respective carrying amounts is recognised in the interim consolidated statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the interim consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount can be reliably estimated. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the interim consolidated statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Foreign currency translations

The interim condensed consolidated financial statements are presented in AED which is the functional currency of the Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are recorded in the functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. All differences are taken to the interim consolidated statement of comprehensive income. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

As at the reporting date, the assets and liabilities of subsidiary with functional currencies other than AED are translated into AED at the rate of exchange ruling at the reporting date and their statements of income are translated at the weighted average exchange rates for the year. The differences arising on the translation are taken directly to the interim consolidated statement of comprehensive income. On disposal of an entity, the deferred cumulative amount recognised in equity relating to that entity is recognised in the interim consolidated statement of comprehensive income.

Contingencies

Contingent liabilities are not recognised in the interim condensed consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the interim condensed consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Emaar Development LLC and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2017 (Unaudited)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models

3 SEGMENT INFORMATION

For management purposes, the Group is organised into one segment based on its products and services, which is the real estate development business. Accordingly, the Group only has one reportable segment. Management monitors the operating results of the business as a single unit for the purpose of making decisions about resource allocation and performance assessment.

Business segments

Revenue, operating results, assets and liabilities presented in the interim condensed consolidated financial statements relates to the real estate development business of the Group.

Geographic segment

The Group is currently operating only in the UAE, hence the operating results, assets and liabilities presented in the interim condensed consolidated financial statements relates to its operation in the UAE.

4 REVENUE AND COST OF REVENUE

	<i>30 September 2017 AED'000</i>	<i>30 September 2016 AED'000</i>
Revenue		
Sale of condominiums	3,869,956	2,131,641
Sale of villas	2,217,958	2,129,966
Sale of commercial units, plots of land and others	420,473	868,165
	<u>6,508,387</u>	<u>5,129,772</u>
Cost of revenue		
Cost of condominiums	2,558,658	1,517,704
Cost of villas	1,175,714	1,280,039
Cost of commercial units, plots of land and others	23,911	182,953
	<u>3,758,283</u>	<u>2,980,696</u>

Below is the split of revenue recognised over a period of time and single point in time:

	<i>30 September 2017 AED'000</i>	<i>30 September 2016 AED'000</i>
- Over a period of time	6,303,319	4,342,551
- Single point in time	205,068	787,221
	<u>6,508,387</u>	<u>5,129,772</u>

Emaar Development LLC and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2017 (Unaudited)

5 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	<i>30 September 2017 AED'000</i>	<i>30 September 2016 AED'000</i>
Sales and marketing expenses	135,475	107,847
Payroll and related expenses	113,321	94,554
Property management expenses	43,073	41,110
Depreciation of property, plant and equipment	10,863	7,722
Other expenses	135,727	152,790
	<u>438,459</u>	<u>404,023</u>

6 FINANCE INCOME

	<i>30 September 2017 AED'000</i>	<i>30 September 2016 AED'000</i>
Finance income on fixed deposits with banks	33,942	34,521
Other finance income	56,213	52,544
	<u>90,155</u>	<u>87,065</u>

7 BANK BALANCES

	<i>30 September 2017 AED'000</i>	<i>31 December 2016 AED'000 (Audited)</i>
Current and call bank deposit accounts	8,003,098	6,485,713
Fixed deposits maturing within three months	103,098	115,000
Cash and cash equivalents	8,106,196	6,600,713
Fixed deposits maturing after three months	2,061,165	3,152,831
	<u>10,167,361</u>	<u>9,753,544</u>

Cash at banks earn interest at fixed rates based on prevailing bank deposit rates. Short-term fixed deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Fixed deposits maturing after three months earn interest at rates between 1.3% and 2.25% per annum (31 December 2016: 1.3% and 2.95% per annum).

The Company is required to maintain certain deposits / balances amounting to AED 9,972,813 thousands (31 December 2016: AED 9,242,814 thousands) with banks for advances received from customers against sale of development properties which are deposited into escrow accounts. These deposits/balances are not under lien.

Emaar Development LLC and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2017 (Unaudited)

8 TRADE AND UNBILLED RECEIVABLES

	<i>30 September 2017 AED'000</i>	<i>31 December 2016 AED'000 (Audited)</i>
Trade receivables		
Amounts receivables within 12 months, net	686,627	528,540
Unbilled receivables		
Unbilled receivables within 12 months	626,016	919,519
Unbilled receivables after 12 months	33,641	24,221
	659,657	943,740
Total trade and unbilled receivables	1,346,284	1,472,280

The above trade receivables are net of AED 56,629 thousands (31 December 2016: AED 56,629 thousands) relating to provision for doubtful debts representing management's best estimate of doubtful trade receivables which are past due for more than 90 days. All other receivables are considered recoverable.

9 OTHER ASSETS, RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<i>30 September 2017 AED'000</i>	<i>31 December 2016 AED'000 (Audited)</i>
Due from related parties (note 17)	1,199,126	583,923
Advances to contractors and others	946,075	703,183
Deferred sales commission (i)	635,434	419,427
Prepayments	11,669	4,904
Accrued interest	10,865	11,362
Other receivables and deposits	51,873	54,341
	2,855,042	1,777,140
Other assets, receivables, deposits and prepayments maturity profile:		
Amounts recoverable within 12 months	2,855,042	1,777,140
Amounts recoverable after 12 months	-	-
	2,855,042	1,777,140

- (i) The deferred sales commission expense incurred to obtain or fulfil a contract with the customers is amortised over the period of satisfying performance obligations where applicable.

Emaar Development LLC and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2017 (Unaudited)

10 DEVELOPMENT PROPERTIES

	<i>30 September 2017 AED'000</i>	<i>31 December 2016 AED'000 (Audited)</i>
Balance at the beginning of the year (Audited)	6,022,305	4,482,829
Add: Costs incurred during the period / year	4,440,277	5,625,822
Less: Costs transferred to cost of revenue during the period / year	(3,758,283)	(4,037,246)
Less: Transferred to Ultimate Parent (i)	(81,019)	(49,100)
Less: Transferred to affiliated entity (i)	(131,496)	-
Balance at the end of the period / year	<u>6,491,784</u>	<u>6,022,305</u>

- (i) Represents infrastructure cost of build to lease/operate assets (BTL / BTO) charged to Ultimate Parent and its affiliated entities as per the MTA. As agreed in the MTA, development of all infrastructure relating to the projects, including BTL / BTO assets will be carried out by the Company and transferred to the Ultimate Parent and its affiliated entities at an agreed rate.

11 LOAN TO JOINT VENTURES

	<i>30 September 2017 AED'000</i>	<i>31 December 2016 AED'000 (Audited)</i>
Emaar Dubai South DWC LLC	201,669	15,441
Zabeel Square LLC	183,093	-
Investment in joint ventures (note 12)	(5,823)	(2,425)
	<u>378,939</u>	<u>13,016</u>

Loan to joint venture of AED 384,762 (31 December 2016: AED 15,441 thousands) are unsecured, repayable on demand and does not carry any interest.

12 INVESTMENT IN JOINT VENTURES

	<i>30 September 2017 AED'000</i>	<i>31 December 2016 AED'000 (Audited)</i>
Emaar Dubai South DWC LLC (i)	(5,973)	(2,425)
Zabeel Square LLC (ii)	150	-
	<u>(5,823)</u>	<u>(2,425)</u>

- (i) During 2015, the Ultimate Parent has entered into a joint venture agreement with Dubai Aviation City Corporation for the development of Emaar South project. The joint venture was incorporated in the UAE on 9 May 2016 and operates under the name of Emaar Dubai South DWC LLC ("Emaar South"), in which the Ultimate Parent has 50% interest. The entity is primarily involved in property development activities. The Group's interest in the joint venture is accounted for using the equity method accounting in the interim condensed consolidated financial statements.

Emaar Development LLC and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2017 (Unaudited)

12 INVESTMENT IN JOINT VENTURES (continued)

Movement in investment in joint venture is as follows:

	<i>30 September 2017 AED'000</i>	<i>31 December 2016 AED'000 (Audited)</i>
Investment made during the period/year	150	150
Share of results for the period/year	(6,123)	(2,575)
Excess of loss over the value of investment is presented as part of loan to joint venture	(5,973)	(2,425)

As at 30 September 2017, the Group's joint venture has contingent liabilities of AED 28,800 thousands and commitments of AED 2,465,000 thousands.

- (ii) On 9 January 2017, the Ultimate Parent has entered into a joint venture agreement with Meraas Zabeel Owned by Meraas Venture One Person Company LLC for the purpose of mix-use development in the UAE. The Ultimate Parent has 50% equity interest in the joint venture company, Zabeel Square LLC ("Zabeel Square"). The Group's interest in the joint venture is accounted for using the equity method in the interim condensed consolidated financial statements.

During the period, based on the MTA, Ultimate Parent has transferred its interest in the BTS real estate development business of the joint ventures to the Company. As at the reporting date, joint venture partners have agreed for the change in the initial shareholders agreement and transfer the interest of the Ultimate Parent in the joint venture companies to the Company. However, the legal formalities for the transfer is in progress at reporting date.

13 TRADE AND OTHER PAYABLES

	<i>30 September 2017 AED'000</i>	<i>31 December 2016 AED'000 (Audited)</i>
Project contract cost accruals and provisions	2,002,584	1,780,326
Payable to related parties (note 17)	572,935	4,608
Trade payables	273,879	430,521
Creditors for land purchase	222,856	344,026
Sales commission payable	97,029	54,939
Payable to authorities	39,384	18,271
Other payables and accruals	339,366	399,664
	3,548,033	3,032,355

14 INTEREST-BEARING LOAN AND BORROWING

On 27 September 2017, the Group has entered into a 5 year Murabaha financing facility agreement for an amount of USD 1,300,000 thousands (AED 4,774,900 thousands) with First Abu Dhabi Bank PJSC. The Murabaha facility is secured against cash flows of certain projects of the Group, carries profit rate at LIBOR plus 1.4% per annum and is fully repayable by 2022. As at reporting the date, the Group has not drawn down any amount from this facility.

Emaar Development LLC and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2017 (Unaudited)

15 GUARANTEES AND CONTINGENCIES

The Group has provided a performance guarantee of AED 3,679,677 thousands (31 December 2016: AED 3,908,818 thousands) to the Real Estate Regulatory Authority (RERA), Dubai for its projects as per RERA regulations.

16 COMMITMENTS

At 30 September 2017, the Group had commitments of AED 15,037,674 thousands (31 December 2016: AED 10,976,101 thousands). This represents the value of contracts entered into by the Group at period / year end net of invoices received and accruals made at that date. There were certain claims submitted by contractors relating to various projects of the Group in the ordinary course of business from which it is anticipated that no material unprovided liabilities will arise.

17 RELATED PARTY DISCLOSURES

For the purpose of these interim condensed consolidated financial statements, parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related party transactions

During the period, the following were the significant related party transactions, which were carried out in the normal course of business on terms agreed between the parties:

	30 September 2017 AED'000	30 September 2016 AED'000
<i>Ultimate Parent:</i>		
Selling, general and administrative expenses (refer (i) below)	145,257	122,570
	<u>145,257</u>	<u>122,570</u>
	30 September 2017 AED'000	30 September 2016 AED'000
<i>Affiliated entities:</i>		
Property development expenses	86,641	79,702
	<u>86,641</u>	<u>79,702</u>
<i>Directors, Key management personnel and their related parties:</i>		
Selling, general and administrative expenses	10,346	-
	<u>10,346</u>	<u>-</u>

Related party balances

Significant related party balances (and the interim consolidated statement of financial position captions within which these are included) are as follows:

	30 September 2017 AED'000	31 December 2016 AED'000 (Audited)
<i>Ultimate Parent:</i>		
Other assets, receivables, deposits and prepayments (refer (iii) below)	1,199,126	583,923
Trade and other payables	572,935	5,252
	<u>1,199,126</u>	<u>583,923</u>
<i>Affiliated entities:</i>		
Other assets, receivables, deposits and prepayments	131,496	-
	<u>131,496</u>	<u>-</u>

Emaar Development LLC and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2017 (Unaudited)

17 RELATED PARTY DISCLOSURES (continued)

Related party balances (continued)

(i) Allocation of corporate expenses:

Ultimate Parent has provided certain corporate functions to the Group and costs associated with these functions were allocated to the Group. These functions included human resources, treasury, investor relations, finance and accounting, compliance, information technology, corporate and legal compliance, business development and marketing. The costs of such services were allocated to the Group based on the most relevant allocation method to the service provided, which includes the headcount, time/efforts spent or number of users. In situations where no allocation methodology was more appropriate than another, an even allocation between the Group and other subsidiaries of the Ultimate Parent was utilised. The charges for these functions are included in selling, general, and administrative expenses in the interim consolidated statement of comprehensive income.

(ii) Shareholder's contribution:

Shareholder's contribution included as part of total equity of the Company represents the Ultimate Parents' interest in the net assets of the Company until the date of transfer of business to the Company. Certain allocated expenses by the Ultimate Parent have also been adjusted within the shareholder's contribution.

(iii) Recoverable from Ultimate Parent:

This represents balances recoverable from the Ultimate Parent with respect to the development costs incurred for the BTS developments in Dubai Creek Harbor project. As agreed in the MTA, the Ultimate Parent has transferred the development services agreement relating to the BTS development in Dubai Creek Harbour project to the Company, for which the development costs including infrastructure costs are incurred by the Company. These balances will be recovered as per the agreed terms in the MTA.

Compensation of key management personnel

The remuneration of key management personnel during the period was as follows:

	30 September 2017 AED'000	30 September 2016 AED'000
Short-term benefits	43,245	40,645
Employees' end-of-service benefits	629	1,950
	<u>43,874</u>	<u>42,595</u>

During the period, the number of key management personnel is 60 (2016: 52).

18 FAIR VALUES OF FINANCIAL INSTRUMENTS

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, other receivables, deposits and due from related parties. Financial liabilities of the Group include customer deposits, accounts payable, retentions payable and other payables.

Fair value of the financial instruments is included at the amounts at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of financial instruments are not materially different from their carrying values largely due to the short-term maturities of these instruments.

19 EVENTS AFTER REPORTING DATE

On 17 October 2017, the Company has increased its share capital from AED 300 thousand to AED 4,000,000 thousand by conversion of shareholder's contribution into share capital.

Annex 2 - Articles and Memorandum of Association

The Memorandum of Association of

EMAAR DEVELOPMENT

PJSC

(the "Company")

Preamble

In this day "[Insert day]" of "[Insert day]" of "[Insert year]", it has been agreed between the signatories below:

On the following:

This preamble and the Articles of Association attached hereto are considered to be an integral part of this Memorandum of Association.

Article One

On 2 April 2003, a limited liability company was incorporated under the name of **Emaar Investments (L.L.C.)** and registered with the commercial register under the commercial license number 543667 issued by Dubai Department of Economic Development, by virtue of its memorandum of association duly notarized before Dubai notary public on 9 April 2003 under attestation number 1660/5/2003.

Pursuant to the amendments made to the memorandum of association and duly notarized before Dubai notary public on 14 March 2017 under attestation number 60413/1/2017 and on 10 July 2017 under attestation number 152268/1/2017, the partners amended the objectives of the Company and its name to be **Emaar Development L.L.C.**

Whereas the General Assembly held on 8 August 2017 approved by a special resolution to (i) convert the Company from a limited liability company to a public joint stock company; (ii) offer to the public part of the share capital of the Company held by the current shareholders of the Company ("**Founders**") by way of selling their shares by no more than 30% of the share capital of the Company; and (iii) listing the shares of the company on Dubai Financial Market. In addition, the said General Assembly approved to appoint a Founders' committee to supervise the Company's conversion process and offering its shares for public subscription.

عقد تأسيس شركة

إعمار للتطوير

ش.م.ع.

("الشركة")

المقدمة

أنه في هذا اليوم "(ادخل اليوم)" من شهر "(ادخل الشهر)" لسنة "(ادخل السنة)"، تم الاتفاق فيما بين الموقعين أدناه:

على ما يلي:

تعتبر هذه المقدمة و النظام الأساسي المرفق لهذا العقد مكملاً له وجزءاً لا يتجزأ منه.

المادة الأولى

بتاريخ 2 أبريل 2003، تأسست شركة ذات مسؤولية محدودة تحت اسم شركة **إعمار للاستثمار (ش.ذ.م.م.)** مسجلة لدى السجل التجاري بموجب الرخصة التجارية رقم 543667 صادرة عن دائرة التنمية الاقتصادية بإمارة دبي، وفقاً لعقد التأسيس الخاص بها والمصدق أصولاً لدى كاتب العدل في إمارة دبي بتاريخ 9 أبريل 2003 بموجب محضر التصديق رقم 2003/5/1660.

وحيث إنه بموجب التعديلات الواردة على عقد التأسيس والمصدقة أصولاً لدى كاتب العدل في إمارة دبي بتاريخ 14 مارس 2017 بموجب محضر التصديق رقم 60413/1/2017 وبتاريخ 10 يوليو 2017 بموجب محضر التصديق رقم 152268/1/2017 قام الشريكين بتعديل اسم الشركة ليصبح **إعمار للتطوير ش.ذ.م.م.** بالإضافة إلى تعديل أغراضها.

وحيث وافقت الجمعية العمومية للشركة بموجب قرار خاص بتاريخ 8 أغسطس 2017 على (أ) تحويلها من شركة ذات مسؤولية محدودة لشركة مساهمة عامة (ب) طرح نسبة من أسهم الشركة للعامة من خلال بيع الشريكين الحاليين ("**المؤسسين**") لجزء من أسهمهما في الشركة بحد أقصى 30% من رأس مال الشركة و(ج) إدراج أسهم الشركة لدى سوق دبي المالي؛ بالإضافة إلى تعيين لجنة تأسيس للإشراف على عملية تحويل الشركة وطرح أسهمها للاكتتاب.

And following the approval of the regulatory authorities on the conversion, this agreement has been drafted in accordance with the provisions of Federal Law No. 2 for the year 2015 concerning Commercial Companies and the regulations and decrees enacted for its implementation.

Article Two

The name of the Company is **Emaar Development PJSC** (a public joint stock company).

Article Three

The head office of the Company and its legal place of business shall be in Emirate of Dubai. The Board of Directors may establish branches, offices and agencies in or outside the State.

Article Four

The duration of this Company is ninety nine (99) Gregorian years commencing on the date of the registration of the Company at the commercial register.

Such term shall be automatically renewed for similar successive terms unless a Special Resolution of the General Assembly is issued to amend the term of the Company or terminate the same.

Article Five

The objectives for which the Company is established shall be in compliance with the provisions of the laws and resolutions of the State.

- (a) The objectives of the Company are:
- Real estate development;
 - Buying and selling of real estate; and
 - Leasing and management of self-owned property.
- (b) the above objects clause shall be interpreted liberally and in their wider meaning and shall not be narrowly interpreted.
- (c) The Company may also carry on any other new business or activity that the parties agree to or establish any new branch as may

وبعد موافقة الجهات الرسمية على التحوّل فقد تحرر هذا العقد طبقاً لأحكام القانون الإتحادي رقم (2) لسنة 2015 بشأن الشركات التجارية ووفقاً للوائح والقرارات الصادرة تنفيذاً له.

المادة الثانية

يكون اسم الشركة هو **إعمار للتطوير ش.م.ع.** (شركة مساهمة عامة).

المادة الثالثة

يكون مركز الشركة الرئيسي ومحلها القانوني في إمارة دبي، ويجوز لمجلس الإدارة أن ينشئ لها فروعاً ومكاتب وتوكيلات في داخل الدولة وخارجها.

المادة الرابعة

المدة المحددة لهذه الشركة هي (99) تسعة وتسعون سنة ميلادية تبدأ من تاريخ إشهارها في السجل التجاري.

وتجدد هذه المدة بعد ذلك تلقائياً لمدد متعاقبة ومماثلة ما لم يصدر قرار خاص من الجمعية العمومية بتعديل مدة الشركة أو إنهائها.

المادة الخامسة

تكون الأغراض التي تأسست من أجلها الشركة متفقة مع أحكام القوانين والقرارات المعمول بها داخل الدولة.

- (أ) الأغراض التي تأسست من أجلها الشركة هي:
- التطوير العقاري؛
 - شراء الأراضي والعقارات وبيعها؛ و
 - خدمات تأجير وإدارة العقارات الخاصة.
- (ب) تُفسّر أغراض الشركة والموضحة في الفقرات المذكورة أعلاه بشكل متحرر وتكون لها أوسع المعاني دون أي تقييد.
- (ج) كما يجوز لـ "الشركة" أن تمارس أية أعمال جديدة أو نشاط أو فتح فرع جديد وفقاً لما تسمح به السلطات المختصة في أي

be permitted by the competent authorities in any of the Emirates of the UAE or outside the UAE.

Article Six

The issued capital of the Company is determined at four billion (4,000,000,000) UAE Dirhams, divided into four billion (4,000,000,000) shares, the nominal value of each share is one (1) UAE Dirham, with Three billion nine hundred ninety-nine million seven hundred thousand (3,999,700,000) shares corresponding to in-kind shares and three hundred thousand (300,000) shares corresponding in-cash shares. All the shares of the Company shall be equal in all aspects.

The authorized capital of the Company is determined at eight billions (8,000,000,000) UAE Dirham. The Board of Directors may increase the issued capital of the Company within the limits of the authorized capital by virtue of a board resolution pursuant to the regulations issued by the Authority in this regard.

Following the sell-down of twenty percent 20% of the current shares of the Founders, the Founders own three billion two hundred million (3,200,000,000) shares, having a nominal value of three billion two hundred million (3,200,000,000) UAE Dirham.

قيمة الأسهم	عدد الأسهم	% في رأس المال
3,160,000,000	3,160,000,000	79%
40,000,000	40,000,000	1%

Name	Nationality
Emaar Properties PJSC	United Arab Emirates
Emirates Property Holdings Limited	British Virgin Islands

The remaining shares amounting to eight hundred million (800,000,000) shares, having a nominal value of one (1) UAE Dirham each shall be offered for subscription to public.

Article Eight

إمارة من الإمارات العربية المتحدة أو في خارج الإمارات العربية المتحدة.

المادة السادسة

حُدّد رأس مال الشركة المصدر بمبلغ أربعة مليار (4.000.000.000) درهم إماراتي موزع على أربعة مليار (4.000.000.000) سهم قيمة كل سهم درهم إماراتي واحد، وتمثّل ثلاثة مليارات تسعمائة تسعة وتسعون مليون وسبعمائة ألف (3.999.700.000) سهماً مقابل حصص عينية وثلاثمائة ألف (300.000) سهماً مقابل حصص نقدية. وتكون جميع أسهم الشركة متساوية مع بعضها البعض من كافة الجوانب.

وحُدّد رأس مال الشركة المصرح به بمبلغ ثمانية مليارات (8.000.000.000) درهم إماراتي. ويجوز لمجلس الإدارة زيادة رأس المال المصدر للشركة في حدود رأس المال المصرّح به بموجب قرار صادر عن مجلس الإدارة في ضوء قرارات الهيئة في هذا الشأن.

بعد بيع ما يوازي نسبة عشرين بالمائة (20%) من إجمالي أسهم المؤسسين الحالية، يمتلك المؤسسين ثلاثة مليار ومائتان مليون (3,200,000,000) سهم بقيمة اسمية ثلاثة مليار ومائتان مليون (3,200,000,000) درهم إماراتي.

الاسم	الجنسية
إعمار العقارية ش.م.ع.	الإمارات العربية المتحدة
إميريتس بروبرتي هولدينجز ليميتد	جزر العذراء البريطانية

Ownership percentage in the capital	No. of Shares	Value of Shares
-------------------------------------	---------------	-----------------

79%	3,160,000,000	3,160,000,000
1%	40,000,000	40,000,000

وتطرح باقي الأسهم للاكتتاب العام وعددها ثمانمائة مليون (800.000.000) سهم، قيمتها الاسمية درهم إماراتي واحد لكل سهم.

المادة الثامنة

The Company's capital is composed of in-kind contribution representing assets and rights (shares in kind) in Emaar Development LLC which were contributed by the Founders and valued by JLL, in addition to shares (in-cash shares) resulting from the increase of capital.

Article Nine

The Founders signing this Memorandum of Association undertake to perform all the formalities necessary to complete the incorporation of the Company. For this purpose, they have appointed a committee (the "**Founders' Committee**") formed of the following persons:

- Mr. Ahmed Thani Rashed Al Matrooshi (Chairman)
- Mr. Ahmed Juma Mohamed Matar Al Falasi (Member)
- Mr. Ahmed Ibrahim (Member)

and thus solely or jointly to submit the application request to incorporate the Company, to undertake all legal formalities, complete the necessary documents and to incorporate any amendments which are required by the relevant authorities whether on this Memorandum or the Articles of Association of the Company attached hereto.

Article Ten

In case of a discrepancy between the Arabic and the English text, the Arabic text shall prevail.

رأس مال الشركة عبارة عن أصول وحقوق (حصص عينية) بشركة إعمار للتطوير (ش.ذ.م.م.) مقدمة من المؤسسين ومقيمة من قبل جيه إل إل (JLL) بالإضافة إلى أسهم (حصص نقدية) ناتجة عن زيادة رأس المال.

المادة التاسعة

يتعهد المؤسسون الموقعون على هذا العقد بالقيام بجميع الإجراءات اللازمة لإتمام تأسيس الشركة. ولهذا الغرض، وكلا عنهما لجنة من الأشخاص التالية أسماؤهم ("**لجنة المؤسسين**"):

- السيد/ أحمد ثاني راشد المطروشي (رئيس)

- السيد/ أحمد جمعة محمد مطر الفلاسي (عضو)

- السيد/ أحمد إبراهيم (عضو)

وذلك سواء منفردين أو مجتمعين للتقدم بطلب للترخيص بتأسيس الشركة واتخاذ الإجراءات القانونية واستيفاء المستندات اللازمة وإدخال التعديلات التي تراها الجهات المختصة لازمة سواء على هذا العقد أو على نظام الشركة المرفق به.

المادة العاشرة

في حال وجود أي تعارض بين النص العربي والنص الإنجليزي، يؤخذ بالنصوص الواردة في النسخة العربية.

Article Eleven

This Memorandum of Association is made of three (3) originals for the purpose of notarization and submission to relevant authorities to incorporate the Company. One original shall be kept in the Company's headquarters.

Signed By:

Emaar Properties PJSC

[Signature]

Emirates Property Holdings Limited

[Signature]

المادة الحادية عشر

حرر هذا العقد من ثلاثة (3) نسخ لغايات التوثيق ولتقديمها إلى الجهات المختصة لطلب التراخيص اللازمة لتأسيس الشركة وتُحفظ نسخة أصلية في مقر الشركة.

وقعت من قبل:

إعمار العقارية ش.م.ع.

[التوقيع]

إميريتس بروبرتي هولدنجز ليمتد

[التوقيع]

Articles of Association of

Emaar Development

PJSC

(the "Company")

Introduction

On 2 April 2003, a limited liability company was incorporated under the name of **Emaar Investments (L.L.C.)** and registered with the commercial register under the commercial license number 543667 issued by Dubai Department of Economic Development, by virtue of its memorandum of association duly notarized before Dubai notary public on 9 April 2003 under attestation number 1660/5/2003.

Pursuant to the amendments made to the memorandum of association and duly notarized before Dubai notary public on 14 March 2017 under attestation number 60413/1/2017 and on 10 July 2017 under attestation number 152268/1/2017, the partners amended the objectives of the Company and its name to be **Emaar Development L.L.C.**

Whereas the General Assembly held on 8 August 2017 approved by a special resolution to (i) convert the Company from a limited liability company to a public joint stock company; (ii) offer to the public part of the share capital of the Company held by the current shareholders of the Company ("**Founders**") by way of selling their shares by no more than 30% of the share capital of the Company; and (iii) listing the shares of the company on Dubai Financial Market. In addition, the said General Assembly approved to appoint a Founders' committee to supervise the Company's conversion process and offering its shares for public subscription.

Therefore, it has been agreed that the following shall be the Articles of Association of the Company:

PART ONE

ESTABLISHING THE COMPANY

The following terms and expressions, when mentioned in the provisions of these Articles, shall have the following meanings:

Articles or Articles of Association: means these articles of association of the Company as amended from time to time.

Authority: means the Securities and Commodities Authority in the United Arab Emirates.

Board Director(s): means the person or entity appointed to perform the function of member of the Board of Directors of the Company.

Board of Directors: means the Board of Directors of the Company.

النظام الأساسي لشركة

إعمار للتطوير

ش.م.ع

("الشركة")

مقدمة

بتاريخ 2 أبريل 2003، تأسست شركة ذات مسؤولية محدودة تحت اسم شركة **إعمار للإستثمار (ش.ذ.م.م.)** مسجلة لدى السجل التجاري بموجب الرخصة التجارية رقم 543667 صادرة عن دائرة التنمية الاقتصادية بإمارة دبي، وفقاً لعقد التأسيس الخاص بها والمصدق أصولاً لدى كاتب العدل في إمارة دبي بتاريخ 9 أبريل 2003 بموجب محضر التصديق رقم 2003/5/1660.

وحيث إنه بموجب التعديلات الواردة على عقد التأسيس والمصدقة أصولاً لدى كاتب العدل في إمارة دبي بتاريخ 14 مارس 2017 بموجب محضر التصديق رقم 2017/1/60413 وبتاريخ 10 يوليو 2017 بموجب محضر التصديق رقم 2017/1/152268 قام الشريكين بتعديل اسم الشركة ليصبح **إعمار للتطوير ش.ذ.م.م.** بالإضافة إلى تعديل أغراضها.

وحيث وافقت الجمعية العمومية للشركة بموجب قرار خاص بتاريخ 8 أغسطس 2017 على (أ) تحويلها من شركة ذات مسؤولية محدودة لشركة مساهمة عامة (ب) طرح نسبة من أسهم الشركة للعامة من خلال بيع الشريكين الحاليين ("**المؤسسين**") لجزء من أسهمهما في الشركة بحد أقصى 30% من رأس مال الشركة و(ج) إدراج أسهم الشركة لدى سوق دبي المالي؛ بالإضافة إلى تعيين لجنة تأسيس للإشراف على عملية تحويل الشركة وطرح أسهمها للاكتتاب.

وعليه، فقد تم الاتفاق على النظام الأساسي التالي للشركة:

الباب الأول

في تأسيس الشركة

يقصد بالألفاظ والمعاني أدناه، عند ورودها في النظام الأساسي، المعاني المرادف لكل منها:

النظام أو النظام الأساسي: هذا النظام الأساسي للشركة كما يتم تعديله من حين لآخر.

الهيئة: هيئة الأوراق المالية والسلع بدولة الإمارات العربية المتحدة.

عضو (أعضاء) مجلس الإدارة: الشخص الطبيعي أو الاعتباري الذي يتم تعيينه لشغل عضوية مجلس إدارة الشركة.

مجلس الإدارة: مجلس إدارة الشركة.

Chairman: means the chairman of the Board of Directors appointed from time to time in accordance with the provisions of these Articles.

Company: means Emaar Development PJSC.

Competent Authority: means the department of economic development concerned with issuing the license for carrying out the activities in the Emirate of Dubai.

Conflict of Interest: A situation in which the partiality in taking a decision is affected due to a personal, material or moral interest, whereby the interests of the Related Parties interfere or seem to interfere with the interests of the company as a whole, or upon taking advantage of the professional or official position in any way with a view to achieving a personal benefit.

Control: The power to influence or control - directly or indirectly - the appointment of the majority of the members of the Board of Directors of a company or the decisions issued by the board or by the general assembly of a company through the ownership of a percentage of shares or through an agreement or arrangement leading to the same effect.

Corporate Governance Rules: means the set of rules, regulations, principles, standards and procedures issued from time to time by the Authority in accordance with the Law and providing for institutional compliance in managing the Company in accordance with international standards and methods through specifying the responsibilities and duties of the Management and the Board Directors while taking into consideration the protection of the rights of shareholders and stakeholders.

Cumulative Voting: means each shareholder has a number of votes equal to the number of shares held by such shareholder. Such votes can be provided to a single nominated Board Director or distributed among more than one nominated Board Director provided that the numbers of votes to be given to such group of nominated Board Directors is not more than the number of the votes held by such shareholder in any case whatsoever.

Dirham: means the official currency in the United Arab Emirates.

Disclosure Rules: mean the rules and requirements of disclosure under the Law, the regulations and resolutions issued in accordance thereof.

General Assembly: means each meeting of the shareholders of the Company (including the annual General Assembly) duly convened and held in accordance with these Articles.

Law: means the Federal Law No. (2) of 2015 concerning Commercial Companies and any regulations or decrees to be enacted for its implementation or as amended, completed, substituted or re-enacted in full by subsequent laws to the extent

رئيس مجلس الإدارة: رئيس مجلس الإدارة والذي يتم تعيينه من وقت لآخر بموجب أحكام هذا النظام.

الشركة: اعمار للتطوير ش.م.ع

السلطة المختصة: دائرة التنمية الاقتصادية المختصة بإصدار ترخيص مزاولة النشاط في إمارة دبي.

تعارض المصالح: الحالة التي يتأثر فيها الحياد اللازم لإتخاذ القرار بسبب مصلحة شخصية أو مادية أو معنوية بحيث تتداخل أو يظهر تتداخل مصالح الأطراف ذات العلاقة مع مصالح الشركة في مجملها أو عند إستغلال الصفة المهنية أو الرسمية بطريقة ما لتحقيق منفعة شخصية.

السيطرة: القدرة على التأثير أو التحكم - بشكل مباشر أو غير مباشر - في تعيين أغلبية أعضاء مجلس إدارة شركة أو القرارات الصادرة منه أو من الجمعية العمومية للشركة، وذلك من خلال ملكية نسبة من الأسهم أو الحصة أو باتفاق أو ترتيب آخر يؤدي إلى ذات التأثير.

قواعد حوكمة الشركات: مجموعة القرارات واللوائح والضوابط والمعايير والإجراءات التي تصدرها الهيئة من حين لآخر وفقاً لأحكام القانون بهدف تحقيق الانضباط المؤسسي في إدارة الشركة وذلك وفقاً للمعايير والأساليب العالمية من خلال تحديد مسؤوليات وواجبات الإدارة وأعضاء مجلس الإدارة مع الأخذ في الاعتبار حماية حقوق المساهمين وأصحاب المصالح.

التصويت التراكمي: أن يكون لكل مساهم عدد من الأصوات يساوي عدد الأسهم التي يملكها، بحيث يقوم بالتصويت بها لمرشح واحد لعضوية مجلس الإدارة أو توزيعها بين من يختارهم من المرشحين على أن لا يتجاوز عدد الأصوات التي يمنحها للمرشحين الذين اختارهم عدد الأصوات التي بحوزته بأي حال من الأحوال.

درهم: العملة الرسمية لدولة الإمارات العربية المتحدة.

قواعد الإفصاح: قواعد ومتطلبات الإفصاح الواردة في القانون والأنظمة والقرارات الصادرة بمقتضاه.

الجمعية العمومية: كل إجتماع يعقده مساهمي الشركة تتم الدعوة إليه ويُعقد أصولاً بموجب هذا النظام (بما في ذلك الجمعية العمومية السنوية).

القانون: القانون الاتحادي رقم (2) لسنة 2015 في شأن الشركات التجارية وأي لوائح وقرارات تصدر تنفيذاً له وحسبما يتم تعديله أو استكمالاه أو إحلاله أو إعادة إصداره أو سنّه بشكل كامل بواسطة قوانين لاحقة وذلك إلى الحد (حيثما يسمح السياق

(where the context permits) applicable to the provisions of these Articles.

Listing Rules: mean the rules and requirements of listing under the Law, the regulations and resolutions issued in accordance thereof or for its implementation, including the internal regulations of the Market.

Management: means the executive management of the Company that includes the Manager and his/her deputies authorized by the Board of Directors to manage the Company.

Manager(s): means the general manager, executive manager, chief executive officer or managing Board Director of the Company appointed by the Board of Directors to manage the Company.

Market: means Dubai Financial Market in which the shares of the Company shall be listed.

Memorandum of Association: means the memorandum of association of the Company.

Related Parties: means the Chairman and members of the Board of Directors of the Company, members of the Senior Executive Management of the Company, employees of the Company, and the companies in which any of such persons holds 30% or more of its capital, as well as subsidiaries or sister companies or affiliate companies.

Special Resolution: means a resolution passed by the shareholders owning no less than three quarters of the shares represented in the General Assembly.

State: means United Arab Emirates.

Article (1)

The name of the Company is Emaar Development (a public joint stock company) (to be referred to hereinafter as the "Company").

Article (2)

The head office of the Company and its legal place of business shall be in Emirate of Dubai. The Board of Directors may establish branches, offices and agencies in or outside the State.

Article (3)

The duration of this Company is ninety nine (99) Gregorian years commencing on the date of the registration of the Company at the commercial register.

Such term shall be automatically renewed for similar successive terms unless a Special Resolution of the General Assembly is issued to amend the term of the Company or terminate the same.

Article (4)

The objects that the Company is established for shall be in compliance with the provisions of the laws and regulations in force in the State.

بذلك) الذي يسري على أحكام هذا النظام.

قواعد الإدراج: قواعد ومتطلبات الإدراج الواردة في القانون والأنظمة والقرارات الصادرة بمقتضاه أو تنفيذاً له، واللوائح الداخلية الخاصة بالسوق.

الإدارة: الإدارة التنفيذية للشركة وتشمل مدير الشركة ونوابه المُخوّلين من قبل مجلس الإدارة بإدارة الشركة.

مدير (مديري) الشركة: المدير العام، المدير التنفيذي، الرئيس التنفيذي أو العضو المنتدب للشركة المعيّن من قبل مجلس الإدارة لإدارة الشركة.

السوق: سوق دبي المالي الذي سيتم إدراج أسهم الشركة به.

عقد التأسيس: عقد تأسيس الشركة.

الأطراف ذات العلاقة: رئيس وأعضاء مجلس إدارة الشركة وأعضاء الإدارة التنفيذية العليا للشركة والعاملين بها والشركات التي يساهم فيها أي من هؤلاء بما لا يقل عن 30% من رأس مالها وكذا الشركات التابعة أو الشقيقة أو الحليفة.

القرار الخاص: القرار الصادر بأغلبية أصوات المساهمين الذين يملكون ما لا يقل عن ثلاثة أرباع الأسهم الممثلة في اجتماع الجمعية العمومية للشركة.

الدولة: دولة الإمارات العربية المتحدة.

المادة (1)

يكون اسم الشركة هو اعمار للتطوير (شركة مساهمة عامة) (ويشار إليها فيما بعد بـ "الشركة").

المادة (2)

يكون مركز الشركة الرئيسي ومحلها القانوني في إمارة دبي، ويجوز لمجلس الإدارة أن ينشئ لها فروعاً ومكاتب وتوكيلات في داخل الدولة وخارجها.

المادة (3)

المدة المحددة لهذه الشركة هي (99) تسعة وتسعون سنة ميلادية تبدأ من تاريخ إشهارها في السجل التجاري.

وتجدد هذه المدة بعد ذلك تلقائياً لمدد متعاقبة ومماثلة ما لم يصدر قرار خاص من الجمعية العمومية بتعديل مدة الشركة أو إنهائها.

المادة (4)

تكون الأغراض التي أسست من أجلها الشركة متفقة مع أحكام القوانين والقرارات المعمول بها داخل الدولة.

- (أ) الاغراض التي تأسست من أجلها الشركة هي:
- التطوير العقاري
 - شراء الأراضي والعقارات وبيعها
 - تأجير وإدارة العقارات الخاصة
- (a) The objectives of the Company are as follows:
- Real estate development.
 - Buying and selling of real estate.
 - Leasing and management of self-owned property.
- (ب) وللشركة الحق في سبيل ممارسة أغراضها:
- (i) to use Company's funds to invest in any economical activities and fields related to the Company's activities, and have the right to participate, form joint ventures and have an interest of whatsoever nature with any other person inside or outside the State whether by way of joint venture or otherwise in any type of business and to participate in their capital; and to own trademarks, patents, copyrights, industrial designs, and any other intellectual property rights the Company deems necessary for its business;
- (1) استعمال أموال الشركة للاستثمار في المجالات والنشاطات الاقتصادية المتعلقة بنشاط الشركة، كما لها الحق في أن تشارك بأي مشاريع مشتركة وأن يكون لها مصلحة، أيًا كانت طبيعتها، مع أي شخص آخر سواء داخل أو خارج الدولة وسواء كان ذلك عن طريق الدخول في مشاريع مشتركة أو غيرها من الأعمال الأخرى والمشاركة في رأس مالها، وأن تمتلك العلامات التجارية وبراءات الاختراع وحقوق التأليف والنشر والرسوم والنماذج الصناعية وجميع حقوق الملكية الفكرية الأخرى التي تراها الشركة ضرورية لأعمالها؛
- (ii) to acquire and/or possess and/or sell, and/or transfer and/or assign companies, sole establishments and other legal entities related to the Company's objectives and to create subsidiaries and branches in and/or outside the State after having obtained the necessary authorizations from the competent authorities;
- (2) أن تستحوذ على و/أو تمتلك و/أو تبيع و/أو تنقل ملكية و/أو تنتازل عن الشركات والمؤسسات الفردية والكيانات القانونية الأخرى والتي تتشابه أغراضها بأغراض الشركة وأن تؤسس شركات تابعة أو فروع لها داخل و/أو خارج الدولة بعد الحصول على التراخيص اللازمة من السلطات المعنية؛
- (iii) to act as an agent for the companies, establishments international organizations and other legal entities in relation to the Company's objectives and to represent the same in the State and abroad;
- (3) العمل كوكيل للشركات والمؤسسات والمنظمات الدولية وأي كيان قانوني آخر ذات علاقة بأغراض الشركة وأن تمثل تلك الشركات داخل الدولة وخارجها؛
- (iv) to enter into commercial and financial transactions, execute and implement contracts and other obligations, draw, accept and negotiate negotiable instruments, open and operate bank accounts and borrow money for any period of time with or without security on any or all of the assets of the Company, issue guarantees for its self and third parties, invest monies and deal with such investments on its own account and generally to institute, participate in or promote commercial and mercantile enterprises and operations of all kinds in relation to or for the purpose of the business of the Company, and to do all such other things as may be considered to be incidental to or conducive to the above objects or any of them;
- (4) الدخول في أي معاملات تجارية ومالية وتنفيذ العقود وأداء أي التزامات أخرى وسحب وقبول والتفاوض بشأن الأوراق التجارية القابلة للتداول وفتح وإدارة الحسابات البنكية واقتراض الأموال لأية فترة زمنية سواء مقابل ضمانات أو دون ضمانات على بعض أو جميع أصول الشركة وإصدار الضمانات لنفسها أو للغير واستثمار الأموال والتعامل مع هذه الاستثمارات لحسابها الخاص وعلى وجه العموم إقامة أو المشاركة في أو تطوير المشاريع أو العمليات التجارية بجميع أشكالها ذات العلاقة بأعمال الشركة أو التي تخدم أغراضها وكذلك التعامل مع كافة الأمور الأخرى سواء العارضة أو الطارئة أو تقضي إلى تحقيق الأغراض المذكورة أعلاه أو أي منها؛
- (v) to carry on any other new business or activity, including establishing or closing branches and/or Subsidiary as may be permitted by the competent authorities within or outside the State; and/or
- (5) ممارسة أية أعمال جديدة أو نشاط بما ذلك تأسيس أو غلق الفروع و/أو الشركات التابعة وفقاً لما تسمح به السلطات المختصة داخل أو خارج الدولة؛ و/أو

(vi) to conduct any other businesses related to the above objectives, and through the Company's own resources or through another company or person(s) who deal in the same field of activity.

(c) The above objects shall be interpreted liberally and in its widest meaning and shall not be narrowly interpreted.

(d) The Company may also carry on any other new business or activity that the parties agree to or establish any new branch as may be permitted by the competent authorities in any of the Emirates of the UAE or outside the UAE.

(6) ممارسة أي أعمال أخرى متصلة أو تتعلق بالأغراض الواردة أعلاه، وسواء كان ذلك من خلال موارد الشركة الخاصة أو بواسطة شركات أخرى أو شخص أو أشخاص آخرين يعملون في نفس المجال.

(ج) تُفسر أغراض الشركة والموضحة في الفقرات المذكورة أعلاه بشكل متحرر وتكون لها أوسع المعاني دون أي تقييد.

(د) كما يجوز للشركة أن تمارس أية أعمال جديدة أو نشاط أو فتح فرع جديد وفقاً لما تسمح به السلطات المختصة في أي إمارة من إمارات الدولة أو في خارج الإمارات العربية المتحدة.

PART TWO

THE CAPITAL OF THE COMPANY

Article (5)

The issued capital of the Company is determined at four billion (4,000,000,000) UAE Dirhams, divided into four billion (4,000,000,000) shares, the nominal value of each share is one (1) UAE Dirham, with Three billion nine hundred ninety-nine million seven hundred thousand (3,999,700,000) shares corresponding to in-kind shares and three hundred thousand (300,000) shares corresponding in-cash shares. All the shares of the Company shall be equal in all aspects.

The authorized capital of the Company is determined at eight billions (8,000,000,000) UAE Dirham. The Board of Directors may increase the issued capital of the Company within the limits of the authorized capital by virtue of a board resolution pursuant to the regulations issued by the Authority in this regard.

Article (6)

Following the sell-down of twenty percent 20% of the current shares of the Founders, the Founders own three billion two hundred million (3,200,000,000) shares, having a nominal value of three billion two hundred million (3,200,000,000) UAE Dirham.

الباب الثاني

في رأس مال الشركة

المادة (5)

حُدّد رأس مال الشركة المصدر بمبلغ أربعة مليار (4.000.000.000) درهم إماراتي موزع على أربعة مليار (4.000.000.000) سهم قيمة كل سهم درهم إماراتي واحد، وتمثّل ثلاثة مليارات تسعمائة تسعة وتسعون مليون وسبعمائة ألف (3.999.700.000) سهماً مقابل حصص عينية وثلاثمائة ألف (300.000) سهماً مقابل حصص نقدية. وتكون جميع أسهم الشركة متساوية مع بعضها البعض من كافة الجوانب.

وحُدّد رأس مال الشركة المصرح به بمبلغ ثمانية مليارات (8.000.000.000) درهم إماراتي. ويجوز لمجلس الإدارة زيادة رأس المال المصدر للشركة في حدود رأس المال المصرح به بموجب قرار صادر عن مجلس الإدارة في ضوء قرارات الهيئة في هذا الشأن.

المادة (6)

بعد بيع ما يوازي نسبة عشرين بالمائة (20%) من إجمالي أسهم المؤسسين الحالية، يمتلك المؤسسين ثلاثة مليار ومائتان مليون (3.200.000.000) سهم بقيمة اسمية ثلاثة مليار ومائتان مليون (3.200.000.000) درهم إماراتي.

الاسم	الجنسية	قيمة الاسهم	عدد الأسهم	% في رأس المال
إعمار العقارية ش.م.ع.	الإمارات العربية المتحدة	3,160,000,000	3,160,000,000	79%
إميريتس بروبرتي هولدنجز ليميتد	جزر العذراء البريطانية	40,000,000	40,000,000	1%

Name	Nationality	Value of Shares	No. of Shares	Ownership percentage in the capital
Emaar Properties PJSC	United Arab Emirates	3,160,000,000	3,160,000,000	79%
Emirates Property Holdings	British Virgin	40,000,000	40,000,000	1%

Limited

Islands

The remaining shares amounting to eight hundred million (800,000,000) shares, having a nominal value of one (1) UAE Dirham each shall be offered for subscription to public.

The capital deposited with First Abu Dhabi Bank PJSC and Emirates NBD Bank PJSC in the name of the Company may not be withdrawn without a decision of the Board of Directors upon the registration of the Company in the Commercial Register.

Article (7)

All the shares in the Company are nominal. The percentage of the shareholding of the State and Gulf Cooperation Council (GCC) nationals at any time during the existence of the Company must not be less than fifty one percent (51%) of the share capital of the Company.

At any time following the approval of the Company's Articles of Association, no shareholder may hold shares in the Company the total of which exceeds five percent (5%) of the Company's share capital, with the exception of the current Founders being the owners of 80% prior to approving these Articles. The Founders may not, after approving these Articles, increase their share in the share capital of the Company in any manner whatsoever unless such capital increase is decided for all shareholders.

Article (8)

One hundred percent (100%) of the total nominal value of the shares shall be paid on subscription.

Article (9)

The Company's capital is composed of in-kind contribution representing assets and rights (shares in kind) in Emaar Development LLC which were contributed by the Founders and valued by JLL, in addition to shares (in-cash shares) resulting from the increase of capital.

Article (10)

The shareholders shall only be liable for the Company's liabilities and losses in proportion to the unpaid amount (if any) of the shares held by each one of them. Such liabilities may only be increased pursuant to the unanimous approval of the shareholders.

Article (11)

Ownership of any share in the Company shall be deemed an acceptance by the shareholder to be bound by these Articles and the resolutions of the Company's General Assemblies. A shareholder may not request a refund for amounts paid to the Company in consideration of his/her shareholding in the capital.

وتطرح باقي الأسهم للاكتتاب العام وعددها ثمانمائة مليون (800.000.000) سهم، قيمتها الاسمية درهم إماراتي واحد لكل سهم.

لا يجوز سحب رأس المال المودع باسم الشركة في بنك أبوظبي الأول ش.م.ع. وبنك الإمارات دبي الوطني ش.م.ع. إلا بقرار من مجلس الإدارة بعد قيد الشركة في السجل التجاري.

(7) المادة

جميع أسهم الشركة إسمية ويجب ألا تقل نسبة الأسهم المملوكة لمواطني الدولة ومواطني مجلس التعاون الخليجي في أي وقت طوال مدة بقاء الشركة عن (51%) واحد وخمسين بالمائة من رأس مال الشركة.

ولا يجوز لأي مساهم في أي وقت بعد اعتماد النظام الأساسي للشركة امتلاك اسهم في الشركة تتجاوز في مجموعها (5%) خمسة بالمائة من رأس مال الشركة وذلك باستثناء المؤسسين الحاليين المالكين لنسبة (80%) قبل اعتماد هذا النظام ولا يجوز لهما بعد اعتماد هذا النظام الاساسي زيادة نسبة ملكيتهما في رأسمال الشركة بأي شكل من الاشكال ما لم تكن تلك الزيادة مقررة لجميع المساهمين.

(8) المادة

تُدفع (100%) مائة بالمائة من كامل القيمة الاسمية للسهم عند الاكتتاب.

(9) المادة

رأس مال الشركة عبارة عن أصول وحقوق (حصص عينية) بشركة إعمار للتطوير (ش.ذ.م.م.) مقدّمة من المؤسسين ومقيمة من قبل جيه إل إل (JLL) بالإضافة إلى أسهم (حصص نقدية) ناتجة عن زيادة رأس المال.

(10) المادة

لا يلتزم المساهمون بأية التزامات أو خسائر على الشركة إلا في حدود المبلغ غير المدفوع (إن وجد) من ما يملكون من أسهم ولا يجوز زيادة التزامات المساهمين إلا بموافقتهم الجماعية.

(11) المادة

يترتب على ملكية السهم قبول المساهم بنظام الشركة الأساسي وقرارات جمعياتها العمومية. ولا يجوز للمساهم أن يطلب استرداد ما دفعة للشركة كحصة في رأس المال.

المادة (12)

يكون السهم غير قابل للتجزئة (بمعنى انه لا يجوز تجزئة السهم على أكثر من شخص).

Article (12)

The shares are not divisible (i.e. shares may not be divided among more than one person).

المادة (13)

كل سهم يخول مالكة الحق في حصة معادلة لحصة غيره بلا تمييز (أ) في ملكية موجودات الشركة عند تصفيتها و(ب) في الأرباح المبينة فيما بعد و(ج) في حضور جلسات الجمعيات العمومية و(د) في التصويت على قراراتها.

Article (13)

Each share shall entitle its holder to a proportion equal to that of other shareholders without distinction (i) in the ownership of the assets of the Company upon dissolution, (ii) in the profits as stated hereinafter, (iii) in attending the General Assembly meetings and (iv) in voting on the resolutions thereof.

المادة (14)

(أ) تقوم الشركة، خلال (15) يوم عمل من تاريخ قيدها بالسجل التجاري لدى السلطة المختصة، بإدراج أسهمها في أحد أسواق الأوراق المالية المرخصة في الدولة. كما يجوز لمجلس الإدارة إدراجها في الأسواق المالية الأخرى خارج الدولة. وفي حالة إدراج أسهم الشركة في الأسواق المالية في الدولة أو في الخارج، فعلى الشركة أن تتبع القوانين والأنظمة واللوائح المعمول بها في تلك الأسواق بما في ذلك قوانين وأنظمة ولوائح إصدار وتسجيل أسهم الشركة وتداولها ونقل ملكيتها وترتيب حقوق عليها وذلك دون الحاجة إلى تعديل الأحكام الواردة في هذا النظام الأساسي في حالة تعارضها مع هذه القوانين أو الأنظمة أو اللوائح.

Article (14)

a. The Company shall, within (15) business days of its registration in the commercial register, list its shares on a licensed financial market in the State. The Board of Directors may list the shares with other financial markets abroad. When the shares of the Company are listed with financial markets in the State or abroad, the Company must abide by the laws, rules and regulations applicable in such markets including the laws, rules and regulations relating to the issuance and registration of the Company's shares, trading of those shares and transfer of title thereof and any rights arising therefrom without the need to amend these Articles where their provisions are contradictory to those of the applicable laws and regulations.

b. The Company's shares may be sold, transferred, pledged, or otherwise disposed of in accordance with the provisions of these Articles and all such transactions shall be registered in a special register referred to as the "Share Register". Upon listing the Company's shares on Market in accordance with the Listing Rules, such transactions shall be registered in accordance with the regulations for selling, purchasing, clearing, settling and recording regulations applicable in such market.

c. In the event of a death of a shareholder, his/her heirs shall be the only persons to be approved by the Company as having rights or interests in the shares of the deceased shareholder. Such heir shall be entitled to dividends and other privileges which the deceased shareholder had. Such heir, after being registered in the Company in accordance with these Articles, shall have the same rights in his/her capacity as a shareholder in the Company as the deceased shareholder had in relation to such shares. The estate of the deceased shareholder shall not be exempted from any obligation regarding any share held by him/her at the time of death.

d. Any person who becomes entitled to rights to shares in the Company as a result of the death or

(ب) يجوز بيع أسهم الشركة أو التنازل عنها أو رهنها أو التصرف أو التعامل فيها على أي وجه بمقتضى وطبقا لأحكام هذا النظام الأساسي. ويتم تسجيل أي من هذه التعاملات في الأسهم في سجل خاص يسمى "سجل الأسهم"، وعند إدراج أسهم الشركة في السوق وفقاً لقواعد الإدراج، فإن تسجيل أي من التعاملات المذكورة أعلاه في هذه المادة في أسهم الشركة يتم وفقاً لأنظمة البيع والشراء والمقاصة والتسويات والقيد المتبعة لدى ذلك السوق.

(ج) في حالة وفاة أحد المساهمين، يكون وريثه هو الشخص الوحيد الذي توافق الشركة بأن له حقوق ملكية أو مصلحة في أسهم المتوفى ويكون له الحق في الأرباح والامتيازات الأخرى التي كان للمتوفى حق فيها. ويكون للوريث بعد تسجيله في الشركة وفقاً لأحكام هذا النظام ذات الحقوق كمساهم في الشركة التي كان يتمتع بها المتوفى فيما يخص هذه الأسهم. ولا تعفى تركة المساهم المتوفى من أي التزام فيما يختص بأي سهم كان يملكه وقت الوفاة.

(د) يجب على أي شخص يصبح له الحق في أية أسهم في الشركة نتيجة لوفاة أو إفلاس أي مساهم أو بمقتضى أمر

bankruptcy of any shareholder, or pursuant to an attachment order issued by any competent court of law, should within thirty days:

- produce evidence of such right to the Board of Directors; and
- select either to be registered as a shareholder or to nominate another person to be registered as a shareholder of the relevant share.

Article (15)

When the Company completes the listing of its shares on the Market in accordance with the Listing Rules, it shall replace the Share Register system and the applied system of its ownership transfer, with an electronic system for the registration of the shares and transfers thereof as applicable in such market. The data electronically recorded therein are final and binding and cannot be challenged, transferred or altered except in accordance with the regulations and procedures followed in such market.

Article (16)

A shareholder's heirs or creditors may not, for whatsoever reason, request the attachment of the Company's books or assets. They also may not request to divide those assets or sell them in one lot because the shares are not divisible, nor to interfere in any way whatsoever in the management of the Company. Those heirs and creditors must, when exercising their rights, rely on the Company's books, inventories, balance sheets and resolutions of the General Assembly.

Article (17)

The Company shall pay dividends on shares to the last holder of such shares whose name is registered in the Share Register on the date specified by the General Assembly for distributing said profits, in compliance with the regulations and decisions issued by the Authority. Such holder shall have the sole right to the profits due on those shares whether these profits represent dividends or entitlements to part of the Company's assets in the event of liquidation.

Article (18)

Subject to the provisions of the Law and obtaining the approval of the Authority and the Competent Authority, the share capital of the Company may be increased by issuing new shares of the same nominal value as the original shares or of the same nominal value plus a premium. The share capital of the Company may also be reduced after obtaining the approval of the Authority and the Competent Authority.

New shares may not be issued at less than the nominal value thereof. If such shares are issued at a premium, such premium shall be added to the legal reserves even if, by doing so, the legal reserves exceed half of

حجز صادر عن أية محكمة مختصة أن يقوم خلال ثلاثين يوماً:

- بتقديم البينة على هذا الحق إلى مجلس الإدارة، و
- أن يختار أما أن يتم تسجيله كمساهم أو أن يسمى شخصاً ليتم تسجيله كمساهم فيما يختص بذلك السهم.

المادة (15)

تستبدل الشركة، عند اكتمال إدراج أسهمها في السوق وفقاً لقواعد الإدراج، سجل الأسهم ونظام نقل ملكيته للأسهم المعمول به بنظام إلكتروني لتسجيل الأسهم وقيد نقل ملكيتها وفقاً للنظام المعمول به في ذلك السوق الخاص بقيد وتسجيل الأسهم. وتعتبر البيانات الواردة في هذا النظام الإلكتروني نهائية وملزمة ولا يجوز الطعن فيها أو طلب نقلها أو تغييرها إلا وفقاً للنظم والإجراءات المتبعة في السوق المعني.

المادة (16)

لا يجوز لورثة المساهم أو لدائنيه، لأي سبب كان، أن يطلبوا وضع الأختام على دفاتر الشركة أو ممتلكاتها ولا أن يطلبوا قسمتها أو بيعها جملة لعدم إمكان القسمة ولا أن يتدخلوا بأية طريقة كانت في إدارة الشركة. ويجب عليهم، لدى استعمال حقوقهم، التعويل على قوائم جرد الشركة وحساباتها الختامية وعلى قرارات جمعياتها العمومية.

المادة (17)

تدفع الشركة حصص الأرباح المستحقة عن السهم لآخر مالك له مقيد اسمه في سجل الأسهم بالشركة في التاريخ الذي تقرره الجمعية العمومية لتوزيع الأرباح وفقاً للأنظمة والقرارات التي تضعها الهيئة في هذا الشأن. ويكون له وحده الحق في استلام المبالغ المستحقة عن ذلك السهم سواء كانت حصصاً في الأرباح أو نصيباً في موجودات الشركة في حال تصفيتها.

المادة (18)

مع مراعاة أحكام القانون وبعد الحصول على موافقة الهيئة والسلطة المختصة، يجوز زيادة رأس مال الشركة بإصدار أسهم جديدة بنفس القيمة الإسمية للأسهم الأصلية أو بإضافة علاوة إصدار إلى القيمة الإسمية. كما يجوز تخفيض رأس مال الشركة بعد الحصول على موافقة الهيئة والسلطة المختصة.

لا يجوز إصدار الأسهم الجديدة بأقل من قيمتها الإسمية، وإذا تم إصدارها بأكثر من ذلك، أضيف الفرق إلى الاحتياطي القانوني، ولو جاوز الاحتياطي القانوني بذلك نصف رأس مال الشركة

the issued share capital.

Increase or a reduction of the share capital shall be resolved by a Special Resolution of the General Assembly, pursuant to a recommendation of the Board of Directors in both cases, and after reviewing the auditors' report in case of a reduction. In the case of an increase, the resolution must state the amount of the increase, the value of the shares issued and any preemption rights to existing shareholders. In the case of a decrease in the share capital, the resolution must state the amount of decrease and the method of its implementation.

Shareholders shall have priority to subscribe to the new shares. Subscription to new shares shall be governed by the rules of subscription to the original shares.

In accordance with Articles (223, 224 and 225) of the Law, the Company may increase its capital: (a) for the purpose of the entry of a strategic partner; (b) for the purpose of capitalizing the Company's debts, or (c) for the purpose of converting bonds or sukuk issued by the Company into shares, and without applying the pre-emption rights of the existing shareholders, provided that the Company obtains all the required approvals from the Authority and the Competent Authority and approves the relevant increase in capital by way of Special Resolution.

By way of exception as well, the Company may by Special Resolution increase its share capital without triggering the preemption rights, in order to implement a share incentive scheme for its employees in light of the resolutions issued by the Authority and the Competent Authority in this respect.

The Board of Directors shall present the employee share incentive scheme to the General Assembly for approval. Board Directors shall not be allowed to participate in the employee share incentive scheme. The share capital of the Company may be increased for the purpose of establishing and implementing such employee share incentive scheme in accordance with the rules and regulations issued by the Authority in this regard. The time, number and terms upon which such shares allocated to establish or implement the employee share incentive scheme shall be determined by the Board of the Board Directors from time to time.

PART THREE

LOAN DEBENTURES

Article (19)

Subject to the provisions of the Law, the General Assembly may resolve by a Special Resolution, and after obtaining the approval of the Authority, to issue tradable or non-tradable bonds or sukuk of any nature of equal value per issue whether they are convertible to shares or otherwise. The Special Resolution shall determine the value of the bonds or sukuk, the terms of issuance and their convertibility into shares. The

المصدر.

تكون زيادة رأس مال الشركة أو تخفيضه بقرار خاص من الجمعية العمومية بناءً على اقتراح من مجلس الإدارة في الحالتين، وبعد سماع تقرير مدقق الحسابات في حالة أي تخفيض، وعلى أن يبين في حالة الزيادة، مقدارها وسعر إصدار الأسهم الجديدة وحق المساهمين القدامى في أولوية الاكتتاب في هذه الزيادة. ويبين في حالة التخفيض مقدار هذا التخفيض وكيفية تنفيذه.

ويكون للمساهمين حق الأولوية في الاكتتاب بالأسهم الجديدة ويسري على الاكتتاب في هذه الأسهم القواعد الخاصة بالاكتتاب في الأسهم الأصلية.

وفقاً لأحكام المواد (223 و 224 و 225) من القانون يجوز زيادة رأس مال الشركة: (أ) لأغراض إدخال مساهم استراتيجي في الشركة، أو (ب) لتحويل ديون الشركة إلى رأس مال، أو (ج) تحويل السندات أو الصكوك المصدرة من الشركة إلى أسهم، وذلك دون تطبيق حقوق الأولوية للمساهمين القائمين وبشرط الحصول على جميع الموافقات اللازمة من الهيئة والسلطة المختصة والموافقة على زيادة رأس المال من خلال قرار خاص للجمعية العمومية.

وكذلك يُستثنى من حق الأولوية في الاكتتاب بالأسهم الجديدة برنامج تحفيز موظفي الشركة، بحيث يجوز للشركة بموجب قرار خاص أن تزيد رأس مالها لتطبيق برنامج تحفيز موظفي الشركة بتملك أسهم فيها في ضوء القرارات المنظمة الصادرة عن الهيئة والسلطة المختصة بهذا الشأن.

ويعرض مجلس الإدارة برنامج تحفيز موظفي الشركة بتملك أسهم فيها على الجمعية العمومية للموافقة. ولا يجوز لأعضاء مجلس الإدارة المشاركة في برنامج تحفيز موظفي الشركة بتملك أسهم فيها. كما يجوز زيادة رأس مال الشركة لغرض تطبيق برامج تحفيز موظفي الشركة بتملك أسهم فيها وفقاً للشروط والضوابط الصادرة عن الهيئة بهذا الشأن ويحدد مجلس الإدارة من وقت لآخر وقت وعدد وشروط تخصيص الأسهم لتطبيق برامج تحفيز موظفي الشركة بتملك أسهم فيها.

الباب الثالث

في سندات القرض

المادة (19)

مع مراعاة أحكام القانون، للجمعية العمومية للشركة بقرار خاص، وبعد موافقة الهيئة، أن تقرر إصدار سندات قرض من أي نوع أو صكوك إسلامية بقيم متساوية لكل إصدار سواء كانت قابلة أو غير قابلة للتداول وسواء كانت قابلة أو غير قابلة للتحويل إلى أسهم في الشركة. ويبين القرار الخاص قيمة السندات أو الصكوك وشروط إصدارها ومدى قابليتها للتحويل إلى أسهم، ولها أن تصدر قراراً بتفويض مجلس الإدارة في تحديد موعد إصدار السندات أو

General Assembly may also resolve to delegate the Board of Directors to determine the date of issuing provided that such date does not exceed one year from the date of the resolution approving the delegation.

The bond or sakk shall remain nominal until fully paid up. The Company may not issue "bearer" bonds or sukuk. Bonds or sukuk issued in connection with a single loan shall give equal rights to the holders of such bonds or sakk. Any condition to the contrary shall be invalid.

Bonds or sukuk may only be converted into shares under written agreements, issue documents or prospectus. If the conversion is decided, the holder of the bonds or sukuk shall have the sole right either to accept the conversion or collect the nominal value of the bonds or sukuk, unless the agreements, issue documents or prospectus include the mandatory conversion, in which case the bonds or sukuk shall be converted into shares upon prior approval of both parties upon issuance.

PART FOUR

BOARD OF DIRECTORS

Article (20)

The Company shall be managed by a Board of Directors consisting of seven (7) Board Directors to be elected by the General Assembly via secret Cumulative Voting. A secretary who is not a Board Director shall be appointed by the Board of Directors.

In all cases, the majority of the Board Directors, including the Chairman, shall be nationals of the State.

Save for the aforementioned method of appointment, the Founders have appointed the following first Board of Directors for a period of three (3) years commencing as of the date the Authority issues the Company's incorporation certificate:

Name	Nationality	Position
H.E. Mohamed Ali Rashed Al Abbar	UAE	Chairman
Mr. Ahmed Bin Jamal Bin Hassan Jawa	KSA	Non-Executive Director
Mr. Jamal Majid Khalfan Bin Theniyah	UAE	Non-Executive Director
Mr. Arif Obaid Saeed Al Dehail	UAE	Non-Executive Director

الصكوك على ألا يتجاوز سنة من تاريخ الموافقة على التفويض.

يكون السند أو الصك إسمياً حتى اكتمال سداد قيمته ولا يجوز إصدار السندات أو الصكوك لحاملها. ويُمنَح لأصحاب السندات أو الصكوك التي تصدر بمناسبة قرض واحد حقوقاً متساوية ويقع باطلاً كل شرط يخالف ذلك.

لا يجوز تحويل السندات أو الصكوك إلى أسهم إلا إذا نُص على ذلك في إتفاقيات أو وثائق أو نشرة الإصدار، فإذا تقرر التحويل كان لمالك السند أو الصك وحده الحق في قبول التحويل أو قبض القيمة الاسمية للسند أو الصك ما لم تتضمن إتفاقيات أو وثائق أو نشرة الإصدار إلزامية التحويل لأسهم ففي هذه الحالة يتعين تحويل السندات أو الصكوك لأسهم بناء على الموافقة المسبقة من الطرفين عند الإصدار.

الباب الرابع

في مجلس الإدارة

المادة (20)

يتولى إدارة الشركة مجلس إدارة مكون من سبعة (7) أعضاء تنتخبهم الجمعية العمومية بالتصويت السري التراكمي. ويعيّن مجلس الإدارة مقررأ له من غير أعضائه.

ويجب، في جميع الأحوال، أن تكون أغلبية أعضاء مجلس الإدارة، بما فيهم رئيس مجلس الإدارة، من مواطني الدولة.

واستثناءً من طريقة التعيين سالفه الذكر، عيّن المؤسسون أول مجلس إدارة لمدة (3) ثلاث سنوات تبدأ من تاريخ إصدار الهيئة لشهادة تأسيس الشركة، وهم:-

الاسم	الجنسية	الوظيفة
سعادة/ محمد علي راشد العبار	إماراتي	رئيس مجلس الإدارة
السيد/ أحمد بن جمال بن حسن جاوه	سعودي	عضو مجلس إدارة غير تنفيذي
السيد/ جمال ماجد خلفان بن ثنيه	إماراتي	عضو مجلس إدارة غير تنفيذي
السيد/ عارف عبيد سعيد الدحيل	إماراتي	عضو مجلس إدارة غير تنفيذي
سعادة الدكتورة/ عائشة	إماراتية	عضو مجلس إدارة

H.E. Dr. Aisha Butti Bin Humaid Bin Bishr	UAE	Independent Non-Executive Director
Mr. Abdulla Mohammed Abdulla Mohammed Al Awar	UAE	Independent Non-Executive Director
Mr. Adnan Abdul Fattah Kazim Abdul Fattah	UAE	Independent Non-Executive Director

بطي حميد بن بشر		غير تنفيذي مستقل
السيد/ عبد الله محمد عبد الله محمد العور	إماراتي	عضو مجلس إدارة غير تنفيذي مستقل
السيد/ عدنان عبدالفتاح كاظم عبدالفتاح	إماراتي	عضو مجلس إدارة غير تنفيذي مستقل

The Company shall have a secretary for the Board of Directors. The secretary shall not be a Board Director. The secretary of the Board of Directors shall be appointed for the term and under the conditions deemed appropriate by the Board of Directors. Subject to the terms and conditions of any agreement concluded with the said secretary, the Board may also cancel such appointment. A person appointed in this manner, in his capacity as the secretary of the Board of Directors, shall discharge of all the regular duties assigned to such position.

Article (21)

The Company shall abide by the terms and conditions set out by the Authority with respect to nomination to Board membership. The candidate to the Board membership shall provide the Company with the following:

- A curriculum vitae stating the professional experience and academic qualifications and determining the position he/she is nominated to (executive/non-executive/independent).
- Undertaking to abide by the Law and these Articles and to exercise its duties as a prudent person.
- A list of the companies and entities for which he works or in which he is a member of the board, in addition to any other competing activity he/she carries out, whether directly or indirectly.
- Acknowledgement that he/she is not in violation of Article 149 of the Law.
- For representatives of corporate bodies, an official letter from the corporate body listing the names of its candidates for the Board of Directors' membership and a letter to be signed by each representative accepting the candidacy and representing the corporate body.
- A list of the commercial companies in which he/she is a partner or a shareholder, in addition to the number of shares or stocks he/she own.

Article (23)

Every Board Director shall hold his/her position for a

يجب أن يكون للشركة مقرر لمجلس الإدارة، ولا يجوز أن يكون مقرر المجلس من أعضائه. يعيّن مقرر مجلس الإدارة للفترة وبالشروط والأحكام التي يراها المجلس مناسبة، ومع مراعاة شروط وأحكام أي اتفاق يبرم مع مقرر مجلس الإدارة المذكور، يجوز للمجلس أيضاً إلغاء ذلك التعيين، ويقوم الشخص المعين بهذه الطريقة - بصفته مقرر مجلس الإدارة - بأداء جميع الواجبات المعتادة لتلك الوظيفة.

المادة (21)

تلتزم الشركة بالضوابط والشروط الصادرة عن الهيئة بشأن الترشيح لعضوية مجلس الإدارة ويتعين على المرشح لعضوية مجلس الإدارة أن يقدم للشركة ما يلي:

- (1) السيرة الذاتية موضعاً بها الخبرات العملية والمؤهلات العلمية مع تحديد صفة العضوية التي يترشح لها (تنفيذي/غير تنفيذي/مستقل).
- (2) إقرار بالتزامه بأحكام القانون والنظام الأساسي للشركة، وأنه سوف يبذل عناية الشخص الحريص في أداء عمله.
- (3) بيان بأسماء الشركات والمؤسسات التي يزاول العمل فيها أو يشغل عضوية مجالس إدارتها وكذلك أي عمل يقوم به بصورة مباشرة أو غير مباشرة يشكل منافسة للشركة.
- (4) إقرار بعدم مخالفة المرشح للمادة (149) من القانون.
- (5) في حال ممثلي الشخص الاعتباري يتعين إرفاق كتاب رسمي من الشخص الاعتباري محدد فيه أسماء ممثليه المرشحين لعضوية مجلس الإدارة وكتاب موقع من كل منهم بقبوله لهذا الترشيح وتمثيل الشخص الاعتباري .
- (6) بيان بالشركات التجارية التي يساهم أو يشارك في ملكيتها وعدد الأسهم أو الحصص فيها.

المادة (23)

يتولى كل عضو مجلس إدارة منصبه لمدة ثلاث سنوات. وفي

term of three years. At the end of such term, the Board of Directors shall be reconstituted. Board Directors whose term of membership is completed may be re-elected.

The Board of Directors may appoint new Board Directors to fill the positions that become vacant during the year provided that such appointment is presented to the General Assembly in its first subsequent meeting to ratify such appointment or to appoint other Board Directors. If the vacant positions during the year reach or exceed one quarter the number of the Board of Directors, the Board of Directors must call for a General Assembly to convene no later than thirty days from the date of the last position becoming vacant in order to elect new Board Directors to fill the vacant positions. In all cases, the new Board Director shall complete the term of his/her predecessor and such Board Director may be re-elected once again.

Article (24)

The Board of Directors shall elect, from amongst its members, a Chairman and a vice-Chairman. The Chairman shall represent the Company before the courts and execute resolutions adopted by the Board of Directors. The vice-Chairman shall act on behalf of the Chairman in his/her absence or if the latter is otherwise incapacitated.

The Board of Directors may elect from amongst its members one or more managing Board Director(s) whose powers and remunerations are to be determined by the Board of Directors. Furthermore, the Board of Directors may form from its members, one or more committees, giving it some of its powers or to delegate it to manage the business performance of the Company, and to execute the Board of Directors' resolutions.

Article (25)

The Board of Directors shall have all the powers to manage the Company and the authority to perform all deeds and acts on behalf of the Company to the extent permitted by the Company and to carry out all the functions required by its objects. Such powers and authorities shall not be restricted except as stipulated in the Law, the Memorandum of Association, these Articles or as to be resolved by the General Assembly. The Board of Directors is further hereby expressly authorized for the purpose of Article (154) of the Companies Law to conclude any loan agreements for periods in excess of three years, to sell or mortgage the Company's real estate and assets, to release the Company's debtors and to conduct conciliation and agree to arbitration and to file lawsuits and to settle the same.

The Board of Directors shall issue regulations relating to administrative and financial affairs, and to personnel affairs and their financial entitlements. The Board of Directors shall also issue regulations to organize its business, meetings and allocation of its authorities and

نهاية هذه المدة، يعاد تشكيل مجلس الإدارة. ويجوز إعادة انتخاب أعضاء مجلس الإدارة الذين انتهت مدة عضويتهم.

لمجلس الإدارة أن يعيّن أعضاء جدد في المراكز التي تخلو في أثناء السنة على أن يعرض هذا التعيين على الجمعية العمومية في أول اجتماع لها لإقرار تعيينهم أو تعيين غيرهم. فإذا بلغت أو تعدت المراكز الشاغرة في أثناء السنة ربع عدد أعضاء مجلس الإدارة أو أكثر، وجب على مجلس الإدارة دعوة الجمعية العمومية للاجتماع خلال ثلاثين يوماً على الأكثر من تاريخ شغل آخر منصب لإنتخاب من يملأ المراكز الشاغرة. وفي جميع الأحوال، يكمل عضو مجلس الإدارة الجديد مدة سلفه ويكون هذا العضو قابلاً للإنتخاب مرة أخرى.

المادة (24)

ينتخب مجلس الإدارة من بين أعضائه رئيس مجلس الإدارة ونائباً لرئيس مجلس الإدارة. يمثل رئيس مجلس الإدارة الشركة أمام القضاء، وعليه تنفيذ القرارات الصادرة عن مجلس الإدارة. ويقوم نائب رئيس مجلس الإدارة مقام رئيس مجلس الإدارة عند غيابه أو قيام مانع لديه.

يحق لمجلس الإدارة أن ينتخب من بين أعضائه عضواً منتدباً للإدارة، ويحدد مجلس الإدارة اختصاصاته ومكافأته كما يكون لمجلس الإدارة أن يشكل من بين أعضائه لجنة أو أكثر يمنحها بعض اختصاصاته أو يعهد إليها بمراقبة سير العمل بالشركة وتنفيذ قرارات مجلس الإدارة.

المادة (25)

لمجلس الإدارة كافة السلطات في إدارة الشركة والقيام بكافة الأعمال والتصرفات نيابة عن الشركة حسيماً هو مصرح للشركة القيام به وممارسة كافة الصلاحيات المطلوبة لتحقيق أغراضها. ولا يحد من هذه السلطات والصلاحيات إلا ما نص عليه القانون أو عقد التأسيس أو النظام الأساسي أو ما ورد بقرار من الجمعية العمومية. وعلاوة على ذلك يُخوّل مجلس الإدارة صراحةً بموجب هذا النظام ولأغراض المادة (154) من القانون عقد القروض لأجل تزيد على ثلاث سنوات وكذلك بيع أو رهن عقارات وأصول الشركة وإبراء ذمة مديني الشركة من التزاماتهم وإجراء الصلح والاتفاق على التحكيم ورفع القضايا وتسويتها.

ويضع مجلس الإدارة اللوائح المتعلقة بالشؤون الإدارية والمالية وشؤون الموظفين ومستحققاتهم المالية. كما يضع مجلس الإدارة لائحة خاصة بتنظيم أعماله واجتماعاته وتوزيع الاختصاصات والمسؤوليات.

responsibilities.

Article (26)

The Chairman, or any other Board Director who is delegated by the Board of Directors, shall have the right to solely sign on behalf of the Company.

The Chairman shall be the legal representative of the Company before the courts and in its relation with any third party and shall have the right to appoint attorneys and whoever else he may deem appropriate to attend on his behalf before courts of different types and levels and before third parties.

The Chairman may delegate other Board Directors with some of his authorities.

The Board of Directors may not delegate the Chairman with all of its authorities in an absolute manner.

Article (27)

The Board of Directors shall hold a minimum of four (4) meetings each year and shall hold its meetings at the head office of the Company, or at any other place inside the State the Board Directors calling for the meeting shall agree upon. The board meetings can be held through audio or video conferencing facilities in accordance with the rules and regulations issued by the Authority in this regard.

Article (28)

Meetings of the Board of Directors shall not be valid unless attended by a majority of the Board Directors. A Board Director may appoint another Board Director to vote on his/her behalf. In such a case, such Board Director shall have two votes. A Board Director may not act on behalf of more than one Board Director and no Board Director shall vote by way of correspondence.

The resolutions of the Board of Directors are adopted by a majority of the votes of the Board Directors present or represented. In case of a tie, the Chairman or the person acting on his/her behalf shall have a casting vote.

The details of items discussed in a meeting of the Board of Directors or its committee(s) and decisions thereof, including any reservations or any dissenting opinions, shall be recorded by the secretary of the Board of Directors or the committee in the minutes of such meetings provided all the present Board Directors sign the minutes prior to endorsement. Copies of the said minutes of meeting shall be sent to the Board Directors following endorsement for their records. The minutes of meetings of the Board of Directors or its committee(s) shall be kept with the secretary of the Board of Directors. In the event that a Board Director refuses to sign, his/her refusal, with reasoning thereof, should be noted in the minutes.

Without prejudice to the minimum number of the Board

المادة (26)

يملك حق التوقيع عن الشركة على إنفراد كل من رئيس مجلس الإدارة أو أي عضو آخر يفوضه المجلس في حدود قرارات مجلس الإدارة.

يكون رئيس مجلس الإدارة الممثل القانوني للشركة أمام القضاء وفي علاقتها بالغير ويجوز له توكيل المحامين ومن يراه مناسباً للحضور نيابة عنه أمام المحاكم على اختلاف أنواعها ودرجاتها وامام الغير.

يجوز لرئيس مجلس الإدارة أن يفوض غيره من أعضاء مجلس الإدارة في بعض صلاحياته.

لا يجوز لمجلس الإدارة أن يفوض رئيس المجلس في جميع اختصاصاته بشكل مطلق.

المادة (27)

يعقد مجلس الإدارة (4) أربع اجتماعات سنوياً على الأقل في المركز الرئيسي للشركة أو في أي مكان آخر داخل الدولة يوافق عليه أعضاء مجلس الإدارة. ويجوز أن تعقد اجتماعات مجلس الإدارة عن طريق وسائل الاتصال المسموعة أو المرئية وفقاً للشروط والضوابط الصادرة عن الهيئة بهذا الشأن.

المادة (28)

لا يكون اجتماع مجلس الإدارة صحيحاً إلا بحضور أغلبية أعضائه. ويجوز لعضو مجلس الإدارة أن ينيب عنه غيره من أعضاء مجلس الإدارة في التصويت. وفي هذه الحالة، يكون لهذا العضو صوتان. ولا يجوز أن ينوب عضو مجلس الإدارة عن أكثر من عضو واحد من أعضاء مجلس الإدارة كما لا يجوز التصويت بالمراسلة.

وتصدر قرارات مجلس الإدارة بأغلبية أصوات أعضاء مجلس الإدارة الحاضرين والممثلين. وإذا تساوت الأصوات، رجح الجانب الذي منه الرئيس أو من يقوم مقامه.

تسجل تفاصيل المسائل التي نظر فيها والقرارات التي تم اتخاذها في محاضر اجتماعات مجلس الإدارة أو لجانه من قبل مقرر مجلس الإدارة أو اللجنة بما في ذلك أية تحفظات لأعضاء مجلس الإدارة أو آراء مخالفة عبروا عنها. ويجب توقيع كافة أعضاء مجلس الإدارة الحاضرين على محاضر اجتماعات مجلس الإدارة قبل اعتمادها، على أن ترسل نسخ من هذه المحاضر لأعضاء مجلس الإدارة بعد اعتمادها للاحتفاظ بها. وتحفظ محاضر اجتماعات مجلس الإدارة ولجانه من قبل مقرر مجلس الإدارة. وفي حالة امتناع أحد أعضاء مجلس الإدارة عن التوقيع، يُثبت اعتراضه في المحضر وتُذكر أسباب الاعتراض في حال إبدائها.

دون الإخلال بالالتزام مجلس الإدارة بالحد الأدنى لعدد إجتماعاته

of Directors' meetings set out above, the Board of Directors may issue some of its resolutions by circulation, taking into consideration that: (a) the majority of the Board Directors approve the urgent instance requiring the issuance of a resolution by circulation, (b) the resolutions resolved by circulation shall be mandatory once signed by the majority of the Board Directors and, (c) the Board Directors are provided with the resolution by circulation in writing for their approval and attached to it all its complementing documents.

The Chairman, the secretary of the Board of Directors and the Company's general legal counsel, are hereby authorized either solely or jointly to provide certified copies of extracts taken from the minutes of any Board of Directors' meeting, by signing such extracts, identifying that it is a certified true copy of the original and provide for the date of such certification. Any party dealing with the Company may rely absolutely on such certified copy as being a true and accurate copy of the original document.

Article (29)

The Board of Directors shall review the Conflict of Interest of the Board Directors and the Board of Directors shall resolve on such matter in the presence of the majority of the Board Directors with the Board Director in conflict being barred from voting on the same.

Each Board Director shall notify the Board of Directors of his/her common or conflicting interest, or the common or conflicting interest of the entity that he/she represents, in respect of a transaction or dealing that the Company is a party thereto and is referred to the Board of Directors for approval. The declaration of such Board Director shall be noted in the minutes of the meeting and he/she may not vote on any resolution concerning such transaction or dealing.

If a Board Director fails to notify the Board of Directors of his/her Conflict of Interest in respect of a transaction or dealing that the Company is a party thereto, the Company or any of its shareholders may apply to the competent court to annul such transaction or dealing and oblige the contravening Board Director to return to the Company any profit or benefit made on such contract.

Article (30)

The position of a Board Director shall also become vacant if that Board Director:

- (i) death, incapacity or deficiency for any other reason to carry on the duties of a Board Director;
- (ii) conviction of any dishonouring offense;
- (iii) bankruptcy or ceasing to pay commercial debts, even if bankruptcy is not declared;

الواردة أعلاه، يجوز لمجلس الإدارة إصدار بعض قراراته بالتمرير مع مراعاة: (أ) موافقة أعضاء مجلس الإدارة بالأغلبية على وجود حالة طارئة تستدعي إصدار القرار بالتمرير، (ب) أن تكون القرارات الصادرة بالتمرير ملزمة بمجرد توقيع أغلبية أعضاء مجلس الإدارة عليها، و(ج) تسليم أعضاء مجلس الإدارة القرار بالتمرير مكتوب خطياً للموافقة عليه مصحوباً بكافة المستندات والوثائق اللازمة لمراجعته.

يُخَوَّلُ كلاً من رئيس مجلس الإدارة ومقرر مجلس الإدارة والمستشار القانوني العام للشركة، سواء منفردين أو مجتمعين بتقديم نسخ مصدق عليها لمستخرجات من محضر أي اجتماع لمجلس الإدارة وذلك بتوقيع تلك المستخرجات والإشارة إلى إنها نسخة طبق الأصل من المحضر الأصلي مع ذكر تاريخ التصديق عليها. ويجوز لأي طرف يتعامل مع الشركة التعويل بشكل مطلق على تلك النسخة المصدق عليها باعتبارها نسخة طبق الأصل ودقيقة من المستند الأصلي.

المادة (29)

ينظر مجلس الإدارة في تعارض المصالح الموجود لدى أعضاء مجلس الإدارة، ويصدر مجلس الإدارة قراره بحضور أغلبية أعضاء مجلس الإدارة. ولا يجوز لعضو مجلس الإدارة ذو المصلحة المشتركة في التصويت على القرار.

على كل عضو مجلس إدارة تكون له أو للجهة التي يمثلها بمجلس الإدارة مصلحة مشتركة أو متعارضة في صفقة أو تعامل تكون الشركة أحد أطرافها وتعرض على مجلس الإدارة لإتخاذ قرار بشأنها أن يُبلغ مجلس الإدارة ذلك وأن يثبت إقراره في محضر الجلسة، ولا يجوز له الاشتراك في التصويت الخاص بالقرار الصادر في شأن هذه العملية.

إذا تخلف عضو مجلس الإدارة عن إبلاغ مجلس الإدارة عن تعارض المصالح لديه في صفقة أو تعامل تكون الشركة أحد أطرافها جاز للشركة أو لأي من مساهميها عندئذٍ التقدم للمحكمة المختصة لإبطال تلك الصفقة أو التعامل وإلزام عضو مجلس الإدارة المخالف بأداء أي ربح أو منفعة تحققت له من التعاقد ورده للشركة.

المادة (30)

يشغر منصب عضو مجلس الإدارة في إحدى الحالات التالية:

- (1) الوفاة أو الإصابة بعارض من عوارض الأهلية أو العجز بأي صورة أخرى عن أداء مهام عضو مجلس إدارة، أو
- (2) الإدانة بأية جريمة مخلة بالشرف والأمانة، أو
- (3) الإفلاس أو التوقف عن دفع الديون التجارية حتى لو لم يقترن ذلك بإشهار الإفلاس، أو

- (iv) resignation from the post by written notice sent to the Company to this effect;
- (v) dismissal by a resolution of the General Assembly;
- (vi) absence for three successive or five non-successive Board of Directors meetings without an excuse to be approved by the Board of Directors; or
- (vii) the membership is not in compliance with Article (149) of the Law.
- (4) الاستقالة من المنصب بموجب إشعار خطي يُرسل للشركة بهذا المعنى، أو
- (5) صدور قرار من الجمعية العمومية بالعزل، أو
- (6) الغياب عن حضور إجتماعات مجلس الإدارة ثلاث جلسات متتالية أو خمس جلسات متقطعة، خلال مدة مجلس الإدارة دون عذر يقبله مجلس الإدارة، أو
- (7) مخالفة العضوية لأحكام المادة (149) من القانون.

Article (31)

The Board of Directors shall appoint one or more Manager, and determine their authorities, the conditions of their engagement, their salaries and remunerations. Managers are not allowed to work for any other company.

Article (32)

Without prejudice to the provisions of Article (33) of these Articles, the Board Directors shall not be personally liable or obligated for the liabilities of the Company as a result of performing their duties as Board Directors to the extent that they have not exceeded their authority.

Article (33)

The Chairman and the Board Directors shall be held liable towards the Company, the shareholders and third parties for all acts of fraud, abuse of their delegated powers, and for any breach of the Law or these Articles, or an error in management. Any provision to the contrary shall be invalid.

Liability as provided for in this Article shall apply to all Board Directors if the error arises from a resolution passed unanimously by them. However, in the event the resolution is passed by the majority, the Board Directors objecting to such resolution shall then not be held liable provided they state their objection in writing in the minutes of meeting. Absence from a meeting at which the resolution has been passed shall not be deemed as a reason to be released from liability unless it is proven that the absent Board Director was not aware of the decision or is unable to object to it upon becoming aware thereof.

Article (34)

The Company may not provide any loans to any Board Director or execute guarantees or provide any securities in connection with any loans granted to them. A loan shall be deemed as granted to a Board Director if granted to his/her spouse, children or relative up to the second degree.

المادة (31)

لمجلس الإدارة الحق في تعيين واحد أو أكثر من مديري الشركة، وله أن يحدد صلاحياتهم وشروط خدماتهم ورواتبهم ومكافآتهم، ولا يجوز لهم العمل لأي شركة أخرى.

المادة (32)

مع مراعاة أحكام المادة (33) من هذا النظام الأساسي، لا يكون أعضاء مجلس الإدارة مسؤولين مسئولية شخصية فيما يتعلق بالتزامات الشركة الناتجة عن قيامهم بواجباتهم كأعضاء مجلس إدارة وذلك بالقدر الذي لا يتجاوزون فيه حدود سلطاتهم.

المادة (33)

يكون رئيس وأعضاء مجلس الإدارة مسؤولون تجاه الشركة والمساهمين والغير عن جميع أعمال الغش وإساءة استعمال السلطة، وعن كل مخالفة للقانون أو لهذا النظام الأساسي، وعن الخطأ في الإدارة، ويبطل كل شرط يقضي بغير ذلك.

تقع المسؤولية المنصوص عليها في هذه المادة على جميع أعضاء مجلس الإدارة إذا نشأ الخطأ عن قرار صدر بإجماع الآراء، أما إذا كان القرار محل المساءلة صادراً بالأغلبية فلا يُسأل عنه المعارضون متى كانوا قد أثبتوا إعتراضهم بمحضر الجلسة، فإذا تغيب أحد الأعضاء عن الجلسة التي صدر فيها القرار فلا تنتفي مسؤوليته إلا إذا ثبت عدم علمه بالقرار أو علمه به مع عدم إستطاعته الإعتراض عليه.

المادة (34)

لا يجوز للشركة تقديم قروض لأي من أعضاء مجلس الإدارة أو عقد كفالات أو تقديم أية ضمانات تتعلق بقروض ممنوحة لهم، ويعتبر قرضاً مقدماً لعضو مجلس الإدارة كل قرض مقدم إلى زوجه أو أبنائه أو أي قريب له حتى الدرجة الثانية.

No loan may be granted to a company where a Board Director or his/her spouse, children or relatives up to the second degree holds, jointly or severally, twenty percent (20%) or more of the share capital of that company.

Article (35)

The Related Parties shall not use any information in their possession due to their membership to the Board of Directors or employment at the Company to achieve any interest whatsoever for them or for third parties as a result of dealing in the securities of the Company or any other transactions. Such Related Party may not have a direct or indirect interest with any party entering into transactions intended to influence the price of the securities of the Company or issued thereby.

Article (36)

The Company shall not, without the Board of Directors' approval, conclude transactions with Related Parties which value exceeds five percent (5%) of the issued share capital of the Company and shall not, without the General Assembly's approval, conclude such transactions if value exceeds the said percentage. The transaction shall be evaluated by an assessor approved by the Authority. The auditor shall state in his report Conflict of Interest and Related Parties transactions and financial dealings taking place between the Company and Related Parties and procedures followed in this respect.

Article (37)

Attendance allowance shall not be paid to Board Directors. The remuneration of each Board Director shall consist of a percentage of the net profits, provided that it does not exceed ten percent (10%) of the net profits of the relevant financial year. Furthermore, the Company may reimburse any Board Director or assign further remuneration or monthly salary in amounts to be determined by the Board of Directors if such Board Director is a member of a committee or exert additional efforts or perform additional work to serve the Company in addition to his duties as a Board Director.

Article (38)

The General Assembly may dismiss all or any of the Board Directors and open the nomination for Board membership as per the terms set out by the Authority in this respect and elect new Board Directors. Dismissed Board Directors may not be re-nominated or be a Board Director candidate before three (3) years from the date of dismissal.

لا يجوز تقديم قرض إلى شركة يملك عضو مجلس الإدارة أو زوجه أو أبناؤه أو أي من أقاربه، سواء مجتمعين أو منفردين، حتى الدرجة الثانية (20%) عشرين بالمائة أو أكثر من رأس مالها.

المادة (35)

يحظر على الأطراف ذات العلاقة أن يستغل أي منهم ما اتصل به من معلومات بحكم عضويته في مجلس الإدارة أو وظيفته في الشركة في تحقيق مصلحة له أو للغير أي كانت نتيجة التعامل في الأوراق المالية للشركة أو غيرها من المعاملات، كما لا يجوز للأطراف ذات العلاقة أن يكون لهم مصلحة مباشرة أو غير مباشرة مع أي طرف يقوم بعمليات يراد بها إحداث تأثير في أسعار الأوراق المالية الخاصة بالشركة أو التي أصدرتها الشركة.

المادة (36)

لا يجوز للشركة عقد صفقات مع الأطراف ذات العلاقة إلا بموافقة مجلس الإدارة فيما لا يجاوز (5%) خمسة بالمائة من رأسمال الشركة المصدر، وبموافقة الجمعية العمومية للشركة فيما زاد على ذلك ويتم تقييم الصفقات في جميع الأحوال بواسطة مقيم معتمد لدى الهيئة، ويتعين على مدقق حسابات الشركة أن يشتمل تقريره على بيان بصفقات تعارض المصالح والتعاملات المالية التي تمت بين الشركة وأي من الأطراف ذات العلاقة والإجراءات التي اتخذت بشأنها.

المادة (37)

لا يجوز صرف بدل حضور لعضو مجلس الإدارة عن اجتماعات مجلس الإدارة وتتكون مكافأة أعضاء مجلس الإدارة من نسبة مئوية من الربح الصافي على أن لا تتجاوز (10%) عشرة بالمائة من تلك الأرباح للسنة المالية المعنية، كما يجوز أن تدفع الشركة مصاريف أو أتعاب أو مكافأة إضافية أو مرتباً شهرياً بالقدر الذي يقرره مجلس الإدارة لأي عضو من أعضائه إذا كان عضو مجلس الإدارة يعمل في أي لجنة أو يبذل جهوداً خاصة أو يقوم بأعمال إضافية لخدمة الشركة فوق واجباته العادية كعضو مجلس إدارة.

المادة (38)

يكون للجمعية العمومية حق عزل كل أو بعض أعضاء مجلس الإدارة المنتخبين وفتح باب الترشيح وفق الضوابط الصادرة عن الهيئة بهذا الشأن وانتخاب أعضاء جدد بدلاً منهم. ولا يجوز ترشيح أو إعادة ترشيح أعضاء مجلس الإدارة الذين تم عزلهم إلا بعد مضي (3) ثلاث سنوات من تاريخ العزل.

PART FIVE
The General Assembly

Article (39)

A General Assembly shall be duly convened in the Emirate of Dubai by having shareholders owning no less than (50%) of the share capital of the Company in attendance. If the quorum is not met in the first meeting, an invitation for a second General Assembly meeting shall be sent and such meeting is to be convened no earlier than five (5) days and no more than fifteen (15) days from the date of the first meeting. The second General Assembly meeting shall then be duly convened regardless of the number of shareholders attending.

Article (40)

Each shareholder shall have the right to attend the General Assembly and shall have a number of votes equal to the number of his/her shares.

A shareholder may appoint a proxy who must not be a Board Director to attend the General Assembly on his behalf by virtue of a written special power of attorney. Such proxy to a number of shareholders shall not, in such capacity, represent more than five percent (5%) of the share capital of the Company.

Shareholders lacking legal capacity shall be represented by their legal representatives.

Individuals representing juristic entities are exempted from the foregoing percentile limitation.

Article (41)

- (i) The Founders, within fifteen (15) days from the date of closing of subscription, shall call all the shareholders for the constitutive General Assembly by announcing for the same in two daily local newspapers issued in Arabic and by registered mail at least fifteen (15) days beforehand, and the listing procedures to follow the above in accordance with the Listing Rules.
- (ii) The quorum for the first round of the constitutive General Assembly shall be fifty percent (50%) of the subscribed shares. If the quorum is not met in the first meeting, the Founders shall call for a second meeting to be convened no earlier than five (5) days and no later than fifteen (15) days from the date of the first meeting and the second meeting shall be valid regardless of the number of shareholders attending the second meeting.
- (iii) Resolutions of the constitutive General Assembly shall be passed by the majority votes of shareholders holding at least three quarters of the shares represented at the meeting.
- (iv) The constitutive General Assembly shall, in particular, deliberate on the following matters:

الباب الخامس
في الجمعية العمومية

المادة (39)

تتعدّد الجمعية العمومية أصولاً في إمارة دبي بحضور مساهمين يمثلون ما لا يقل عن (50%) خمسين بالمائة من رأس مال الشركة، فإذا لم يتوافر النصاب في الاجتماع الأول، وجب دعوة الجمعية العمومية إلى اجتماع ثانٍ يعقد بعد مضي مدة لا تقل عن (5) خمسة أيام ولا تجاوز (15) خمسة عشر يوماً من تاريخ الاجتماع الأول ويُعتبر الاجتماع صحيحاً أيّاً كان عدد المساهمين الحاضرين.

المادة (40)

لكل مساهم الحق في حضور اجتماعات الجمعية العمومية، ويكون له عدد الأصوات المعادلة لعدد أسهمه.

ويجوز للمساهم أن ينيب عنه غيره من غير أعضاء مجلس الإدارة في حضور الجمعية العمومية بمقتضى توكيل خاص ثابت بالكتابة. ويجب ألا يكون الوكيل لعدد من المساهمين حائزاً بهذه الصفة على أكثر من (5%) خمسة بالمائة من أسهم رأس مال الشركة.

ويمثل ناقصي الأهلية وفاقديها النائبون عنهم قانوناً.

ويستثنى من هذه النسبة ممثلوا الأشخاص الاعتبارية.

المادة (41)

(1) يدعو المؤسسون، خلال (15) خمسة عشر يوماً من تاريخ إغلاق باب الاكتتاب، جميع المساهمين إلى اجتماع الجمعية العمومية التأسيسية، وذلك بإعلان في صحيفتين محليتين يوميتين تصدران باللغة العربية وبكتب مسجلة وذلك قبل (15) خمسة عشر يوماً من اليوم المحدد لانعقاد اجتماع الجمعية العمومية على أن يتم السير في إجراءات الإدراج تبعاً لذلك وفقاً لقواعد الإدراج.

(2) النصاب القانوني للاجتماع الأول للجمعية العمومية التأسيسية هو (50%) خمسون بالمائة من عدد الأسهم المكتتب بها. وفي حالة عدم اكتمال النصاب القانوني في الاجتماع الأول، وجب على المؤسسين الدعوة لاجتماع ثانٍ يعقد بعد مضي مدة لا تقل عن (5) خمسة أيام ولا تجاوز (15) خمسة عشر يوماً من تاريخ الاجتماع الأول ويُعتبر الاجتماع صحيحاً أيّاً كان عدد المساهمين الحاضرين.

(3) تصدر قرارات الجمعية العمومية التأسيسية بأغلبية أصوات المساهمين المالكين لثلاثة أرباع الأسهم الممثلة في الاجتماع.

(4) تنظر الجمعية العمومية التأسيسية، على وجه الخصوص، في المسائل التالية:

- (a) The report prepared by the Founders on incorporation of the Company and the expenses incurred therefrom. (أ) تقرير المؤسسين عن عمليات تأسيس الشركة والنفقات التي استلزمته.
- (b) The acts of the Founders related to the Company during the incorporation period. (ب) تصرفات المؤسسين المتعلقة بالشركة خلال فترة التأسيس.
- (c) Approving the incorporation of the Company. (ج) الموافقة على تأسيس الشركة.
- (d) Approving the evaluation of the shares in kind. (د) المصادقة على تقييم الحصص العينية.
- (e) Adoption of the Articles of Association and Memorandum of Association. (هـ) اعتماد عقد التأسيس والنظام الأساسي للشركة.
- (f) Approve the appointment of the auditor of the Company. (و) المصادقة على تعيين مدقق حسابات الشركة.

Article (42)

Invitations to the shareholders to attend the General Assembly shall be by announcement in two daily local newspapers, issued in Arabic, and by registered mail at least fifteen (15) days before the date set for the meeting after obtaining the approval from the Authority. The invitation should contain the agenda of the General Assembly meeting. A copy of the invitation shall be sent to the Authority and the Competent Authority.

Article (43)

A General Assembly shall be called by:

- (i) The Board of Directors at least once annually during the four months following the end of the financial year.
- (ii) The Board of Directors, whenever it deems fit, or upon a request of the auditor or if one or more shareholders holding not less than twenty percent (20%) of the share capital request a meeting, then the Board of Directors shall call for a General Assembly within five (5) days from the date of submitting the request.
- (iii) The auditor, directly, if the Board of Directors omits to send an invitation to convene the General Assembly within five days from the date of the request for a meeting submitted by the auditor to the Board of Directors.
- (iv) The Authority, after five days from its request to the Board of Directors, may call for the General Assembly of the Company in the following events:
- (a) The lapse of thirty (30) days after the fixed date for the meeting to be held (i.e. four months after the end of the financial year) without the Board of Directors sending an invitation;
- (b) If the number of Board Directors is less than the minimum required for its quorum;
- (c) Discovery of any violation of the Law, these Articles or any defect in the management of the Company;

المادة (42)

توجه الدعوة إلى المساهمين لحضور اجتماعات الجمعية العمومية بإعلان في صحيفتين يوميتين محليتين تصدران باللغة العربية وبكتب مسجلة، وذلك قبل الموعد المحدد للاجتماع بـ (15) خمسة عشر يوماً على الأقل، وذلك بعد الحصول على موافقة الهيئة وتقديم نسخة من الميزانية العمومية والحسابات الختامية للشركة. ويجب أن تتضمن الدعوة جدول أعمال ذلك الاجتماع وترسل صورة من أوراق الدعوة إلى الهيئة والسلطة المختصة.

المادة (43)

تتعدّد الجمعية العمومية بدعوة من:

- (1) مجلس الإدارة مرة على الأقل في السنة خلال الأشهر الأربعة التالية لنهاية السنة المالية.
- (2) مجلس الإدارة، كلما رأى وجهاً لذلك أو بناء على طلب مدقق الحسابات، أو إذا طلب مساهم أو أكثر يملكون (20%) عشرين بالمائة من رأس المال كحد أدنى عقد الجمعية العمومية، وجب على مجلس الإدارة دعوة الجمعية العمومية خلال (5) خمسة أيام من تاريخ تقديم الطلب.
- (3) مدقق الحسابات مباشرة إذا اغفل مجلس الإدارة توجيه الدعوة لعقد الجمعية العمومية في الأحوال التي يوجب القانون فيها دعوتها أو خلال خمسة أيام من تاريخ تقديم مدقق الحسابات طلب توجيه الدعوة لمجلس الإدارة ولم يقم بذلك.
- (4) الهيئة، في الأحوال التالية، وبعد خمسة أيام من تاريخ طلبها من مجلس الإدارة دعوة الجمعية العمومية:
- (أ) إذا مضى (30) ثلاثون يوماً على الموعد المحدد لانعقادها (وهو مضي أربعة أشهر على انتهاء السنة المالية) دون أن يقوم مجلس الإدارة بدعوتها للانعقاد؛
- (ب) إذا نقص عدد أعضاء مجلس الإدارة عن الحد الأدنى لصحة انعقاده؛
- (ج) إذا تبين لها في أي وقت وقوع مخالفات للقانون أو لنظام الشركة أو وقوع خلل في إدارتها؛

- (d) If the Board of Directors fails to call for a meeting of the General Assembly despite the call from one or more shareholders representing twenty percent (20%) of the share capital of the Company.

Article (44)

The following matters shall be included on the agenda of the annual General Assembly:

- (i) to review and approve the report of the Board of Directors on the activity of the Company, its financial standing throughout the year and the report of the auditor;
- (ii) to consider and approve the balance sheet and the account of profits and losses;
- (iii) to elect the Board Directors if necessary;
- (iv) to appoint and determine the remuneration of the auditors;
- (v) to consider the proposals of the Board of Directors concerning the distribution of profits;
- (vi) to consider the proposals of the Board of Directors concerning the remuneration of the Board Directors and to determine such remuneration;
- (vii) to dismiss or discharge the liability of the Board Directors and to file the liability claim against them, as the case may be; and
- (viii) to dismiss or discharge the liability of the auditors and to file the liability claim against them, as the case may be.

Article (45)

Shareholders who wish to attend the General Assembly shall register their names in an electronic register made available by the Management of the Company at the meeting place within ample time before the meeting. The register shall include the name of the shareholder, or his representative, the number of shares he holds or represents and the names of the represented shareholders and the appropriate proxies. The shareholder or the proxy shall be given a card to attend the meeting, which shall state the number of votes held or represented by him/her. An extract of this register showing the number of shares represented at the meeting and the percentage of attendance shall be printed and attached to the minutes of the General Assembly after being signed by the chairman of the meeting, the secretary and the auditor of the Company.

Registration shall close at the time when the chairman of the meeting announces whether or not the quorum for such meeting has been met. No registration of any shareholder or proxy shall be accepted thereafter and votes of those late shareholders or proxies would not count and their views would not be taken into account in that meeting.

- (د) إذا تقاعس مجلس الإدارة عن دعوتها للانعقاد رغم طلب مساهم أو أكثر يمثلون (20 %) عشرين بالمائة من رأس مال الشركة؛

المادة (44)

يدخل في جدول أعمال الجمعية العمومية في اجتماعها السنوي المسائل الآتية:

- (1) سماع تقرير مجلس الإدارة عن نشاط الشركة ومركزها المالي خلال السنة وتقرير مدقق الحسابات والتصديق عليهما؛
- (2) مناقشة ميزانية الشركة وحساب الأرباح والخسائر والتصديق عليهما؛
- (3) انتخاب أعضاء مجلس الإدارة عند الاقتضاء؛
- (4) تعيين مدققي الحسابات وتحديد أتعابهم؛
- (5) النظر في مقترحات مجلس الإدارة بشأن توزيع الأرباح؛
- (6) النظر في مقترحات مجلس الإدارة بشأن مكافأة أعضاء مجلس الإدارة وتحديداتها؛
- (7) عزل أعضاء مجلس الإدارة أو إبراء ذمتهم ورفع دعوى المسؤولية عليهم حسب الأحوال؛ و
- (8) عزل مدققي الحسابات أو إبراء ذمتهم ورفع دعوى المسؤولية عليهم حسب الأحوال.

المادة (45)

يسجل المساهمون الذين يرغبون في حضور الجمعية العمومية أسماءهم في السجل الإلكتروني الذي تعده الإدارة لهذا الغرض في مكان الاجتماع قبل الوقت المحدد لانعقاد ذلك الاجتماع بوقت كاف. ويجب أن يتضمن السجل اسم المساهم أو من ينوب عنه وعدد الأسهم التي يملكها أو عدد الأسهم التي يمثلها وأسماء مالكيها مع تقديم سند الوكالة. ويعطى المساهم أو النائب بطاقة لحضور الاجتماع يذكر فيها عدد الأصوات التي يمثلها أصالة أو وكالة. ويستخرج من هذا السجل خلاصة مطبوعة بعدد الأسهم التي مثلت في الاجتماع ونسبة الحضور ويتم إلحاقها بمحضر اجتماع الجمعية العمومية بعد توقيعها من قبل كل من مقرر الجلسة ورئيس الاجتماع ومدقق حسابات الشركة.

ويقبل باب التسجيل لحضور اجتماعات الجمعية العمومية عندما يعلن رئيس الاجتماع اكتمال النصاب المحدد لذلك الاجتماع أو عدم اكتماله، ولا يجوز بعد ذلك قبول تسجيل أي مساهم أو نائب عنه لحضور ذلك الاجتماع كما لا يجوز الاعتداد بصوته أو برأيه في المسائل التي تطرح في ذلك الاجتماع.

المادة (46)

يكون سجل المساهمين في الشركة طبقاً للنظام الخاص بالتداول والمقاصة والتسويات ونقل الملكية وحفظ الأوراق المالية والقواعد المعنية السائدة في السوق.

Article (46)

The register of the shareholders of the Company shall be in accordance with the procedures for transacting, set-off, settlement, transfer of title, custody of securities and the relevant rules prevailing in the Market.

المادة (47)

تسري على النصاب الواجب توفره لصحة انعقاد الجمعية العمومية وعلى الأغلبية اللازمة لاتخاذ القرارات أحكام القانون.

Article (47)

The provisions of the Law shall apply to the quorum required for convening the General Assembly and to the required majority to adopt resolutions therein.

المادة (48)

يرأس الجمعية العمومية رئيس مجلس الإدارة، وعند غيابه، يرأسها نائب رئيس مجلس الإدارة أو عضو مجلس الإدارة الذي يعينه مجلس الإدارة لذلك.

Article (48)

The General Assembly shall be chaired by the Chairman. In the absence of the Chairman, the vice-Chairman or a Board Director appointed by the Board of Directors for that purpose shall chair the meeting.

If the said individuals are not present, the General Assembly shall appoint one of the shareholders to chair the meeting and shall also appoint a secretary for the meeting.

وفي حال غياب المذكورين عن حضور الاجتماع، تُعين الجمعية العمومية من بين المساهمين رئيساً للاجتماع كما تعين الجمعية مقرر للاجتماع.

The chairman shall appoint a teller for the meeting provided that such appointment is ratified by the General Assembly.

وبعين الرئيس جامعاً للأصوات على أن تقر الجمعية العمومية تعيينه.

The Company shall keep minutes of the meetings of the General Assembly and register attendance in special books to be kept for this purpose and signed by the chairman of the relevant meeting, the secretary, the tellers and the auditors. The individuals who sign the minutes of the meeting shall be held liable for the accuracy of information contained therein.

وتدون الشركة محاضر اجتماعات الجمعية العمومية وإثبات الحضور في دفاتر تحفظ لهذا الغرض وتوقع من قبل رئيس الاجتماع المعني ومقرر الجمعية وجامعي الأصوات ومدققي الحسابات ويكون الموقعون على محاضر الاجتماعات مسؤولين عن صحة البيانات الواردة فيها.

المادة (49)

يكون التصويت في الجمعية العمومية بالطريقة التي يعينها رئيس الجمعية إلا إذا قررت الجمعية العمومية طريقة معينة للتصويت. وإذا تعلق الأمر بانتخاب أعضاء مجلس الإدارة أو بعزلهم أو بمساءلتهم، فإن ذلك يكون بالتصويت السري التراكمي.

Article (49)

Voting at the General Assembly shall be in accordance with the procedure specified by the chairman of the assembly unless the General Assembly specifies another voting procedure. If the subject of the vote relates to the appointment, dismissal or accountability of the Board Directors, voting should be by secret Cumulative Voting.

المادة (50)

لا يجوز لأعضاء مجلس الإدارة الاشتراك في التصويت على قرارات الجمعية العمومية الخاصة بإبراء ذمتهم من المسؤولية عن إدارتهم أو التي تتعلق بمنفعة خاصة لهم أو المتعلقة بتعارض المصالح أو بخلاف قائم بينهم وبين الشركة، وفي حال كون عضو مجلس الإدارة يمثل شخصاً اعتبارياً يستبعد أسهم ذلك الشخص الاعتباري.

Article (50)

The Board Directors may not participate in voting on the resolutions of the General Assembly for the discharge of the Board Directors from liability for their management or in connection with a special benefit of the Board Directors, a Conflict of Interest or a dispute between the Board Directors and the Company, and in the event that the shareholder is representing a corporate person, the shares of such corporate person shall be excluded.

A shareholder having the right to attend the General Assembly may not participate in voting in his personal capacity or by proxy on matters related to a personal benefit or an existing dispute between such shareholder and the Company.

لا يجوز لمن له حق حضور اجتماعات الجمعية العمومية أن يشترك في التصويت سواء بصفته الشخصية أو عن من يمثله في المسائل التي تتعلق بمنفعة خاصة أو بخلاف قائم بينه وبين الشركة.

Article (51)

The General Assembly may, through a Special Resolution, decide the following:

- (i) Increase the share capital in any way or reduction of the share capital.
- (ii) Dissolution of the Company or its merger with another company.
- (iii) Sale or otherwise disposing of the business venture of the Company.
- (iv) Extension of the term of the Company.
- (v) Issue sukuk or bonds by the Company
- (vi) Upon the expiry of two fiscal years, give contributions not exceeding two percent (2%) of the average net profits of the Company during two fiscal years preceding the year of contribution
- (vii) Amendment to the Memorandum of Association or these Articles, subject to the following restrictions:
 - (a) The amendment should not increase the shareholders' obligations; and
 - (b) The amendment should not cause transfer of the head office out of the State.

Article (52)

The owners of shares registered on the working day preceding the holding of the General Assembly of the Company shall be deemed to be the holders of the right to vote in that Company's General Assembly.

Article (53)

Subject to the provisions of the Law and the Resolutions issued hereunder and the Articles of Association, the General Assembly shall have the responsibility to consider all the issues in connection with the company. The General Assembly may not consider other than the issues listed in the agenda.

Notwithstanding the provisions of the above paragraph, the General Assembly may consider the serious incidents revealed during the meeting or if the Authority or a number of shareholders holding at least ten percent (10%) of the share capital of the company request, before commencing the discussion of the agenda of the General Assembly, to list certain issues in the agenda, the Board of Directors shall respond to such request, failing which the General Assembly shall have the right to resolve to discuss such issues, in accordance with the Authority's resolution issued in this regard.

PART SIX

AUDITORS

Article (54)

المادة (51)

يجوز للجمعية العمومية بموجب قرار خاص أن تقرر ما يلي:

- (1) زيادة رأس المال بأي طريقة أو تخفيضه.
- (2) حل الشركة أو إدماجها في شركة أخرى.
- (3) بيع المشروع الذي قامت به الشركة أو التصرف فيه بأي وجه آخر.
- (4) إطالة مدة الشركة.
- (5) إصدار صكوك أو سندات من قبل الشركة
- (6) شريطة مضي سنتين مالميتين، تقديم مساهمات طوعية لا تزيد عن (2%) إثنين بالمائة من متوسط الأرباح الصافية للشركة في السنتين الماليتين السابقتين
- (7) تعديل عقد تأسيس الشركة أو النظام الأساسي إلا أن حقها هذا ليس مطلقاً وإنما هو مقيد بالقيود التالية:
 - (أ) ألا يؤدي التعديل إلى زيادة أعباء المساهمين؛ و
 - (ب) ألا يؤدي التعديل إلى نقل مركز الشركة الرئيسي إلى خارج الدولة.

المادة (52)

يكون مالك السهم المسجل في يوم العمل السابق لانعقاد الجمعية العمومية للشركة هو صاحب الحق في التصويت في الجمعية العمومية لتلك الشركة.

المادة (53)

مع مراعاة أحكام القانون والقرارات الصادرة بموجبه والنظام الأساسي تختص الجمعية العمومية بالنظر في جميع المسائل المتعلقة بالشركة، ولا يجوز للجمعية العمومية المدولة في غير المسائل المدرجة بجدول الأعمال.

استثناءً من أحكام الفقرة السابقة يكون للجمعية العمومية حق المدولة في الوقائع الخطيرة التي تكتشف أثناء الاجتماع، أو إذا طلبت الهيئة أو عدد من المساهمين يمثل (10%) عشرة بالمائة من رأس مال الشركة على الأقل وذلك قبل البدء في مناقشة جدول أعمال الجمعية العمومية، إدراج مسائل معينة في جدول الأعمال وجب على مجلس الإدارة إجابة الطلب وإلا كان من حق الجمعية العمومية أن تقرر مناقشة هذه المسائل، وفقاً لقرار الهيئة الصادر بهذا الشأن.

الباب السادس

مدقق الحسابات

المادة (54)

The Company shall have one or more auditor(s) appointed by the General Assembly for a renewable term of one year upon nomination by the Board of Directors. The fees of such auditor shall be determined by the General Assembly. Such auditor shall monitor the financial accounts for the year for which he was appointed. Such auditor should be registered with the Authority and be licensed to practice.

The auditor shall carry out his duties from the date of the General Assembly appointing him until the following annual General Assembly is concluded.

Save for the aforementioned, the Founders have appointed **Ernst & Young Middle East** as the first auditor of the Company's accounts, where it shall engage in performing its task until the Constitutive General Assembly is convened.

Article (55)

An auditor should be independent from the Company and the Board of Directors and should not be a business partner, agent or relative up to the fourth degree of any of the Founders or Board Directors. The auditor shall be a shareholder of the Company or be a Board Director or occupy any technical, administrative, operational or executive position at the Company.

The Company must take reasonable steps to verify the independence of the external auditor and that the function of the auditor excludes any Conflict of Interest.

Article (56)

The auditor shall have the authorities and the obligations provided for in the Law. Such auditor must particularly have the right to review, at all times, all the Company books, records, instruments and all other documents of the Company. The auditor has the right to request clarifications as he deems necessary for the performance of his duties and he may investigate the assets and liabilities of the Company. If the auditor is unable to perform these authorities, he must confirm that in a written report to be submitted to the Board of Directors. If the Board of Directors fails to enable the auditor to perform his duties, the auditor must send a copy of the report to the Authority and the Competent Authority and present it to the General Assembly.

The auditor shall audit the accounts of the Company, inspect the balance sheet and the profit and loss account, review the Company's transactions with the Related Parties, and ensure the application of the provisions of the Law and these Articles. The auditor shall submit a report on the results of such inspection to the General Assembly and forward a copy to the Authority and the Competent Authority. When preparing his report, the auditor shall verify the following:

- (i) the overall accuracy of the accounting records kept by the Company; and

يكون للشركة مدقق حسابات أو أكثر تعينه الجمعية العمومية، وتقدر أتعابه بناءً على ترشيح من مجلس الإدارة لمدة سنة قابلة للتجديد ويتوجب على مدقق الحسابات مراقبة حسابات السنة المالية التي عين لها ويشترط به أن يكون مسجلاً لدى الهيئة ومرخص له بمزاولة المهنة.

يتولى مدقق الحسابات مهامه من نهاية إجتماع الجمعية العمومية التي يتم تعيينه فيها إلى نهاية إجتماع الجمعية العمومية السنوية التالية.

وإستثناءً مما تقدم، عين المؤسسون إرنست ويونغ الشرق الأوسط كأول مدقق لحسابات الشركة بحيث يتولى مهمته إلى حين انعقاد الجمعية العمومية التأسيسية.

المادة (55)

يجب أن يكون مدقق الحسابات الخارجي مستقلاً عن الشركة ومجلس إدارتها. ولا يجوز له أن يكون شريكاً أو وكيلاً لأحد مؤسسي الشركة أو لأحد أعضاء مجلس الإدارة أو قريباً له حتى الدرجة الرابعة. كما لا يجوز لمدقق الحسابات أن يكون مساهماً في الشركة أو أن يشغل منصب عضو مجلس الإدارة أو أي منصب فني أو إداري أو تشغيلى أو تنفيذي في الشركة.

وعلى الشركة أن تتخذ خطوات معقولة للتأكد من استقلالية مدقق الحسابات الخارجي، وأن كافة الأعمال التي يقوم بها تخلو من أي تضارب للمصالح.

المادة (56)

يكون لمدقق الحسابات الصلاحيات وعليه التقيد بالالتزامات المنصوص عليها في القانون. وله بوجه خاص الحق في الإطلاع في كافة الأوقات على جميع دفاتر الشركة وسجلاتها ومستنداتها وغير ذلك من وثائق وله أن يطلب الإيضاحات التي يراها لازمة لأداء مهامه وله كذلك أن يتحقق من موجودات الشركة والتزاماتها. وإذا لم يتمكن مدقق الحسابات من استعمال هذه الصلاحيات، يثبت ذلك كتابةً في تقرير يُقدم إلى مجلس الإدارة. فإذا لم يقم مجلس الإدارة بتمكين المدقق من أداء مهمته، وجب على المدقق أن يرسل صورة من التقرير إلى الهيئة والسلطة المختصة وأن يعرضه على الجمعية العمومية.

يتولى مدقق الحسابات تدقيق حسابات الشركة وفحص الميزانية وحساب الأرباح والخسائر ومراجعة صفقات الشركة مع الأطراف ذات العلاقة والتأكد من تطبيق أحكام القانون وهذا النظام، وعليه تقديم تقرير بنتائج هذا الفحص إلى الجمعية العمومية وإرسال صورة منه إلى الهيئة والسلطة المختصة. كما يجب عليه عند إعداد تقريره، التأكد مما يأتي:

- (1) مدى صحة السجلات المحاسبية التي تحتفظ بها الشركة، و

- (ii) the extent of conformity of Company records with accounting records.

Subsidiaries of the Company and their auditors shall provide any information or clarifications as requested by the auditor of the Company for the purposes of the audit.

Article (57)

The auditor must submit to the General Assembly a report containing all the particulars set out in Articles 245, 246 and 250 of the Law. The auditor must attend the General Assembly to present his report to the shareholders clarifying any interference or difficulties from the Board of Directors during the performance of his duties. The report of the auditor shall be independent and unbiased and present the opinion of the auditor concerning all matters related to his duties, particularly the Company's balance sheet, its financial positions and any violations thereto.

The auditor shall mention in his report and the balance sheet the voluntary contributions made by the Company made for the purpose of serving the society, if any, during the relevant financial year. The report and the balance sheet should also indicate the beneficiary of such contributions.

The auditor, who acts in the capacity of an agent of the shareholders, shall be liable for the accuracy of the particulars stated in his report. Each shareholder may discuss the report of the auditor and request for clarifications on matters included therein during the meeting of the General Assembly.

PART SEVEN

THE FINANCE OF THE COMPANY

Article (58)

The Board of Directors shall maintain duly organized accounting books which reflect the accurate and fair position of the Company's financial status in accordance with generally acceptable accounting principles internationally applied. No shareholder will be entitled to inspect those books unless a specific authorization to this effect is obtained from the Board of Directors.

The financial year of the Company shall start on the first day of January and shall end on the last day of December of every year. Save for the aforementioned, the first financial year shall commence as of the date of incorporation of the Company in the commercial register and shall end on 31 December 2018.

Article (59)

The Board of Directors must prepare an audited balance sheet and profit and loss account for each financial year at least one month before the Annual General Assembly. The Board of Directors must also prepare a report on the Company's activities during the financial year, its financial position at the end of the

- (2) مدى تطابق حسابات الشركة مع السجلات المحاسبية.

تلتزم الشركات التابعة للشركة ومدققي حساباتها بتقديم أي معلومات أو توضيحات يطلبها مدقق حسابات الشركة لأغراض التدقيق.

المادة (57)

يقدم مدقق الحسابات إلى الجمعية العمومية تقريراً يشتمل على البيانات المنصوص عليها في المواد (245 و246 و250) من القانون. وعليه أن يحضر اجتماع الجمعية العمومية ليتلو تقريره على المساهمين موضحاً أية معوقات أو تدخلات من مجلس الإدارة واجهته أثناء تأدية أعماله، وأن يتسم تقريره بالاستقلالية والحيادية وأن يدلي برأيه في كل ما يتعلق بعمله وبوجه خاص في ميزانية الشركة وملاحظاته على حسابات الشركة ومركزها المالي وأية مخالفات بها.

وعلى مدقق الحسابات أن يذكر في تقريره وفي الميزانية العمومية للشركة المساهمات الطوعية التي قامت بها الشركة خلال السنة المالية لأغراض خدمة المجتمع "إن وجدت" وأن يحدد الجهة المستفيدة من هذه المساهمات الطوعية.

يكون المدقق مسؤولاً عن صحة البيانات الواردة في تقريره بوصفه وكبلاً عن مجموع المساهمين، ولكل مساهم أثناء عقد الجمعية العمومية أن يناقش تقرير المدقق وأن يستوضحه عما ورد فيه.

الباب السابع

مالية الشركة

المادة (58)

على مجلس الإدارة أن يحتفظ بدفاتر حسابات منتظمة حسب الأصول لإعطاء صورة صحيحة وعادلة عن وضع أعمال الشركة ولتفسير تعاملاتها. تحفظ هذه الدفاتر طبقاً للمبادئ المحاسبية المتعارف عليها والمطبقة دولياً. ولا يحق لأي مساهم في الشركة فحص دفاتر الحسابات تلك إلا بموجب تفويض بهذا المعنى صادر عن مجلس الإدارة.

تبدأ السنة المالية للشركة في أول يناير وتنتهي في آخر يوم من شهر ديسمبر من كل سنة، ويستثنى من ذلك السنة المالية الأولى للشركة، فتبدأ من تاريخ قيدها في السجل التجاري وتنتهي في 31 ديسمبر من عام 2018.

المادة (59)

على مجلس الإدارة أن يعد عن كل سنة مالية قبل الاجتماع السنوي للجمعية العمومية السنوية بشهر على الأقل ميزانية مدققة للشركة وحساب الأرباح والخسائر. وعلى مجلس الإدارة أيضاً أن يعد تقريراً عن نشاط الشركة خلال السنة المالية وعن مركزها المالي

same year and the recommendations on distribution of the net profits. A copy of the balance sheet, profit and loss account, the report of the auditor and report of the Board of Directors shall be sent to the Authority within seven (7) days from the date of convening the Annual General Assembly. The annual balance sheet and the profit and loss account shall be published in two daily local newspapers, one of them is issued in Arabic, within fifteen (15) days from the date of approval thereof by the annual General Assembly. A copy of the balance sheet and the profit and loss account shall be provided to the Authority and the Competent Authority.

Article (60)

The Board of Directors shall deduct a percentage of the annual gross profits for the depreciation of the Company's assets or for compensation for the depletion in their value. These amounts shall be utilized upon the decision of the Board of Directors and should not be distributed to the shareholders.

Article (61)

The annual net profits of the Company shall be distributed after deducting all general expenses and other costs as follows:

- (i) ten percent (10%) of the net profits shall be deducted and allocated as the legal reserve. Such deduction shall cease to occur when the total amount of the reserve is equal to at least fifty percent (50%) of the capital of the Company. If the reserve falls below this threshold, deduction shall be resumed;
- (ii) a percentage not exceeding ten percent (10%) of the net profits shall be allocated as a compensation for the Board Directors, after deducting amortizations and reserves. The compensation shall be determined by the General Assembly, upon the recommendation of the Board of Directors. Penalties imposed by the Authority or the Competent Authority on the Company due to violations by the Board of Directors of the Law or these Articles during the fiscal year that just ended shall be deducted from the remuneration of the Board of Directors. The General Assembly may resolve not to deduct such penalties if it finds that the penalties are not imposed due to any negligence or error on the part of the Board of Directors; and
- (iii) the remaining amounts of the net profits are distributed among the shareholders or shall be moved to the subsequent year, pursuant to a recommendation made by the Board of Directors, or instalments allocated to form an additional reserve, all in accordance with the General Assembly resolutions.

In any event and subject to the General Assembly's approval, the Company may distribute interim dividends on a semiannual or quarterly basis.

في ختام السنة ذاتها والطريقة التي يقترحها لتوزيع الأرباح الصافية. ترسل صورة من الميزانية وحساب الأرباح والخسائر وتقرير مدقق الحسابات عليهما وتقرير مجلس الإدارة إلى الهيئة خلال (7) سبعة أيام من انعقاد الجمعية العمومية السنوية. ويجب نشر الميزانية السنوية للشركة وحساب الأرباح والخسائر في صحيفتين يوميتين تصدر أحدهما باللغة العربية وذلك خلال (15) خمسة عشر يوماً من تاريخ مصادقة الجمعية العمومية السنوية عليها وتودع نسخة منها لدى الهيئة والسلطة المختصة.

المادة (60)

لمجلس الإدارة أن يقتطع من الأرباح السنوية غير الصافية نسبة يحددها لاستهلاك موجودات الشركة أو التعويض عن انخفاض قيمتها، ويتم التصرف في هذه الأموال بناءً على قرار من مجلس الإدارة ولا يجوز توزيعها على المساهمين.

المادة (61)

توزع الأرباح السنوية الصافية للشركة بعد خصم جميع المصروفات العمومية والتكاليف الأخرى وفقاً لما يلي:-

- (1) تقتطع (10%) عشرة بالمائة من صافي الأرباح تخصص لحساب الاحتياطي القانوني. ويوقف هذا الاقتطاع متى بلغ مجموع الاحتياطي قدراً يوازي (50%) خمسين بالمائة على الأقل من رأس مال الشركة. وإذا نقص الاحتياطي عن ذلك، تعين العودة إلى الاقتطاع؛
- (2) تخصص نسبة لا تزيد على (10%) عشرة بالمائة من الربح الصافي للسنة المالية المنتهية كمكافأة لأعضاء مجلس الإدارة وذلك بعد خصم كافة الإستهلاكات والإحتياطيات. ويقترح مجلس الإدارة المكافأة وتعرض على الجمعية العمومية للنظر فيها، وتخصم من تلك المكافأة الغرامات التي تكون قد وُفِّعت على الشركة من الهيئة أو السلطة المختصة بسبب مخالفات مجلس الإدارة للقانون أو للنظام الأساسي خلال السنة المالية المنتهية. وللجمعية العمومية عدم خصم تلك الغرامات أو بعضها إذا تبين لها أن تلك الغرامات ليست ناتجة عن تقصير أو خطأ من مجلس الإدارة؛ و
- (3) يوزع الباقي من صافي الأرباح بعد ذلك على المساهمين أو يرحل بناءً على اقتراح مجلس الإدارة إلى السنة المقبلة أو يخصص لإنشاء احتياطي غير عادي وفقاً لما تقررته الجمعية العمومية السنوية.

وعلى أية حال مع عدم الإخلال بما سبق وبشرط موافقة الجمعية العمومية، يجوز للشركة توزيع أرباح مرحلية على أساس نصف سنوي أو ربع سنوي.

المادة (62)

يتم التصرف في المال الاحتياطي بناء على قرار مجلس الإدارة في الأوجه التي تحقق مصالح الشركة. لا يجوز توزيع الاحتياطي القانوني على المساهمين، وإنما يجوز استعمال ما زاد منه على نصف رأس المال المدفوع لتأمين توزيع أرباح لا تزيد على (10%) عشرة بالمائة من رأس المال المدفوع على المساهمين في السنوات التي لا تسمح بتوزيع هذه النسبة.

Article (62)

The legal reserve shall be used by a resolution of the Board of Directors in the best interest of the Company. The legal reserve may not be distributed among the shareholders. However, any amount in excess of fifty percent (50%) of the paid up capital can be used to distribute dividends which shall not exceed ten percent (10%) of the paid up capital among the shareholders during years where distribution of such percentage is not possible.

المادة (63)

تدفع حصص الأرباح إلى المساهمين طبقاً للنظام الخاص بالتداول والمقاصة والتسويات في نقل ملكية وحفظ الأوراق المالية والقواعد المعينة في السوق المالي المدرج فيه أسهم الشركة.

Article (63)

Dividends shall be paid to the shareholders in accordance with the regulations as to trading, clearing, settlement, transfer of ownership and custody of securities and the applicable regulations of the financial market where the Company's shares are listed.

الباب الثامن

المنازعات

المادة (64)

PART EIGHT

DISPUTES

Article (64)

Civil Liability against members of the Board of Directors may not be waived by resolution of the General Assembly. If the action giving rise to the liability was presented to the General Assembly in a report by the Board of Directors or by its auditor and was ratified by the General Assembly, civil claims shall be time barred by the expiry of one year from the date of convening that General Assembly. However, if the alleged action constitutes a criminal offence, the proceedings for liability shall not be time barred except by the lapse of the public case.

لا يترتب على أي قرار يصدر عن الجمعية العمومية سقوط دعوى المسؤولية المدنية ضد أعضاء مجلس الإدارة. وإذا كان الفعل الموجب للمسئولية قد عرض على الجمعية العمومية بتقرير من مجلس الإدارة أو مدقق الحسابات وصادقت عليه، فإن دعوى المسؤولية تسقط بمضي سنة من تاريخ انعقاد الجمعية. ومع ذلك، إذا كان الفعل المنسوب إلى أعضاء مجلس الإدارة يكون جريمة جنائية، فلا تسقط دعوى المسؤولية إلا بسقوط الدعوى العمومية.

الباب التاسع

في حل الشركة وتصفيتها

المادة (65)

PART NINE

DISSOLUTION OF THE COMPANY

Article (65)

The Company shall be dissolved for any of the following reasons:

تحل الشركة لأحد الأسباب التالية:

- (i) Expiry of the Company's term unless it is renewed in accordance with the provisions of these Articles.
- (ii) Fulfillment of the objectives for which the Company was established.
- (iii) A Special Resolution of the General Assembly to terminate the term of the Company.
- (iv) Merging the Company with another company.
- (v) The issuance of a court order dissolving the Company.
- (vi) The depletion of all or most of the Company's assets, making it impossible to beneficially invest the remainder.

- (1) انتهاء المدة المحددة للشركة ما لم تجدد وفقاً للقواعد الواردة بهذا النظام الأساسي.
- (2) انتهاء الغرض الذي أسست الشركة من أجله.
- (3) صدور قرار خاص من الجمعية العمومية بإنهاء مدة الشركة.
- (4) اندماج الشركة في شركة أخرى.
- (5) صدور حكم قضائي بحل الشركة.
- (6) هلاك جميع أموال الشركة أو معظمها بحيث يتعذر استثمار الباقي استثماراً مجدياً.

Article (66)

If the Company incurs losses equal to fifty percent (50%) of the issued share capital, the Board of Directors shall, within thirty (30) days from the date of disclosure to the Authority of the periodic or annual financial statements, invite General Assembly to convene and decide whether the Company should continue or be dissolved prior to its term as mentioned in these Articles provided that such decision must be issued through a Special Resolution.

Article (67)

At the end of the term of the Company or in case of its dissolution before the expiry of such term, the General Assembly shall, upon recommendation by the Board of Directors, determine the method of liquidation, appoint one or more liquidators and shall specify their duties. The authorities of the Board of Directors shall terminate with the appointment of the liquidator(s). The authorities of the General Assembly shall remain in force for the duration of the liquidation process and shall last until the liquidators are absolved of their obligations.

PART TEN

FINAL PROVISIONS

Article (68)

The Board of Directors may implement the employees incentive scheme (employees share option plan), and for the purpose of encouraging the Company's employees and attracting and retaining talented employees to work in the Company, and in addition to any other allocations made to the employees who are founding shareholders, the Company's Board may have the right to implement the employees share option plan as per the following terms and conditions.

- (i) The Company's capital shall be increased no more than the percentage decided by virtue of the resolution issued by the Authority in this regard, and the Board of Directors shall define the number of shares offered to each employee, the price of the share option and the share option period.
- (ii) The share option plan shall not be applied unless approved by the General Assembly of the Company through a Special Resolution.

Article (69)

The provisions of the Law shall apply to any matter not specifically covered in the Memorandum of Association or these Articles.

The Company's Board of Directors, chief executive officer, managers and auditors shall assist the inspectors assigned by the Authority; provide them with all required data and information and grant them access to all business, books, documents or records kept by any branch, subsidiary or auditor of the

المادة (66)

إذا بلغت خسائر الشركة نصف رأس المال المصدر، وجب على مجلس الإدارة خلال (30) ثلاثين يوماً من تاريخ الإفصاح للهيئة عن القوائم المالية الدورية أو السنوية دعوة الجمعية العمومية للإنعقاد والنظر في استمرار الشركة أو حلها قبل الأجل المعين في النظام الأساسي على أن يصدر قرار الجمعية العمومية في هذا الشأن بموجب قرار خاص.

المادة (67)

عند انتهاء مدة الشركة أو حلها قبل الأجل المحدد، تعين الجمعية العمومية، بناءً على طلب مجلس الإدارة، طريقة التصفية وتعين مصفياً أو أكثر وتحدد سلطاتهم. وتنتهي وكالة مجلس الإدارة بتعيين المصفين وتبقى سلطة الجمعية العمومية قائمة طوال مدة التصفية إلى أن يتم إخلاء عهدة المصفين.

الباب العاشر

الأحكام الختامية

المادة (68)

يجوز لمجلس الإدارة تنفيذ خيار شراء الأسهم للموظفين (برنامج اسهم ائابة وتحفيز العاملين)، ولغرض تحفيز موظفي الشركة واستقطاب والمحافظة على موظفين موهوبين للعمل بالشركة فإنه إضافة إلى أية تخصصات تمنح للموظفين الذين يكونوا مساهمين مؤسسين، يحق لمجلس إدارة الشركة تطبيق برنامج خيار شراء أسهم الشركة طبقاً للشروط والإجراءات التالية:

- (1) يجوز زيادة رأس مال الشركة بنسبة لا تزيد عن النسبة المقرر بموجب القرار الصادر عن الهيئة بهذا الشأن وذلك لغرض تطبيق برامج خيار شراء أسهم الشركة ويحدد مجلس الإدارة عدد الأسهم الممنوحة لكل موظف وسعر خيار الشراء وفترة الخيار.
- (2) لا يجوز تطبيق برنامج خيار شراء أسهم الشركة إلا بعد إقراره من قبل الجمعية العمومية للشركة بقرار خاص.

المادة (69)

تطبق أحكام القانون فيما لم يرد في شأنه نص خاص في عقد التأسيس أو النظام الأساسي.

على مجلس إدارة الشركة والرئيس التنفيذي والمديرين بالشركة ومدققي حساباتها تسهيل أعمال التفتيش الدوري الذي تقوم به الهيئة من خلال المفتشين المكلفين من قبلها وتقديم ما يطلبه المفتشين من بيانات أو معلومات، وكذلك الإطلاع على أعمال الشركة ودفاترها أو أية أوراق أو سجلات لدى فروعها وشركاتها

Company, whether in the State or abroad.

التابعة داخل الدولة وخارجها أو لدى مدقق حساباتها.

Article (70)

The Company may, by Special Resolution, make voluntary contribution after two profitable fiscal years from the date of its incorporation in accordance with the rules and regulations determined in the Law and implementing resolutions thereto.

Article (71)

The Company shall be bound by the Corporate Governance Rules which shall be considered as an integral part of these Articles.

Article (72)

In case there is any contradiction between the provisions of these Articles in the Arabic and English texts, the Arabic text shall prevail.

Article (73)

The Company is exempted by virtue of the Cabinet Resolution No. [•] of 2017 from paragraph 3 of article 275 of the Law.

Article (74)

These Articles of Association shall be deposited and published in accordance with the Law.

Signatures

المادة (70)

يجوز للشركة بموجب قرار خاص بعد إنقضاء سنتين ماليتين من تاريخ تأسيسها وتحقيقها أرباحاً، أن تقدم مساهمات طوعية لأغراض خدمة المجتمع، وفقاً للشروط والضوابط التي يحددها القانون والقرارات المنفذة له.

المادة (71)

يسري على الشركة قواعد حوكمة الشركات، ويعتبر جزءاً لا يتجزأ من النظام الأساسي ومكملاً له.

المادة (72)

عند وجود تعارض بين نصوص المواد باللغتين العربية والإنجليزية، يغلب جانب النص العربي.

المادة (73)

الشركة مستثناة من أحكام المادة 275 – بند 3 من القانون بموجب قرار مجلس الوزراء الموقر رقم (-----) لسنة 2017.

المادة (74)

يودع هذا النظام الأساسي وينشر طبقاً للقانون.

التوقيعات

