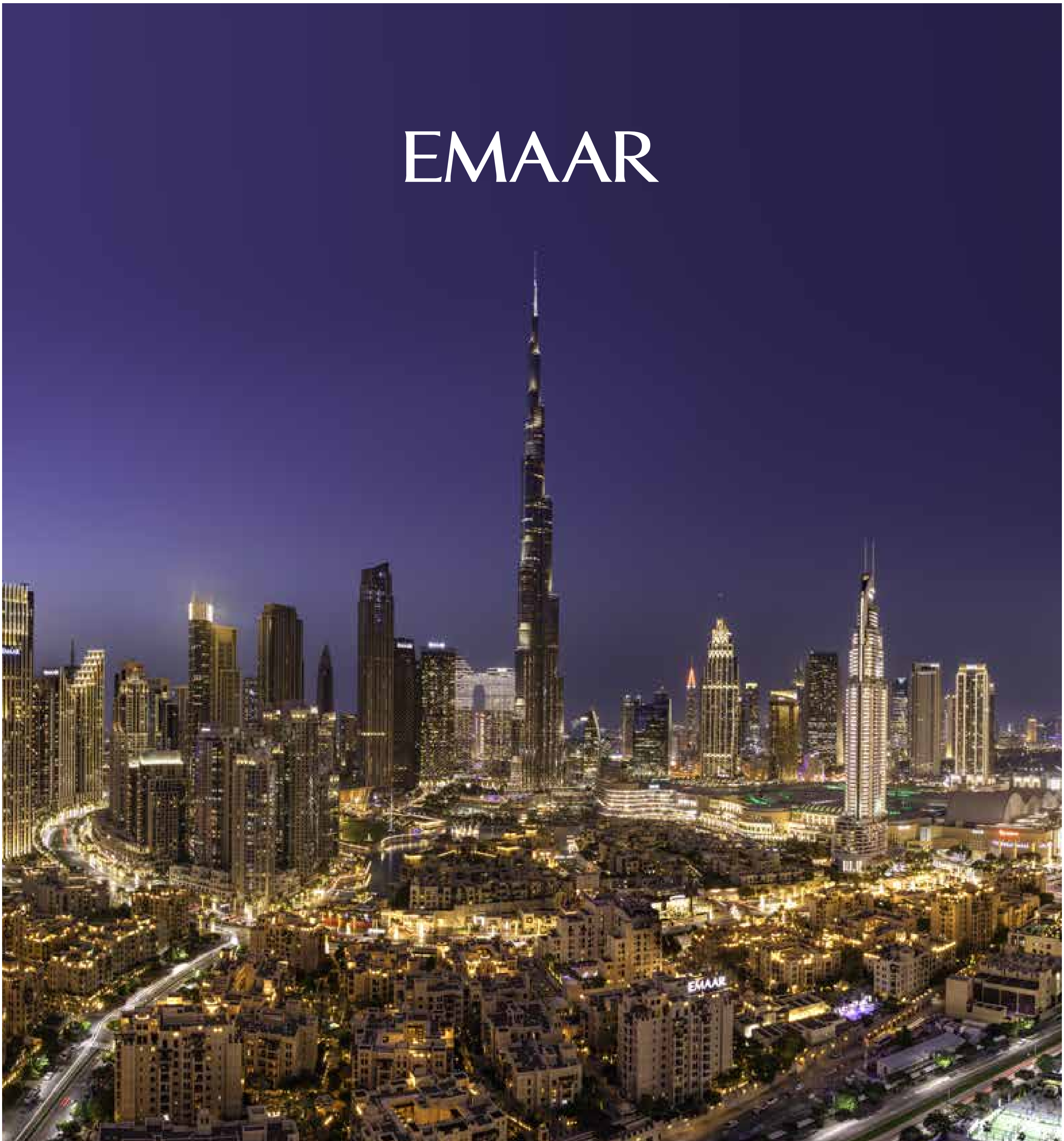
EMAAR



EMAAR DEVELOPMENT PJSC

INTEGRATED ANNUAL REPORT 2022

CONTENTS

BRINGING MORE DREAMS TO LIFE

At Emaar Development PJSC, we strive to provide the most exceptional living experience possible, with aspirations of turning Dubai into an unrivalled destination. Our iconic architectural landmarks have become synonymous with Dubai's identity, symbolising its ambition, innovation and determination to push boundaries. Our properties reflect our dedication to sleek design, creativity and exclusivity as we seek to deliver the highest standards.

Formerly known as the Limited Liability Company (LLC) Emaar Development LLC, Emaar Development PJSC was subsequently accepted for incorporation as a Public Joint Stock Group (PJSC) in 2017 by the Securities and Commodities Authority and is headquartered in Dubai, United Arab Emirates. We are a property-development business that operates on a build-to-sell basis, and is primarily owned by Emaar Properties PJSC, a diversified company that deals in residential, commercial, retail and hospitality assets across the UAE and significant global markets. As a globally acclaimed developer, we are known for developing master-planned communities like Downtown Dubai, Dubai Marina, Emirates Living, Arabian Ranches, Dubai Creek Harbour, Dubai Hills Estate, Emaar Beachfront, and Emaar South—offering our customers the highest standards of quality. Our dedication to excellence has allowed us to construct comprehensive lifestyle destinations that combine art, modernity and convenience.

Designer of world-famous landmarks

Burj Khalifa
The world's tallest building with 163 floors

Dubai Marina
Largest man-made Marina

Dubai Fountain
Largest choreographed fountain

~290 Mn sq ft
Land Bank in UAE

58,000+ Units
Delivered since 2002

27,000+ Units
Under development

2022 at a Glance

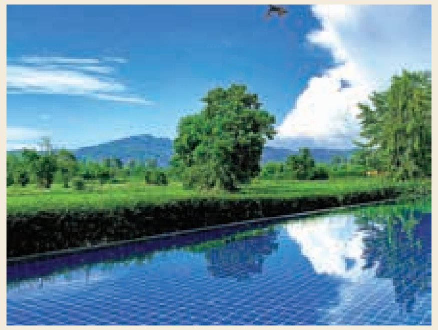
Financial performance

AED 11.5 Bn
Revenue

AED 41.3 Bn
Revenue backlog from property sales

AED 4.2 Bn
EBITDA

AED 3.8 Bn
Net profit*



Environment
32%
Waste segregation rate

Social
32%
Women in workforce

Governance
57%
Independent directors on Board of Directors

Attributable to Owners

OUR INTEGRATED APPROACH

Our integrated thinking informs our strategy, governance, prospects and enables us to deliver consistent value to all our stakeholders.

We are driven by

Purpose
Our purpose is to be the most admired realty group globally, transforming the lives of our customers by delivering spaces that engage, excite and enrich. We ensure long-term income and wealth creation from the assets we create through our 360-degree involvement across asset lifecycles.

Vision
To redefine engineering excellence

Mission
To create futuristic residential, retail, entertainment & leisure assets transforming the lifestyles of people globally

Goal
To deliver sustainable long-term growth and value creation

Focusing on
Material issues
Page 28 ↗

Supported by
Governance
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Enabled by
Strategy
Page 34 ↗

With a consistent eye on

Risks
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Opportunities
Page 74 ↗

Creating a positive impact on

Environment
Page 42 ↗

Social
Page 50 ↗

For stakeholders

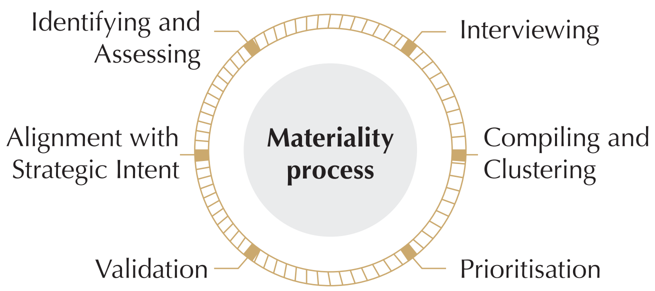
Investors | **People** | **Customers** | **Partners and Suppliers** | **Communities** | **Environment**

Integrated reporting and scope

This is our 2nd Integrated Report. It reflects our commitment to transparent stakeholder communication and setting high business standards. It provides our stakeholders with a concise yet detailed assessment of our ability to create sustainable value in the short, medium, and long term. The report focuses on Emaar Development PJSC's performance, strategy, and challenges.

Materiality

We apply the principle of materiality in assessing what information should be included in our integrated report. Accordingly this report focuses particularly on those issues, opportunities, and challenges that impact materially on the ability to create value in the short, medium, and long term.



Material issues 28 ↗

Reporting period

01 January 2022 → 31 December 2022

Scope and boundary

The report covers the strategic, financial, and non-financial performance of all Emaar Development PJSC's business units and assets.

Reporting framework and standards

This report has been prepared in accordance with the following standards and frameworks:

- International Financial Reporting Standards (IFRS)
- International <IR> framework of the Value Reporting Foundation
- GRI 2021 Standards

Forward-looking statements

Certain information set forth in this report contains "forward-looking information", including "future-oriented financial information" and "financial outlook", under applicable securities laws (collectively referred to herein as forward-looking statements). Except for statements of historical fact, the information contained herein may constitute some forward-looking statements. Such forward-looking statements are provided to allow potential investors the opportunity to understand the management's beliefs and opinions regarding the future so that they may use such beliefs and opinions as one factor in evaluating an investment.

Although forward-looking statements in this report are based upon what management of the Company believes are reasonable assumptions, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.

Feedback and suggestions

Feedback from our internal and external stakeholders helps and supports us to strengthen our practices and performance further. In case of feedback, reach out to:

Abhay Singhvi
Head - Investor Relations at Emaar Properties
Email: ASinghvi@emaar.ae

DELIVERING CONSISTENT PROGRESS

We connect with and impact a broad range of stakeholders. In 2022, we created a significant positive impact through our business. Our sustainable operations enabled us to make a difference in people's lives.

At Emaar, we prioritise customers and create value for all stakeholders by providing an aspirational lifestyle beyond dreaming big. Our dedication to quality and excellence ensures long-term value creation. Our unmatched expertise in building vibrant communities, coupled with our vision and ambition, delivers value and meaning to all our stakeholders.

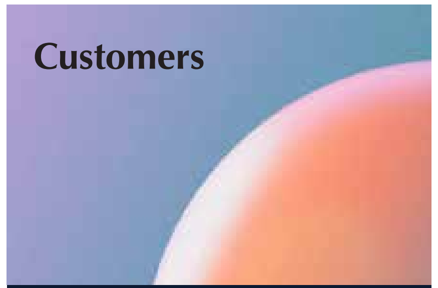
Investors

Superior stakeholder returns through optimal utilisation of resources

~20%
Return on Capital Employed

AED 0.95
Earning Per Share (EPS)

Customers



Best-in-class products and services

99%
Customer complaints resolved

4.64 out of 5
Customer satisfaction score

People

Protecting and nurturing our employees

ONE
Fire incident in 2022 (UAE)

100%
Compliance to Emaar's HSSE standards

Partners and Suppliers

Creating an inclusive ecosystem for partners

98%
Business through our local partners

Communities

Empowering communities for a better tomorrow

35
Electric charging stations installed across six communities

Environment

Minimising our impact on the environment

51,105 MT
Waste segregated in 2022

SHAPING THE TOMORROW WE DESIRE, TODAY

> "Our balance sheet strength, robust cash flows and profitability, impeccable execution track record, and future-forward ideas will enable us to successfully navigate any headwinds that may arise."

Dear Shareholders,

A new, post-pandemic world is upon us, where the way we live, work, and play has been permanently altered. Adapting to such changes calls for reimagining spaces with flexibility and wellness at their core. Our record sales of residences, and a robust pipeline of highly anticipated projects testify to the attractiveness of our properties to our customers and investors alike, at home and abroad.

It also reflects their confidence in Dubai's future. Emerging quickly from the pandemic, Dubai has strengthened its credentials as a world-class city that offers safety, high quality of life and good governance, prompting people from across the world to align their aspirations with the nation's ambitions. Thanks to the visionary leadership of His Highness Sheikh Mohammed Bin Rashid Al Maktoum and progressive government policies, the United Arab Emirates (UAE) is looking forward to an exciting tomorrow.

Delivering strong performance

The efforts made by the government to diversify the UAE economy and enable Dubai to be a business-friendly city through progressive and pragmatic legislation make it easier for us to stretch the boundaries of possibilities and welcome enterprise to our shores. The UAE economy grew by 6.5% in 2022 thanks to a strong comeback in construction, hospitality, retail, businesses, and activities related to the Dubai World Expo. Oil production also went up.

It was also an excellent year for the real estate market in the UAE, with sales and income reaching multi-year highs in many areas. A stable cost environment meant easing supply-side pressures, leading to faster execution and deliveries. We achieved property sales of AED 30.7 Bn, benefiting from both the macro tailwinds and strong demand for real estate, and reaping the fruits of the strategic measures put in place during the pandemic.

Our balance sheet strength, robust cash flows and profitability, impeccable execution track record, and future-forward ideas will enable us to successfully navigate any headwinds that may arise. Further, both our domestic and international markets are primarily driven by regional growth. More than 58% of our customers in Dubai are residents—and international markets continued to be strong.

2023: The year of sustainability

The UAE has undertaken extensive efforts in recent years towards driving sustainability under the UAE Vision 2021, the Dubai 2040 Urban Master Plan, and in alignment with the UAE Green Agenda 2015-2030, the Paris Agreement and the UN Sustainable Development Goals (SDGs). His Highness Sheikh Mohammed Bin Rashid Al Maktoum has recently declared 2023 as the year of sustainability, to promote innovation so that relevant and need-focused solutions can be found that help to bridge the transition between the conventional and a more sustainability-oriented society. As one of the world's fastest-growing cities, Dubai is mandated to integrate low-carbon processes into every aspect of urban planning and the built environment.

The Dubai government's 'Green Economy for Sustainable Development', announced in 2012, sets the direction for establishing the country as a model for the new green economy, strengthening competitiveness and preserving the environment for future generations. Dubai will be hosting the COP28 conference in late 2023, and this will mark the coming together of a host of initiatives to achieve the UAE's Net Zero by 2050 strategic initiative.

Building future-ready Emaar

Emaar, as the largest integrated developer in the region and one of the largest globally, has been completely aligned with the UAE Vision 2021 towards making the UAE one of the world's best countries while actively addressing the sustainability conundrum. We have taken specific measures like reducing waste to landfill for both construction and operational waste. This year 32% of all waste generated was segregated at source, and extensive awareness-building activities are underway in our communities to raise awareness amongst residents and encourage practices like 'grow your own food'. At the overarching level, ideation is underway on how to make our business green.

The sustainability challenge opens up exciting possibilities for doing things differently and making the most of our developmental phase. Dubai, along with several other cities across Asia, Africa, and Eastern Europe, is in a state of developmental flux – with urban planning underway, and the built environment getting extended and modified constantly. There lies the immense scope for greater sustainability in the building materials we use, in energy optimisation, through the re-utilisation of materials and waste, and in better spatial and logistical design.

Reinforcing commitment

We remain committed to bringing luxury living to the world—defining high standards, and delighting customers with more than they desire. Our strategy of masterplan-led development and the unique mix of comfort, convenience, glamour, and entertainment that we offer is a blueprint for our international markets too. Across the regions where we are extending our presence, we are developing spaces where communities can discover new ways of living. By blending great locations, excellent design, innovative technology and imaginative thinking, we hope to bring luxury living to more and more people.

Note of gratitude

On behalf of the Board, I wish to express our heartfelt gratitude to our shareholders, customers, business associates and partners for your unwavering support. We are also thankful to our Board of Directors for their invaluable guidance and wise counsel.

Adnan Kazim
Chairman

ONWARD TO NEWER HORIZONS

> Our record performance this year bears out Dubai's continuing appeal to the millions who visit our city and the many high-quality professionals who choose to stay and build their lives here. Emaar continues to be the first choice among customers, reflecting in the Company's performance.

Dear Shareholders,

If the previous two years were an indication of how resilient and well-established our organisation is, then this year is all about affirmation and fresh starts. Now that the challenges of the pandemic are firmly behind us, we are witnessing the financial fruits of a robust recovery. There is widespread assurance and a sense of urgency to get things done. As in the years of the pandemic, our Rulers and the Dubai Government have been our guiding light, stimulating economic vitality through investment-friendly schemes, the most recent being the Golden Visa programme. With Dubai's commercial, trade, logistics, and tourism activities swiftly resuming normalcy, the city's growth story remains as alluring and enduring as ever.

Strong financial performance

Our record performance this year bears out Dubai's continuing appeal to the millions who visit our city and the many high-quality professionals who choose to stay and build their lives here. Emaar continues to be the first choice among customers, reflecting in the Company's performance. This year, our newly launched projects have done exceedingly well, with 98% of the units launched already sold, aggregating a Year-on-Year (YoY) increase in sales of 12%.

Consolidating the high-growth trend, this year, Emaar Development has reported its group property sales of AED 30.7 Bn, which marks an increase of 12% over 2021. Our revenues touched AED 11.5 Bn, and net profit attributable to owners rose 17% to AED 3.8 Bn. Our revenue backlog of AED 41.3 Bn, realisable over the next three to four years, signals a very healthy financial position and secures our near-term prospects. We have more than 27,000 units currently under construction, which will be delivered over the next four years.

We continued to fulfil our commitments across the many signature locations that we have launched, with units across our Dubai Hills Estate, Downtown Dubai, Emaar Beachfront, Dubai Creek Harbour and others being handed over to owners. A total of 6,100 units were delivered in 2022 and ~9,000 units are in pipeline for delivery in 2023. Led by the resilience of the Dubai property market, and the highly aspirational, high-quality values that the Emaar brand name carries, we achieved very healthy bookings across our new launches, with open spaces and waterfront locations continuing to be the most preferred. Nearly three-fourths of the sales were of apartments.

Always contemporary, ever advancing

Constantly mindful of evolving consumer tastes, we keep reimagining the assets we plan, design and develop. With the millennial generation making their first-time house purchases, many of our new products are being designed with their unique needs in mind, with more optimised unit sizes that come with larger community facilities and also a wider range of price points that suit a variety of budgets.

Our organisation-wide digital transformation has immensely helped us establish a direct connection with individual residents and resident communities, leading to deeper and richer insights into our customers' needs, behaviour, pain points and reasons for delight. With dedicated community-focused apps and digital platforms, residents are experiencing much faster service provision and problem resolution, further elevating the 'Emaar living experience'. The operational benefits of digitalisation are numerous, and we are opening up more and more functions and organisational processes to its scope.

Imperatives for the future

The charter for the future is to drive growth responsibly and sustainably. At Emaar, our target is to be a sustainability leader in the real estate business, and we have covered ground in this direction. We have already started seeing results in clean water, affordable renewable energy, waste management, and process optimisation. For instance, innovative technology like ultrasonic algae control devices have been introduced in our Arabian Ranches and Emirates Living properties to reduce chemical usage for arresting algae growth. We have already put in place plans and strategies for reducing operational and embodied carbon. Our district cooling infrastructure is one of the most advanced in the UAE region, using the latest technology to ensure optimised performance and safeguard the marine ecological balance. Our drive towards more sustainable operations aligns with Dubai's Green Vision, the UAE's external commitments, and the United Nations Sustainable Development Goals (UNSDGs).

Poised for accelerated growth

The financial year we have just closed has been strong in many ways. Though the first signs of post-pandemic resurgence were evident in last year's results, the overwhelming results that we have recorded this year indicate the positive outlook underlying the demand. There is ample confidence in Dubai's long-term prospects as a trade and commercial hub and its prominence within the MENA, Asia and other regions. There is every reason to propel towards an even stronger growth phase as we ramp up our plans to make Dubai one of the most powerful metropolises in the world.

Emaar is well poised to deliver on these high expectations. Taking luxury living to the world distinguishes us, and we have identified many potential markets where strong demand exists for what Dubai and Emaar have to offer – a great combination of elegant living in an environment that is modern, multicultural, safe and rich in opportunities. Given our substantial revenue backlog and extremely low default rates, our balance sheet has significant cash flow built in.

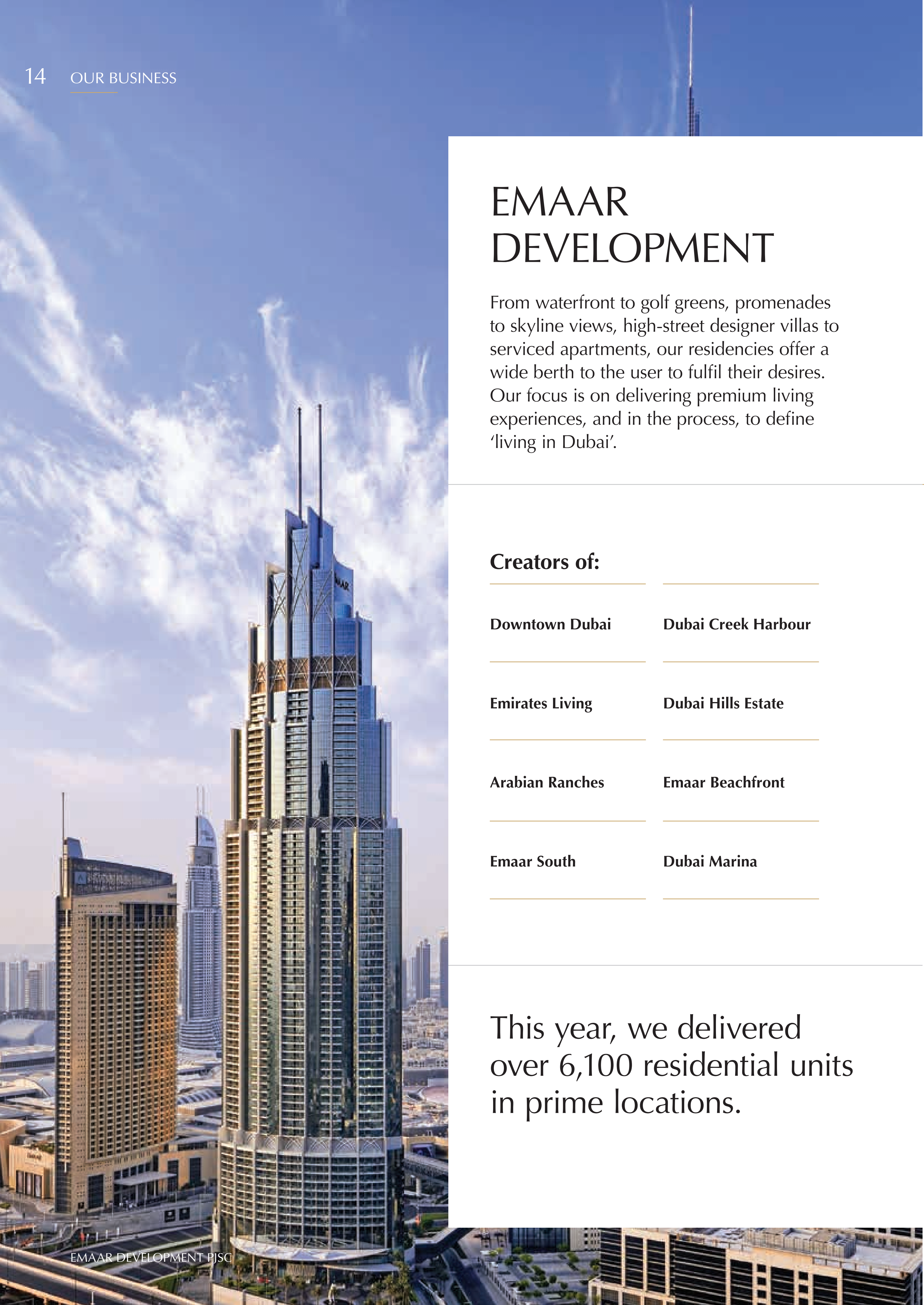
With a net profit attributable to owners of AED 3.8 Bn this year and an EBITDA of AED 4.2 Bn, we are well-placed to crystallise our ambitious plans for Dubai. As part of our de-risked approach, we will continue to explore larger collaborative ventures with GREs in the Dubai market or via partnerships with prominent players in the international market. This will help us achieve a larger scale, gain access to highly attractive land parcels and leverage a wide variety of skills.

At Emaar, we firmly believe that it is our responsibility to create structures that shape the dreams of our customers and the youth—to embrace human possibilities for now and into the future. Every business decision that we take seeks to fulfil this larger purpose.

Mohamed Ali Alabbar
Executive Board Director

SNAPSHOT OF EMAAR DEVELOPMENT

Emaar Development PJSC (DFM: EMAARDEV) is a pioneering real estate developer dedicated to creating exceptional living experiences for people. From stunning residential developments to world-class retail destinations, Emaar Development is committed to shaping the future of urban living with an integrated approach towards master community development and an unwavering commitment to excellence.



EMAAR DEVELOPMENT

From waterfront to golf greens, promenades to skyline views, high-street designer villas to serviced apartments, our residencies offer a wide berth to the user to fulfil their desires. Our focus is on delivering premium living experiences, and in the process, to define 'living in Dubai'.

Creators of:

Downtown Dubai	**Dubai Creek Harbour**
Emirates Living	**Dubai Hills Estate**
Arabian Ranches	**Emaar Beachfront**
Emaar South	**Dubai Marina**

This year, we delivered over 6,100 residential units in prime locations.

How the business performed

During the year, the business recorded sales on the back of post-Covid revival in business and investor interest and a high growth multiplier within the Gulf Cooperation Council (GCC) region. Our sales figures saw a 12% increase to AED 30.7 Bn in property sales compared to the previous year. Additionally, our revenues was AED 11.5 Bn and EBITDA of AED 4.2 Bn. Net profit* grew by 17% and stood at AED 3.8 Bn.

Our ability to deliver an exceptional experience continues to translate into our performance. 98% of our projects under construction have been sold. Emaar Development has a robust property sales backlog of AED 41.3 Bn (including JVs/JDAs), which will be recognised as revenue over the next three to four years.

Key numbers

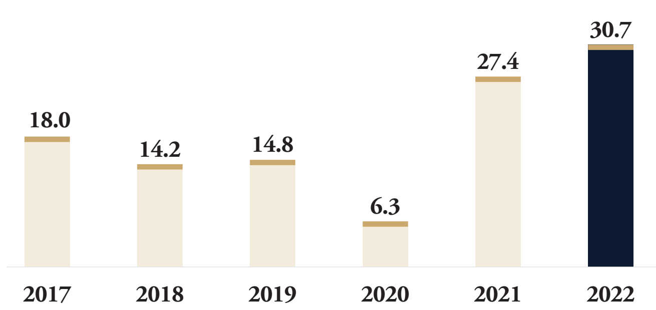
~1% of sales value
Default rate

AED 41.3 Bn sales backlog
Translate into future revenues

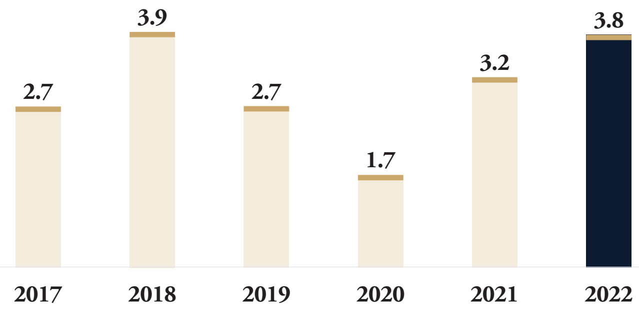
~290 Mn sq ft
Land bank

280.6 Mn sq ft GFA
Future launches

Property Sales (In AED Bn)



Net Profit* (In AED Bn)



*Attributable to Owners

TRANSFORMING LANDSCAPES. DEFINING LIFESTYLES.

Emaar Development PJSC has been a significant player in the GCC region, and together with the visionary leaders of Dubai, Emaar Development has helped to transform the desert landscape along the Arabian Gulf into a bustling hub of commerce, trade, tourism and entertainment.

Emaar Development PJSC is the largest masterplan developer in UAE. With an emphasis on creating vibrant and sustainable communities, we are committed to delivering innovation and excellence in all our projects. Our unique vision is centred on developing exclusive integrated lifestyle destinations. We offer real-estate solutions in the UAE, including the sale of residential and commercial properties and land.

Emaar Development in a snapshot

Proven execution

AED 30.7 Bn
Domestic sales

AED 41.3 Bn
Revenue backlog from property sales

6,100+
Residential units delivered
2022

~290 Mn sq ft
Land bank in the UAE

58,000+
Residential units delivered till date

27,000+
Residential units under construction

Financial strength

AED 11.5 Bn
Revenue

AED 4.2 Bn
EBITDA

AED 3.8 Bn
Net profit*

Governance

50%
Committee chairs occupied by women

We enjoy the trust of our customers and serve a diversified customer base across 175+ nationalities.

Developer of iconic master plans transforming Dubai

2005

Today

- **500-acre flagship mega-development**
- **One of the most visited destinations in the world**
- **Includes world's tallest building and world's largest mall**

**Attributable to Owners*

JOINING STRENGTHS, INCREASING IMPACT

Consolidated entities*

Dubai Hills Estate (50%)

Partnership between Emaar and Meraas Holding to create a mixed-use development with a series of unique neighbourhoods set around an 18 hole championship golf course.

Mina Rashid (100%)#

Partnership between Emaar and Mina Rashid Properties LLC to develop Mina Rashid land into a mixed-use community as per the masterplan. It will be known as the world's new sailing destination.

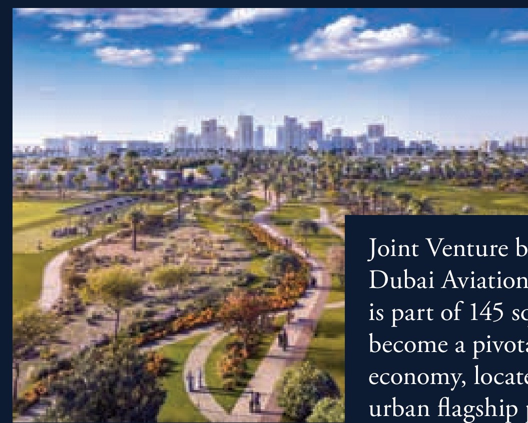
#30% of profit is shared with partners as management fee

JVs/JDAs* with 50% share in profit

Dubai Creek Harbour

Development of an iconic mixed-use waterfront project situated on the banks of the historic Dubai Creek.

Emaar South



Joint Venture between Emaar and Dubai Aviation City Corporation that is part of 145 sq km smart city set to become a pivotal hub in the global economy, located within Emirates' urban flagship project, Dubai South.

Zabeel Square

Joint Venture between Emaar and Meraas to create a mixed-use development near Zabeel Park, Dubai.

**Major entities considered*

A REFLECTION OF OUR CUSTOMERS' NEEDS

Emaar Development offers a diverse product portfolio that caters to evolving customer trends and demands. From luxurious waterfront developments to vast green meadows and golf courses, our properties are strategically developed in prime locations making them easily accessible to residents and visitors. With a commitment to sustainability and innovation, we represent a unique blend of modern design, next-gen vision, high-end amenities and exceptional customer service.

6,100+
Units delivered in 2022

58,000+
Units delivered since 2002

27,000+
Units under construction to be delivered in the next four years

~290 Mn sq ft
Total UAE available land bank

Downtown Dubai

Our flagship mega-development, Downtown Dubai is a dynamic city hub, which has catalysed the economy and cemented Dubai's reputation as a true global icon. Offering world-class landmarks, entertainment and glamour, Downtown Dubai is a true heart of the emirate.

Dubai Marina

Offering riviera-style living in a modern aesthetic setting, Dubai Marina is one of the region's largest and first-of-a-kind waterfront developments. With a total development area of 50 Mn sq ft, it gives access to a large 3.5 km water canal, making it a premier sailing destination.

Emaar Beachfront

Emaar Beachfront is a thoughtfully designed beachfront residential development that blends cosmopolitan and tranquil seaside lifestyles. Offering stunning views of the sea and Dubai Marina, it is a prime location for an iconic waterfront lifestyle that is both serene and sophisticated.

Dubai Hills Estate

The green heart of Dubai with luscious landscaped and pristine fairways with an iconic backdrop of the Burj Khalifa and the Dubai skyline.

Arabian Ranches[1]

Golden landscape of shimmering sands in a beautifully designed community, inspired by the Arabian desert. Serving an enriching experience of life beyond the ordinary in the premium gated community of Arabian Ranches I, II & III.

Emirates Living

Exclusive nature-inspired development that overlooks the Emirates Golf Club.

The Valley

An idyllic new township where the expanse of shimmering sands and green open spaces provide the perfect inspiration for a fulfilling life. This exclusive residential development offers open-plan living with exceptional facilities to meet unique requirements. Its majestic units provide a luxurious community lifestyle.

Rashid Yachts & Marina[2]

Dubai's latest and unprecedented residential marina masterpiece on the Arabian Gulf coast is driven by a desire to change the meaning of sophistication. An architectural endeavour that offers a new interpretation of luxurious seafront living.

Dubai Creek Harbour

Dubai Creek Harbour, a residential waterfront community in the heart of Dubai, represents the pinnacle of contemporary living. This innovative and creative development offers unparalleled panoramic views of the Downtown Dubai skyline from a private island amidst pristine natural beauty.

Emaar South

Emaar South, a luxurious golf-course development in Dubai South, is a masterfully-planned community that marries the modernity of contemporary townhouses and villas with principles of connectivity, accessibility and sustainability, offering an unparalleled living experience.

Zabeel Square

Joint venture between Emaar and Meraas to create a mixed-use development near Zabeel Park, Dubai.

Al Marjan -Ras Al Khaimah

A project of 1 Mn sq ft of land located at the top of Al Marjan Island ideal to build 5 star hotels and serviced apartments.

Lusaily Extension

A project of 49.5 Mn sq ft of land ideal for residential developments.

[1] Includes Arabian Ranches II & Ranches III
[2] Rashid Yachts & Marina', formerly 'Mina Rashid'

VALUE CREATION AT EMAAR

To achieve our purpose, we need to understand our stakeholders. We believe proactive and positive stakeholder engagement helps to secure our long-term success.

DELIVERING STRONGER OUTCOMES

CAPITALS	INPUTS	OUTCOMES
FINANCIAL	Development properties: **AED 10.9 Bn** Cash and cash equivalents: **AED 11.4 Bn** Equity attributable to owners of the Company: **AED 18.3 Bn**	Revenue: **AED 11.54 Bn** Net profit*: **AED 3.8 Bn** ROCE: **~20%**
MANUFACTURED	Total Land bank: **~290 Mn sq ft** Units under construction: **27,000+** Procurement from local suppliers: **98%**	Units delivered since 2002: **58,000+** Land bank for future launches: **280 Mn sq ft GFA**
HUMAN	Total employees: **283** Total hours of training conducted: **1,345 hours** Diversity and inclusion important aspect of hiring Specialised domain training	Diversity ratio: **32%** Committee chairs occupied by women: **50%** No. of nationalities comprising the workforce: **110** Compliance to Emaar HSSE standards: **100%** Incidences of serious injury in UAE: **2** Lost Time injury Frequency Rate: **0.014%**
SOCIAL AND RELATIONSHIP	Active suppliers: **2,800+** Emaar One and Customer Happiness centres to address customer concerns	Customer satisfaction score: **4.64** Total customer grievances resolved: **99.67%** Supplier compliance to code of conduct
NATURAL	Established Emaar Energy Management Process to reduce energy usage Total energy consumed: **308.99 GWh** Total water consumption: **267.18 Mn gallon**	Waste segregation rate: **32%**

VALUE CREATION PROCESS

Strategy

Maintain leadership

Focus on execution

Maximising stakeholder returns

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Outputs

Emaar: A reflection of Dubai

Direct impact on Dubai's economy

~15%
Contribution to Dubai's property supply*

Representing Dubai's diversity

42%
Emaar's customers are expats

Projects completed

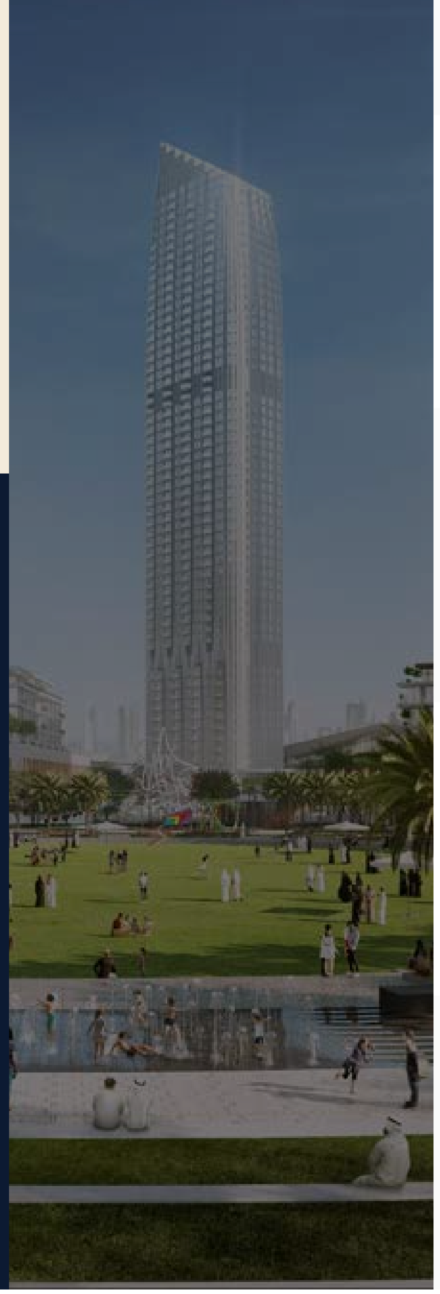
~6,100
Units delivered in 2022

Co-products

160,434.80 MT
Total waste generated

RESIDENTIAL

Develop and sell residential assets in the UAE



SDGs IMPACTED

Financial stability | Implementing our strategy | Building stakeholder trust = Long-term value

*DXB Interact

*Attributable to Owners

UNDERSTANDING NEEDS AND EXPECTATIONS

To achieve our purpose, we need to understand our stakeholders. We believe proactive and positive stakeholder engagement helps to secure our long-term success.

Investors

Why are they important to us?

Investors provide capital to the business, as well as valuable feedback on our financial and strategic performance

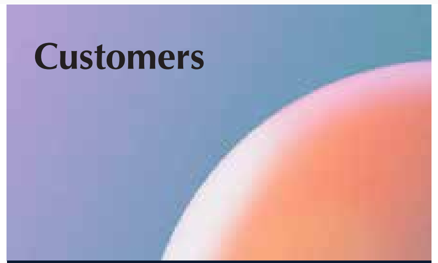
How do we engage with them?

Formal results presentations every quarter of the financial year. We hold an AGM every year.

Their most material issues

- Economic/environment
- Business ethics, integrity, transparency, bribery and corruption
- Risk management
- Reputation, communications and awareness
- Long-term management of assets

Customers



Why are they important to us?

Serving our customers is the reason we exist. At the core of Emaar's culture is meeting the needs of all our customers.

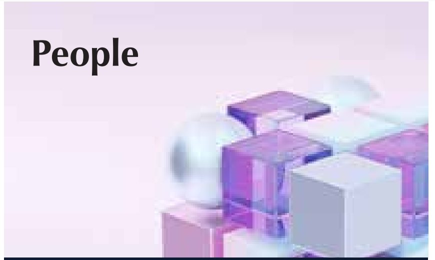
How do we engage with them?

Through regular contact via various digital and offline mediums to understand what is important to them, and evaluate the service we provide.

Their most material issues

- Reputation, communications and awareness
- Customer privacy
- Data security
- Product quality and safety

People



Why are they important to us?

Our people put our strategy into practice, live our culture, and enable us to achieve our purpose. Ultimately they create value for our stakeholders.

How do we engage with them?

We use our relevant employee forums, alongside relevant training and development programmes.

Their most material issues

- Labour practice and employment
- Training and skill development
- Employee health and safety
- Data security

Partners and Suppliers

Why are they important to us?

Their vital contributions to our business range from providing services and advice, through to granting the planning permission and approvals that allow us to run our business.

How do we engage with them?

We work to find mutually effective ways to communicate and collaborate with each group. The highest standards of health, safety and security underpin everything we do.

Their most material issues

- Labour practice and employment
- Environment compliance

Communities

Why are they important to us?

We want our buildings and activities to have a positive impact on the local community. To achieve this, we need to have good relationships and understand local people's needs.

How do we engage with them?

We consult local communities ahead of all development activity, and maintain the relationships following completion.

Their most material issues

- Environment compliance
- Energy management and renewable energy usage

IDENTIFYING WHAT MATTERS THE MOST

Our materiality assessment helps us evaluate ground realities, better understand the external environment and align our priorities pragmatically. These periodic exercises lend authenticity and knowledge to our business view, improving our ability to create value.

We conducted a materiality analysis in 2021 to manage risk effectively, identify opportunities for long-term value creation and strengthen the objectives underlying key initiatives.

Identifying and assessing

Based on SASB and GRI guidelines

Mega trends impacting business context

Interviewing

Internal stakeholders - senior management, employees, etc.

External stakeholders - Investors, vendors, etc.

Compiling and clustering

Compile list of potential issues

Cluster the issues into six categories

Materiality analysis

Prioritisation

Prioritise issues based on stakeholder feedback and their importance to stakeholders

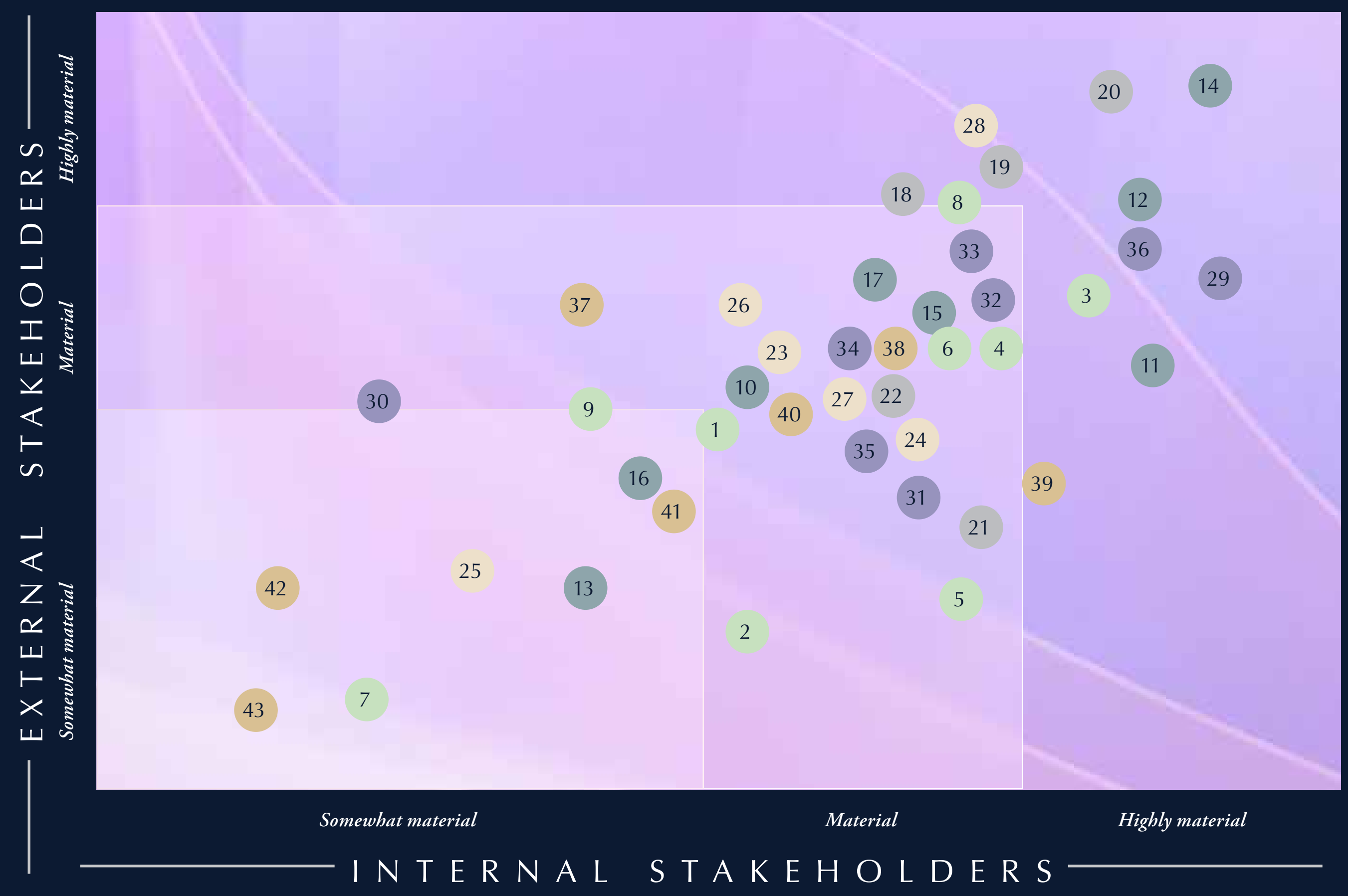
Validation

Finalise topics with a validation process with senior management

Alignment with strategic intent

Integration of prioritised material issues into strategy and risk management process

Materiality map



ENVIRONMENT CAPITAL

1 Climate change mitigation & adoption
2 Air pollution control & toxic emission management
3 Energy management & renewable energy usage
4 Water management
5 Effluent/waste water management
6 Waste management
7 Biodiversity management
8 Environment compliance
9 Natural resources conservation (soil, air and water)

HUMAN CAPITAL

18 Labour practice & employment
19 Training and skill development
20 Employee health & safety
21 Staff succession planning
22 Employee engagement, diversity & inclusion

LEADERSHIP & GOVERNANCE

29 Business ethics, integrity, transparency, bribery & corruption
30 Renewable energy generation
31 Competitive behaviour
32 Management of the legal & regulatory environment
33 Risk management
34 Grievance redressal of stakeholders
35 Responsible investment
36 Reputation, communications and awareness

SOCIAL CAPITAL

10 Human rights
11 Customer privacy
12 Data security
13 Access & affordability
14 Product quality & safety
15 Customer welfare
16 Charitable giving
17 Social development & community involvement

BUSINESS MODEL & INNOVATION

23 Product design & lifecycle management
24 Business model resilience
25 Access to capital (customers & business)
26 Supply chain management
27 Material sourcing efficiency - availability & responsible sourcing
28 Long-term management of assets

ECONOMY

37 Commodity price volatility
38 Economic/financial crises
39 Economic/pandemic crises
40 Capital values
41 Employment trends/diversification
42 Revenue account surplus
43 Political change and uncertainty

LEVERAGING RESOURCES FOR A BRIGHTER FUTURE

	Material issues	How are we responding
ENVIRONMENTAL	**Energy management and renewable energy usage**	Implemented energy conservation measures and sustainability initiatives at operational assets (such as replacement of high power consuming conventional lights with LED, downsizing power consuming equipment to suit facility requirement and optimising operations, implementing demand controlled ventilation in HVAC. Creating awareness among the residents on environmental impact from building operations and encouraging their involvement in reducing energy consumption by introducing campaigns like "Kill the Bill" gamification campaign.
ENVIRONMENTAL	**Environmental compliance**	We are taking tangible steps to reduce our carbon emissions and reliance on fossil fuel. Investing in solar energy, pushing for innovative building designs, deploying advanced building energy management systems, monitoring energy efficiency, and implementing holistic building management systems. We also encourage waste segregation and recycling, and set targets for sustainable development initiatives such as certified buildings, e-vehicle charging access and bike parking. Our goal remains to create spaces that balance urban life with nature.
SOCIAL CAPITAL	**Customer privacy**	Our IT department scans for cyber security trends, and is mindful of personal data protection guidelines. Robust IT security measures, combined with a holistic approach, enhance our market standing. IT response plans are tested and benchmarked against best industry practices to prepare for future threats.
SOCIAL CAPITAL	**Data security**	We prioritise data security with utmost sincerity. We constantly assess our existing security policies, procedures, and technologies. Additionally, we determine the current level of risk and any potential threats. Finally, we ensure data security measures are regularly monitored and updated in order to ensure that the data remains secure.
SOCIAL CAPITAL	**Product quality and safety**	+ Supplier pre-qualification + Health and Safety Policy is part of the tender documents which are shared with suppliers + Supplier performance survey + Supplier warehouse audit (F&B - EHG) + Mystery shoppers + Product quality assurances process
HUMAN CAPITAL	**Labour practice and employment**	We adhere to strict ethical labour practices and prioritise the welfare of our employees. We promote diversity and inclusion and provide a safe and healthy work environment. We continuously strive to create a positive and supportive workplace culture that encourages growth and ensures safety for all our employees.
HUMAN CAPITAL	**Employee Health and Safety (H&S)**	As a developer and major property owner with vast operations, we are exposed to environmental, health, and safety (EHS) risks arising from our operations. To minimise the environmental and health and safety impacts on our key stakeholders, we have implemented comprehensive and targeted measures. These measures are aimed at reducing potential risks and protecting the health and safety of everyone involved.
HUMAN CAPITAL	**Training and skill development**	The development of our employees' potential is a top priority. To this end, we invest significantly in employee training and development programmes. Moreover, we place a strong emphasis on conducting performance and career development reviews for all members of our workforce.
BUSINESS MODEL & INNOVATION	**Long-term management of assets**	We operate our businesses with utmost efficiency and precision, leveraging our considerable market insights to maintain a sustainable and robust demand for our assets and developments. We are highly proactive in our management of properties and infrastructure to ensure that our facilities continually remain operational, efficient and contribute to the long-term success of our organisation.
LEADERSHIP & GOVERNANCE	**Business ethics, integrity, transparency, bribery and corruption**	Emaar has established dedicated policies and processes to govern key business ethics and behaviours. These include comprehensive policies for code of conduct, anti-fraud, and anti-bribery and corruption. Emaar also has a dedicated whistle blower line for both internal and external stakeholders. Adequate controls are also in place across the 3 lines of defense, where oversight is provided by internal audit programmes and board-level Audit Committees.
LEADERSHIP & GOVERNANCE	**Reputation, communications, and awareness**	We gather feedback from retailers and visitors to keep up with changing customer expectations. Through active dialogue with our partners, we aim to maintain long-term relationships. Our Supplier Code of Conduct guides our interactions with suppliers, and we invest in developing our employees' skills and potential. We also consider shareholder perspectives in our strategy and communication to attract long-term investors who support our business.
LEADERSHIP & GOVERNANCE	**Risk management**	Emaar has adopted a comprehensive enterprise-wide risk management (ERM) framework that integrates both external best practices, business objectives, and other internal elements unique to the organisation. This embedded risk management approach is designed to be a collaborative process that utilises the 3 lines of defense methodology. Our risk management process is monitored by an established board-nominated Risk Committee and is supported by a dedicated ERM team.
ECONOMY	**Economic/Environment**	Our risk committee reviews the business environment to assess the likelihood and significance of risks. We continuously monitor key economic indicators such as GDP, and employment rates among others. We monitor our business plans against a potential downturn in the economic outlook to ensure our financial position is sufficiently flexible and resilient. Our business model focuses on high-quality assets underpinned by our strong balance sheet and financial strength.

OUR STRATEGY

As one of the world's leading real estate developers, we are conscious of the responsibility it carries. The balancing of growth with a small carbon footprint and minimal resource consumption are integral to our daily operations.

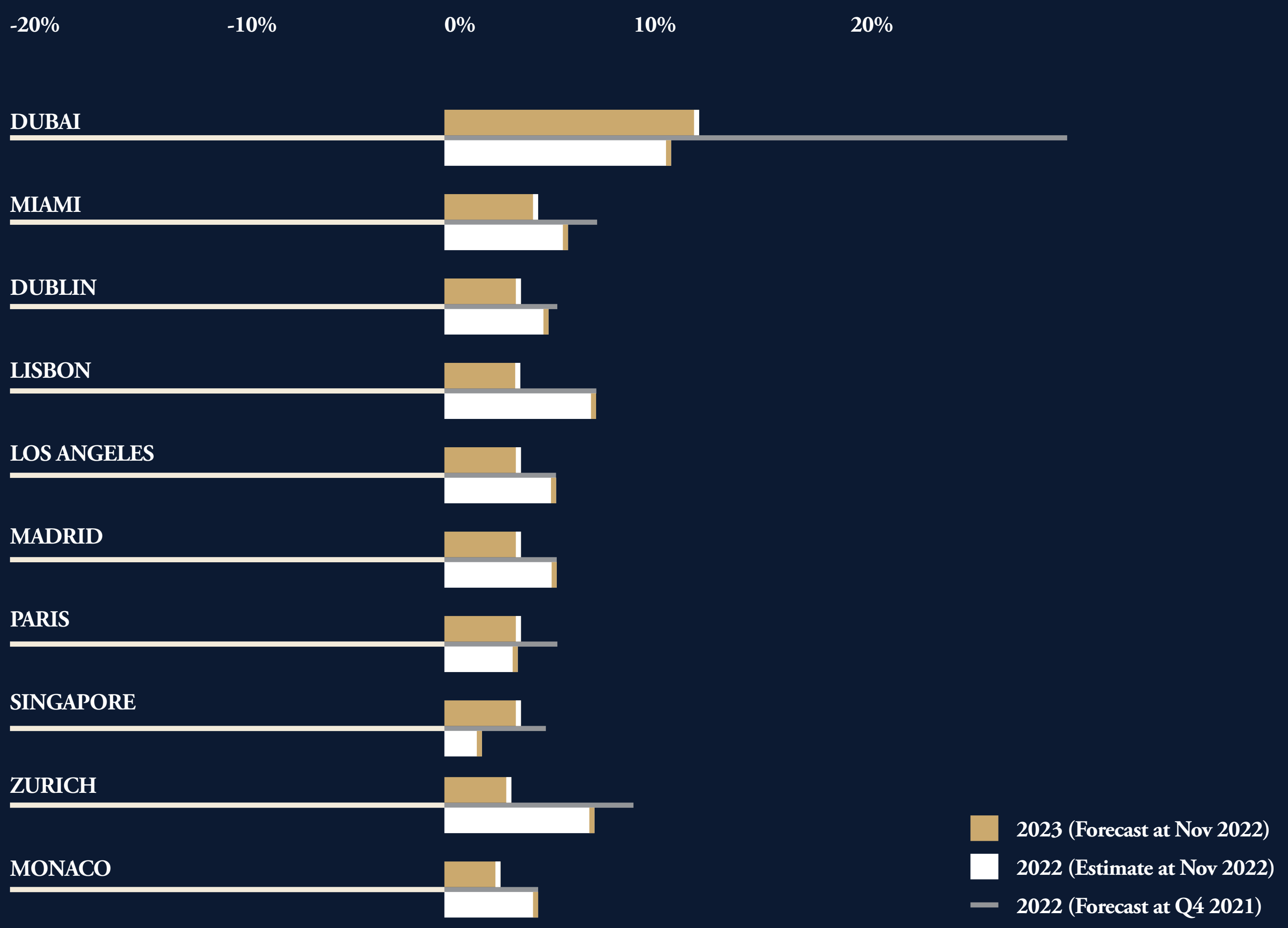
TOWARDS THE FUTURE, WITH MEASURED STEPS

Reducing our risk profile, leaning towards more sustainable growth will be some of our key priorities as we spread our operations across UAE and beyond.

If this year's results are any indication, the Dubai market is experiencing a bull run. Dubai's residential properties offer excellent returns to investors and end users, as their prices remain affordable despite Dubai's world-class facilities, general safety, stable government and cosmopolitan atmosphere.

As per global property consultancy Knight Frank's 2023 Prime Prediction Report, Dubai's prime residential prices should see a 13.5% increase – the highest in the world. Expats and HNIs are expected to pick up underpriced luxury residential properties, triggering a positive spiral of consumption spending.

Prime price forecast



Against this backdrop, our strategy is of consistent growth with a focus on de-risking and consolidation.

Consolidate and prepare for the next growth phase		
Maintain leadership position in our markets	Focus on execution and cash flow generation	Focus on maximising shareholder returns

Development strategy

Leverage the strength of master developments

+ To launch new projects
+ Provide 'city within a city' experience to our customers

De-risking exposure, development through JV/JDAs

+ Utilise our position as the preferred development partner for GREs to access premium land through JV/JDAs
+ Conserve cash for judicious purchase of prime land

Well-planned execution and delivery

+ Ensure timely completion of projects under development and maintain healthy cash flow generation

Product innovations

+ Differentiated offerings for millennials
+ Provide optimised unit sizes and larger community facilities
+ Wider range of offerings across our business divisions

Marketing to international customers

+ Expansion and penetration of the Emaar brand and value proposition with a clear marketing strategy

SETTING CONSCIOUS PRECEDENTS

Aligning with UAE's Ambitions for a Better World

UAE Net Zero 2050

The Dubai Economic Agenda D33

Dubai 2040 Urban Master Plan

Paris Agreement

UAE Green Agenda 2015-2030

Aligning with Sustainable Development Goals

Through the work that we do every day, and through focused purpose-driven initiatives, our commitment towards the UN Sustainable Development Goals permeates every sphere of business. We have linked our material issues to our business strategy. We have identified 10 SDGs as being the most relevant for our businesses, and our work processes drive impact towards these, each day.

Environment

Social

Governance

Sustainability integration into our future development strategy

Material issues 28

In 2022, we sharpened our focus on ESG issues. We are in the process of formulating a sustainability strategy that will reduce our carbon footprint, increase the use of recycled materials and alternatives in construction materials, and strengthen our governance framework to prioritise and monitor ESG issues. We will strive to move most of our portfolio towards carbon neutrality by integrating sustainability in a targeted manner, aligning with and bolstering the UAE's efforts to reach carbon neutrality by 2050.

Environment

Page 42

Social

Page 50

Governance

Page 58

MAKING A LASTING IMPACT

With a focus on integrating sustainability into our business operations, we are becoming increasingly cleaner and greener as we expand and grow. The UNSDGs remain our guiding beacon.

17
Partnerships with Dubai Supreme Council of Energy (DSCE) Circular Economy Committee
Recommended best practices and innovations on circular economy concepts to be implemented in the future.

15
Farm Gardens
Mixed planting of native flora and fauna to create a self-sustaining biosphere in The Valley, UAE.

13
Energy conservation
Achieved 22% energy savings from implementation of Demand controlled ventilation at the Dubai Creek Residences.

12
Recycling awareness
Recycling awareness campaign carried out in Emaar communities for residents to participate in responsible waste management and encourage reuse and recycle.

Reduction in waste
Green waste in horizontal communities in Emaar is being collected free of charge from residents to ensure reduction in waste dumped to landfill.

'Kill the Bill' Challenge
Initiatives for residents to reduce electricity consumption. Winners of the challenge reduced utility bills by 54.60% in 2022.

11
Green buildings
As a part of elevating the sustainability standards of communities, Emaar Community Management is targeting green building certifications in its assets. As a precursor, a LEED gap analysis and feasibility study was conducted at a residential building in Downtown community.

3
Wellbeing in communities
Received WELL Health and Safety Rating certificate for 218 buildings across communities in UAE.

6
Wastewater recycling
Installation of low volume aerators for the shower heads in swimming pool amenities. A total of over 2,000 low volume aerators were installed across the Emaar communities for the shower heads in swimming pool amenities. This sustainability project is estimated to save over 8 Mn gallons of water per year.

7
EV-ready
All our new developments will be EV-ready, with adequate charging facilities for electric vehicles. In our existing communities, 35 EV chargers have been installed across properties and residential assets.

8
Training and opportunity creation
Completed over 1,345 hours in training and development in UAE.

Employee engagement
All employees receive regular performance and career development reviews.

9
Smart irrigation for landscaping
Adopted smart landscaping to reduce recurrent water waste and costs, with estimated 6% water savings.

ESG AT EMAAR

Our out-of-the-box approach to creating living spaces and cityscapes has created some of the world's most recognisable landmarks. As society becomes sustainability-conscious, spaces need to transform. Our sustainability strategy is in progress and will define how we make this happen.

GREENPRINT FOR THE FUTURE

Challenges drive progress. Our ambition of becoming a sustainability leader in our industry is motivated by the need to master the challenges thrown up by climate change. Several opportunities exist, and we are already working to embed sustainability in many ways.

Focus areas

Climate action

Energy management

Waste management

Water management

Material topics

Energy management and renewable energy usage

Environment compliance

Stakeholders

People

Partners and Suppliers

Communities

Customers

Investors

32%
Waste segregation rate

8 Mn gallons/year
Cumulative impact of our water conservation activities in Dubai

Strategic mandate

At Emaar, we are driving change at different levels. Our commitment to UAE's Net Zero by 2050 agenda furthers our sustainability objectives.

Aspire to be an industry leader in sustainability

- Clean water
- Affordable clean energy
- Automation and process optimisation
- Waste management

Several initiatives are underway both across our projects under development and at our inhabited communities that address water conservation, emissions reduction and clean energy, process optimisation and resource use management, waste management and responsible material use.

Our strategy for climate action involves developing an action plan to reduce operational carbon and develop sustainable communities. In keeping with the global shift towards greener construction methods, we are also developing strategies for reducing embodied carbon and using planet-friendly materials, fixtures and design standards.

Climate action strategy

1. Establishing a strategy for reducing embodied carbon
2. Developing an action plan for reducing operational carbon
3. Assessing systemic climate change risk

We have adopted several quality management systems to add greater rigour and discipline to our operations and lend efficacy to the transition towards sustainability. These well-defined, verifiable systems are helping to streamline our energy, environment, facility, asset and service quality standards. They have established clear and tangible ways to consolidate on gains, while ensuring that all actions follow an iterative mechanism, which can also be scaled.

Attaining environmental excellence

ISO 14001
Environment Management System

ISO 55001
Asset Management System

ISO 50001
Energy Management System

ISO 9001
Quality Management System

ISO 41001
Facility Management System

Emaar Innovation Challenge: Curating next-generation solutions

The Emaar Innovation Challenge was launched in 2022 to encourage ideation for more sustainable urban living. The Challenge was left open to all innovators, including entrepreneurs and start-ups. All entries were then evaluated by an expert panel on parameters of creativity, feasibility, scalability, user experience and potential impact. The Emaar Innovative Challenge received 240 entries from 43 countries.

The Emaar Innovation Challenge presented four critical challenges to innovators:

1. **Develop smart buildings:** Develop integrated solutions to improve the efficiency and sustainability of Emaar's buildings, such as smart energy management.
2. **Enhance customer experience:** Develop solutions to improve customer services, such as virtual reality experiences or mobile applications.
3. **Leverage data and technology:** Develop solutions to leverage data and technology that optimise business operations and customer experiences.
4. **Develop sustainable solutions:** Develop solutions to reduce the environmental impact of the built environment, such as smart energy management systems or renewable energy projects.

With the winning solutions, we hope to enhance sustainability in our operations and the services we deliver.

Energy management

Our energy management initiatives aim to reduce greenhouse gas emissions, fossil fuel usage and operational costs, while enhancing equipment efficiency. The Emaar Energy Management Process (EMP) lies at the core of our energy management thinking. It has been established with the aim of optimising operational asset efficiencies and maximising renewable energy opportunities. EMP helps us increase revenues by reducing energy usage and costs, improves our competitive position as a world-class facility management company and lowers Emaar Development' and UAE's carbon impact.

308.99 GWh
Total energy consumption

Energy conservation and shift to renewables
In line with the target of reaching Net Zero by 2050, we have undertaken a number of initiatives in support of clean energy. From expanding the coverage of solar installations at our communities to installing smart equipment like variable frequency drives for demand control ventilation, we are constantly looking for ways to make our properties self-sustaining and energy efficient. Further, feasibility studies are underway across several Emaar communities for adoption of solar installations. This includes Golf Towers in the Greens community with an estimated ROI of eight to nine years.

Awards

FM Middle East Awards: Technology Implementation of the Year: Data Driven Energy Centered Maintenance | Emaar Facilities Management

All our new developments will be EV-ready, with adequate charging facilities for electric vehicles. In our existing communities, 35 EV chargers have been installed across properties and residential assets.

To identify further Energy Conservation Measures (ECMs), we carried out an energy management inspection and audit at one of our communities. Several ECMs were identified with an annual savings potential of 17.60% which are currently being implemented.

Waste management

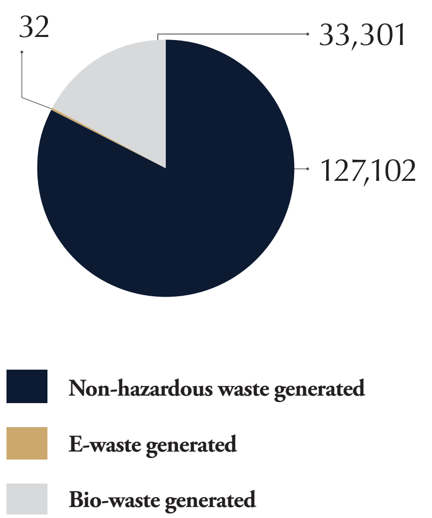
Our waste management initiatives aim to reduce waste production, minimise waste sent to landfills, and ultimately reduce greenhouse gas emissions. We take construction and operational waste into account and have invested in reducing waste generation and increasing source separation. Across our communities, a number of waste management initiatives are currently underway, each of which is tailored to specific waste characteristics and employs the most efficient conservation strategies.

32%
Waste segregation rate

160,435 MT
Total waste generated

10-15% reduction
In input materials used through optimised design

Waste generated by type (MT)



Recycling campaign: Collect My Junk, Collect My Green Waste

At Emaar Communities, we have implemented a recycling awareness campaign that makes residents aware about ways and means of waste reduction, reuse and recycling and encourages them to practice responsible waste management.

Posters and brochures were distributed via email blasts and posted on community bulletin boards and gatehouses as part of the campaign. As part of the drive, the green waste generated by households at horizontal communities is being collected at no additional cost. With this campaign, we took another step towards building a circular economy at Emaar.

Water management

Efficient water management is a priority for Emaar as our properties use more than 802 Mn gallons of water each year. We carefully monitor water usage and costs. The measures include sub-metering to limit use and leak detection. Sub-metering allows tenants to see their water usage, which helps them save.

267 Mn gallons

Total water consumption

Water conservation measures
Water conservation decreases diversion of freshwater from the ecosystem, and also saves the energy required for its extraction, treatment and transportation. Several measures are underway including the use of efficient fixtures, smart landscaping, improved irrigation processes, and water efficient cleaning equipment.

Smart irrigation for landscaping has been introduced at a number of our communities. Smart irrigation technology uses weather data or soil moisture data to determine the irrigation need of plants and avoids unnecessary watering. Further, Treated Sewage Effluent (TSE) water from the Dubai Municipality is being used for landscaping purposes. Currently, such techniques are in use at our Arabian Ranches I, II, Reem, Emirates Living, Dubai Hills Estate, Polo Homes, Downtown Dubai, Dubai Marina and Dubai Creek Harbour communities. It is estimated that through this initiative 6% water savings will be achieved.

Low-volume aerators have been installed in the showerheads at swimming pool amenities. More than 2,000 such aerators have been installed across Emaar communities.

8 Mn gallons/year

Cumulative impact of our water conservation activities in Dubai

THE WIND BENEATH OUR WINGS

Our employees, customers, suppliers and communities have made Emaar the well-respected brand that it is today through their trust and hard work. In order for these stakeholder groups to prosper, we constantly work to establish relationships that are mutually beneficial and to deliver long-term value.

Material topics

- Customer privacy
- Data security
- Product quality and safety
- Labour practices and employment
- Training and skill development
- Employee health and safety

Stakeholders

- People
- Customers
- Partners and Suppliers
- Community

100%
Employees receive performance reviews

98%
Business through our local partners

1,345 hours
Spent in skill upgradation training

People

Our people lie at the core of all our endeavours. The well-being and development of our team are our top priorities, and we strive to nurture a safe, conducive and inclusive work environment. We rely on highly skilled, dedicated and motivated employees to maintain our position as an industry leader and an innovative thought leader.

Emaar's people strategy addresses the areas of active employee learning and development, employee engagement, diversity and inclusion, health and safety, leadership excellence, knowledge sharing and the creation of a positive work culture. Our HR business unit develops and leads our employee attraction, engagement and retention strategy.

283
Total employees

Learning and development

We strongly believe employee skill development and learning are the main levers for driving growth. Our workers are provided training through various programmes designed to enhance their skills and facilitate professional learning. This helps support their aspirations and overall well-being, improving efficiency and knowledge exchange.

1,345 Hours
of training on skill upgradation

1,629
Numbers of courses completed

100%
Employees receive training

100%
Employee receive performance reviews

Emaar employee suggestion platform
We have instituted a platform that allows employees to submit ideas and suggestions to improve business efficiency, profitability, and customer satisfaction. Ideas received were evaluated by the innovation committee and executive committee to decide on the ideas that shall be implemented.

Internship programmes
Through our partnerships with educational institutions, we provide internship opportunities to students in specialised areas of research. Interns work closely with several business units, creating opportunities for the recruitment of young and promising talent.

New end-to-end competency-based talent acquisition process

We launched a new recruitment process that is more structured and adheres to a consistent competency framework for each grade level.

Individual development plans

Based on the competency framework, competency gaps have been identified. Individual development plans have been developed with varying weightages of 70% for experience, 20% for exposure and 10% for education. Experience is built by shadowing on the job, coaching, mentoring and learning from peers. All Emiratis and critical position holders are on a robust development plan.

Succession plan

The L&D team, in conjunction with the Senior Leadership Team, has developed succession plans for division heads, department heads and other key positions that influence Emaar's growth and sustainability. Key successors have been identified, who have the potential to fulfil these positions. They will be groomed through oversight over their performance management plan.

Employee engagement initiatives

Creating and maintaining a comfortable, safe and stimulating workplace is the foundation for higher productivity. During the year, several employee engagement initiatives were organised to address our diverse priorities around health and wellbeing, sports and fitness, making the workplace friendly for mothers and helping the needy. We organised blood donation drives, breast cancer awareness sessions and clothes donation drives. The UAE National Day was celebrated with great enthusiasm and saw high participation across all our units. As an organisation that cares for the differing needs of its employees, we have introduced healthy snacks at our café, are providing discounted gym memberships and also providing discounts at daycares for those with young children.

Addressing employee concerns

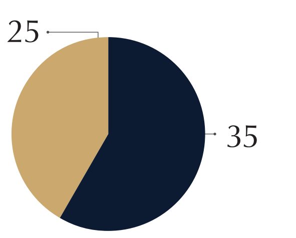
We have mechanisms for investigating reported incidents that ensure issues are addressed appropriately. Our employee policies and code of conduct support these mechanisms and facilitate feedback and complaints through surveys and internal feedback forums. Internal employee surveys also help us to improve on operational, commercial and developmental aspects of the business. Dedicated HR Business Partners are available across business units as a point of contact to oversee and address these issues.

Diversity and inclusion

A diverse workforce leads to a fecundity of ideas, and as a young and growing organisation that is a significant strength for us. We value the unique backgrounds, skills, perspectives, and talents that the workforce brings and treasure our ability to learn from each other. Diversity and inclusion are important aspects of our hiring process, and we ensure that we select candidates based on their abilities, qualifications and personal values, regardless of their race, age, religion, gender or national origin.

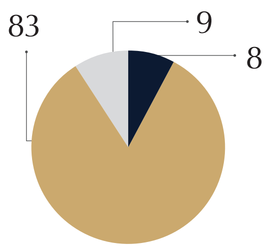
We strive to maintain an inclusive workplace and encourage our employees to raise their concerns in cases of discrimination or harassment. Our policies and code of conduct safeguard the rights of our employees.

New hires 2022



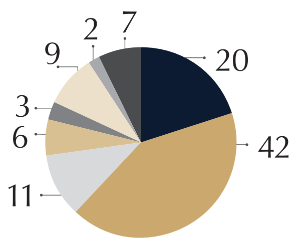
Male
Female

Age diversity 2022 (%)



18-30 years
31-50 years
50 years and above

A small piece of the world: Employee ethnicities (UAE) (%)



UAE
Middle East & Other GCC
Indian Sub-continent
South-East Asian
Other Asian countries
African
European
American & South American

Health and safety

It is our objective to create an injury-free workplace, where our people feel safe and well cared for and are motivated to give their best. We have a robust HSSE Standard to streamline our operations and ensure the safety and well-being of our workforce. Our HSE management strategy involves compliance with regulatory requirements, risk assessments, investigation of incidences, emergency and crisis management. We have seven specialised committees across all business units to maintain the highest standards of safety and compliance.

Risk assessment/ management

Legal and standard compliance

HSE training and competency development

Inspection and field visit observations

Emergency and crisis management

Contractor management

Incident management and investigation

Adherence to national and international standards:

- Dubai Municipality Technical guidelines
- Dubai Municipality Construction Code of Practice
- UAE Fire and Life Safety Code of Practice 2020
- ISO 9001:2015 ISO 14001:2015 ISO 45001:2019

100%
Compliance to Emaar HSSE standards

0.014%
Lost Time Injury Frequency Rate

TWO
Incident of serious injury

Employee training in safety culture

At Emaar, our goal is to achieve zero incidents, and to this end, we educate all of our stakeholders on the dos and don'ts and instil a strong safety culture throughout the organisation. Employees are encouraged to align their work ethic with our safety principles and culture, which are emphasised in our safety training programmes.

16,000+ Hours
of safety training

260+ Mn
Safe manhours worked

40,000+
Participants in H&S training

Safety audit

Monthly audits, inspections and on-site health and hygiene checks are conducted to ensure that standards are adhered to. These internal and external audits monitor the effects of our safety-related practices and interventions across all of our sites of operation. Moreover, we continually revise our policies to effectively address any identified gaps in the safety management process.

Awards and recognition

IL Primo
British Safety Council - International Safety award

Downtown Views II
British Safety Council - International Safety award

Emaar South Parkside Project
Dubai South Certificate of Appreciation

Act 1 Act 2
British Safety Council - International Safety award

World of Safety and Health Asia Award

Certificate of Appreciation from Emirates Red Crescent

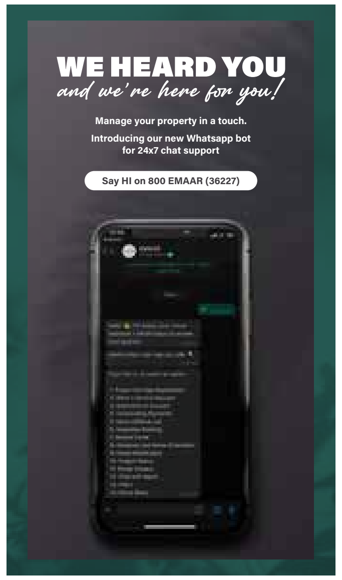
Customers

Emaar takes pride in being a customer-centric business. We endeavour to comprehend our customers intimately and to create products, facilities and experiences that exceed their expectations. The customer's relationship with Emaar is a long one, beginning with the search for a home and continuing through the living experience. We endeavour to make this entire journey enjoyable and long-lasting.

Digital customer care

To deliver the finest services to our customers, we provide digital platforms for interaction right from the start of the customer's ownership. The Emaar One app, online community platforms, WhatsApp services and chatbots, all help the customer with a variety of needs – from registration of their helpers to security updates while the customer is away; from logging of maintenance complaints to help with move-in permits and booking of community facilities etc. The many small details of daily living are seamlessly unified and resolved to create a great 'living at Emaar' experience.

App interface



Chatbot

Emaar has well established mechanisms for handling customer complaints and has 24X7, onsite crews available at all our properties to tackle customer problems and emergencies.

84,367
Total customer grievances received in 2022

84,085
Total customer grievances resolved in 2022

4.64
Customer satisfaction score

Direct to the customer, with care and understanding

Emaar Customer Happiness Centres are walk-in contact centres that help to address customer issues. The launch of the Emaar One app has reduced centre walk-ins, and improved waiting and serving times. Customer Happiness Centres handled 38% more service requests in 2022 than in 2021. Relationship Managers proactively contacted signature clients via phone, email and through in-person meetings to resolve issues before they flare up. These offline and online channels have helped to improve customer satisfaction scores across all business assets. Also these channels have been used for intensive customer pain point monitoring and dissatisfaction scores have YoY reduced by 12% in 2022.

Community well-being

The pandemic years forced people indoors and 2022 has, therefore, been a year of return to normal, renewing relationships and community togetherness. This year, our residents sought more social engagement and community interactions and we organised several events across our many communities, to converge and celebrate the spirit of enjoyment and conviviality. Keeping different tastes in mind, our community events covered a lot of different themes – from sustainable living to sports and fitness to family gatherings.

Community events

We organised barbecues, movie evenings, game contests and joyful festivals to bring our communities together.

94
Community events held

7,000
Residents participated in Halloween celebrations in Emirates Living

2,800
Residents attended the Reem Festive Market

2,362
Residents celebrated UAE National Day in Dubai Hills Estate

Afrofit-Fitness weekend

Emaar Community Management (ECM) organised Afro-fitness weekends in Downtown Dubai, Emirates Living, Dubai Marina and The Greens and Views. Held in support of the Dubai Fitness Challenge promoting healthy living and well-being, Afrofit demonstrated Afro Fitness, a cardio-toning dance workout. Additionally, residents enjoyed zumba, yoga, and deep stretching. Around 150-500 residents participated in the fitness weekend.

Sustainable community living

At Emaar, we believe that sustainable living isn't just a way forward, it's essential for an improved quality of life. Environment-friendly communities learn to do more with less, every day. By saving natural resources, protecting the environment and becoming more self-sufficient, such communities enjoy a healthier life too. During the year, ECM organised a number of environment-friendly initiatives to drive awareness and promote long-term lifestyle changes.

Community organic garden
In 2022, ECM and our landscaping team started the community organic garden project in Dubai Hills Estate, which will be expanded to other communities in 2023. Under this project, the residents received their own organic vegetable and fruit table, which will allow them to maintain a healthy diet.

Community garden challenge
To promote community spirit and encourage villa homeowners in Emirates Living, Arabian Ranches I and II, Reem, Polo Homes, Dubai Hills Estate and Emaar South to improve their private gardens, we created the Community Garden Challenge. The villa communities shortlisted 59 entrants per category based on garden sizes of small, medium and large. Community management chose winners from the finalists' and their interviews were featured in the community bulletins.

Home Garden Competitions will be expanded to apartments in the coming years to promote terrace gardening and the cultivation of homegrown foods.

Kill the Bill challenge
Emaar Communities' Kill the Bill Challenge encouraged power and water conservation amongst residents. The project was launched via email blasts and posters, and during the course of the project there was significant reduction in utility bills of residential units. The one-year period between August 2021 till August 2022 was reviewed as a part of this challenge, and aspects like unit occupancy, change in number of occupants, measures taken to reduce usage were considered while evaluating the usage patterns. Top contestants cut utility bills by 54.6%.

Electric vehicle charging units
Emaar Development is committed to the UAE's vision of becoming a global leader in green real estate and infrastructure development. With this long-term objective in mind, we installed electric vehicle charging stations in six residential communities to encourage residents to start using electric vehicles, accelerate the transition to green mobility and cut back on emissions. All our upcoming projects will have EV charging facilities.

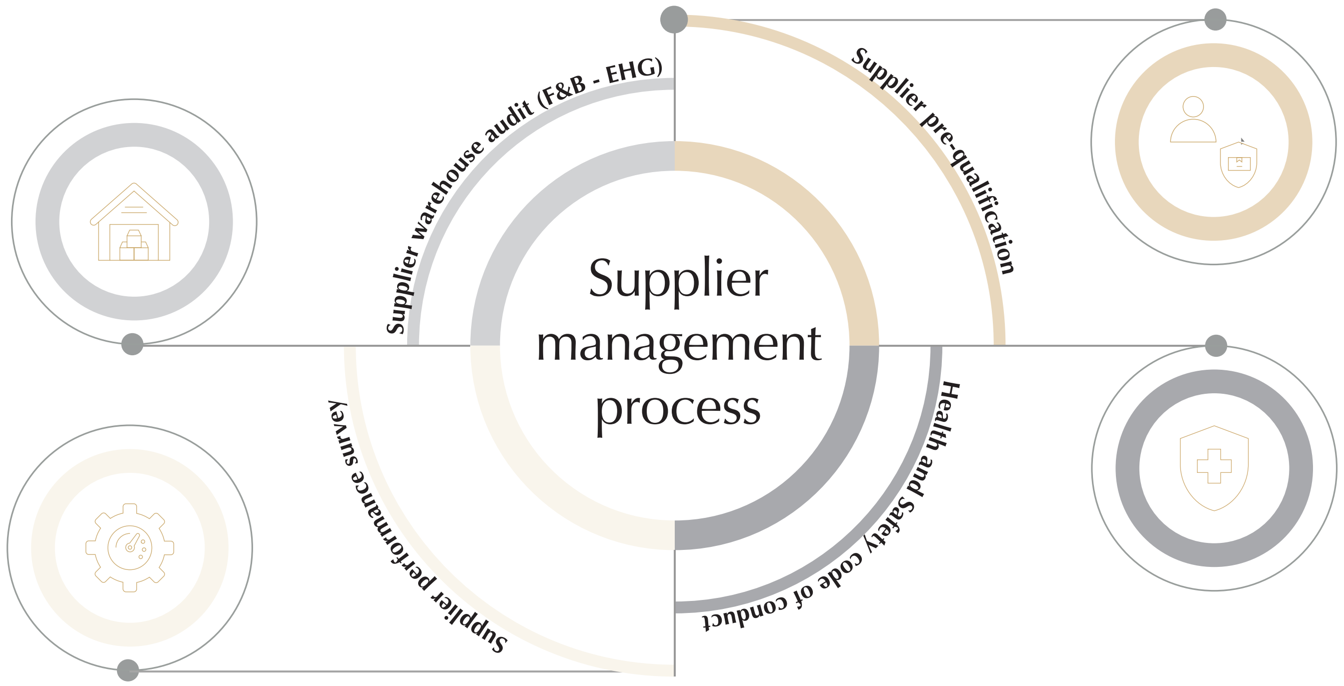
At Emaar Community Management, our residents come first. And we have successfully put emotion back into the business. In 2022, we won the Best Community Engagement Company and Community Management Company of the Year award at the Smart Built Environment Awards (SEBA).

35
Electric charging stations installed across six communities

218
Buildings received WELL Health & Safety Rating certificate

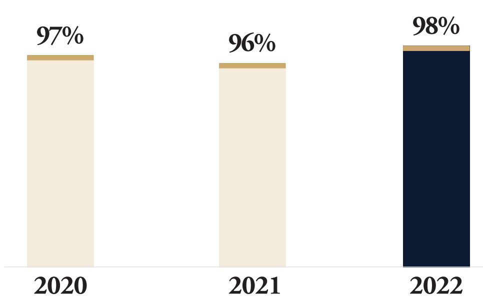
Partners and Suppliers

Responsible procurement is central to our quality excellence philosophy and our ESG approach. All suppliers are onboarded after they qualify in supplier assessments and regular audits are done to ensure quality and consistency.



As we make progress in integrating our ESG priorities within our supply chain, we are increasing local procurements, and in the process, cutting back on Greenhouse Gas (GHG) emissions and also strengthening the local economy. We had 2,846 active suppliers this year, and 98% of our procurements were from local partners.

Business through local partners (%)



LEADING WITH INTEGRITY

We strive for the highest standards of corporate governance. With commitments to meet the expectations of shareholders, customers, and other stakeholders, we are dedicated to conducting our business responsibly, ethically, and in compliance with applicable laws and regulations.

Material topics

- Business ethics, integrity, transparency, bribery and corruption
- Risk management
- Reputation, communications and awareness

Stakeholders

- People
- Customers
- Partners and Suppliers
- Community
- Investors

57%
Independent Directors

14%
Female members on the Board

50%
Committee chairs occupied by women

Corporate governance framework

Our experienced Board of Directors, Executive Management team, and robust internal policies and procedures enable us to conduct business ethically and sustainably, thereby creating value for all stakeholders. The governance framework ensures that our operations are accountable and transparent.

Transparency and accountability

Board of Directors

Provide strategic direction and evaluate overall performance | **Ensure the long-term interests of the stakeholders are served**

Board Committees

Audit	Investment	Nomination and remuneration	Committee for monitoring insider trading

Management reporting to the Board

Snapshot of the Board

4.7
Average tenure of Board members

58.4
Median age of Board members

Board Policies and oversight

- No Gift Policy
- Code of Conduct
- Anti-Bribery/Anti-Corruption
- Whistleblower Policy
- Cyber Risk and Threat Management
- Data Management

GUIDED BY VALUES

Chairman

Mr. Adnan Kazim
Non-executive, Independent
5 years on the Board
Appointed in 20.11.2017

Vice-Chairman

Dr. Aisha Bint Butti Bin Bishr
Non-executive, Independent
5 years on the Board
Appointed in 20.11.2017

Executive Board member

Mr. Mohamed Ali Alabbar
Executive, Non-independent
5 years on the Board
Appointed in 20.11.2017

Board member

Mr. Jamal Bin Theniyah
Non-executive, Non-independent
5 years on the Board
Appointed in 20.11.2017

Board member

Mr. Ahmed Jawa
Non-executive, Non-independent
5 years on the Board
Appointed in 20.11.2017

Board member

Mr. Abdulla Alawar
Non-executive, Independent
5 years on the Board
Appointed in 20.11.2017

Board member

Mr. Khalid Al Halyan
Non-executive, Independent
2 years 6 months on the Board
Appointed in 21.06.2020

Core Board skill matrix*

	Mr. Adnan Kazim	Dr. Aisha Bint Butti Bin Bishr	Mr. Mohamed Ali Alabbar	Mr. Jamal Bin Theniyah	Mr. Ahmed Jawa	Mr. Abdulla Alawar	Mr. Khalid Al Halyan
Entrepreneur/leadership	✓	✓	✓	✓	✓	✓	✓
Innovation and technology		✓	✓				
Finance management	✓	✓	✓	✓	✓	✓	✓
Global exposure	✓	✓	✓	✓	✓	✓	✓
Real estate industry experience	✓	✓	✓	✓	✓	✓	✓
Mergers and acquisitions		✓	✓	✓	✓	✓	✓
Strategic management	✓	✓	✓	✓	✓	✓	✓
Building customer experience	✓	✓	✓				

**Based on S&P's Global Industry Classification Standard (GICS)*

Group CEO

Mr. Amit Jain

Director, Design

Ms. Rama W. Husamddine

Director, Interior Design

Ms. Jacqueline Shaddock

Head of Sales

Mr. Dhiraj Chhabra

Chief Financial Officer

Mr. Sunil Grover

Head of Projects

Mr. Richard Nigel Shirley

GRI CONTENT INDEX

GRI 1: Foundation 2021

	Statement of use	Emaar Development PJSC has reported with reference to GRI Standards 2021 for the period 01 January 2022 - 31 December 2022.
	GRI 1 used	GRI 1: Foundation 2021
	Applicable GRI sector standards	Our applicable Sector Standard is GRI G4 Construction and Real Estate Sector (CRES). We will be validating our list of material ESG issues with the latest GRI Sector Standard for our industry when it is published by GRI

GRI 2: General Disclosures 2021

GRI Standards	Disclosure	Reference of the pages in the Report
2-1	Organisational details	2, 12, 14-17
2-2	Entities included in the organisation's sustainability reporting	5, 18, 19
2-3	Reporting period, frequency and contact point	5
2-4	Restatements of information	-
2-5	External assurance	-
2-6	Activities, value chain and other business relationships	18-21
2-7	Employees	50-57
2-9	Governance structure and composition	58-62
2-11	Chair of the highest governance body	60-61
2-12	Role of the highest governance body in overseeing the management of impacts	86
2-19	Remuneration policies	93-94
2-22	Statement on sustainable development strategy	9, 36, 37
2-23	Policy commitments	59
2-29	Approach to stakeholder engagement	26-27

GRI 3: Material Topics 2021

3-1	Process to determine material topics	28
3-2	List of material topics	29-31 There have been no changes to our material issues for 2022
3-3	Management of material topics	30-31 The details of the material topics have been discussed in ESG at Emaar Section
	Topic Standards	
GRI 204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	57
GRI 302: Energy 2016		
3-3	Management approach	45
302-1	Energy consumption within the organisation	24, 45
GRI 303: Water and Effluents 2018		
3-3	Management approach	48
303-2	Management of water discharge related impacts	48-49
303-5	Water consumption	24, 48-49
GRI 306: Waste 2020		
3-3	Management approach	46
306-1	Waste generation and significant waste-related impacts	46-47
306-3	Waste generated	24, 46-47
306-4	Waste diverted from disposal	3, 7, 25, 46

GRI Standards	Disclosure	Reference of the pages in the Report
GRI 401: Employment 2016		
3-3	Management approach	50-54
GRI 403: Occupational health and safety 2018		
3-3	Management approach	53-54
403-1	Occupational health and safety management system	53-54
403-9	Work-related injuries	25, 53
GRI 404: Training and education 2016		
3-3	Management approach	51
404-1	Average hours of training per year per employee	51
404-3	Percentage of employees receiving regular performance and career development reviews	51
GRI 405: Diversity and equal opportunity 2016		
3-3	Management approach	52
405-1	Diversity of governance bodies and employees	3, 17, 25, 52
GRI 406: Non-discrimination 2016		
3-3	Management approach	52
GRI 408: Child labour 2016		
3-3	Management approach	Adherence to the UAE Labour Law
408-1	Operations and suppliers at significant risk for incidents of child labour	We understand that our greatest risk of child labour is within our supply chain and it is for that reason that we comply to the UAE Labour Law and there have been no incidences of non-compliance
GRI 409: Forced or compulsory labour 2016		
3-3	Management approach	Adherence to the UAE Labour Law
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	For the reporting year, zero incidences of forced or compulsory labour have been identified in our operations
GRI 414: Supplier social assessment 2016		
3-3	Management approach	57

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGS) INDEX

UN SDGs	Page No.
3 GOOD HEALTH AND WELL-BEING	25, 29, 36, 39, 50
6 CLEAN WATER AND SANITATION	25, 29, 36, 39, 42
7 AFFORDABLE AND CLEAN ENERGY	25, 29, 36, 39, 42
8 DECENT WORK AND ECONOMIC GROWTH	25, 29, 36, 39, 42, 50
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	25, 36, 39
10 REDUCED INEQUALITIES	29
11 SUSTAINABLE CITIES AND COMMUNITIES	25, 29, 36, 38, 42
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	25, 36, 38
13 CLIMATE ACTION	25, 29, 36, 38, 42
15 LIFE ON LAND	25, 29, 36, 38
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	29,
17 PARTNERSHIPS FOR THE GOALS	36, 38, 58

INDUSTRY CONTEXT AND PERFORMANCE

MANAGEMENT DISCUSSION AND ANALYSIS

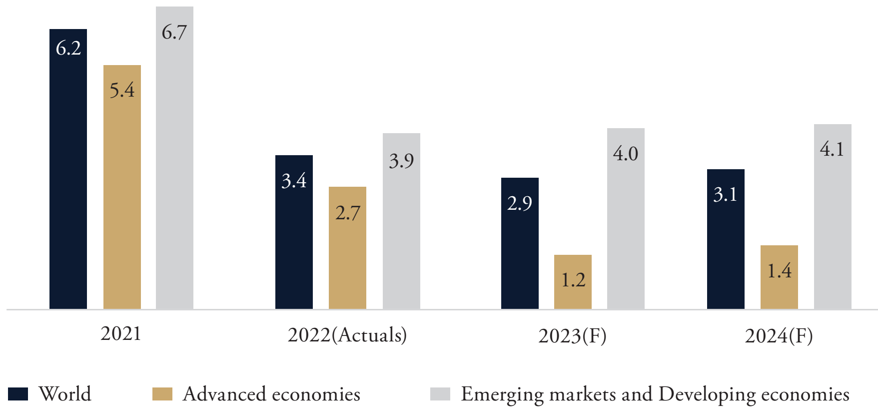
According to the IMF, the world economy grew at 3.4% in 2022 and is expected to slow down to 2.9% in 2023 before rebounding to 3.1% in 2024.

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.

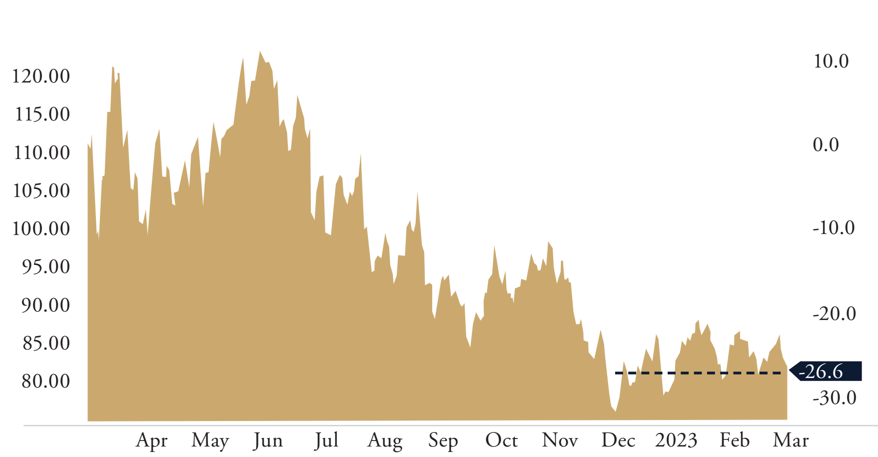
World Economic Outlook Projections (GDP growth %)



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

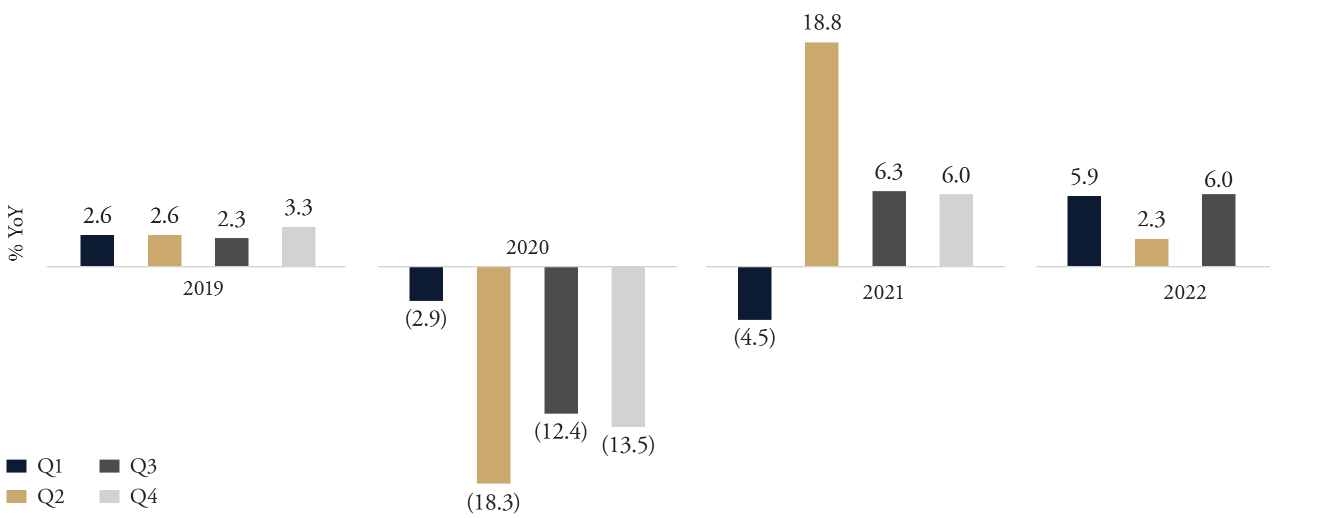
The UAE continues to maintain its status as one of the most competitive and highly advanced economies in the world, leveraging innovative strategies to boost economic growth and diversification. The country's continued economic growth and progress across major economic development indicators showcase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

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% with moderating inflation and non-oil sector delivering healthy growth.

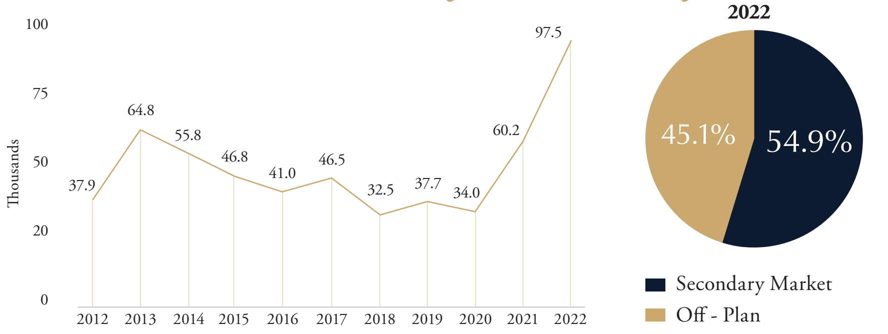
Realty Industry

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



Source: Dubai Land Department

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.

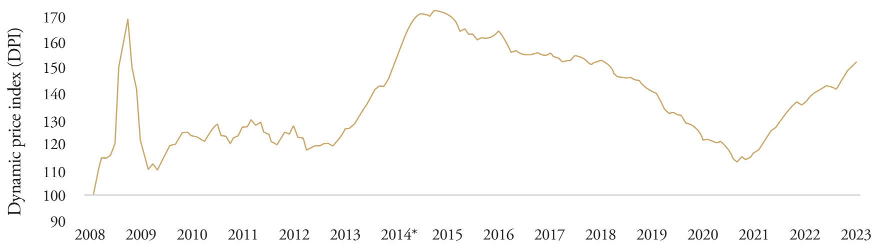
As a result, Dubai stood out in the global property marketplace with a 13.4% price surge in 2022. According to CBRE, as of December 2022, Dubai's average apartment prices reached AED 1,168 per sq ft and its average villa prices reached AED 1,365 per sq ft, which were 9.0% and 12.8% higher than last year 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



**Prices still lower than previous peak, however several communities have already surpassed their 2014 figures as on March 2023*

Source: Property monitor, CBRE

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

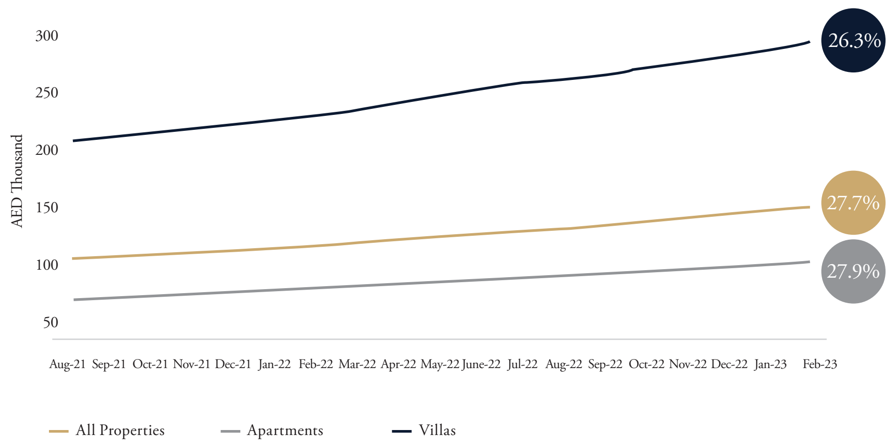
AED 1,365
Average villa price per square foot in Dubai

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



Source: CBRE Research/ REIDIN

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.

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.

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%

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

AED 30.7 Bn
(US$ 8.36 Bn)
Overall property sales (including sales related to non-consolidated JVs)

AED 11.5 Bn
(US$ 3.14 Bn)
Revenue

AED 4.2 Bn
(US$ 1.15 Bn)
EBITDA

27,000
Units under construction

AED 3.8 Bn
(US$ 1.04 Bn)
Net profit*

12%
YoY increase in property sales through Emaar Development (including sales related to non-consolidated JVs)

6,100
Units handed over in 2022

45%
YoY increase in revenue backlog from property sales

17%
Growth in Net profit* compared to previous financial year

**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.

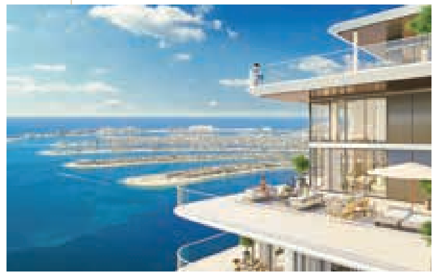
Arabian Ranches III

Elie Saab II

Bliss 2

Raya

Emaar Beachfront



Address the Bay

Beachgate by Address

Downtown Dubai

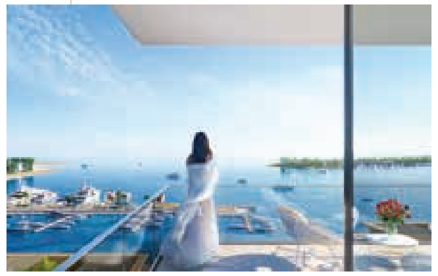
St. Regis Residences

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

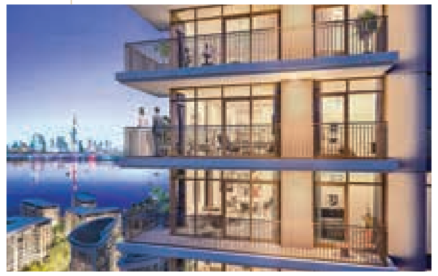
Hills Park

Address Hillcrest

Park Horizon

Projects Launched in 2022 Contd.

Dubai Creek Habour



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.

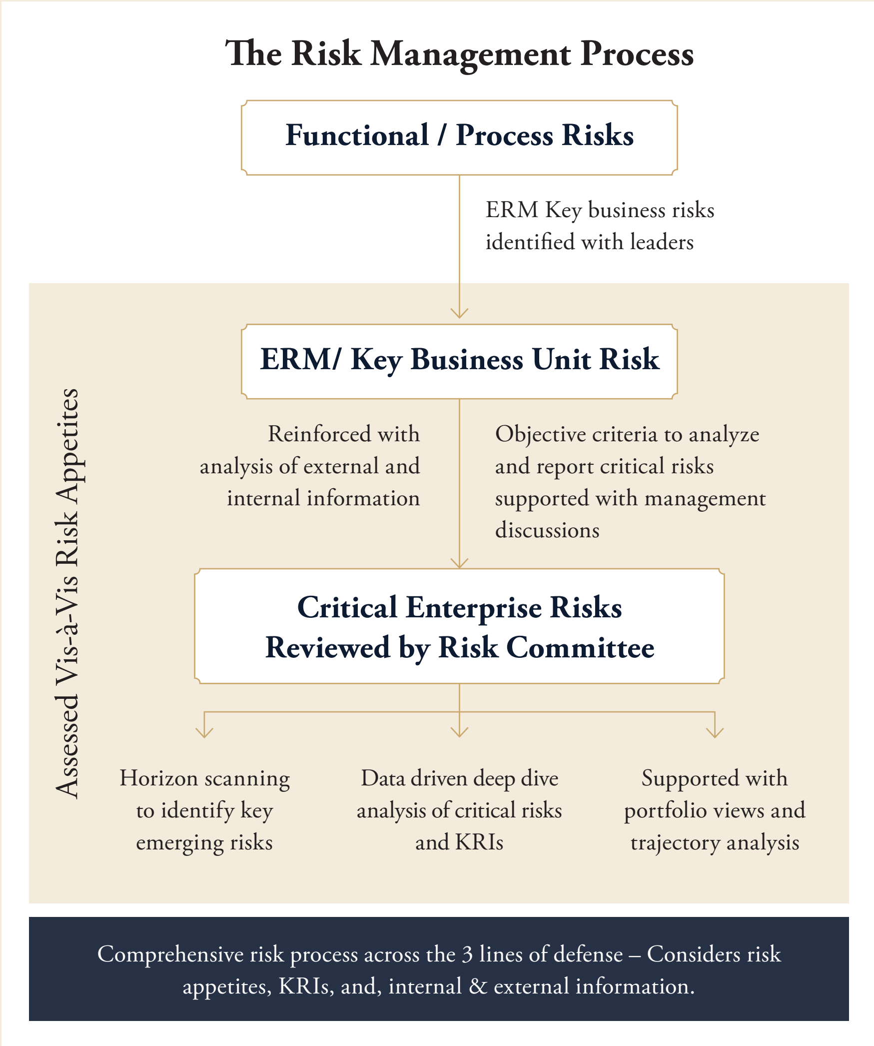
Our rigorous assessment process allows us to pinpoint risks and gauge their significance, reduce their effect, and equip us to adapt and create a secure and stable business climate, to construct our future. We have incorporated a comprehensive and holistic enterprise-wide risk management (ERM) framework 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 Cyclicality	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 ↗

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

This report is issued annually by Emaar Development PJSC (the "**Company**") pursuant to the provisions of Article 77 of Resolution No. (3/R.M.) of 2020 issued by the Chairman of the Board of Directors of the Securities and Commodities Authority concerning the Approval of Public Joint Stock Companies Governance Guide ("**Governance Guide**").

1 A clarification of the procedures adopted by the Company to satisfy the requirements of the Governance Guide in 2022, and how they were implemented:

Regarding the procedures adopted by the Company to satisfy the requirements of the Governance Guide in 2022, we would like to confirm that the corporate governance framework adopted by the Company in 2022 complied with all main requirements, and provisions, of the Governance Guide.

As for the Company's approach in applying the provisions of the Governance Guide, the Company implemented the various policies adopted by the board of directors of the Company ("**Board of Directors**" or "**Board**") in relation to governance, taking into account the interests of the Company, the shareholders and all other stakeholders, as follows:

A. Board of Directors:

The composition of the Board of Directors and its terms of reference comply with the requirements of the Commercial Companies Law, the Governance Guide and the articles of association of the Company ("**AOA**"), as well as with other relevant laws and resolutions. Best practices and standards related to the functioning of the Board are also applied to the extent possible to increase its effectiveness.

The Company adheres to the terms of reference set out by the Board of Directors in relation to its composition, operating procedures and responsibilities as follows:

1. The Board of Directors has generally complied with the main requirements of its terms of reference with regard to various matters including, but not limited to, the number of Board members and the balance required among its members according to the specified standards, the terms of membership and the responsibilities of the chairman of the Board ("**Chairman**"), and the number of meetings to be held, the quorum required for meetings, and the majority needed to make decisions, the conditions for decision-making and the technical skills required for membership of the Board.
2. The independent Board members confirmed their independent status during the year 2022 and the Company verified that the legal requirements regarding the minimum number of independent Board members are satisfied.
3. The Board of Directors recommended the payment of an annual bonus to directors for the year 2022 as outlined in section c.2 of this report, subject to approval by the Company's annual general meeting in accordance with the relevant laws, regulations and the AOA.
4. The Board acknowledged the responsibilities, duties, powers and other requirements necessary for its functioning through the terms of reference of the Board of Directors.
5. The duties and responsibilities of the Chairman of the Board of Directors include the duties enumerated in the Governance Guide and have been specified in the terms of reference of the Board of Directors.
6. The terms of reference of the Board of Directors outline the duties of the Company's management toward the Board of Directors. These duties include, but are not limited to, organising an induction program for new Board members and providing the Board with regular information to enable the Board to carry out its duties efficiently in accordance with the relevant laws, regulations and the Company's policies.
7. Some of the powers of the Board of Directors are delegated by way of a clearly defined authority matrix approved by the Board. This authority matrix is periodically reviewed and communicated to the relevant members of the management to comply with it.
8. Board members are subject to special disclosure obligations, including, but not limited to, disclosure of any positions they hold in other joint stock companies, any change to their independent status, dealings in Company's securities and any changes to the information they are required to submit annually as soon as such changes occur. Moreover, a Board member is required to provide full disclosures in respect of any matter being reviewed by the Board or any of its committees in which he has a conflict of interests.

B. Committees of the Board of Directors:

The Board of Directors established four committees, as follows:

(1) Audit Committee

(2) Nomination and Remuneration Committee

(3) Investment Committee

(4) Committee for monitoring Insiders Trading

Other committees may be established as may be decided by the Board. Each Board committee acts in accordance with its own terms of reference.

All terms of reference of the committees are approved either by the Board of Directors or by the concerned committee and these terms of reference are all consistent with the requirements of the Governance Guide. The terms of reference of the Board committees include, but are not limited to, the role of the committee, the requirements for its constitution, the duration of its membership, the duties and powers of its members and its operating procedures.

The requirements relating to independent and non-executive members in the composition of the Audit Committee and the Nomination and Remuneration Committee as provided in the terms of reference of these committees have been complied with.

C. Internal Control

The Board of Directors has established an internal control system in the form of an internal control policy. This system aims to assess the methods and procedures of risk management, ensure proper application of the Governance Guide, comply with applicable laws and regulations and internal policies, and review the financial information used in the preparation of the Company's financial statements. The Audit Committee assists the Board in overseeing the application of the internal control system, and the Internal Control Department coordinates the day-to-day operations related to this system.

The internal control policy requires that the Board of Directors periodically reviews the Company's internal control system.

D. External Audit

The external auditor is selected in accordance with the requirements of the Governance Guide, the AOA and the applicable laws and regulations.

Once the general meeting approves the appointment of auditors, the Audit Committee informs the external auditors of the conditions and restrictions related to their tasks, considering the requirements of the Governance Guide.

E. Code of Professional Conduct

The Company adopted a code of professional conduct outlining the ethical standards of the Company, its duties toward different stakeholders, its due diligence obligations and its commitment towards compliance with all relevant laws and regulations.

Members of the Board of Directors, employees and internal auditors abide by these rules in the performance of their duties.

F. Policy for dealing in securities issued by the Company

The Board of Directors established a policy governing all dealings in securities issued by the Company by Board members and employees to ensure compliance with applicable laws and regulations.

This policy requires Board members and employees to comply with the restrictions on dealing in securities, outlines the disclosure requirements related to permitted transactions and clarifies the prohibited acts in accordance with the provisions of such policy.

G. Policy Outlining Shareholders' Rights

The Board of Directors established a policy clarifying the shareholders' rights including those certain rights provided by applicable laws and regulations and the rights stated in the AOA.

The purpose of this policy is to enable and encourage the shareholders to exercise their rights effectively.

Corporate Governance Report (continued)

H. Disclosure Committee

A Disclosure Committee has been established by the Company comprising senior members of the management team. The objectives of the Disclosure Committee are to develop systems to ensure compliance with applicable laws and regulations related to disclosure, upholding the Company's image, providing transparency to the Company's current and future shareholders and other stakeholders and preventing exploitation of the stock market.

2 Statement of ownership and transactions of Board of Directors (Board) members and their spouses, their children in the company securities during 2022:

There are neither ownership nor transactions for the Board members or their spouses or children in the Company's securities during the year of 2022.

3 Composition of the Board of Directors:

a. The Board of Directors of the Company consists of seven members (7) as follows:

Name/Designation	Category (Executive/ Non-Executive, Independent/Non-Independent)	Memberships and Positions in Other Joint Stock Companies (in UAE) and Government Entities	Date of Appointment
Mr. Adnan Kazim Chairman	Non-Executive, Independent	Emirates - Chief Commercial Officer	*Date of Appointment: 20 November 2017 Duration of his term as a board member: 5 years*
Dr. Aisha Bint Butti Bin Bishr Vice Chairman	Non-Executive, Independent	1. University of Sharjah - The Computer System Advisory Board – Member. 2. University of Wollongong- Dubai - Board of Directors Member	*Date of Appointment: 20 November 2017 Duration of her term as a board member: 5 years*
Mr. Mohamed Ali Alabbar Executive Board Member	Executive, Non-Independent	1. Emaar Properties PJSC – Managing Director 2. Emaar Malls PJSC – Board member until 21 November 2021 (date of Merger between Emaar Properties PJSC and Emaar Malls PJSC)	*Date of Appointment: 20 November 2017 Duration of his term as a board member: 5 years*
Mr. Jamal Bin Theniyah Board Member	Non-Executive, Non-Independent	Emaar Properties PJSC – Chairman	*Date of Appointment: 20 November 2017 Duration of his term as a board member: 5 years*
Mr. Ahmed Jawa Board Member	Non-Executive, Non-Independent	Emaar Properties PJSC – Vice Chairman	*Date of Appointment: 20 November 2017 Duration of his term as a board member: 5 years*
Mr. Abdulla Al Awar Board Member	Non-Executive, Independent	1. Emirates International Accreditation Centre (EIAC) – Board Member 2. Emirates NBD Real Estate Investment Trust – Oversight Committee Member 3. Knowledge Fund Establishment – CEO 4. Taleem PJSC – Board Member	*Date of Appointment: 20 November 2017 Duration of his term as a board member: 5 years*
Mr. Khalid Al Halyan Board Member	Non-Executive, Independent	Dubai Aviation City Corporation – Chief Audit Executive	*Date of Appointment: 21 June 2020 Duration of his term as a board member: 2 years and 6 months*

Experience and Qualifications of Board of Directors:

The Members of Board of Directors have the below experience and qualifications:

Mr. Adnan Kazim, Chairman:

Adnan Kazim is the airline's Chief Commercial Officer reporting to the President Emirates Airline.

He leads Emirates' Commercial Operations across the airline's vast network of nearly 160 destinations in 86 countries including e-Commerce, Retail & Contact Centres, the Emirates Skywards loyalty programme and Emirates SkyCargo.

He also heads the airline's Strategic Planning and Revenue Optimisation teams, which are critical functions that play an integral role in the airline's commercial success.

Adnan joined Emirates in 1992. His career graph rose quickly, and he went on to successfully lead the airline's commercial regions in senior management roles that included Senior Vice President Gulf, M.E. & Iran, and Senior Vice President Africa.

His broad experience helped him transition into a leadership role to shape the airline's strategy of growth in the areas of Fleet Planning, market expansion and governmental relations. Prior to his current role, he held the position of Divisional Senior Vice President, Strategic Planning, Revenue Optimisation & Aeropolitical Affairs.

Adnan graduated from the UAE University in Al Ain.

Adnan is on the Board of Emirates Airline Foundation, a non-profit charity organisation which aims to improve the quality of life for children caught in extreme poverty worldwide.

In December 2020, Emaar Development, a leading property and lifestyle developer owned by Dubai-based Emaar Properties, named Adnan as the new chairman of the company board.

In September 2022, Adnan was appointed to the Board of Directors of the Transguard Group, the UAE's leading provider of business support and outsourcing solutions, and a joint venture company between the Emirates Group and Al Hail Holding.

Dr. Aisha Bint Butti Bin Bishr, Vice Chairman:

Her Excellency Dr. Aisha Bint Buti Bin Bishr is the vice chairman of Emaar Development board since Dec 2020. Bin Bishr is a global digital magnate and the former founding Director General of Smart Dubai in the United Arab Emirates. With the distinction of being the first woman to lead the transformation of a smart city globally, she has laid a robust foundation for upcoming talent and inspires youth towards building a better tomorrow through digitalisation.

Bin Bishr is considered an Emirati global ambassador for digitalisation being a renowned thought leader advocating the humanisation of technology to create better urban smart future. She is among the world's most powerful women leaders in business and technology, with Forbes ME ranking her among the Middle East's Top 10 most powerful businesswomen.

She was the Director General of the Smart Dubai Department, UAE between 2015-2020, the government entity entrusted with Dubai's city-wide smart digital transformation by His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai.

Dr. Aisha also led the creation of 'The Smart City Index' - the first-ever benchmark for smart city implementation across the globe in cooperation with ITU and the United Nations. As an acclaimed digital transformation and Smart Cities thought leader globally, she represented Smart Dubai in City Protocol Society, Smart City Expo World Congress and GSMA.

In addition to her responsibilities at Smart Dubai, Her Excellency was a member of the Dubai Council under the Government Development Track until July 2020. Her Excellency also was the Chairperson of the Dubai Future Council for Blockchain, which was launched as part of the Dubai Future Councils initiative by His Highness Sheikh Hamdan Bin Mohammed Bin Rashid Al Maktoum, Crown Prince of Dubai and Chairman of the Executive Council of Dubai, to assess and develop the future of key industry sectors in Dubai over the next 50 years. Dr. Aisha also heads The Council of Happy Cities (part of the World Happiness Council), is the Chairperson of the SDG 11 Global Council, and is the only woman from the Middle

Corporate Governance Report (continued)

East to be a member of the Gartner Global CIO Research Board.

Additionally, Her Excellency serves as a member of the World Economic Forum's Global Future Councils and The Fourth Industrial Revolution's Smart Cities Readiness Index Team – an initiative also led by WEF. Her Excellency is also a Board Member at the Higher Colleges of Technology, UAE and a member of Emaar's Board Committee until Dec 2020.

Dr. Aisha was also a member of the board at the UAE AI Council, the Computer System Advisory Board, the Leadership Team for Smart Services and Digital Infrastructure, and she is a member of the Advisory Board of the College of Computing and Informatics at the University of Sharjah, the University of Wollongong, and the World Happiness Council.

Dr. Aisha co-led the creation of the U4SSC's Key Performance Indicators (KPIs) for Smart Sustainable Cities (SSC) – the first-ever benchmark for smart city implementation across the globe, drafted in cooperation with the International Telecommunication Union and the United Nations. As an acclaimed digital transformation and smart cities thought leader globally.

Prior to her current role, Dr. Aisha served as Assistant Director General of Dubai Executive Office and Assistant Undersecretary of the UAE Ministry of Labour during her illustrious career. Throughout her 29 years experience in ICT development, Dr. Aisha committed herself to humanising digital transformation, from developing technologies to transforming human experiences.

Education

Dr. Aisha holds a Doctor of Philosophy (PhD), Management on Science, Technology and Innovation, as well as a Master of Philosophy (MPhil), Policy and Research on Engineering from Science and Technology University of Manchester. She also graduated from the "Young Leaders" Program organized by the Mohammed bin Rashid Center for Leadership Development.

Awards

The incredible work of Dr. Aisha is recognised globally. She has received numerous accolades which include, the 'Digital Transformation Award' at the Achieving Women Awards 2019, 'Excellence in Strategic Leadership Award 2017' by Entrepreneur Middle East's Enterprise Agility Awards; Leadership in Digital Transformation by .GOV, 'Outstanding Alumni Award 2017' from The University of Manchester ME Centre; 'Woman In Government' Award at the Arab Women Awards 2016, 'Woman in Public Sector Award' from Global Women in Leadership Economic Forum 2015; 'Community Service Medal 2013' by Lt. General HH Sheikh Saif Bin Zayed Al Nahyan, Deputy Prime Minister and Minister of Interior ; and the 'Middle East Woman Leader in Corporate Management Excellence 2012' by Middle East Women Leaders Excellence Awards.

In addition, she has been honoured by the Swedish Embassy, Trade Council, and Ericsson, in recognition of her role in implementing the Smart City Vision of Dubai's leadership. In February 2020, Dr. Aisha was recognised as one of the Middle East's Top 10 most powerful businesswomen by Forbes Middle East.

Mr. Mohamed Ali Alabbar, Executive Board Member:

Founder & Managing Director of Emaar Properties
https://www.emaar.com/

Founder & Director of Noon.com
https://www.noon.com/

Chairman of Eagle Hills
https://www.eaglehills.com/

Chairman of Americana Group
https://americana-group.com/

Mr. Mohamed Ali Alabbar is a global entrepreneur with active interests in real estate, retail, hospitality, e-commerce, technology, logistics, F&B and venture capital.

Experience

Since 1997, he has been at the forefront of global real estate, leading marquee real-estate development companies such as Emaar Properties (developer of world's tallest building) and Eagle Hills (leading emerging markets real estate developer). He has spearheaded the growth of Emaar Properties attaining unmatched track record of successfully developing iconic futuristic residential, retail, entertainment, hospitality & leisure assets transforming the lifestyles of people globally. Over the years he has developed world-class mixed used projects, including his retail businesses, across 20+ markets of Middle East, North & Sub Saharan Africa, Central & Eastern Europe and South & South East Asia and US.

Business Acumen

In addition, he has driven the growth of several regional players into world-renown sector champions including Americana Group (a multibillion-dollar food business, the largest integrated food company in the Middle East) and noon.com (the leading e-commerce platform in the region). He was also the Chairman and Co-founder of RSH Limited, a leading pan-Asian and Middle Eastern marketer, distributor, and retailer of internationally renowned sports, golf, active lifestyle, and fashion brands with a portfolio of over 70 brands and a distribution network spanning more than 40 countries in the Asia-Pacific and Middle East region, as well as more than 1000 freestanding stores and shops-in-shops. Mr. Alabbar is also shareholder in Artstreet Limited which owns interests in real estate business. He is the Chairman of Zand, one of the world's first combined digital corporate and retail bank to launch from the UAE.

Education

A graduate in Finance and Business Administration from the Seattle University in the US, also holds an Honorary Doctorate from Seattle University, an Honorary Doctorate from London School of Economics and Political Science and an Honorary Doctorate from Sun Moon University in South Korea.

Mr. Jamal Bin Theniyah, Board Member:

Mr. Jamal Bin Theniyah, born in 1958, holds a bachelor degree in Public Management.

Mr. Bin Theniyah joined Port Rashid in October 1981 and has progressed through the management up until May 1991 when Dubai Government merged port Rashid with Jebel Ali port under Dubai Ports Authority (DPA) and he was appointed as Assistant Managing Director.

In the year 1999, one of the first initiatives of Mr. Theniyah along with DPA chairman in the international port operation market encompassing, Beirut, Djibouti and Jeddah led to the creation of Dubai Ports International (DPI).

In 2001 he has been appointed as a Managing Director to master plan the development of Jebel Ali as one of the biggest terminal in the world increasing its capacity from 20 million TEUs at that time to 50 million TEUs.

In 2004, Mr. Bin Theniyah played a major role in the acquisition of Sealand world terminals to give DPI a real international footprint.

Jamal Majed Bin Theniyah is the Co-Founder of DP World, the 4th largest port operator in the world with a capacity of 100 million TEUs as in the year 2006, DPI conclude the acquisition of P&O Ports to become the 3rd largest port operator in the world and DPW was created to become a real international port operator company worth USD 22 billion.

In 2006, Mr. Bin Theniyah has been appointed a Vice Chairman and GCEO of Ports & Freezone world, which include DP World, Freezone world and P&O Ferries until his retirement in January 2017.

In 2008, following the global crisis, Mr. Bin Theniyah led the restructuring of Dubai World, a conglomerate in the real estate (Nakheel), private equity (Istithmar) and Dry dock world.

Since 2012, Mr. Bin Theniyah sits as an independent member on the board of Directors of Emaar Properties, and have previously served as a board member in different entities.

In September 2017, Mr. Bin Theniyah has been elected as a non-executive board member of Emaar, the Economic City.

Mr. Bin Theniyah is a common speaker in the international ports and maritime conferences and is amongst few who won 3 international prestigious awards:

In 2006, he won Lloyds list personality of the year,

In 2007, he won the personality of the year by Seatrade,

Corporate Governance Report (continued)

In 2010, he won the highest lifetime award by Seatrade "the life time achievement award".

Mr. Bin Theniyah is known and well respected by the major international ports operators and shipping lines and has the knowledge of developing large scale port operation and logistic zone including the business knowledge process in the shipping line routs and rotations.

Mr. Ahmed Jamal Hassan Jawa, Board Member:

Mr. Ahmed Jawa embodies the Middle East's success story. As Chairman of Starling Holding Limited, Mr. Jawa has continually set business and entrepreneurial excellence standards.

The renowned Saudi Arabian entrepreneur established Starling Holding, an international investment group dedicated to private equity and venture capital, just after graduating from college, when private equity was in its infancy in the Middle East region.

Mr. Jawa's impeccable corporate expertise in oil and gas, healthcare, hospitality, home entertainment, and real estate development helped grow Starling Holding into a global investment leader, with business interests in the Middle East, Europe, USA, North Africa, and South Asia.

His business acumen was recognised in 1996, at the highest level, when he was honoured as one of the 'Global Leaders of Tomorrow' at the World Economic Forum in Davos, Switzerland.

Mr. Jawa's expertise and entrepreneurial skills have seen him become a trusted advisor for global companies that operate in the Middle East.

He is the Vice-Chairman of Emaar Properties, the developer of global icons including Burj Khalifa and Downtown Dubai, and Chairman of its Emaar Properties' Risk Committee. He is also a member of its Audit Committee and its Nomination & Remuneration Committee and Investment Committee, offering advice on Emaar's global expansion plans.

Mr. Jawa is also a Board Member of Emaar Development, the leading developer of residential and commercial build-to-sell assets in the UAE, and a member of its Investment Committee and Nomination & Remuneration Committee.

In addition, Mr. Jawa is also on the Board of National Pipe Company Ltd (NPC), a joint-venture between Saudi-based enterprises and Sumitomo Corporation Group of Japan that manufactures and supplies quality pipes for the oil, gas, water and construction services.

Mr. Jawa is a former Chairman of Emaar Middle East (KSA), developer of high-value projects in the Kingdom of Saudi Arabia.

He is a former Chairman of Emaar Turkey and a former Board member of Emaar Misr's in Egypt, he was also the Chairman of its Audit Committee and a member of its Investment Committee.

In addition, he is a former Board member of RAK Petroleum, an Oslo Børs-listed oil and gas investment company and had served as the Chairman of its Audit Committee.

He is a former member of the Board of 'Emaar, The Economic City' and its Nomination & Remuneration Committee. A public joint-stock company listed on the Saudi Stock Exchange (Tadawul), 'Emaar, The Economic City' is undertaking the modernization and execution of King Abdullah Economic City, the largest master-planned community of its kind in the Middle East region.

Mr. Jawa was previously Chairman of Disney Jawa Enterprises, which introduced a range of Walt Disney licenced products to the Middle East region. He was the Chairman & CEO of Stallions Home Video, which redefined home entertainment in the region, and Coflexip, a joint venture with France's Elf Aquitane, to lay underwater pipes for crude oil distribution.

Mr. Jawa holds a Master's in Business Administration (MBA) and a Bachelor of Science in Business Administration, from the University of San Francisco. He is fluent in Arabic, English, and French.

Mr. Abdulla Mohammed Al Awar, Board Member:

Abdulla is currently the Chief Executive Officer of Dubai Government's Knowledge Fund Establishment.

Formerly, Al Awar was the Chief Executive Officer of the Dubai International Financial Centre Authority in 2009. Throughout his 8-year tenure in DIFC, starting in 2004, Al Awar held multiple executive positions, capitalising on his exceptional skills in the areas of Strategic planning, Management operations and financial supervision to help develop the Dubai International Financial Centre to be a global financial Centre.

In 2013, Al Awar was appointed the CEO of the Dubai Islamic Economy Development Centre. From its inception, the Centre was responsible to implement the insightful vision of His Highness Sheikh Mohammed Bin Rashid Al Maktoum, UAE Vice President and Prime Minister, Ruler of Dubai for making Dubai the global capital of the Islamic Economy sectors. The Centre partnered with all the competent entities in the public and private sectors in implementing the strategy of "Dubai: The Capital of Islamic Economy" by innovating initiatives that contribute to the development of the economic diversification in Dubai such as Islamic finance, the Halal products industry and the Islamic lifestyle sectors.

Al Awar is a Board Member of Emaar Development PJSC, Taaleem PJSC and the Emirates International Accreditation Centre. He is also a member of the Oversight Committee of the ENBD REIT. He has previously also served as a member of several committees and councils in Dubai including the Economic Committee of the Executive Council of the Emirate of Dubai, the Dubai Free Zones Council, Borse Dubai and the Investment Committee of the ENBD REIT.

Abdulla holds a Bachelor's Degree of Science in Business Administration from the University of Colorado at Boulder in the United States. He is also a graduate of the Mohammed Bin Rashid Program for Leadership Development, a Dubai Government-run Executive Education program for executives in the public and private sectors in Dubai, which was conducted in the affiliation with Cranfield University in the UK, IMD and INSEAD.

Mr. Khalid Salem Al Halyan, Board Member:

Mr. Khalid Salem Al Halyan is a business professional with over 40 years of senior level experience spanning a number of industries. Mr. Khalid Al Halyan is currently the group Chief Audit Executive at Dubai Aviation City Corporation (DACC). His career has seen him hold senior positions at the UAE Central Bank, the Department of Economic Development (DED), Dubai, and in the aviation industry where he played a key role in the establishment of the new Dubai Airport Free Zone (DAFZA) and head up the Finance Department, before moving on to establish the Group Internal Audit & Risk Assessment (GIARA) function at DACC. Mr. Khalid Al Halyan has also supported the establishment of DED, Emaar Properties, the UAE Internal Audit Association, the UAE Golf Association and restructured projects for DUBAL, Dubai World Trade Centre, Dubai Civil Aviation, UAE Central Bank Banking Supervision, and realized the construction of a new facility for the Al Noor Special Needs Centre in Dubai. He currently serves as Vice President of the UAE Internal Audit Association (affiliated to the Institute of Internal Auditors (IIA), USA), is Chairman of Al Noor Special Needs Centre in Dubai, Board member of Al Salam Bank, Bahrain, Chairman of Emaar South, Dubai, board member of Emaar Development, Board member of Amlak Finance PJSC, and he has recently become a member at the Board of Trustees of American University in the Emirates. Mr. Khalid Al Halyan holds an MBA degree from Bradford University in the UK, and a BBA from the UAE University, Al Ain.

b. A clarification on women's representation in the Board of Directors in 2022:

Dr. **Aisha Bint Butti Bin Bishr** represents women in the Board of Directors for the year 2022 and was originally appointed by the constitutive general meeting of the Company on 20 November 2017 and re-elected on 21 June 2020.

The Company further confirms its continuous support and commitment to provide equal opportunities to women. The Company has always believed in the capabilities, skills and expertise of women and this was demonstrated through the appointment of women in the highest positions within the management of the Company.

c.1. Total remuneration paid to members of the Board of Directors of the Company for the year 2021:

The total remuneration of the Board members of the Company for the year 2021 was paid as approved by the annual general meeting of the Company and set out in 2022 Corporate Governance Report of the Company.

Corporate Governance Report (continued)

c.2. Total remuneration proposed to be paid to members of the Board of Directors for the year 2022:

The Board of Directors propose six hundred fifty thousand UAE Dirhams (AED 650,000) for each non-executive director as the remuneration to be paid to them for the year 2022, subject to approval by the annual general meeting of the Company.

c.3. Allowances paid to Board members during the year 2022 for attending meetings of Board committees:

It was decided to pay an amount of two hundred eighty four thousand UAE Dirhams (AED 284,000) as allowances for attending meetings of the Board committees for the year 2022 as shown in Annex B-1, at the rate of twelve thousand UAE Dirhams (AED 12,000) per meeting for chairmen of committees and ten thousand UAE Dirhams (AED 10,000) per meeting for members of the committees. No allowances will be paid to any executive Board member for attending meetings of committees. Allowances were distributed as shown in Annex B-1.

c.4. Details of the additional allowances, salaries or fees received by a Board member other than the allowances for attending the committees and their reasons:

There are no additional allowances, salaries or fees received by a Board member other than the allowances for attending the committees.

d. Number of Board Meetings held during the year of 2022:

The Board of Directors held five (5) meetings during the fiscal year of 2022 on the following dates to discuss matters that do not require disclosure as per the relevant disclosure and transparency regulation issued by the Securities and Commodities Authority:

17 March 2022
21 April 2022
29 June 2022
5 October 2022
7 December 2022

The personal attendance of Board members is indicated in Annex B-2 attached to this report.

e. Number of the Board resolutions passed by circulation during the 2022 fiscal year, along with convening dates:

The Board of Directors issued nine (9) resolutions by circulation during the Fiscal Year 2022, on the following dates regarding matters that do not require disclosure as per the relevant disclosure and transparency regulation issued by the Securities and Commodities Authority:

3 January 2022
12 January 2022
17 March 2022
17 March 2022
4 May 2022
7 June 2022
7 June 2022
24 November 2022
24 November 2022

f. Delegation of Authority:

The Board of Directors delegated to the executive management powers relating to various matters such as the powers to approve construction contracts, consultancy services, operating expenses and banking transactions within certain financial limits. This delegation of powers is reviewed each year.

g. Related Party Transactions:

Please refer to Annex M attached to this report which provides the key related party transactions which are equal to 5% or more of the Company's capital, in accordance with the definitions provided for these terms in both IFRS and Governance Guide during 2022.

h. Organisational structure of the Company:

Please refer to Annex C attached to this report which includes the Company's organisational structure as of 31 December 2022.

i. Senior Executive Employees:

Please refer to Annex D attached to this report which includes a list of the Company's senior executive employees, date of appointment, total salaries and allowances paid in 2022.

4 External Auditor:

a) Brief Background on the External Auditor:

KPMG is a global network of independent member firms offering audit, tax and advisory services. KPMG member firms operate in over 143 countries, collectively employing more than 265,000 people. KPMG Lower Gulf Limited is a provider of audit, tax and advisory services to a broad range of domestic and international clients across all sectors of business and the economy. KPMG Lower Gulf Limited has been operating in the UAE for more than 50 years through its offices in Abu Dhabi, Dubai and Sharjah, which together comprise more than 190 partners and directors and over 2,160 employees.

The KPMG Middle East, South Asia and Caspian ('MESAC') region comprises member firms operating in 21 countries and territories. The MESAC region covers more than 30 office locations and has over 10,000 professionals and associates. The MESAC region is comprised of KPMG member firms operating in: Armenia, Azerbaijan, Bangladesh, Bahrain, Egypt, Georgia, Iraq, Jordan, Kazakhstan, Kyrgyzstan, Kuwait, Lebanon, Oman, Maldives, Palestine, Pakistan, Qatar, Saudi Arabia, Sri Lanka, United Arab Emirates and Uzbekistan.

b) KPMG was the first major firm of its kind to organise itself along industry lines – a structure which enabled them to develop in-depth knowledge of their clients' businesses and to provide them with an informed perspective. Over the years, KPMG has developed specialist industry and discipline groups to meet client requirements for professional advisors who understand and are experienced in a wide variety of business fields. KPMG have significant experience across key geographic areas and are engaged with leading industry players on a range of issues critical to the future of their industries. In addition to having many of the Middle East's leading organisations and government-related entities as its clients, KPMG in the Lower Gulf has been party to numerous milestone engagements in the region.

Audit Fees:

A table is attached to this report (Annex A) showing the total fees and costs related to the audit and other services provided by external auditors, including the details and nature of the services provided, and a statement of the other services provided by external auditors other than the Company's auditor in 2022, in addition to the number of years served as an external auditor of the Company.

c) A clarification of any qualified opinion provided by the Company's external auditor:

The auditor's report did not provide any qualified opinion regarding the interim or annual financial statements for the year 2022.

5 Audit Committee:

a) Mr. **Abdulla Al Awar**, as the Chairman of the Audit Committee, acknowledges his responsibility for the committee's system in the Company, for reviewing its working mechanism and for ensuring its effectiveness.

b) Composition and Functions:

The composition of the Company's Audit Committee during the year 2022 was as follows:

1 Mr. **Abdulla Al Awar** (chairman).

2 Dr. **Aisha Bint Butti** (member)

3 Mr. **Khalid Al Halyan** (member)

The committee has many functions, including developing and implementing the policy for appointment of external auditor and following up and monitoring its independence, as well as discussing the nature and scope of the audit process and its effectiveness in accordance with the applicable auditing standards. It also monitors the integrity of the Company's financial statements and reports, considers any significant and/or unusual items that are or must be included in these reports, and reviews the financial controls, internal controls and risk management systems, as well as the Company's financial and accounting policies and procedures.

The Audit Committee oversees the Company's compliance with the code of professional conduct, ensures the proper discharge of its duties as set out in its terms of reference in accordance with the powers entrusted to it by the Board. The Audit Committee established practical tools to enable the employees to report any potential violations related to financial reports, internal controls or other violations and takes the necessary actions in this regard; it also reviews and approves related party

Corporate Governance Report (continued)

transactions in accordance with the policies adopted by the Board in this regard.

c) **Meetings and Attendance:**

The committee held its meetings during 2022 to discuss matters relating to financial statements and other matters as follows:

7 February 2022
14 March 2022
9 May 2022
8 August 2022
7 November 2022

The personal attendance of the members of the committee is shown in Annex B-1 attached to this report.

6 Nomination and Remuneration Committee:

a) Dr. **Aisha Bint Butti**, as the Chairman of the Nomination and Remuneration Committee, acknowledges her responsibility for the committee's system in the Company, for reviewing its working mechanism and for ensuring its effectiveness.

b) **Composition and Functions:**

The composition of the Company's Nomination and Remuneration Committee during the year 2022 was as follows:

1 Dr. **Aisha Bint Butti** (chairman)

2 Mr. **Ahmed Jawa** (member)

3 Mr. **Abdulla Al Awar** (member)

The committee's principal role consists of reviewing several issues, including, but not limited to, monitoring the independent status of independent board members on a continuing basis, setting out the policy for granting bonuses, benefits, incentives and salaries to Board members and employees, determining the Company's requirements for various skills and competencies, preparing the Company's policies on human resources and regulating and organising and monitoring the procedures for nomination of Board members.

c) **Meetings and Attendance:**

The committee held its meeting during 2022 as follows:

10 March 2022

The personal attendance of the members of the committee is shown in Annex B-1 attached to this report.

7 Investment Committee:

a) Mr. **Mohamed Ali Alabbar**, as the Chairman of the Investment Committee, acknowledges his responsibility for the committee's system in the Company, for reviewing its working mechanism and for ensuring its effectiveness.

b) **Composition and Functions:**

The composition of the Company's Investment Committee during the year 2022 was as follows:

1 Mr. **Mohamed Ali Alabbar** (chairman)

2 Mr. **Jamal Bin Theniyah** (member)

3 Mr. **Ahmed Jawa** (member)

4 Mr. **Adnan Kazim** (member)

5 Mr. **Khalid Al Halyan** (member)

The committee's principal role consists of reviewing several issues, including, but not limited to, the Company's new investments, feasibility studies and related financing transactions.

c) **Meetings and Attendance:**

The committee held its meetings during 2022 as follows:

15 March 2022
21 April 2022
04 October 2022

The personal attendance of the members of the committee is shown in Annex B-1 attached to this report.

8 Committee for Monitoring Insiders Trading:

a) Dr. **Aisha Bint Butti**, as the Chairman of the Committee for Monitoring Insiders Trading, acknowledges her responsibility for the committee's system in the Company, for reviewing its working mechanism and for ensuring its effectiveness.

b) **Names of members of the Committee for Monitoring Insiders Trading, its scope of work and responsibilities**

The members of the committee during the year 2022 are Dr. Aisha Bint Butti Bin Bishr and Mr. Richard Nigel Shirley (Head of Projects).

The committee is responsible for managing, monitoring and supervising trading and ownership of securities of the Company by insiders, maintaining a register of their names and submitting periodic statements and reports to the stock market.

c) **Summary of the Committee's activities report for 2022**

The committee prepared and updated the register of insiders and informed the individuals named in the register about the requirements to comply with the insiders trading policy and requested them to ensure compliance with these requirements and to notify the committee when they trade in the Company's shares.

9 Internal Control System:

The Board of Directors has established an internal control system in the form of an internal control policy. This system aims to assess the methods and procedures of risk management, ensure proper application of the Governance Guide, comply with applicable laws and regulations and internal policies, and review the financial information used in the preparation of the Company's financial statements. The Audit Committee assists the Board in overseeing the application of the internal control system, and the Internal Audit Department coordinates the day-to-day operations related to this system.

The Internal Audit Department performs the internal control function under the supervision of the Audit Committee and the direction of the Board of Directors. The Department follows the rules governing the Company's internal control activities. The Board of Directors acknowledges its responsibility for the Company's internal control systems, for reviewing its methods of operation and confirms the effectiveness of internal control systems.

Mr. Irfan Sadiq serves as the Head of Audit since his appointment on 14 May 2014, and he is also the compliance officer of the Company and holds the following qualifications:

Chartered Certified Accountant (FCCA), United Kingdom.

Certified Public Accountant (CPA), United States of America.

Chartered Professional Accountant (CPA), Canada.

Certified Internal Auditor (CIA), United States of America.

Certified Fraud Examiner (CFE), United States of America.

The Internal Audit Department assists the Company in achieving its objectives by following a systematic and disciplined approach to assess and improve the efficiency of risk management, control systems and governance processes. In the event of material violations falling within the scope of the Internal Audit Department or identification of issues that must be disclosed in the annual report, a report is prepared regarding the matter and submitted to the Audit Committee which then take the necessary measures to deal with each of these cases, including requesting the management to provide essential clarifications or to take the needful actions to ensure effective resolution.

During 2022, the Audit Committee received reports and memorandums from Internal Audit Department on operational effectiveness, financial reporting and compliance with the Company policies including applicable laws and regulations. The Audit Committee is assisting the Board of Directors in overseeing the application of internal control systems and presented to the Board of Directors the details of the Internal Audit Department's reports and memorandums together with the minutes of the Audit Committee meetings for their records. The number of audit reports and memorandums issued to the Audit Committee are 14 reports.

Corporate Governance Report (continued)

10 Violations:

The Company did not commit significant violations of the Governance Guide during 2022.

11 Local community development and environmental conservation:

The Company, through Emaar Community Management, launched a number of initiatives related to the development of the local community, such as:

+ In an endeavor to promote community spirit and meet the Sustainable Development Goals 15 'Life on Land'; and to encourage residents to take an active interest in beautifying their private gardens, Emaar organised the Community Garden Challenge for residents of our villa communities in Emirates Living, Arabian Ranches I & II, Reem, Polo Homes, Dubai Hills Estate and Emaar South.
+ Emaar values its young residents and recognises their future potential to have a positive impact on humanity. Emaar launched the ECO Kids drawing contest to emphasise the significance of conservation and encourage their creativity. This was a contest for young residents to increase their awareness of the planet and its environment through art.
+ Emaar is committed to the UAE's vision of becoming a global leader in green development by promoting environmental health, adopting clean production methods, and reducing environmental impact. This initiative included the installation of charging stations for electric vehicles in six residential communities.
+ Emaar launched the "Kill the Bill" initiative that encouraged residents of Emaar communities to reduce their power and water consumption.

12 General Information:

a. Please refer to Annex E of this report for information on the Company's share price in the financial market at the end of each month during year 2022.

b. Please refer to Annex F regarding the comparative performance of the Company's shares as opposed to the market index and the sector index to which the company belongs, during year 2022.

c. Please refer to Annex G for categories of shareholders as of 31 December 2022.

d. Please refer to Annex H for categories of shareholders by reference to the size of their percentage shareholding as of 31 December 2022.

e. Please refer to Annex I for a list of shareholders holding 5% or more of the Company's capital.

f. Please refer to Annex J for the significant events that took place in the Company in 2022.

g. Please refer to Annex M for Related Party transactions carried out in 2022 and which value is 5% or more of the Company's capital.

h. Emiratization percentage in the Company at the end of 2020, 2021 and 2022 is as follows:

2020: 11%

2021: 7.1%

2022: 7.3%

i. Please refer to Appendix K for the list of innovative projects and initiatives implemented by the Company or which were under development during 2022.

j. Investor Relations Guidelines:

The name and contact information of the Investors' Relations Manager:

Mr. Abhay Singhvi

Contact Information:

+ Tel No.: 04 362 7466
+ Email: investor-relations@emaar.ae

The Investor Relations webpage link on the Company's website:

+ Link: https://www.emaar.com/en/investor-relations

k. Special Resolutions presented to the Annual General Meeting held in 2022 and the procedures taken in relation to the same:

By virtue of a Special Resolution, to approve few Articles in the Company's Articles of Association to comply with the provisions of the Companies Law (the amended Articles were published on the Company's website and DFM website before the date of this General Assembly Meeting).

The name of the Company Secretary and the date of her appointment:

Mrs. Rana Mattar was appointed as Company Secretary on 13 December 2020.

Rana joined the corporate legal department of Emaar in March 2008. She has been appointed as Company Secretary of Emaar. Rana started her career in 2000 with Abousleiman & Partners one of the leading law firms in Lebanon. She joined the inhouse legal department of BankMed in Lebanon in 2005 before relocating to Dubai. Rana studied law in Lebanon, France and the United States. She holds an LL.M. in Business Law from USJ – Panthéon-Assas Paris II and an LL.M. in US Law from Washington University in St. Louis, USA. Rana is a member of the Lebanese Bar Association and a certified company secretary from Hawkamah.

Rana has resigned effective 05 August 2022 and we are currently in the process of appointing a new Company Secretary.

Adnan Kazim
Chairman

Aisha Bint Butti Bin Bishr
Chairman of the Nomination and Remuneration Committee

Abdulla Al Awar
Chairman of the Audit Committee

Director of the Internal Control Department (Acting)

Date: 27 March 2023

Corporate Governance Report (continued)

ANNEX A

Audit fees Table Report

Name of the audit firm and partner auditor	KPMG - Sidharth Mehta
Number of years audit firm served as external auditor of the Company	KPMG (4 years)
Total audit fees for 2022 (in AED)	250,000
Fees and costs of other special services other than auditing the financial statements for 2022 (in AED)	322,400
Details and nature of other services provided	Professional fees incurred in relation to review of financial statements for the period ended 31 March 2022, 30 June 2022 and 30 September 2022 and review of Integrated Report for 2022 & 2021
Statement of other services that an external auditor other than the company accounts auditor provided during 2022	Auditor name: Ernst & Young 2022 audit fees & outlays of Dubai Hills Estate LLC: AED 146,590

ANNEX B-1

Board members' attendance to the committee meetings and the allowances[1] paid to the Board members for the year 2022

		Nomination & Remuneration Committee		Audit Committee		Investment Committee	
	Name	Attendance	Allowance	Attendance	Allowance	Attendance	Allowance
1	Mr. Adnan Kazim	-	-	-	-	3	32,000
2	Dr. Aisha Bint Butti Bin Bishr	1	12,000	4	40,000	-	-
3	Mr. Mohamed Ali Alabbar	-	-	-	-	-	-
4	Mr. Jamal Bin Theniyah	-	-	-	-	3	30,000
5	Mr. Ahmed Jawa	1	10,000	-	-	2	20,000
6	Mr. Abdulla Al Awar	1	10,000	5	60,000	-	-
7	Mr. Khalid Al Halyan	-	-	5	50,000	2	20,000

+ All meetings were attended in person and there was no attendance by proxy.

[1] Allowances amount in AED

Corporate Governance Report (continued)

ANNEX B-2

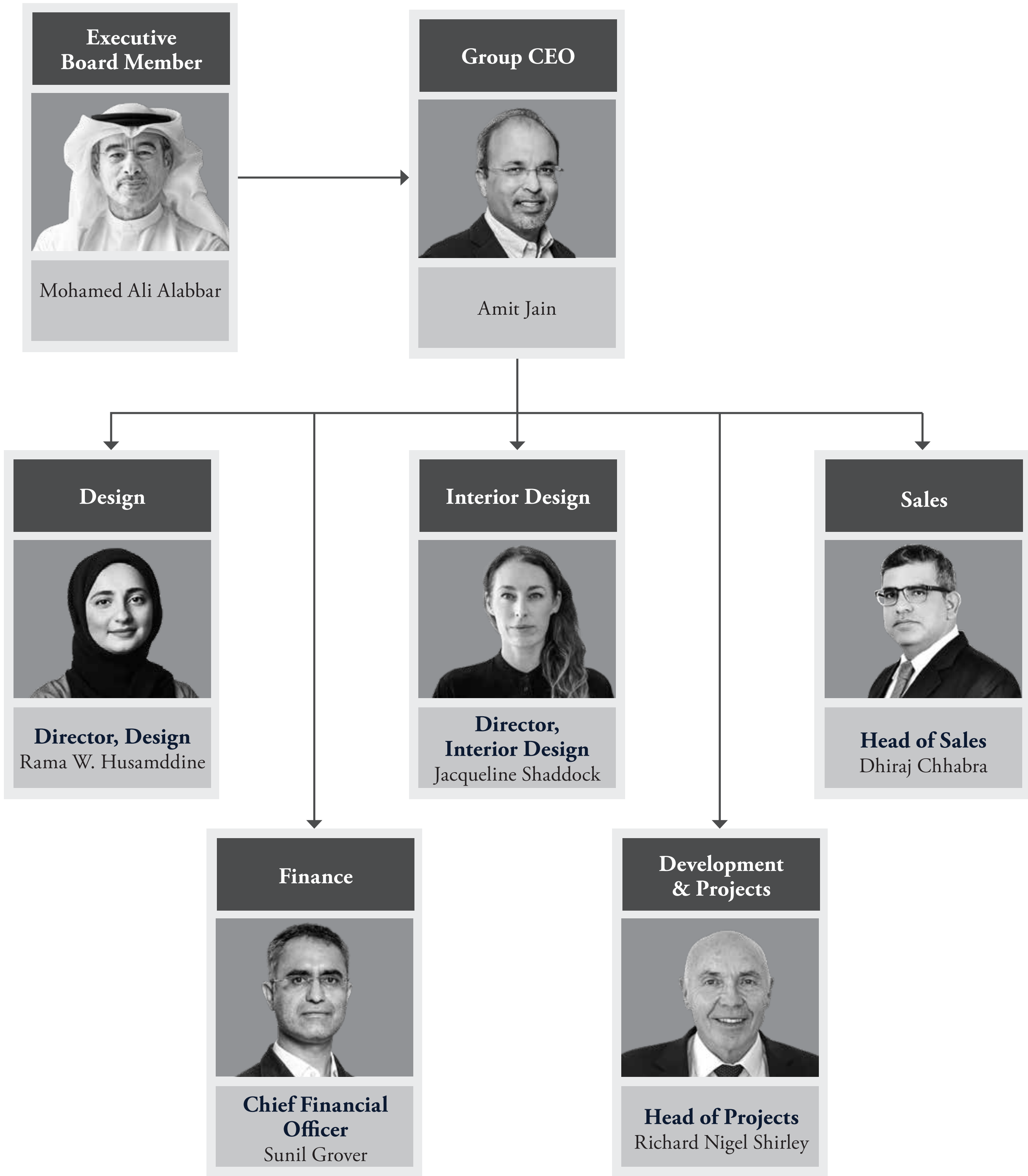
Attendance of Board Meetings

Name	Attendance
Mr. Adnan Kazim	5
Dr. Aisha Bint Butti Bin Bishr	5
Mr. Mohamed Ali Alabbar	5
Mr. Jamal Bin Theniyah	5
Mr. Ahmed Jawa	5
Mr. Abdulla Al Awar	5
Mr. Khalid Al Halyan	5

+ All meetings were attended in person and there was no attendance by proxy.

ANNEX C

Organisational Structure of the Company as of 31 December 2022



Corporate Governance Report (continued)

ANNEX D

Senior Executive Employees

SN	Position	Date of Appointment	Total Salaries and Allowances paid in 2022 (AED)	Total Bonuses paid in 2022 (AED)
1	Chief Financial Officer	26 March 2000	1,739,804	947,616
2	Head of Projects	28 December 2021	1,608,622	-
3	Ex Senior Director, Legal	08 April 2007 (left the company on 18 November 2022)	583,038	-
4	General Manager Joint Ventures	05 September 2004	1,736,906	727,580
5	Ex Head of Sales Strategy	18 March 2018 (left the company on 08 March 2022)	172,500	-
6	Head of Sales	02 March 2022	1,113,610	-

ANNEX E

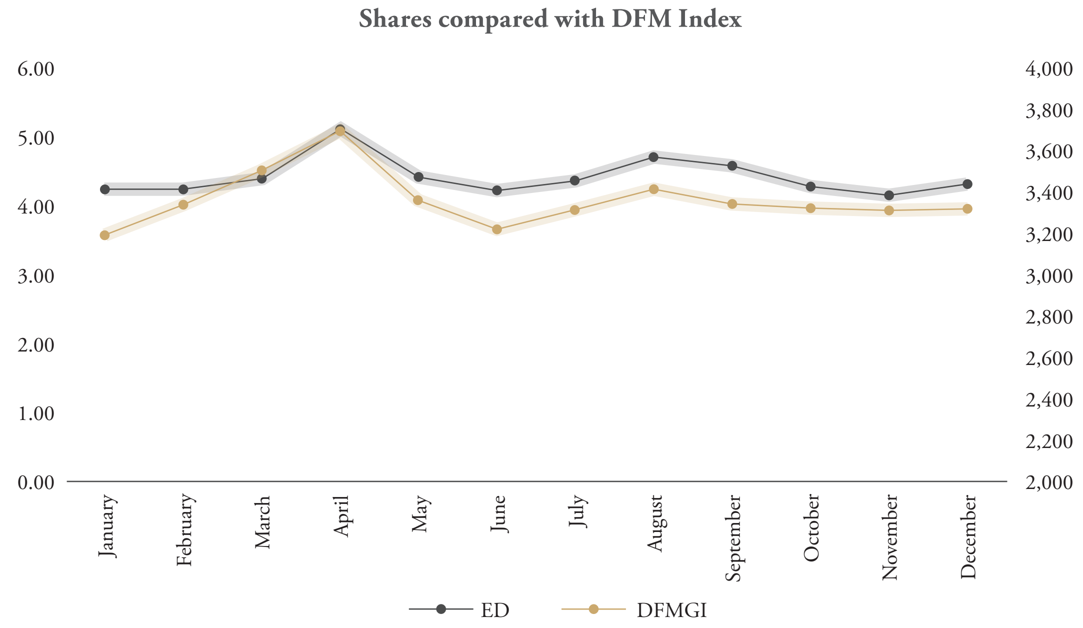
Company Share Price in the Market (Closing Price, Highest Price, Lowest Price) at the end of each month during the year 2022.

2022	Highest price	Lowest price	Closing price
January	4.46	4.09	4.30
February	4.50	4.21	4.28
March	4.58	4.14	4.45
April	5.20	4.40	5.18
May	5.32	4.42	4.42
June	4.60	4.23	4.24
July	4.43	4.02	4.43
August	4.90	4.32	4.81
September	5.14	4.42	4.59
October	4.75	4.25	4.28
November	4.58	4.12	4.18
December	4.45	4.12	4.41

Corporate Governance Report (continued)

ANNEX F

Comparative performance of the Company's shares with the market index and the sector index to which the Company belongs during 2022



ANNEX G

Categories of Shareholders as of 31 December 2022 (Individuals, Companies and Governments) classified as follows: UAE, GCC, Arab, foreign

	Percentage of Shares Owned			
Shareholder Category	**Individual**	**Companies**	**Government**	**Total**
UAE	4.3632%	84.0970%	0.0352%	88.4954%
GCC	0.1416%	2.5402%	-	2.6818%
Arab	0.2856%	0.0092%	-	0.2948%
Foreign	0.2478%	8.2803%	-	8.5281%
Total	**5.0382%**	**94.9267%**	**0.0352%**	**100%**

Corporate Governance Report (continued)

ANNEX H

Categories of Shareholders According to the Size of their Percentage Shareholding as of 31 December 2022

Share(s) Owned	Number of Shareholders	Number of Share Held	% of Shares Held of the Capital
Less than 50,000	1,979	17,139,833	0.429%
From 50,000 to less than 500,000	446	72,604,882	1.815%
From 500,000 to less than 5,000,000	161	235,154,440	5.879%
More than 5,000,000	32	3,675,100,845	91.878%
Total	**2,618**	**4,000,000,000**	**100%**

ANNEX I

Shareholders holding 5% or more of the capital of the Company as of 31 December 2022

Name of Shareholder	Number of Share Held	% of Shares Held of the Capital
Emaar Properties PJSC	3,166,451,142	79.1613%
Total	**3,166,451,142**	**79.1613%**

Corporate Governance Report (continued)

ANNEX J

Significant Events of the Company during 2022

Emaar Development held the Broker Q1, Q2, Q3 and Annual awards in 2022.

Emaar Development launched the following major projects in 2022 (including JV/JDA):

Month of Launch	Project Name	Master Community Name
January	Elie Saab II	Arabian Ranches III
January	Talia	The Valley
January	Rosewater	Dubai Creek Harbour
February	Bliss 2	Arabian Ranches III
February	St Regis Residences	Downtown Dubai
March	Creek Palace	Dubai Creek Harbour
March	Lotus	Dubai Creek Harbour
April	Greenview 3	Emaar South
April	Orchid	Dubai Creek Harbour
June	Address The Bay	Emaar Beachfront
June	Orania	The Valley
June	Park Field	Dubai Hills Estate
June	Seagate	Rashid Yachts & Marina
June	Creek Crescent	Dubai Creek Harbour
June	Island Park	Dubai Creek Harbour
July	Lime Gardens	Dubai Hills Estate
July	Marina Shores	Dubai Marina
August	Hills Park	Dubai Hills Estate
August	Beachgate by Address	Emaar Beachfront
August	Address Hillcrest	Dubai Hills Estate
October	Raya	Arabian Ranches III
October	Golf Heights	Emirates Hills
November	The Cove II	Dubai Creek Harbour
November	Park Horizon	Dubai Hills Estate
November	The Residence BK	Downtown Dubai
December	Farm Gardens	The Valley
December	Seascape	Rashid Yachts & Marina
December	Fairway Villas	Emaar South

ANNEX K

Innovative Projects and Initiatives implemented by the Company during 2022

1. **Emaar Talent Programs for all grade levels**
   + **Leadership Succession & 6-month Executive Coaching (Grade 10 and above)** – completed in Dubai with 6 Executive Leaders.
   + **Harvard Spark Program for Grade 9 and above Leaders** –online learning program for 32 leaders offering program topics related to leadership & management skill development.
   + **Harvard Manage Mentor Program for Grade 7-8 and top performing Grade 6** –online learning program for 74 staff offering 42 Modules focus on leading oneself, leading others & leading the business.
   + **Linkedin Learning Program for Grade 5 and above** – Provided to 166 licensed users to access a wide range of modules and learning videos. 2600+ LinkedIn Courses completed by end of December 2022.

2. **Employee Development:**
   + 30+ Individual development plans (IDPs) were created for all the critical employees identified across the organisation, including 5+ IDPs for Emirati employees.
   + Launched Internal Jobs Platform to encourage employees to apply to internal positions and move laterally across the organisation.

3. **Emiratisation**
   + Launched Emiratisation Drive to focus on hiring young UAE nationals across the group. 13 Emiratis were offered trainee roles in December to join in January 2023.
   + Attended Emirati career Fairs where an AI based recruitment tool was piloted successfully.
   + Launched Emirati Graduate Management program and successfully onboarded 2 Emirati top graduates in 2022.
   + Launched Emirati summer internship program and offered internship of 8 weeks to 11 weeks to 7 Emirati students from top colleges across UAE.

Corporate Governance Report (continued)

ANNEX L

Statement of the Related Parties Transactions in accordance with the International Financial Reporting Standards (IFRS) as listed in the Consolidated Financial Statements of the Company for the year 2022

For the purpose of these consolidated financial statements, parties are 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 (Affiliated entities). Related parties may be individuals or other entities.

The Group in the normal course of business enters into transactions with individuals and other entities that falls within the definition of related party. The Group's related parties include key management personnel, entities held under common control, joint ventures and others.

The Group's parent company is partly owned by Investment Corporate of Dubai ("ICD"), an entity owned by the Government of Dubai ("Government"). The Group enters into transactions, in the normal course of business, with Government-owned entities and entities wherein ICD has control, joint control or significant influence. In accordance with the exemption available in IAS 24, management has elected not to disclose such transactions, which are primarily in nature of financing and operational related activities, and entered in the normal course of business at commercial terms.

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:

	2022 AED'000	2021 AED'000
Revenue (refer (ii) below)	640,899	497,317
Selling, general and administrative expenses (refer (i) below)	368,131	489,943
Finance cost (refer (iii) below)	86,220	40,355

	2022 AED'000	2021 AED'000
Affiliated entities:		
Selling, general and administrative expenses	66,503	64,607
Property development expenses	72,418	52,618
Joint Ventures:		
Revenue	21,987	38,525
Directors, Key management personnel and their related parties:		
Selling, general and administrative expenses	328	1,046

Related party balances

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

	2022 AED'000	2021 AED'000
Parent:		
Other assets, receivables, deposits and prepayments (refer (ii) below)	1,299,008	1,631,162
Trade and other payables (refer (i) and (iii) below)	3,057,228	2,598,805
Affiliated entities:		
Other assets, receivables, deposits and prepayments	118,551	24,334
Trade and other payables	31,685	37,923

(i) Allocation of corporate expenses:

The Parent Company 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, information technology, corporate and legal compliance, business development and marketing. As per Relationship Agreement, corporate expenses are allocated by the Parent on the basis of 3% of revenue of the Group. During the previous year, the Group and the Parent agreed to settle AED 2,520,438 thousands payable by the Group to the Parent by offsetting against receivable of AED 4,151,600 thousands from the Parent as at 31 December 2021. This net balance is recoverable on demand.

(ii) Recoverable from the Parent:

This mainly represents balances recoverable from the Parent with respect to the development costs incurred for the Build-to-sell (BTS) developments in Dubai Creek Harbour project. As agreed in the Master Transfer Agreement (MTA), the Parent has transferred the development services 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.

(iii) Payable to the Parent Company:

Amount due to the Parent Company is unsecured. This includes AED 2,584,750 thousands (31 December 2021: AED 2,584,750 thousands) which carries interest rate at 3 months LIBOR plus 1.4% per annum. The Group has total credit facility of USD 1,350,000 thousands (AED 4,958,550 thousands).

Compensation of key management personnel

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

	2022 AED'000	2021 AED'000
Short-term benefits	35,474	42,142
Employees' end-of-service benefits	2,709	1,888
	38,183	**44,030**

During the year, the number of key management personnel is 32 (31 December 2021: 34).

During the year, the Company has paid a bonus of AED 3,900 thousands to the non-executive members of the Board of Directors for the year 2021 as approved by the shareholders at the Annual General Meeting of the Company held on 21 April 2022 (2021: AED 3,900 thousands).

ANNEX M

Related Party Transactions in 2022 Equal to 5% or More of the Capital of the Company

Related Party Name	Nature of Relationship	Nature of Transaction	AED'000 Value of transaction
Emaar Properties PJSC	Ultimate Parent	Revenue (Management fees)	640,899
		Selling, general and administrative expenses	368,131
		Finance Cost on Borrowing/ Loan	86,220

CONSOLIDATED FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Board of Directors of Emaar Development PJSC (the "Company") has pleasure in submitting the consolidated statement of financial position of the Company and its subsidiaries (the "Group") as at 31 December 2022 and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2022.

Principal activities

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

Financial results

The Group has recorded a net profit attributable to the owners of the Company of AED 3,808 million for the year ended 31 December 2022.

In accordance with the Articles of Association of the Company and UAE Federal Decree Law No. (32) of 2021, an appropriation of AED 381 million is made to a legal reserve from the distributable profit of AED 3,808 million. The transfer of profit to legal reserve will be allocated until it reaches 50% of the paid-up share capital.

The Board of Directors of the Company has proposed a cash dividend of AED 0.52 per share, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

The balance of the distributable profit after considering appropriation to legal reserve and proposed dividend (subject to approval of the shareholders at the Annual General Meeting) will be transferred to retained earnings. Total shareholders' funds attributable to the owners of the Company as at 31 December 2022 amount to AED 18,297 million.

Outlook for 2023

The Group has recorded property sales of AED 30,713 million (including joint ventures and development agreements) in 2022 and will continue to focus launching new projects in 2023 to enhance future pipeline.

The Group's significant revenue backlog of AED 41,344 million (including joint ventures and development agreements) and robust development pipeline are the backbone for delivering sustainable future growth. The Group's ongoing trajectory of successful launches has enabled Emaar to maintain an upward growth in Revenue and profitability. The Group will continue to focus on execution standards, on time delivery and customer centric approach. Our strategy continues to expand our portfolio by introducing innovative products and new masterplans setting the platform for future growth and long-term value creation for our shareholders.

Transactions with related parties

The consolidated financial statements disclose related party transactions and balances in note 24. All transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations.

Directors	
Mr. Adnan Kazim	(Chairman)
Dr. Aisha Bint Butti Bin Bishr	(Vice Chairman)
Mr. Mohamed Ali Alabbar	(Executive Board Director)
Mr. Jamal Majid Bin Theniyah	(Director)
Mr. Ahmed Jawa	(Director)
Mr. Abdulla Mohd Alawar	(Director)
Mr. Khalid Al Halyan	(Director)

Auditors

KPMG were appointed as external auditors of the company for the year ended 31 December 2022. The Board of Directors has recommended KPMG as the auditors for 2023 for approval by the shareholders at the forthcoming Annual General Meeting.

On behalf of the Board

Adnan Kazim
Chairman
Dubai, United Arab Emirates

16 March 2023

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Emaar Development PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Emaar Development PJSC ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition on sale of development properties ("properties")

See Note 2.2, 2.4 and 4 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
The Group recognizes revenue on sale of properties in accordance with IFRS 15 "Revenue from Contracts with Customers". The Group recognises revenue on sale of properties either at point in time or over time depending on the terms of contracts with its customer and the relevant laws and regulations of the jurisdiction in which it has entered into the contract with its customers. Revenue recognition on sale of properties was considered a key audit matter due to following key elements of judgement and estimation involved that warrant additional audit focus: • the analysis of whether the contracts comprise one or more performance obligations; • determining whether the performance obligations are satisfied over time or at a point in time; • estimation of total costs required to meet performance obligations under the contracts with customers and for performance obligations satisfied over time, recognize proportionate revenue to the extent of satisfaction of performance obligations; and • evaluating the probability that the Group will collect the entitled consideration under the contracts with customers.	• We have assessed the appropriateness of the revenue recognition accounting policies adopted by the Group and its compliance with International Financial Reporting Standards ("IFRS"); • Obtained an understanding of the revenue process implemented by the Group; • We have performed test of design and implementation of relevant controls; • On a sample basis, we have assessed the contracts for sale of properties to identify the performance obligations of the Group under these contracts and assessed whether these performance obligations are satisfied over time or at a point in time based on the criteria specified under IFRS 15; • On a sample basis, we have assessed the appropriateness of percentage of completion of the construction of properties by reference to costs incurred to date compared to the estimated total costs where the performance obligation is satisfied over time; • On a sample basis, we have assessed the adequacy of the total estimated cost to complete through the management appointed external cost consultant's report, supporting agreements and other relevant information. For costs incurred to date, we have tested, on a sample basis, significant items of cost components by comparing these to the relevant supporting documents including payment certificates to ascertain the existence and accuracy of the costs of work done; • Inquired with the management with respect to any concerns or disputes for sales and collections from customers, along with status of exposures and default rates. Furthermore, on a sample basis, traced collections made during the year are appropriately applied; and • We have assessed the adequacy of the disclosure in the consolidated financial statements.

Assessment of net realisable value of development properties ("the properties")

See Note 2.2, 2.4 and 11 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
The Group holds properties which includes completed projects, projects under construction and plots of land. The properties are stated at the lower of cost and estimated net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The Group engages professionally qualified external valuer to assess the net realisable value of substantial portion of its properties. The process of assessment of net realisable value involves significant judgement in estimating the underlying assumptions to be applied. A combination of global inflationary pressures, higher interest rates and recent geopolitical events have potential for greater volatility in property markets over the short-to-medium term, requiring management to closely monitor the assumptions and its impact on net realisable value. Assessment of net realizable value requires management to make significant estimates and judgements. This coupled with existence of market volatility, warrants specific audit focus in this area as any error in determining the net realisable value could have a material impact on the carrying value of the Group's properties in the consolidated financial statements.	• We have evaluated the qualifications and competence of the external valuer and read the terms of engagement of the valuers with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work; • We have involved our real estate valuation specialist, who have on a sample basis, reviewed valuation methodologies used in the valuation process and challenged assumptions such as estimates of selling price, cost to complete, discount rates and capitalisation rate are appropriate for determining the net realisable value for the properties by comparing them against historical rates and available industry data, taking into consideration comparability and market factors; • On a sample basis, performed audit procedures to assess whether the source data used for determining the net realisable value are reasonable by comparing it to the underlying supporting information; • We have performed sensitivity analysis on the significant assumptions to evaluate the extent of the impact of changes in the key assumptions to the conclusions reached by management; • We have assessed if there are any significant triggers during the audit period that would have a material impact on the realizable value of the properties; and • We have assessed the adequacy of the disclosure in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Integrated Report, but does not include the consolidated financial statements and our auditors' report thereon. We obtained Directors' Report prior to the date of our Auditors' Report, and we expect to obtain the remaining sections of the Integrated Report after the date of the auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Standards, and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

Independent Auditors' Report (continued)

Auditors' 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 auditors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
+ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
+ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Decree Law No. 32 of 2021 we report that for the year ended 31 December 2022:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021;

iii) the Group has maintained proper books of account;

iv) the financial information included in the Directors' Report is consistent with the books of account of the Group;

v) as disclosed in note 1 to the consolidated financial statements, the Group has not purchased any shares during the year ended 31 December 2022;

vi) note 24 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2022 any of the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2022; and

viii) note 5 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2022.

KPMG Lower Gulf Limited

Fawzi AbuRass
Registration No.: 968
Dubai, United Arab Emirates

Date: 16 March 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	(US$ 1.00 = AED 3.673) 2022 AED'000	2021 AED'000
Revenue	4	**11,540,904**	15,601,892
Cost of revenue	4	**(6,357,238)**	(9,867,194)
GROSS PROFIT		**5,183,666**	5,734,698
Selling, general and administrative expenses	5	**(1,229,242)**	(1,653,508)
Finance income	6	**381,198**	124,098
Finance costs	7	**(330,157)**	(268,321)
Other income		**85,242**	60,659
Share of results of joint ventures	13	**174,371**	234,884
PROFIT FOR THE YEAR		**4,265,078**	4,232,510
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**4,265,078**	4,232,510
ATTRIBUTABLE TO:			
Owners of the Company		**3,808,248**	3,244,339
Non-controlling interest	28	**456,830**	988,171
		4,265,078	4,232,510
Earnings per share attributable to the owners of the Company:			
- basic and diluted earnings per share (AED)	21	**0.95**	0.81

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	(US$ 1.00 = AED 3.673) 2022 AED'000	2021 AED'000
ASSETS			
Bank balances and cash	8	**11,362,760**	5,688,655
Trade and unbilled receivables	9	**15,445,904**	14,595,624
Other assets, receivables, deposits and prepayments	10	**2,956,661**	2,942,798
Development properties	11	**10,850,819**	11,179,609
Loans to joint ventures	12	**912,518**	979,729
Investments in joint ventures	13	**925,620**	751,246
Property, plant and equipment	14	**20,156**	26,931
TOTAL ASSETS		**42,474,438**	36,164,592
LIABILITIES AND EQUITY			
Liabilities			
Trade and other payables	15	**10,939,604**	11,201,089
Advances from customers	16	**9,627,012**	4,464,589
Retentions payable	17	**920,583**	803,836
Interest-bearing loans and borrowings	18	**892,076**	3,258,667
Provision for employees' end-of-service benefits		**23,609**	21,035
TOTAL LIABILITIES		**22,402,884**	19,749,216
EQUITY			
Equity attributable to owners of the Company			
Share capital	19	**4,000,000**	4,000,000
Legal reserve	20	**1,560,615**	1,179,790
Retained earnings		**12,736,538**	9,313,015
		18,297,153	14,492,805
Non-controlling interest	28	**1,774,401**	1,922,571
TOTAL EQUITY		**20,071,554**	16,415,376
TOTAL LIABILITIES AND EQUITY		**42,474,438**	36,164,592

To the best of our knowledge, the consolidated financial statements fairly present, in all material respects, the consolidated financial position, results of operation and consolidated cash flows of the Group as of, and for, the year ended 31 December 2022.

The consolidated financial statements were authorised for issue by Board of Directors and signed on their behalf by:

Director

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Attributable to the owners of the Company					
	Share capital AED'000	Legal reserve AED'000	Retained earnings AED'000	Total AED'000	Non-controlling interest AED'000	Total equity AED'000
Balance at 1 January 2022	**4,000,000**	**1,179,790**	**9,313,015**	**14,492,805**	**1,922,571**	**16,415,376**
Profit for the year	-	-	**3,808,248**	**3,808,248**	**456,830**	**4,265,078**
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	**3,808,248**	**3,808,248**	**456,830**	**4,265,078**
Director's bonus (note 24)	-	-	**(3,900)**	**(3,900)**	-	**(3,900)**
Dividend paid by a subsidiary	-	-	-	-	**(605,000)**	**(605,000)**
Transfer to legal reserve (note 20)	-	**380,825**	**(380,825)**	-	-	-
Balance at 31 December 2022	**4,000,000**	**1,560,615**	**12,736,538**	**18,297,153**	**1,774,401**	**20,071,554**
Balance at 1 January 2021	4,000,000	855,356	6,397,010	11,252,366	2,247,400	13,499,766
Profit for the year	-	-	3,244,339	3,244,339	988,171	4,232,510
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	3,244,339	3,244,339	988,171	4,232,510
Director's bonus (note 24)	-	-	(3,900)	(3,900)	-	(3,900)
Dividend paid by a subsidiary	-	-	-	-	(1,313,000)	(1,313,000)
Transfer to legal reserve (note 20)	-	324,434	(324,434)	-	-	-
Balance at 31 December 2021	4,000,000	1,179,790	9,313,015	14,492,805	1,922,571	16,415,376

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	(US$ 1.00 = AED 3.673) 2022 AED'000	2021 AED'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		**4,265,078**	4,232,510
Adjustments for:			
Share of results of joint ventures	13	**(174,371)**	(234,884)
Depreciation (including right-of use assets)	5	**9,627**	12,401
Provision for employees' end-of-service benefits, net		**2,574**	(1,262)
Finance costs	7	**330,157**	268,321
Finance income	6	**(381,198)**	(124,098)
Cash from operations before working capital changes		**4,051,867**	4,152,988
Trade and unbilled receivables		**(600,223)**	(4,838,665)
Other assets, receivables, deposits and prepayments		**(13,424)**	(794,531)
Development properties		**321,608**	3,289,979
Advances from customers		**5,162,423**	1,731,548
Trade and other payables		**(422,681)**	706,912
Retentions payable		**116,747**	(50,788)
Net cashflows generated from operating activities		**8,616,317**	4,197,443
CASH FLOWS FROM INVESTING ACTIVITIES			
Finance income received		**130,703**	13,802
Repayment of loan by joint ventures		**103,871**	41,492
Amounts incurred on property, plant and equipment	14	**(2,852)**	(2,930)
Net cashflows generated from investing activities		**231,722**	52,364
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance costs paid		**(200,345)**	(139,560)
Borrowings from financial institutions		**4,556,668**	600,000
Repayment of loans to financial institutions		**(6,880,223)**	(1,095,862)
Dividends paid to non-controlling interest		**(605,000)**	(1,313,000)
Director's bonus paid	24	**(3,900)**	(3,900)
Net cashflows used in financing activities		**(3,132,800)**	(1,952,322)
INCREASE IN CASH AND CASH EQUIVALENTS		**5,715,239**	2,297,485
Cash and cash equivalents at the beginning of the year		**5,605,285**	3,307,800
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	8,18	**11,320,524**	5,605,285

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1 Corporate Information

The incorporation of Emaar Development PJSC (the "Company") as a Public Joint Stock Company was approved by the Securities and Commodities Authority according to Federal Law No.4 of 2000 on 20 November 2017 and the registration certificate was issued on 21 November 2017. The Company's registered office is at P.O. Box 9440, Dubai, United Arab Emirates ("UAE").

The Company is a subsidiary of Emaar Properties PJSC (the "Parent Company" or "Parent"), a company incorporated in the UAE and listed on the Dubai Financial Market. The Company is also listed on the Dubai Financial Market. The Company and its subsidiaries constitute the Group (the "Group").

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

The Group has not invested in shares or stocks during 2022 and 2021.

The consolidated financial statements were authorised for issue on 16 March 2023.

2.1 Basis of Preparation

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") and applicable requirements of the UAE Federal Decree Law No. (32) of 2021.

On 20 September 2021, the UAE Federal Decree Law No. (32) of 2021 was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No. (2) of 2015. Companies have (1) one year from 2 January 2022 to comply with the provisions of the UAE Federal Decree Law No. (32) of 2021. The Company's annual general assembly approved in its last meeting held on 21 April 2022 the amendments to its Articles of Association, in order to be fully compliant with the UAE Federal Decree Law No. (32) of 2021.

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 form 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.

Certain comparative amounts have been reclassified to conform to the presentation used in these consolidated financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and the entities controlled by the Company as at 31 December 2022. Control is achieved where all the following criteria are met:

(a) the Group 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 Group has exposure, or rights, to variable returns from its involvement with the entity; and

(c) the Group 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 consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Notes to The Consolidated Financial Statements (continued)

For the year ended 31 December 2022

Subsidiaries

Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control (irrespective of percentage of shareholding), and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Non-controlling interest (NCI) are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Details of the Company's subsidiaries are as follows:

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 losses 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.

Subsidiaries	Place of incorporation	Principal activities	Percentage of effective holding
Dubai Hills Estate LLC	UAE	Property development	50%
Emaar Mina Rashid Development Owned By Emaar Development L.L.C	UAE	Buying, selling and development of real estate and leasing and management of self-owned property	100%
Mina Rashid Properties L.L.C	UAE	Buying, selling and development of real estate	100% (Refer note 23)
Emaar Gardens L.L.C	UAE	Real Estate Development, Investment in Commercial Enterprises & Management	100%

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 whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities even if the shareholding is 50% or more.

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.

Notes to The Consolidated Financial Statements (continued)

For the year ended 31 December 2022

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.2 Significant Accounting Judgements, 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 and estimates and assumptions that have a significant impact on the consolidated financial statements of the Group are discussed below:

Judgements

Timing of 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 assess 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 Revenue from Contracts with Customers 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. The title will be transferred to the customer only upon 100% collection, resulting in a low risk of default and loss thereof.

Classification of investments

Management designates at the time of acquisition of securities whether these should be classified as at fair value or amortised cost. In judging whether investments in securities are classified as at fair value or amortised cost, management has considered the detailed criteria for determination of such classification as set out in IFRS 9 Financial Instruments.

Estimations and assumptions

Consolidation of subsidiary

The Group has evaluated all the investee entities including special purpose 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.

Split of real estate components

The 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, retention payable, advance from customers and 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.

Notes to The Consolidated Financial Statements (continued)

For the year ended 31 December 2022

Impairment of trade, unbilled receivables and other receivables

An estimate of the collectible amount of trade, unbilled 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 based on expected credit losses on such receivables.

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.

Measurement of progress when revenue is recognised over time

The Group has elected to apply the input method to measure the progress of 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.

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.

Development properties are stated at the lower of cost and estimated net realisable value. The cost of work-in-progress comprises construction costs and other related direct costs. Net realisable value is the estimated selling price in the ordinary course of business, less cost of completion and selling expenses.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the 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.

The external valuer report on the valuation of the Group's development properties has drawn attention to the fact that a combination of global inflationary pressures, higher interest rates and recent geopolitical events have heightened the potential for greater volatility in property markets over the short-to-medium term, requiring management to closely monitor the valuation and track how market participants respond to current market volatility.

Management has critically assessed asset valuations and, in the current environment, are satisfied with the assumptions adopted and valuations reported. Management will continue to closely monitor the impact of this evolving situation to assess its impact to the Group, if any.

Notes to The Consolidated Financial Statements (continued)

For the year ended 31 December 2022

2.3 Changes in the Accounting Policies and Disclosures

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted, however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements. The following new or amended standards that are adopted in annual periods beginning on 1 January 2022:

a)

New standards, interpretations and amendments adopted by the Group	Effective date
COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	1 April 2021
Onerous Contracts - Cost of Fulfilling a Contract (Amendment to IAS 37)	1 January 2022
Annual improvements to IFRS Standards 2018-2020	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Reference to conceptual framework (Amendments to IFRS 3)	1 January 2022

These amendments / improvements had no impact on the consolidated financial statements of the Group.

b) **Standards, amendments and interpretations in issue but not effective**

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

Forthcoming requirements	Effective date
Definition of accounting estimates, amendments to IAS 8	1 January 2023
Classification of Liabilities as Current and Non-current (Amendments to IAS 1)	1 January 2023
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 ad IFRS Practice Statement 2)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16): Transition, effective date and due process (Agenda Paper 12C)	1 January 2024
Sale or Contribution of Assets between an Investor its Associates or Joint Venture (Amendments to IFRS 10 and IAS 28)	Effective date deferred indefinitely

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

Revenue from contracts with customers

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.

Notes to The Consolidated Financial Statements (continued)

For the year ended 31 December 2022

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 consolidated statement of comprehensive income to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Revenue from sale of land

The performance obligation with regards to sale of land is satisfied at a point in time when customer has access to the plot.

Upon recognition of revenue against a certain plot, the infrastructure cost allocated to the plot of land is released to the statement of comprehensive income, as cost of revenue.

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.

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.

Borrowing costs

Borrowing costs directly attributable to the acquisition or construction 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. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

Income tax

UAE Federal Decree-Law No (47) of 2022 on the Taxation of Corporations and Businesses

The Federal Decree-Law No (47) of 2022 on the Taxation of Corporations and Businesses (referred as "Corporate Tax Law") was issued by the United Arab Emirates (UAE) on 9 December 2022. The Corporate tax law provides the legislative basis for the introduction and implementation of a Federal Corporate Tax ("Corporate tax") in the UAE and is effective for the financial years starting on or after 1 June 2023. However, there are a number of significant decisions that are yet to be finalized by way of a Cabinet Decision that are critical for entities to determine their tax status and the amount of tax due. Therefore, pending such important decisions by the Cabinet, the Group has determined that the Law was not practically operational as at 31 December 2022 and, hence, not enacted or substantively enacted from the perspective of IAS 12 Income Taxes. The Group will continue to monitor the timing of the issuance of these critical Cabinet Decisions to determine its tax status and the applicability of IAS 12

Notes to The Consolidated Financial Statements (continued)

For the year ended 31 December 2022

– Income Taxes. The Group is currently in the process of assessing the possible impact on its consolidated financial statements, both from current and deferred tax perspective, once the Law becomes substantively enacted.

Global minimum tax

In December 2021, the Organization of Economic Co-operation and Development (OECD) released a draft legislative framework, followed by detailed guidance release in March 2022, that is expected to be used by 135 individual jurisdictions, including the UAE, that signed the agreement to amend their local tax laws to align with global minimum tax. Once changes to the tax laws in any jurisdiction in which the Group operates are enacted or substantively enacted, the Group may be subject to the top-up tax. Management is monitoring the progress of the legislative process in each jurisdiction the Group operates. Based on the limited information available and current regulations there are no quantitative impact for the current period.

Property, plant and equipment

Property, plant and equipment are measured at cost (which includes capitalised borrowing costs) 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 building)	1 - 10 years
Computers and office equipment	2 - 5 years
Motor vehicles	3 - 5 years
Furniture and fixtures	2 - 5 years

No depreciation is charged on land and capital work-in-progress. The useful lives, depreciation method and residual values 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.

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 other than goodwill impairment 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
+ Planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other directly attributable 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.

Notes to The Consolidated Financial Statements (continued)

For the year ended 31 December 2022

Investment in joint ventures

The consolidated income statement reflects the Group's share of the results of operations of its joint ventures. Where there has been a change recognised directly in the other comprehensive income, 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 joint ventures are 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 ventures. 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 income statement.

Upon loss of significant influence 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 significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated income statement. When the remaining investment in joint venture constitutes significant influence, it is accounted for as an investment in associate.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

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 other comprehensive income or profit or loss, which are initially measured at fair value. Trade receivables are initially recognised when they are originated. Trade and unbilled receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. 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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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:

Notes to The Consolidated Financial Statements (continued)

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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 other comprehensive income or through profit or loss. This is an irrevocable choice that the Group has made on adoption of IFRS 9 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 income statement when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through P&L and OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments as financial assets measured at fair value through other comprehensive income.

Debt instruments

Debt instruments are also measured at fair value through other comprehensive income (OCI) 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 receivables are stated at original invoice amount (unless there is a significant financing component) less expected credit losses. When a trade receivable is uncollectible, it is written off against provision for doubtful debts. Subsequent recoveries of amounts previously written off are credited to the consolidated income statement.

Services rendered but not billed at the reporting date are accrued as per the terms of the agreements as unbilled receivables.

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 income statement.

For financial assets designated at fair value through other comprehensive income any foreign exchange component is recognised in the consolidated income statement and other 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 income statement.

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 retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement, and
+ The Group has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset, or
  - 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

Notes to The Consolidated Financial Statements (continued)

For the year ended 31 December 2022

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 recognises an allowance for expected credit losses ("ECL") for all debt instruments and contract assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

For trade and unbilled receivables and other receivables, the Group applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognised in the consolidated income statement.

The Group consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

+ significant financial difficulty of the debtor;
+ a breach of contract such as a default or being more than 90 days past due;
+ the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
+ it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
+ the disappearance of an active market for a security because of financial difficulties.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset (other than inventories, contract assets and deferred tax assets) 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 or CGU. 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 are recognised in the consolidated income statement in those expense categories consistent with the function of the impaired asset. They are

Notes to The Consolidated Financial Statements (continued)

For the year ended 31 December 2022

allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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 income statement.

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 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.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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 income statement 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. The Group also derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in consolidated income statement.

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.

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 income statement 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 pre-tax 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.

Fair value measurement

The Group measures financial instruments, such as investment in securities and hedges, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For investments traded in an active market, fair value is determined by reference to quoted market bid prices.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

For unquoted equity investments, fair value is determined by reference to the market value of a similar investment or is based on the expected discounted cash flows.

The fair value of forward foreign exchange contracts is calculated by reference to current forward exchange rates with the same maturity.

Fair value of interest rate swap contract is determined by reference to market value for similar instruments.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Notes to The Consolidated Financial Statements (continued)

For the year ended 31 December 2022

- Level 1 – Fair value measurements are those derived from quoted prices in an active market (that are unadjusted) for identical assets or liabilities.
- Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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 it the consolidated financial statements relates to its operation in the UAE.

Notes to The Consolidated Financial Statements (continued)

For the year ended 31 December 2022

4 Revenue and Cost of Revenue

	2022 AED'000	2021 AED'000
Revenue		
Sale of residential units	**10,227,256**	13,544,912
Sale of commercial units, plots of land and income from development services	**1,313,648**	2,056,980
	11,540,904	15,601,892
Cost of revenue		
Cost of residential units	**6,161,970**	9,307,350
Cost of commercial units and plots of land	**195,268**	559,844
	6,357,238	9,867,194

Below is the split of revenue recognised over a period of time and single point in time:

	2022 AED'000	2021 AED'000
- Over a period of time	**10,945,336**	14,100,874
- Single point in time	**595,568**	1,501,018
	11,540,904	15,601,892

5 Selling, General and Administrative Expenses

	2022 AED'000	2021 AED'000
Sales and marketing expenses	**459,563**	792,907
Payroll and related expenses	**136,363**	140,030
Property management expenses	**101,926**	80,963
Depreciation (including right-of use assets) (note 14)	**9,627**	12,401
Other expenses	**521,763**	627,207
	1,229,242	1,653,508

During the year ended 31 December 2022, no social contribution has been made by the Group (2021: Nil).

6 Finance Income

	2022 AED'000	2021 AED'000
Finance income on fixed and call deposits with banks	**131,141**	13,221
Other finance income (i)	**250,057**	110,877
	381,198	124,098

(i) During the year, the Group has recorded finance income on unwinding of long-term receivables amounting to AED 250,057 thousands (2021: AED 110,296 thousands).

Notes to The Consolidated Financial Statements (continued)

For the year ended 31 December 2022

7 Finance Costs

	2022 AED'000	2021 AED'000
Finance costs – bank and related party borrowings (note 24)	**173,606**	94,032
Other finance costs (i)	**156,551**	174,289
	330,157	268,321

(i) During the year, the Group has recorded finance cost on unwinding of long-term payables amounting to AED 131,594 thousands (2021: AED 157,212 thousands).

8 Bank Balances and Cash

	2022 AED'000	2021 AED'000
Cash in hand	**788**	991
Current and call bank deposit accounts	**10,591,523**	5,687,664
Fixed deposits maturing within three months	**770,449**	-
	11,362,760	5,688,655

As at 31 December 2022, Cash and cash equivalent is AED 11,320,524 thousands (31 December 2021: AED 5,605,285 thousands) which is net of facilities obtained from various commercial banks in the UAE and are repayable on demand. Also refer note 18.

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.

As at 31 December 2022, an amount of AED 10,567,498 thousands (31 December 2021: AED 5,624,497 thousands) are with banks against advances received from customers on sale of development properties which are deposited into escrow accounts. These deposits/balances are not under lien.

9 Trade and Unbilled Receivables

	2022 AED'000	2021 AED'000
Trade receivables		
Amounts receivables within 12 months, net	**568,847**	753,848
Unbilled receivables		
Unbilled receivables within 12 months	**5,207,495**	4,988,216
Unbilled receivables after 12 months, net	**9,669,562**	8,853,560
	14,877,057	13,841,776
Total trade and unbilled receivables	**15,445,904**	14,595,624

The above trade and unbilled receivables are net of AED 20,977 thousands (31 December 2021: AED 48,497 thousands) relating to provision for doubtful debts representing management's best estimate of expected loss on trade receivables which are past due for more than 90 days. All other receivables are considered recoverable.

Notes to The Consolidated Financial Statements (continued)

For the year ended 31 December 2022

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

	2022 AED'000	2021 AED'000
Balance at the beginning of the year	**48,497**	48,497
Written off during the year	**(27,520)**	-
Balance at the end of the year	**20,977**	48,497

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 31 to 60 days AED'000	Between 61 to 90 days AED'000	More than 90 days AED'000
2022	**15,445,904**	**14,877,057**	**151,881**	**49,265**	**32,451**	**335,250**
2021	14,595,624	13,841,776	247,961	62,975	23,644	419,268

Trade and unbilled receivables aged more than 90 days includes a provision of impairment loss of AED 20,977 thousands (31 December 2021: AED 48,497 thousands)

Refer note 27(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.

10 Other Assets, Receivables, Deposits and Prepayments

	2022 AED'000	2021 AED'000
Due from related parties (note 24)	**1,417,559**	1,655,496
Deferred sales commission (i)	**934,159**	783,683
Advances to contractors and others	**497,418**	429,017
Value added tax recoverable (net)	**60,202**	46,069
Prepayments	**5,208**	3,856
Other receivables and deposits	**42,115**	24,677
	2,956,661	2,942,798

Other assets, receivables, deposits and prepayments are due within 12 months from the reporting date.

(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.

11 Development Properties

	2022 AED'000	2021 AED'000
Balance at the beginning of the year	**11,179,609**	14,469,588
Add: Costs incurred during the year	**6,026,296**	6,577,215
Less: Costs transferred to cost of revenue during the year	**(6,355,086)**	(9,867,194)
Balance at the end of the year	**10,850,819**	11,179,609

Notes to The Consolidated Financial Statements (continued)

For the year ended 31 December 2022

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.

During the year 31 December 2022, an amount of AED 7,716 thousands (31 December 2021: AED 5,205 thousands) was capitalised as cost of borrowings for the construction of development properties.

12 Loans to Joint Ventures

	2022 AED'000	2021 AED'000
Emaar Dubai South DWC LLC*	**837,483**	843,493
Old Town Views LLC	**75,035**	136,236
	912,518	979,729

Loans to joint ventures are unsecured and are repayable as per the terms of the agreement and does not carry any interest.

*This includes AED 769,483 thousands (2021: AED 812,493 thousands) which is expected to be recovered after 12 months from the reporting date.

13 Investments in Joint Ventures

	2022 AED'000	2021 AED'000
Emaar Dubai South DWC LLC (i)	**406,302**	299,270
Zabeel Square LLC (ii)	**234,538**	234,536
Old Town Views LLC (iii)	**284,780**	217,440
Net investment in joint ventures as at year end	**925,620**	751,246

(i) During 2015, the Parent Company entered into a joint venture agreement with Dubai Aviation City Corporation for the development of the 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 Parent has a 50% interest. The entity is primarily involved in property development activities. Also refer Note 24 (ii).

(ii) On 9 January 2017, the Parent Company 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 Parent has 50% equity interest in the joint venture company, Zabeel Square LLC ("Zabeel Square").

(iii) On 15 May 2018, the Group entered into a joint venture agreement with certain land-owners of Burj Khalifa Master Community with the objective of developing the land and selling properties in the UAE. The Group has 61.25% equity interest in the joint venture company, Old Town Views LLC("Old Town").

Notes to The Consolidated Financial Statements (continued)

For the year ended 31 December 2022

The Group has the following effective ownership interest in its joint ventures:

	Country of incorporation	Ownership 2022	Ownership 2021
Emaar Dubai South DWC LLC	UAE	**50.00%**	50.00%
Zabeel Square LLC	UAE	**50.00%**	50.00%
Old Town Views LLC	UAE	**61.25%**	61.25%

The following table summarises the statement of comprehensive income of the Group's joint ventures for the year ended 31 December 2022:

	Emaar Dubai South DWC LLC AED'000	Zabeel Square LLC AED'000	Old Town Views LLC AED'000	Total AED'000
Revenue	**868,355**	**-**	**215,386**	**1,083,741**
Total comprehensive income for the year	**214,064**	**-**	**109,942**	**324,006**
Profit attributable to owners of the entities	**214,064**	**-**	**109,942**	**324,006**
Group's share of profit for the year	**107,032**	**-**	**67,339**	**174,371**

The following table summarises the statement of comprehensive income of the Group's joint ventures for the year ended 31 December 2021:

	Emaar Dubai South DWC LLC AED'000	Zabeel Square LLC AED'000	Old Town Views LLC AED'000	Total AED'000
Revenue	989,956	-	492,624	1,482,580
Total comprehensive income for the year	202,655	-	218,053	420,708
Profit attributable to owners of the entities	202,655	-	218,053	420,708
Group's share of profit for the year	101,327	-	133,557	234,884

No dividend is received during the year from joint ventures. (2021 : Nil)

The following table summarises the statements of financial position of the Group's joint ventures as at 31 December 2022:

	Emaar Dubai South DWC LLC AED'000	Zabeel Square LLC AED'000	Old Town Views LLC AED'000	Total AED'000
Total assets (including cash and cash equivalents of AED 902,550 thousands)	**2,198,309**	**643,984**	**674,536**	**3,516,829**
Total liabilities	**1,385,705**	**174,909**	**209,589**	**1,770,203**
Net assets	**812,604**	**469,075**	**464,947**	**1,746,626**
Group's share of net assets	**406,302**	**234,538**	**284,780**	**925,620**

Notes to The Consolidated Financial Statements (continued)

For the year ended 31 December 2022

The following table summarises the statements of financial position of the Group's joint ventures as at 31 December 2021:

	Emaar Dubai South DWC LLC AED'000	Zabeel Square LLC AED'000	Old Town Views LLC AED'000	Total AED'000
Total assets (including cash and cash equivalents of AED 714,620 thousands)	1,946,533	643,119	564,423	3,154,075
Total liabilities	1,347,993	174,047	209,419	1,731,459
Net assets	598,540	469,072	355,004	1,422,616
Group's share of net assets	299,270	234,536	217,440	751,246

As at 31 December 2022, the Group's share of commitments in relation to its joint ventures amount to AED 1,193,058 thousands (31 December 2021: AED 1,223,099 thousands).

14 Property, Plant and Equipment

2022	Land and building AED'000	Furniture and fixtures AED'000	Computers and office equipment AED'000	Motor vehicles AED'000	Right-of-use of assets AED'000	Total AED'000
Cost:						
At 1 January 2022	**58,357**	**24,484**	**16,161**	**52**	**16,008**	**115,062**
Additions	**-**	**104**	**200**	**45**	**2,503**	**2,852**
At 31 December 2022	**58,357**	**24,588**	**16,361**	**97**	**18,511**	**117,914**
Accumulated depreciation:						
At 1 January 2022	**34,529**	**23,034**	**14,540**	**20**	**16,008**	**88,131**
Depreciation charge for the year (note 5)	**5,836**	**248**	**1,037**	**3**	**2,503**	**9,627**
At 31 December 2022	**40,365**	**23,282**	**15,577**	**23**	**18,511**	**97,758**
Net carrying amount:						
At 31 December 2022	**17,992**	**1,306**	**784**	**74**	**-**	**20,156**

2021	Land and building AED'000	Furniture and fixtures AED'000	Computers and office equipment AED'000	Motor vehicles AED'000	Right-of-use of assets AED'000	Total AED'000
Cost:						
At 1 January 2021	58,357	24,297	16,129	30	13,319	112,132
Additions	-	187	32	22	2,689	2,930
At 31 December 2021	58,357	24,484	16,161	52	16,008	115,062
Accumulated depreciation:						
At 1 January 2021	28,693	22,690	11,014	14	13,319	75,730
Depreciation charge for the year (note 5)	5,836	344	3,526	6	2,689	12,401
At 31 December 2021	34,529	23,034	14,540	20	16,008	88,131
Net carrying amount:						
At 31 December 2021	23,828	1,450	1,621	32	-	26,931

Notes to The Consolidated Financial Statements (continued)

For the year ended 31 December 2022

15 Trade and Other Payables

	2022 AED'000	2021 AED'000
Project contract cost accruals and provisions	**4,277,366**	4,018,227
Payable to related parties (note 24)	**3,088,913**	2,636,728
Creditors for land purchase	**2,241,891**	2,916,393
Trade payables (i)	**647,014**	798,763
Payable to authorities	**115,542**	159,334
Sales commission payable	**113,339**	221,003
Other payables and accruals	**455,539**	450,641
	10,939,604	11,201,089

(i) Trade payables include Supplier factoring facility of AED 71,516 thousands (31 December 2021: AED 154,471 thousands) under which its suppliers elect to receive early payment of their invoice from a bank by factoring their receivable from the Group. Under the arrangement, a bank agrees to pay amounts to participating supplier in respect of invoices owed by the Group and receives settlement from the Group at a later date.

Trade and other payables (other than payable to related parties (refer note 24(iii)) are non-interest bearing and for explanations on the Group's liquidity risk management process and maturity profile of financial liabilities, refer note 27(c).

16 Advances from Customers

	2022 AED'000	2021 AED'000
Balance at the beginning of the year	**4,464,589**	2,733,041
Add: Additions during the year	**16,027,852**	16,777,478
Less: Revenue recognised during the year	**(10,865,429)**	(15,045,930)
Balance at the end of the year	**9,627,012**	4,464,589

The aggregate amount of the sale price allocated to the performance obligations of the Group that are unsatisfied / partially unsatisfied as at 31 December 2022 is AED 31,745,969 thousands (31 December 2021: AED 22,610,996 thousands). The Group expects to recognise these unsatisfied performance obligations as revenue over a period of 1-5 years.

17 Retentions Payable

	2022 AED'000	2021 AED'000
Retentions payable within 12 months	**600,127**	452,835
Retentions payable after 12 months	**320,456**	351,001
	920,583	803,836

Notes to The Consolidated Financial Statements (continued)

For the year ended 31 December 2022

18 Interest-Bearing Loans and Borrowings

	2022 AED'000	2021 AED'000
Balance at the beginning of the year	**3,260,508**	3,715,197
Add: Borrowings drawn down during the year	**4,598,904**	683,370
Less: Repaid during the year	**(6,963,593)**	(1,138,059)
Balance at the end of the year	**895,819**	3,260,508
Less: Unamortised portion of directly attributable costs	**(3,743)**	(1,841)
Net interest-bearing loans and borrowings at the end of the year	**892,076**	3,258,667
Interest-bearing loans and borrowings maturity profile:		
Within 12 months	**42,236**	3,059,265
After 12 months	**849,840**	199,402
	892,076	3,258,667

During 2019, the Group had availed 6-year Revolving credit facility ("RCF facility" or "old facility") of USD 1,000,000 thousands (AED 3,673,000 thousands). This unsecured RCF facility carried interest rate at 3 months LIBOR plus 1.25% per annum. During the current year, the outstanding amount from old facility was settled in full.

During the current year, the Group has obtained two new facilities aggregating to AED 3,673,000 thousands. The tenure of these new facilities is for a period of six years from the date of the agreements and carry profit rates of 1 or 3 month EIBOR plus a margin of 1%. These facilities are guaranteed by the Parent Company. The outstanding amount from these facilities as at 31 December 2022 is AED 853,583 thousand.

During the year, the Group also executed short term facility of AED 600,000 thousands. This facility carries interest of EIBOR plus 1% per annum and is secured by a corporate guarantee from the Parent Company. As at 31 December 2022, the Group has neither drawn down nor availed any amount from the facility.

As at 31 December 2022, included under interest-bearing loans and borrowings is AED 42,236 thousands (31 December 2021: AED 83,370 thousands) which represents facilities obtained from various commercial banks in the UAE and is repayable on demand.

19 Share Capital

	2022 AED'000	2021 AED'000
Authorised capital: 8,000,000,000 shares of AED 1 each (2021: 8,000,000,000 shares of AED 1 each)	**8,000,000**	8,000,000
Issued and fully paid-up: 4,000,000,000 shares of AED 1 each (2021: 4,000,000,000 shares of AED 1 each)	**4,000,000**	4,000,000

20 Legal Reserve

According to Article 61 of the Articles of Association of the Company and Article 241 of the UAE Federal Decree Law No. (32) of 2021, 10% of the annual net profit shall be allocated to legal reserve until it reaches 50% of the paid-up share capital. The Company has transferred AED 380,825 thousands (31 December 2021: AED 324,434 thousands) to legal reserve from net profit for the year.

21 Earnings Per Share

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

Notes to The Consolidated Financial Statements (continued)

For the year ended 31 December 2022

Diluted earnings per share amounts are calculated by dividing the net profit or loss attributable to the owners of the Company 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:

	2022 AED'000	2021 AED'000
Earnings:		
Profit attributable to the owners of the Company	**3,808,248**	3,244,339

	2022 AED'000	2021 AED'000
Number of shares in thousands		
Weighted-average number of ordinary shares for basic earnings per share	**4,000,000**	4,000,000

	2022 AED'000	2021 AED'000
Earnings per share:		
- basic and diluted earnings per share (AED)	**0.95**	0.81

22 Guarantees and Contingencies

The Group has provided a performance guarantee of AED 5,587,887 thousands (31 December 2021: AED 6,351,465 thousands) to the Real Estate Regulatory Authority (RERA), Dubai for its projects as per RERA regulations.

23 Commitments

As at 31 December 2022, the Group has commitments of AED 5,997,623 thousands (31 December 2021: AED 4,384,786 thousands). This represents the value of contracts entered into by the Group including contracts entered for purchase of plots of land at year end, net of invoices received, and accruals made at that date.

Furthermore, in accordance with the Development Agreement entered by the Group with Mina Rashid, the Group has a commitment to pay 30% of future profits over the project life cycle of Mina Rashid Project.

There are 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.

24 Related Party Disclosures

For the purpose of these consolidated financial statements, parties are 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 (Affiliated entities). Related parties may be individuals or other entities.

The Group in the normal course of business enters into transactions with individuals and other entities that falls within the definition of related party. The Group's related parties include key management personnel, entities held under common control, joint ventures and others.

Notes to The Consolidated Financial Statements (continued)

For the year ended 31 December 2022

The Group's parent company is partly owned by Investment Corporate of Dubai ("ICD"), an entity owned by the Government of Dubai ("Government"). The Group enters into transactions, in the normal course of business, with Government-owned entities and entities wherein ICD has control, joint control or significant influence. In accordance with the exemption available in IAS 24, management has elected not to disclose such transactions, which are primarily in nature of financing and operational related activities, and entered in the normal course of business at commercial terms.

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:

	2022 AED'000	2021 AED'000
Parent:		
Revenue (refer (ii) below)	**640,899**	497,317
Selling, general and administrative expenses (refer (i) below)	**368,131**	489,943
Finance cost (refer (iii) below)	**86,220**	40,355

	2022 AED'000	2021 AED'000
Affiliated entities:		
Selling, general and administrative expenses	**66,503**	64,607
Property development expenses	**72,418**	52,618
Joint Ventures:		
Revenue	**21,987**	38,525
Directors, Key management personnel and their related parties:		
Selling, general and administrative expenses	**328**	1,046

Related party balances

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

	2022 AED'000	2021 AED'000
Parent:		
Other assets, receivables, deposits and prepayments (refer (ii) below)	**1,299,008**	1,631,162
Trade and other payables (refer (i) and (iii) below)	**3,057,228**	2,598,805
Affiliated entities:		
Other assets, receivables, deposits and prepayments	**118,551**	24,334
Trade and other payables	**31,685**	37,923

(i) Allocation of corporate expenses:

The Parent Company 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, information technology, corporate and legal compliance, business development and marketing. As per Relationship Agreement, corporate expenses are allocated by the Parent on the basis of 3% of revenue of the Group.

Notes to The Consolidated Financial Statements (continued)

For the year ended 31 December 2022

During the previous year, the Group and the Parent agreed to settle AED 2,520,438 thousands payable by the Group to the Parent by offsetting against receivable of AED 4,151,600 thousands from the Parent as at 31 December 2021. This net balance is recoverable on demand.

(ii) Recoverable from the Parent:

This mainly represents balances recoverable from the Parent with respect to the development costs incurred for the Build-to-sell (BTS) developments in Dubai Creek Harbour project. As agreed in the Master Transfer Agreement (MTA), the Parent has transferred the development services 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.

(iii) Payable to the Parent Company:

Amount due to the Parent Company is unsecured. This includes AED 2,584,750 thousands (31 December 2021: AED 2,584,750 thousands) which carries interest rate at 3 months LIBOR plus 1.4% per annum. Also refer note 15. The Group has total credit facility of USD 1,350,000 thousands (AED 4,958,550 thousands).

Compensation of key management personnel

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

	2022 AED'000	2021 AED'000
Short-term benefits	**35,474**	42,142
Employees' end-of-service benefits	**2,709**	1,888
	38,183	44,030

During the year, the number of key management personnel is 32 (31 December 2021: 34).

During the year, the Company has paid a bonus of AED 3,900 thousands to the non-executive members of the Board of Directors for the year 2021 as approved by the shareholders at the Annual General Meeting of the Company held on 21 April 2022 (2021: AED 3,900 thousands).

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 to joint ventures, other receivables, deposits and due from related parties. Financial liabilities of the Group include interest-bearing loans and borrowings, trade payable, retentions payable, payable to related parties 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.

26 Dividend

A cash dividend of AED 0.52 per share for the year ended 31 December 2022 is proposed by the Board of Directors of the Company subject to the approval of shareholders in the forthcoming Annual General Meeting.

No dividend was approved by the shareholders of the Company at the Annual General Meeting held on 21 April 2022 for the year ended 31 December 2021.

Notes to The Consolidated Financial Statements (continued)

For the year ended 31 December 2022

27 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 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 Group's Audit Committee 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 Group's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Group's principal financial liabilities comprise interest-bearing loans and borrowings, retentions payable, amount due to related parties and trade and other payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as bank balances and cash, trade and unbilled receivables, loan to joint ventures, amount due from related parties and other receivables and deposits, which arise directly from its operations.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

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, related parties including joint ventures, other receivables and from its financing activities, including deposits with banks and financial institutions.

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 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.

Notes to The Consolidated Financial Statements (continued)

For the year ended 31 December 2022

The Group establishes an allowance for impairment at each reporting date that represents its estimate of expected credit losses in respect of trade, unbilled and other receivables. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

Due from related parties relates to transactions arising in the normal course of business with minimal credit risk.

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, loans to joint ventures, 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 Group's treasury in accordance with the Group's policy. The Group limits its exposure to credit risk by only placing balances with local banks of good repute. Given the profile of its bankers, management does not expect any counterparty to fail in meeting its obligations.

Total financial assets at amortized cost amounted to AED 29,198,551 thousands (31 December 2021: AED 22,970,076 thousands).

Guarantees

The Group's policy is to provide financial guarantees to its subsidiaries and certain joint ventures. For details of guarantees outstanding as at the reporting date refer note 22 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. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

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 and interest rate risk, which will affect the Group's income or the value of its holdings of financial instruments. Financial instruments affected by market risk include interest-bearing loans and borrowings and deposits. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Exposure to interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. Interest on financial instruments having floating rates is re-priced at intervals of less than one year

Notes to The Consolidated Financial Statements (continued)

For the year ended 31 December 2022

and interest on financial instruments having fixed rates is fixed until the maturity of the instrument. Other than commercial and overall business conditions, the Group's exposure to market risk for changes in interest rate environment relates mainly to its borrowing from financial institutions.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings):

	2022		2021	
	Change in basis points	Sensitivity of interest income/ expense AED'000	Change in basis points	Sensitivity of interest income/ expense AED'000
Interest-bearing loans and borrowings	±100	8,958	±100	32,605
Trade and other payables	±100	25,848	±100	25,848

The interest rate sensitivity set out above relates primarily to the AED denominated financial assets and financial liabilities as the Group does not have any significant net exposure for financial assets and financial liabilities denominated in currencies other than the AED.

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 Group Treasury. 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 and bank borrowings. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities from Parent, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group currently has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

As at 31 December 2022

Financial liabilities	Less than 1 year AED'000	1 to 5 years AED'000	Over 5 years AED'000	Total AED'000
Interest-bearing loans and borrowings	86,648	941,324	-	1,027,972
Retentions payable	600,127	320,456	-	920,583
Trade and other payables	5,820,307	4,853,338	456,097	11,129,742
Total undiscounted financial liabilities	**6,507,082**	**6,115,118**	**456,097**	**13,078,297**

Notes to The Consolidated Financial Statements (continued)

For the year ended 31 December 2022

As at 31 December 2021

Financial liabilities	Less than 1 year AED'000	1 to 5 years AED'000	Over 5 years AED'000	Total AED'000
Interest-bearing loans and borrowings	3,118,690	212,858	-	3,331,548
Retentions payable	452,835	351,001	-	803,836
Trade and other payables	6,902,326	3,829,124	767,309	11,498,759
Total undiscounted financial liabilities	10,473,851	4,392,983	767,309	15,634,143

d) Capital management

Capital includes equity attributable to the equity holders of the 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 monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 50%. The Group includes within net debt interest bearing loans and borrowings less cash and cash equivalents. Capital includes equity attributable to the owners of the Parent less the net unrealised gains/ (losses) reserve. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Board of Directors also monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding minority interests. The Board of Directors also monitors the level of dividends to shareholders, the return on capital to shareholders or issuance of new shares to maintain or adjust the capital structure.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 31 December 2021.

Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements other than the statutory requirements in the jurisdictions where the Group entities are incorporated.

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28 Non-Controlling Interest (NCI)

Financial information of subsidiary of the Group that have material non-controlling interest (NCI) are provided below:

	Country of incorporation	NCI holding 2022	NCI holding 2021
Dubai Hills Estate LLC	UAE	**50%**	50%

The following table summarises the statement of financial position of a partially owned material subsidiary as at 31 December 2022. This information is based on the amounts before inter-company elimination.

	Dubai Hills Estate LLC	
	2022 AED'000	2021 AED'000
Total assets	**8,490,926**	7,276,266
Total liabilities	**4,942,124**	3,431,124
Total equity	**3,548,802**	3,845,142
Attributable to:		
Owners of the Company	**1,774,401**	1,922,571
Non-controlling interest	**1,774,401**	1,922,571

The following table summarises the income statement of this subsidiary as at 31 December 2022. This information is based on the amounts before inter-company elimination.

	Dubai Hills Estate LLC	
	2022 AED'000	2021 AED'000
Revenue	**1,936,888**	4,323,781
Profit for the year	**913,660**	1,976,342
Total comprehensive income for the year	**913,660**	1,976,342
Attributable to:		
Owners of the Company	**456,830**	988,171
Non-controlling interest	**456,830**	988,171

The following table summarises the cash flow statement of this subsidiary as at 31 December 2022. This information is based on the amounts before inter-company elimination.

	Dubai Hills Estate LLC	
	2022 AED'000	2021 AED'000
Cash from operating activities	**4,193,638**	3,088,927
Cash from investing activities	**43,122**	3,490
Cash used in financing activities	**(1,210,000)**	(2,630,734)
Net increase in cash and cash equivalents	**3,026,760**	461,683

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