

Important Announcement regarding the Sale Price Range for the Shares of Emaar Development PJSC (Under Conversion) and Listing of its Shares on the Dubai Financial Market

Following its announcement of 26 October 2017 of its intention to “Offer the Shares for Sale”, Emaar Development PJSC (under conversion) (the “**Company**”) announces the price range for the sale.

The price range has been set at between AED 5.7 to AED 6.9 per share.

The size of the shares offered for sale is 800,000,000 (eight hundred million) shares of the share capital of the Company by way of sell down by the principal Founder, Emaar Properties PJSC.

The final offer price will be determined following a bookbuilding process. The Company will publish an announcement setting out the final offer price, which will be published by means of the common known newspaper announcements in the United Arab Emirates (“**UAE**”).

The Company’s Board of Directors is pleased to publish the audited financial statements of the Company until 30 September 2017, in addition to a summary of the Board of Directors’ report submitted for listing purposes which is expected to take place on the Dubai Financial Market on 22 November 2017.

(The Company is a Public Joint Stock Company (under conversion) in the UAE as per the Federal Commercial Companies Law No. 2 for the year 2015 and related regulations. The Company’s share capital is AED 4,000,000,000 (four billion). The objectives of the Company are real estate development, buying and selling of real estate, and leasing and management of self-owned property. In fulfilment of its objectives, the Company may, conduct all operations and take all actions required for the due performance of its activities within and outside the UAE. The Company may have an interest or may participate, cooperate or acquire by all manners with any other entity or company within or outside the UAE, provided that their activities are similar to the Company’s activities.)

Founders Committee Report

Messrs Shareholders
Emaar Development PJSC
Public Joint Stock Company
Dubai - United Arab Emirates

Founders Committee Report

The Founders Committee of Emaar Development PJSC (the “**Company**”) is pleased to submit its report and the audited financial statements of the Company until 30 September 2017 provided for the purpose of listing the shares of the Company on Dubai Financial Market and the auditor’s reports and financial statements of the Company until 30 September 2017 and the notes regarding the financial statements until 30 September 2017.

Main Activities and Review of Business Progress:

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

and transfer such division and activities to the Company since the latter is a subsidiary of Emaar Properties group.

After the successful carve out process and the transfer of the real estate development division and activities of Emaar Properties to the Company, the Company became the leading developer of integrated lifestyle masterplan communities in Dubai, which feature world-class residential and commercial property, shopping malls and other retail assets and high-end hospitality and leisure attractions. Redefining the traditional approaches to property development, the Company's integrated lifestyle masterplan communities are distinguished by their world-class design, superior build quality, high quality finishes and wide range of amenities. Its integrated lifestyle masterplan concept combines retail, hospitality, leisure and other requirements of the Company's residents within secure, well-maintained communities. In addition, the Company ensures through its collaboration with local regulators, utility companies and government agencies that the infrastructure necessary to support these residential communities, such as roads, power, water and sewage, landscaping and open recreational spaces, is in place. With the support of the Company's parent company, Emaar Properties, the Company has developed some of Dubai's most prestigious integrated lifestyle masterplan communities, including Emirates Living, the first major freehold community built in Dubai, and Downtown Dubai, one of the world's most visited destinations.

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

The conversion profits covering the above stated period are included in the attached financial statements.

On behalf of the Founders Committee

Date: 2 November 2017

The following are included as an appendix:

- **Auditor Reports to be submitted to the shareholders of the Company;**
- **Audited Financial Statements of the Company until 30 September 2017; and**
- **Notes regarding the financial statements until 30 September 2017.**

The opening balance sheet (opening balance sheet statement) of Emaar Development PJSC shall be published on the date of announcing the incorporation of the Company as a public joint stock company on 21 November 2017, in addition to the report of the external auditor in relation to the opening balance sheet and its notes.

Summary of the Board of Directors' Report

1. Summarized Snapshot on the Establishment and the Objectives of the Company

Name of the Company:	Emaar Development PJSC
Primary objects of the Company:	Real estate development; Buying and selling of real estate; and

	Leasing and management of self-owned property
Head office and branches:	PO Box 48882, Dubai, United Arab Emirates
Details of trade register and date of engaging in the activity:	License No. 543667. Date of Engaging in activity - 2 April 2003
Term of the Company:	99 years
Financial year:	1 January to 31 December
Major banks dealing with the Company:	First Abu Dhabi Bank

2. Future Strategy

The Company's primary objective is to produce sustained and secure long-term returns from its projects. In particular, it intends to:

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

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

Deliver value for customers

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

Leverage our significant land bank and partnership with GREs

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

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

Financial risk management

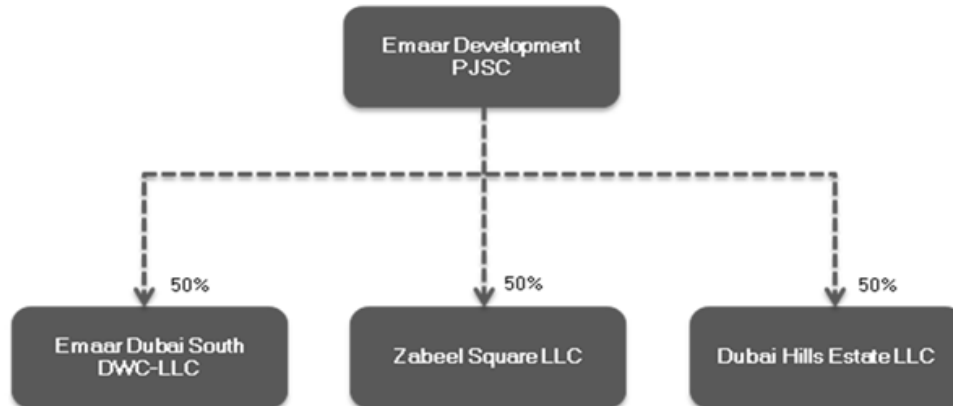
The Company's pre-sale funding model significantly de-risks the cash requirements for the development of its projects. It is the Company's policy to pre-sell an average of 70 percent of the residential units in a development and collect between 30 and 40 percent of the total sales value of those residential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

Optimise capital structure and enhance returns to shareholders

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

3. Relationship of the Company with any other companies (either subsidiary, sister or affiliate)

The following is the structure of Emaar Development PJSC (under conversion) showing the relationship of the Company with the other companies:



4. Latest developments and important events of the Company

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

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

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

Rights and revenues from certain specified projects ("**Assigned Projects**") transferred to the Company by the Parent shall secure repayment of the Facilities. These projects, the underlying assets and rights to proceeds from the corresponding project escrow accounts must be transferred to the Company from the Parent within six months of entering the Facilities. The Company must ensure all revenues and prescribed insurances that are not deposited into the escrow accounts of the Assigned Projects be routed through accounts pledged in favour of the Bank. When proceeds from the project escrow accounts become available to the Company or the Parent (as the case may be) these must also be deposited into the pledged accounts with the Bank. Proceeds received by the Company from revenues, insurances (not used in repair, replacement or reinstatement) and escrow accounts directed into accounts held with the Bank are to be used for the purposes of meeting its repayment and prepayment obligations under the Facilities.

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

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

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

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

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

The Company has agreed to assign the benefit of its interest in the rights to the proceeds from the project escrow accounts as security in favour of the Bank when the Assigned Projects have been transferred to the Company by the Parent. Prior to transfer Emaar Properties has assigned its interest in the rights to the proceeds from the Assigned Projects' escrow accounts to the Bank. All revenues, insurances and proceeds from the project escrow accounts deposited into the accounts of Company held with the Bank are also pledged in favour of the Bank pursuant to a separate pledge agreement. No other security has been granted to the Bank in connection with the Facilities.

The Company also entered into a master transfer agreement with the Parent, dated 29 September 2017 (the "**Master Transfer Agreement**"), in relation to the transfer of the Parent's UAE real estate development business (the "**Business**") to the Company.

In accordance with the terms of the Master Transfer Agreement, the Parent transferred to the Company (or procured the transfer by applicable members of its group to the Company of) all assets and liabilities relating to the Business, including, without limitation, certain plots of land, contracts, joint venture arrangements, intellectual property rights, and employees, in each case with effect from 1 September 2017.

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

In consideration for the transfer of the Business by the Parent, the Company issued 4,000,000,000 (four billion) shares worth AED 1 (one) each in its share capital to the Parent on 17 October 2017 and assumed the liabilities of the Business with effect from 1 September 2017.

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

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

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

The Relationship Agreement shall stay in effect until the earlier of: (i) Emaar Properties ceasing to own an interest, directly or indirectly, of at least 10 percent in the Company, at which point the rights and

obligations of Emaar Properties under the Relationship Agreement shall terminate; and (ii) the Shares ceasing to be listed on the DFM; and (iii) the mutual agreement of the Company and Emaar Properties to terminate the Relationship Agreement (in whole or in part), subject to the prior approval of a majority of independent non-executive directors (or if there are two independent non-executive directors or fewer, then the approval of both or the sole independent non-executive director).

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

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

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

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

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

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

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

5. Securities previously issued by the Company

The Company has not issued any securities in the past as it is a public joint stock company under conversion.

6. Members of the Board of Directors

The Board of Directors consists of the following directors and their term shall be for three years:

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

The business address of each of the Directors is P.O. Box 48882, Dubai, United Arab Emirates.

7. The ownership percentage of the board directors, executive managers and their first degree relatives in the Company and its subsidiaries

None of the board directors, executive managers or their first degree relatives own any shares in the Company or any of its subsidiaries.

8. List of the owners of 5% of the Company's shares and the number of shares owned

Emaar Properties PJSC	99%
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9. Board of Directors' evaluation of the Company's performance and achievements in comparison with the objective plan.

The performance and achievements of the Company is in line with the expectations and forecast of the senior management of the Company. The Company follows up on the positive development of the Company that has reached all of the Company's business divisions with expectation that such development will continue.

10. The ownership percentage of non-UAE nationals in the capital of the Company

The ownership percentage of non-UAE nationals in the capital of the Company is 1%.

11. The financial statements until 30 September 2017

Consolidated/combined income statement

(US\$ 1.00 = AED 3.673)

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

(US\$ 1.00 = AED 3.673)

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

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

General Manager

**NOTE10:
DEVELOPMENT PROPERTIES**

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

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

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

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

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

Attributable to the owners of the Parent

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

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

(US\$ 1.00 = AED 3.673)

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

				<i>(US\$ 1.00 = AED 3.673)</i>	
				30 September	30 September
				2017	2016
				AED'000	AED'000
	<i>Notes</i>				
Revenue	4		6,508,387	5,129,772	
Cost of revenue	4		(3,758,283)	(2,980,696)	
GROSS PROFIT			2,750,104	2,149,076	
Selling, general and administrative expenses	5		(438,459)	(404,023)	
Finance income	6		90,155	87,065	
Finance costs			(10,950)	(10,588)	
Other income			54,976	46,577	
Share of results of joint venture			(3,548)	(1,627)	
PROFIT FOR THE PERIOD			2,442,278	1,866,480	
Other comprehensive income			-	-	
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			2,442,278	1,866,480	
ATTRIBUTABLE TO:					
Owners of the Parent			2,105,773	1,596,915	
Non-controlling interest			336,505	269,565	
			2,442,278	1,866,480	
Earnings per share attributable to the owners of the parent:					
- basic and diluted earnings per share (AED)			7,019,243	5,323,050	

(US\$ 1.00 = AED 3.673)

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

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

General Manager

(US\$ 1.00 = AED 3.673)

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

Movement in shareholder's contribution represents change in the net assets allocated to the Build-to-sell real estate development business. Also refer note 2.1 and 17.

(US\$ 1.00 = AED 3.673)

		30 September 2017 AED'000	30 September 2016 AED'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		2,442,278	1,866,480
Adjustments for:			
Share of results of joint venture	12	3,548	1,627
Depreciation 5		10,863	7,722
Provision for employees' end-of-service benefits, net		3,394	3,929
Finance costs		10,950	10,588
Finance income	6	(90,155)	(87,065)
Cash from operations before working capital changes		2,380,878	1,803,281
Trade and unbilled receivables		125,996	(299,510)
Other assets, receivables, deposits and prepayments		(1,078,399)	(351,403)
Development properties		(469,479)	(999,789)
Advances from customers		(103,872)	288,802
Trade and other payables		515,678	406,516
Retentions payable		54,429	94,750
Net cash flows from operating activities		1,425,231	942,647
CASH FLOWS FROM INVESTING ACTIVITIES			
Finance income received		90,652	81,937
Loan to joint ventures		(369,321)	(7,022)
Amounts incurred on property, plant and equipment		(56)	(7,747)
Investment in a joint venture		(150)	(150)
Deposits maturing after three months		1,091,666	(328,901)
Net cash flows from / (used in) investing activities		812,791	(261,883)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance costs paid		(10,950)	(10,588)
Dividend paid by a subsidiary to the non-controlling interests		(220,000)	-
Movement in shareholder's contribution		(501,589)	57,336
Net cash flows (used in) / from financing activities		(732,539)	46,748
INCREASE IN CASH AND CASH EQUIVALENTS		1,505,483	727,512
Cash and cash equivalents at the beginning of the period		6,600,713	6,869,310
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	8,106,196	7,596,822

The Company shall also publish the opening balance sheet (opening balance sheet statement) of Emaar Development PJSC on the date of announcing the incorporation of the Company as a public joint stock company on 21 November 2017, in addition to the report of the external auditor in relation to the opening balance sheet and its notes.

12. The auditor's report to be submitted to the shareholders of the Company on the financial statements