



INDUSTRY CONTEXT AND PERFORMANCE

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MANAGEMENT DISCUSSION AND ANALYSIS



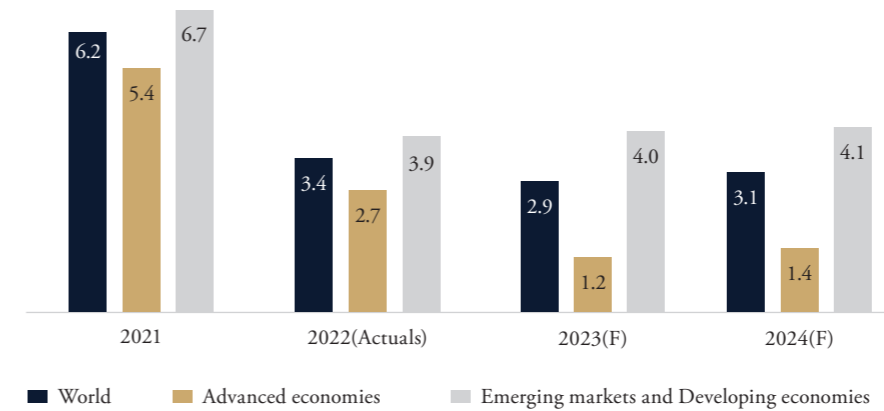
According to the IMF, the world economy grew at 3.4% in 2022 and is expected to slow down to 2.9% in 2023 before rebounding to 3.1% in 2024.

Global Economy

The Global economy has been experiencing volatility over the past year, but emerged all the more resilient. The world witnessed the most rapid economic recovery post-pandemic in 2021, backed by massive stimulus packages offered by governments across the world, resulting in strong consumer spending and some uptake in investment. This rebound started to lose momentum in 2022 as inflation pressures emerged in most economies, led by disruptions in energy, food and commodity markets. High energy prices and fuel shortages limited manufacturing of key materials and intermediate goods; and bottlenecks in production and supply chains spread to more generalised shortages of goods.

According to the IMF, the world economy grew at 3.4% in 2022 and is expected to slow down to 2.9% in 2023 before rebounding to 3.1% in 2024. The rapid removal of monetary accommodation and increase in policy rates by central banks to control high inflation are having the desired effect of restraining demand. The slowdown will be more pronounced in the advanced economies while growth in emerging markets and developing economies is expected to increase after bottoming out in 2022. Growth is expected to pick up in China in 2023 with the full reopening post pandemic-related lockdowns. Similar to global demand, world trade growth is expected to moderate in 2023 to 2.4%, despite an easing of supply bottlenecks, before rising to 3.4% in 2024.

World Economic Outlook Projections (GDP growth %)

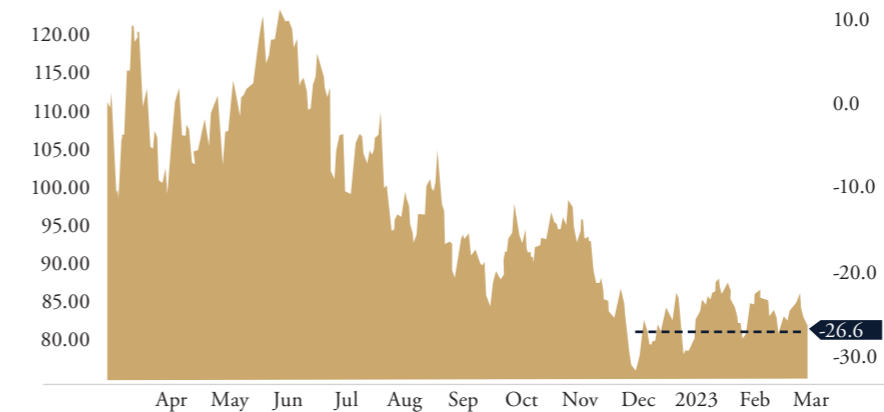


Source: World Economic Outlook, January update 2023, IMF

(F) – Forecast

The IMF projects global inflation to fall from an average of 8.8% in 2022 to 6.6% in 2023 and 4.3% in 2024.

Oil (Brent) Price Movement



Source: <https://markets.businessinsider.com/commodities/oil-price>

After rising sharply over 2021 and much of 2022, global inflation is slowing driven by falling energy and food prices. As per the IMF, oil prices are projected to fall by about 16% in 2023, while non-fuel commodity prices are expected to decline by 6.3%. Increased activity in China may also ease supply chain pressures and keep commodity prices lower.

The IMF projects global inflation to fall from an average of 8.8% in 2022 to 6.6% in 2023 and 4.3% in 2024. This is paving the way for a reduction in the pace and intensity of interest rate hikes by the world's major central banks. However, given continued underlying inflationary pressures on account of cost increase, tight labour market and resilient consumer demand, interest rates will remain elevated for a longer period of time.

The International energy agency estimates world oil demand to rise more than 2%, recording a high of 101.6 Mn barrels per day in 2023. This growth might be hindered by tightening measures by central banks as well as continued supply chain disruptions; however, a resolution of the geopolitical conflict in Eastern Europe and a relaxation of China's zero-Covid policy provides some upside potential. Continued proactive and pre-emptive efforts are expected in the global market amid a rapidly evolving market.



UAE Economy

The UAE continues to maintain its status as one of the most competitive and highly advanced economies in the world, leveraging innovative strategies to boost economic growth and diversification. The country's continued economic growth and progress across major economic development indicators showcase the stability of the UAE's financial ecosystem and the resilience of the national economy.

One noteworthy highlight was Dubai's continued smooth post-pandemic

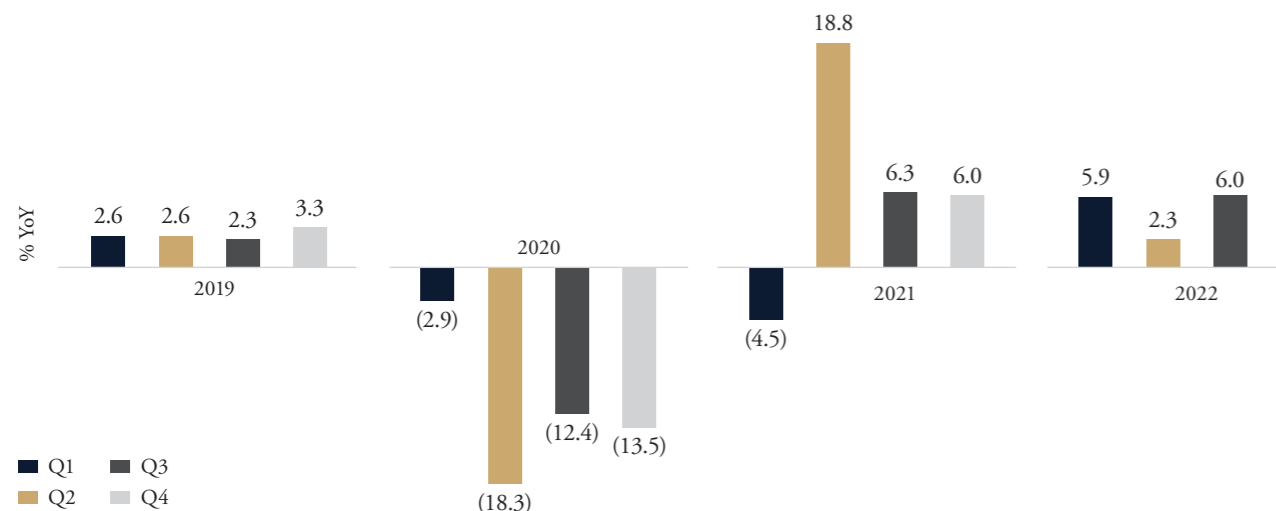
recovery, as evidenced by 6% Q3 2022 GDP growth. Looking ahead, Dubai is projected to play an increasingly significant role in the UAE's growth due to the recent unveiling of the Dubai government's AED 32 trillion (\$ 8.7 trillion) economic plan.

The UAE economy grew 7.6%¹ in 2022 on the back of easing of Covid restrictions leading to robust tourism, momentum from Expo 2020 Dubai, strong recovery in construction industries, as well as higher oil production. Additionally, global uncertainty led to larger financial

inflows, contributing to rapid real estate price growth in some segments. Trade crossed AED 2 trillion and re-exports surpassed AED 600 Bn for the first time ever.

According to the UAE Central Bank, along with the oil price boost, increased government and private sector spending is driving GDP growth. Given the rally in oil and gas prices and the higher oil production, higher government revenue boosted public spending further in 2022.

Dubai GDP grew 6.0% YoY in 2022



Source: Haver Analytics, Dubai Statistics Center, Emirates NBD Research

¹ UAE central bank

The UAE is projected to be the fastest growing country in the Arabian Gulf in 2023 with a real GDP growth rate of 3.9%¹ with moderating inflation and non-oil sector delivering healthy growth. The inflation forecast for 2022 was 5.6% and is projected to easing down to 2.1% in 2023. The UAE's Purchasing Managers' Index (PMI) is 56.6 portraying the expanding market.

While there are increasing global economic headwinds of a strong US dollar and interest rates being at 15-year highs, the UAE's economic outlook remains healthy. The UAE's fiscal position and ease of doing business are expected to dampen the impact of global macroeconomic conditions. The Government's strategic measures, including the relaxation of foreign ownership laws and visa reforms, helped the growth momentum continue. The UAE's economy benefits from solid oil revenues in Abu Dhabi and from the dynamism of a diversified economy in Dubai, notably in the

tourism, real estate, and transportation sectors. The Middle East region as a whole is more integrated than it has been for years both socially and economically, as seen during the FIFA World Cup, and 2023 is likely to bring a raft of cross-border investments along with a number of IPOs to boost capital markets, another area in which it could be an exception to the global trend.

UAE has an ambitious strategy to diversify its economy across sectors and achieve sustainable growth. These strategies are based on promoting advanced technologies including Industry 4.0, circularity, artificial intelligence, green energy, among others, and leveraging on talent and skills of its vibrant and diverse workforce. UAE remains a destination of choice for work and living for significant numbers of youth from other Arab and non-Arab countries. It is also developing its domestic capital market to support growth.



UAE Government strategies to drive sustainable growth include

- 01 UAE Centennial 2071
- 02 The Fifty Economic Plan
- 03 Emirates Blockchain Strategy
- 04 Green Growth Strategy
- 05 Strategy for the Fourth Industrial Revolution
- 06 Circular Economy Policy
- 07 National Programme for Artificial Intelligence 2031
- 08 Energy Strategy 2050

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Realty Industry

The UAE's real estate and construction sector is expected to continue its growth trajectory, especially in Dubai, as the UAE government's strategies promoting industry and tourism continue to attract new talent, generate employment and strengthen its international standing. The reversion to pre-Covid employment levels, the Golden Visa laws and residency through real estate investment initiatives are drawing more investors and residents to Dubai. Dubai became the only real estate market in the MENA region to enter the "most transparent markets" category in JLL's Global Real Estate Transparency Index.

Residential Market

Dubai's real estate industry demonstrated remarkable strength in 2022, outperforming global cities despite weak global markets as investor confidence in the city remains robust. It ended the year with a record of over 97,000 transactions valued at AED 265 Bn, 78% higher than in 2021 (source: Emirates NBD).

Sales transactions: Dubai's swift Covid recovery



Opportunities and challenges in the UAE Real Estate market

Opportunities

- Improvement in affordability**
- Need for larger spaces**
- Consolidation amongst larger developers**
- Higher foreign investment**

As per JLL on the supply side, 38,000 residential units were delivered in Dubai in 2022 compared to the previous year's 40,000 units and the total residential stock of Dubai was 680,000 units with 41,000 units scheduled for completion in 2023.

The robust supply by developers was insufficient to meet the surge in demand caused by a strong economic recovery, introduction of the golden visa laws, and Expo 2020 Dubai which resulted in soaring prices.

As a result, Dubai stood out in the global property marketplace with a 13.4% price surge in 2022. According to CBRE, as of December 2022, Dubai's average apartment prices reached

AED 1,168 per sq ft and its average villa prices reached AED 1,365 per sq ft, which were 9.0% and 12.8% higher than last year respectively. Dubai's prime real estate continued to outperform the overall market with branded residences finding favour with buyers. The average villa or townhouse sold for AED 5 Mn (US\$ 1.36 Mn) in 2022, a significant increase of 28% from the previous year.

As per CBRE, Dubai's average residential rents reached their highest level on record in 2022 growing at 27.7% on the back of record levels of demand. This increase in rental prices was equally matched by apartments and villas, which rose by 27.9% and 26.3%, respectively.

Challenges

- Rising construction cost**
- Inflationary trends**
- Global economic headwinds**
- Rising mortgage rates**

Dubai Real Estate upcycle



Dubai's prime residential prices are forecasted to experience double digit growth in 2023. This is largely attributable to the influx of foreign buyers and high-net-worth individuals enticed by Dubai's safe-haven status and the abundance of luxury residences. In addition, the government's successful management of the pandemic has generated business optimism that is pushing up prime values.

41,000 units
2023 planned deliveries in Dubai

13.5%
Increase in average prices in the year to December 2022 - Dubai

AED 1,168
Average apartment price per square foot in Dubai

AED 1,365
Average villa price per square foot in Dubai

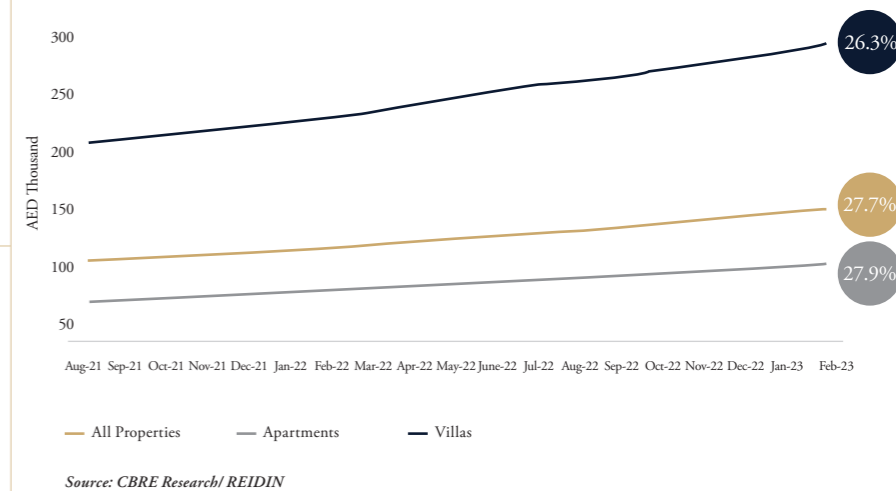
Key Drivers behind Strong Residential Performance in Dubai

Dubai's long held belief of 'build and they will come' is gradually evolving into a 'build it and they will come and stay' philosophy. The city's appeal stretches right across the world. Adding to the city's appeal is its relative affordability, with prime homes transacting for around US\$ 800 per sq ft, making Dubai one of the most affordable luxury residential markets in the world.

As per CBRE, in the year ahead, both the average price and rental

growth rates in Dubai's real estate market will remain strong, albeit with a tendency towards moderation. In certain emerging neighbourhoods with ample supply, prices are expected to decline. Despite this, the growth rate for prime markets globally is predicted to remain the highest at 13.5% in 2023. The real estate market's fundamentals remain unchanged, and a return to stable and sustainable growth will bolster the confidence of homeowners and investors. Overall, city-wide prices remain 21.4% below the last peak in 2014.

Dubai, Residential Prices, Average Rents



Delivering Outperformance

- | | | | |
|---|--|---|--|
| 01
Surging economic activity driving demand for space | 02
Job growth driving demand for residences | 03
Attractive pricing relative to other global markets | 04
Demand for Dubai luxury homes outpaces market supply |
| 05
New pipeline being driven by a scarcity of ultra-prime residential stock | 06
New UHNWI buyer profiles enter the Dubai market | 07
New residency visa options causing inbound migration | 08
Improvement in ease of doing business causing influx of company formation and investments |

Group Overview

Group Introduction

Emaar Development PJSC, listed on the Dubai Financial Market with the ticker: EMAARDEV, is a leading realty player with significant residential and commercial projects under its wings.

The Group provides property development and development management services, primarily in the United Arab Emirates, and operates with a 'build-to-sell' business model. It develops community-based apartments, villas, townhouses units, and plots of land. The Company was formerly known as Emaar Development LLC, a limited liability company. Subsequently, the incorporation of Emaar Development PJSC (the "Group") as a Public Joint Stock Group was approved by the Securities and Commodities Authority in 2017 and is based in Dubai, the United Arab Emirates. The Group is a majority owned subsidiary of Emaar Properties PJSC, a diversified player in residential, commercial, retail and hospitality assets across UAE and key international markets.

We are the driving force of the iconic freehold master-planned communities in Dubai, including Emirates Living, Downtown Dubai, Dubai Marina, Arabian Ranches, Dubai Creek Harbour, Dubai Hills Estate, Emaar Beachfront and Emaar South. It has delivered over 58,000 residential units since 2002, and

has a sales backlog of over AED 41.3 Bn. It is a high cash flow generating business, highlighting the Company's robust fundamentals with over 27,000 residential units under development to be delivered. It has access to prime land banks in UAE through partnerships with Government Related Entities (GREs) and other large owners of land banks. It has a land bank of ~290 Mn sq ft in UAE at the end of 2022.

Emaar Development PJSC is known for developing some of Dubai's most iconic landmarks, including the Burj Khalifa, the world's tallest building, and the Dubai Fountain, the world's largest choreographed fountain system. It has been instrumental in transforming Dubai's landscape. The Company has a reputation for delivering high-quality, innovative developments that cater to the needs of a wide range of customers. Emaar Development PJSC manages the complete process of creating a community with a lifestyle plan, from designing and building, to selling and promoting it. It has created a brand for itself through Integrated Master Developments centered around Iconic Assets.

Financial Overview for 2022

An overview of the Consolidated Results for 2022

AED Mn	2022	2021	% YoY Change
Revenue	11,541	15,602	(26%)
Gross profit	5,184	5,735	(10%)
EBITDA	4,224	4,388	(4%)
Net profit*	3,808	3,244	17%

On the back of its superior quality and consistent delivery, Emaar has created a brand loyalty and is a preferred development partner in UAE. By exercising prudence and foresight while forging partnerships (JVs/JDAs), the Company has gained access to premium land banks, limiting incremental investment in land purchases. The construction cost is funded through pre-sales, minimising the cost incurred to the Company.

The Group's strong balance sheet is supported by a sustainable credit profile with a comfortable Net Debt to Equity ratio. The profit margins have been increasing and the Company has large cash reserves in its books at the end of 2022. It has a healthy Default Rate of ~1% of Sales Value. The integrated master plan development, along with our 'crown jewel' strategy, enables us to deliver a 'city-within-a-city' experience. The success of our approach is evident by our unique offerings across Dubai, which have attracted a large and diverse customer base.



Consolidated Financial Analysis for 2022

The increased demand for exceptional properties and amenities led to the record property sales to AED 30.713 Bn which grew at 12% in 2022.

Particulars	2022 (AED Mn)	2022 (US\$ Mn)	2021 (AED Mn)	2021 (US\$ Mn)
Property sales	30,713	8,362	27,440	7,471
Net profit*	3,808	1,037	3,244	883

Emaar Development reported EBITDA with a moderate dip compared to last year and achieved 17% growth in net profit* compared to 2021. It has a robust sales backlog of AED 41.344 Bn (US\$ 11.256 Bn), which will be recognised as revenue in the coming years. The Emaar brand is synonymous with excellence and commands exceptional consumer confidence. It has a strong project launch list, which has helped in maintaining an upward sales and growth trajectory.

Emaar Development delivered over 6,100 residential units during the 2022

across prime locations. As of December 2022, Emaar has delivered more than 58,000 residential units, with over 27,000 residences currently under development in the UAE.

Opportunities for Growth

Capitalising on Brand

Emaar's property developments are sought after by domestic and international investors. It has been successful in creating iconic assets through its integrated master development.

Product Innovations

The Company is providing unique offerings for millennials and their changing demands. With a wider price product range, it has optimised its unit sizes with larger community facilities.

Our proven track record of producing high-quality developments, which inspire trust amongst our customers, has enabled us to maintain an upward trajectory for sales and growth. Across the Board in our portfolio of retail, hospitality, and entertainment, we are seeing demand for the exceptional communities and amenities we deliver.

Important Consolidated KPIs for 2022

<p>+</p> <p>AED 30.7 Bn (US\$ 8.36 Bn)</p> <p>Overall property sales (including sales related to non-consolidated JVs)</p>	<p>+</p> <p>AED 11.5 Bn (US\$ 3.14 Bn)</p> <p>Revenue</p>	<p>+</p> <p>AED 4.2 Bn (US\$ 1.15 Bn)</p> <p>EBITDA</p>
<p>+</p> <p>27,000</p> <p>Units under construction</p>	<p>+</p> <p>AED 3.8 Bn (US\$ 1.04 Bn)</p> <p>Net profit*</p>	<p>+</p> <p>12%</p> <p>YoY increase in property sales through Emaar Development (including sales related to non-consolidated JVs)</p>
<p>+</p> <p>6,100</p> <p>Units handed over in 2022</p>	<p>+</p> <p>45%</p> <p>YoY increase in revenue backlog from property sales</p>	<p>+</p> <p>17%</p> <p>Growth in Net profit* compared to previous financial year</p>

*Attributable to Owners

Projects Launched in 2022

We are behind iconic freehold master-planned communities in Dubai, including Emirates Living, Downtown Dubai, Dubai Marina, Arabian Ranches, Dubai Creek Harbour, Dubai Hills Estate, and Emaar South.

Arabian Ranches III



Elie Saab II



Bliss 2



Raya

Emaar Beachfront



Address the Bay



Beachgate by Address

Downtown Dubai



St. Regis Residences



The Residence BK

Dubai Marina



Marina Shores

Rashid Yachts and Marina



Seagate and Seascape

The Valley



Talia



Orania



Farm gardens

Dubai Hills Estate



Park Field



Lime Gardens



Hills Park



Address Hillcrest



Park Horizon

Projects Launched in 2022 Contd.

Dubai Creek Harbour




Creek Palace




Lotus



Orchid



Creek Crescent



Island Park



Rosewater



The Cove II

Emaar South



Greenview 3



Fairway Villas

Emirates Hills



Golf Heights

Summary of the Financial Position as at the end of 2022

AED Mn	2022	2021	%Change
Total Assets	42,474	36,165	17
Total Equity Incl. Minority Interest	20,072	16,415	22
Cash	11,363	5,689	100
Debt	892	3,259	73
Net Debt	(10,471)	(2,430)	(331)

Emaar Development has a robust sales trend over the past few years and is in a strong position to benefit from future positive momentum in the Dubai real estate market. Emaar Development's cash reserves have increased substantially in the year, backed by superior operational performance. With an increase in cash flow from operations of AED 8,616 Mn and negative cash flows used in financing, the cash has almost doubled to AED 11,321 Mn at the end of 2022.

Emaar has a strong balance sheet with a healthy debt profile and huge cash reserves, enabling it to undertake numerous projects. It monitors its debt levels closely. It also has Revolving Credit facility (RCF) with various banks for any requirement.

Consolidated Cash Flows Movements During for 2022

AED Mn	2022	2021
Net cash flows from operating activities	8,616	4,197
Net cash flows from investing activities	232	52
Net cash flows (used in) financing activities	(3,133)	(1,952)
Cash and Cash equivalents at the beginning of the year	5,605	3,308
Cash and cash equivalents at the end of the year	11,321	5,605

Business Outlook

Emaar Development has a wide network with businesses in UAE, and is witnessing an increase in property rates, coupled with a strong demand outlook.

Demand for residential property remains strong and we are uniquely positioned to make significant progress backed by our strategic initiatives to scale our business and enhance our returns in the future.

We are well-positioned in the realty market and remain focused on developing high-margin projects, while continuing to create value for our shareholders. Fundamental demand drivers for real estate remain strong. The demand for housing, in particular, is expected to continue upwards in the medium-to-long term. Even in the retail and hospitality segments, with economies looking optimistic post-pandemic, countries are witnessing increased tourists and footfall.



⊕
AED 8.6 Bn
Net cash flows from operating activities

⊕
AED 42.5 Bn
Total Assets

RISK MANAGEMENT

Amidst the challenges of an uncertain and evolving business environment, it is imperative to have in place a robust framework that systematically assesses the risks to our business, both external and internal, along with stringent measures to address them effectively.

Our rigorous assessment process allows us to pinpoint risks and gauge their significance, reduce their effect, and equip us to adapt and create a secure and stable business climate, to construct our future. We have incorporated a comprehensive and holistic enterprise-wide risk management (ERM) framework that unites external best practices and our strategic objectives while keeping our stakeholders' values and interests in mind.

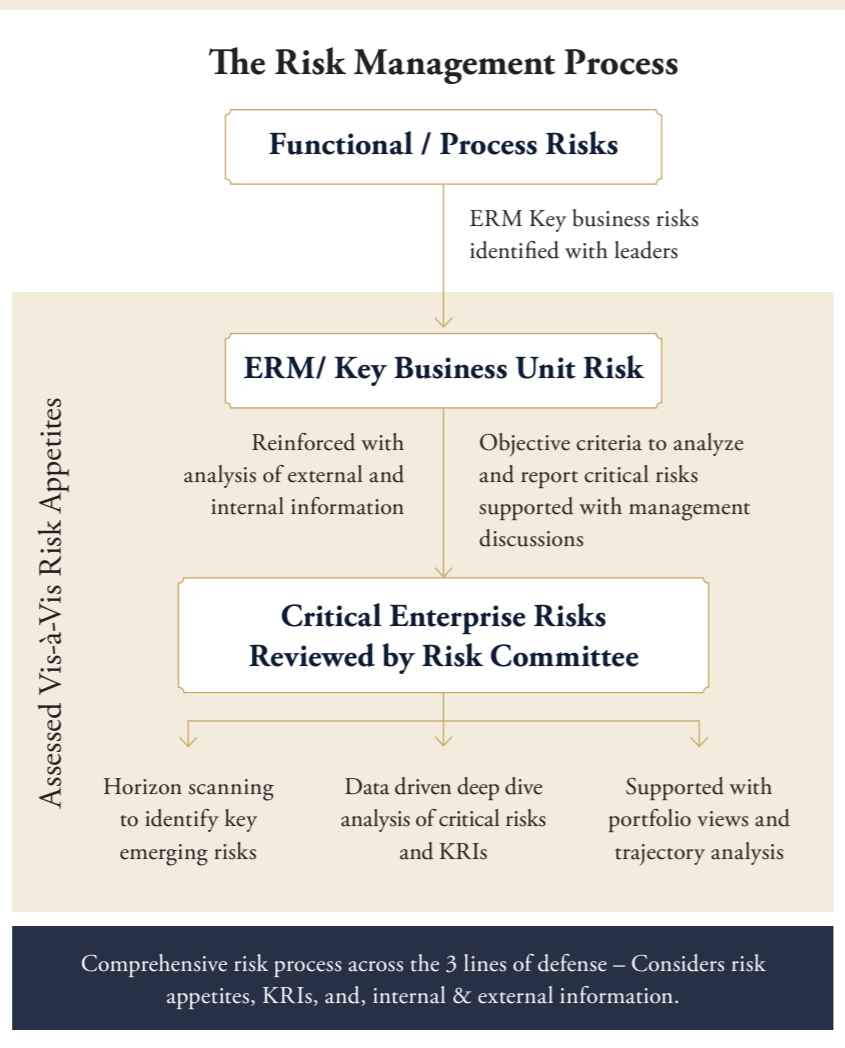
Holistic Risk Management Process

Our Board of Directors drives our risk management process, through the risk committee (consisting of board members) and ERM team, to create a collaborative process with three lines of defence – risk appetite, KRIs, and internal and external information. Our risk principles are reinforced by risk appetite statements that are tailored to our strategic objectives and business context, which are operationalised through our ongoing risk monitoring.

We have adopted a comprehensive approach to identify and evaluate both process/ operational risks and enterprise-wide risks, assessing and prioritising each risk based on an impact and likelihood matrix vis-à-vis our

risk appetite and KRIs performance. All risks and their mitigation plans are identified, monitored, and communicated across all levels of the organisation to create a holistic risk profile and provide organisation-wide visibility.

To further enhance our risk processes and maturity, we are actively implementing practices to develop our internal control environment and integrate risk management principles into our daily operations. The ERM team remains dedicated to the systematic implementation of our ERM framework and engages with the first line of defence to ensure that risks are managed proactively.



Key risks and mitigation

Key risks	Risk description	Mitigation strategy	
Market Cyclicity	Unable to identify and respond to changing market dynamics	Emaar reviews its business unit and geographical location strategies and continuously scans for potential market/ economic events that can negatively impact its businesses. It monitors business performance across its portfolio on a regular basis and where necessary, it takes agile risk-informed decisions to realign its business and strategic trajectory vis-à-vis changing trends. The risk management process includes research-driven horizon scanning exercises to identify and mitigate any material adverse events. Further, Emaar maintains adequate liquidity to ensure that any adverse events can be successfully managed.	Page 74 ↗
Access to liquidity	Unable to maintain adequate levels of liquidity to support Group operations and strategic ambitions	Emaar utilises liquidity monitoring and management controls to ensure that the Group has continuous access to capital. This includes maintaining an investment grade rating, earmarking cash against project development costs, and ensuring active lines of credit with reputable financial institutes. Further monitoring processes are embedded to ensure that changes in the group's liquidity profile are timely identified and mitigated.	Page 76 ↗
Operational Risk and Hazards	Failure to provide an environment that promotes health, safety, and well-being impacts our ability to achieve our corporate and social responsibilities	Emaar is committed to the health, safety, and well-being of our people. Through various initiatives that target both physical safety and health & well-being, we empower our people to operate at a consistent standard across all our operations.	Page 50 ↗
Technology	Failure of cyber resilience and defence systems. Leakage, misappropriation, or unauthorised storage of data.	Physical and data security continue to be key focus areas globally. Emaar invests in preventative technology, continuous assessment and testing of IT controls, and education of employees to achieve a sustainable security culture.	Page 30 ↗
Talent & People management	Inability to attract, retain and upskill key talent necessary to deliver strategic objectives; or lack of scalable processes to support predictable growth.	To deliver the desired level of performance, Emaar continues to invest in growing core capabilities through active talent recruitment, people management through effective engagement, and professional development, especially of key/ high calibre employees. Emaar's talent strategies focus on attracting, retaining, and growing the best people. Emaar's processes are designed to be consistent, scalable & effective, and are supported by applicable systems and technologies.	Page 51 ↗
Regulatory Compliance	Failure to actively comply with internal and external regulations	Emaar has embedded compliance controls throughout its operational and strategic processes. It has further developed a multi-tiered governance structure, with established board-nominated committees and policy documentation. Ongoing compliance is monitored by the Audit Committee, Compliance Officer, Internal Audit, and Legal team. It also continuously scans legal and regulatory environments to identify any material changes that could negatively impact its businesses. It takes timely pre-emptive actions to align its businesses, processes, and systems to ensure effective compliance.	Page 58 ↗