

**EMAAR  
ANNUAL  
REPORT**

**2008**

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# LETTER TO SHAREHOLDERS

## CHAIRMAN'S MESSAGE TO SHAREHOLDERS

Our inter-connectedness in this age of globalisation has never been driven home with such force as the events of 2008.

2008 was a roller-coaster ride of historic highs succeeded by heart-pounding lows. Oil prices soared into the stratosphere of US\$147 per barrel in the first half of the year, fuelling consumer demand and economic growth with an intensity that unleashed inflation across the GCC that exceeded 10 per cent. The distant rumbles of the U.S. sub-prime crisis and the credit crunch reached our shores in the last quarter of 2008. The inflow of foreign funds and investors reversed sharply and wiped off an estimated AED 9.18 trillion (US\$2.5 trillion) from the region's collective balance sheets. Equity markets here shed some (US\$600 billion) of their capitalisation last year.

While it is easy, against this scenario, to relegate 2008 to the backwaters of history, the year held significance for Emaar as we continued to forge ahead amidst emerging turbulence.

### ACHIEVEMENTS IN 2008

#### Financial Performance

Focusing on business segmentation, international expansion and strong regional partnerships in 2008, Emaar recorded annual net operating profits of AED 5.578 billion (US\$ 1.519 billion), 15 per cent lower than the net profit of AED 6.575 billion (US\$ 1.790 billion) recorded in 2007. The operating profit includes losses due to write down of inventory of AED 1.084 billion relating to J L homes during 2008 due to unprecedented slow down of the US real-estate sector. Earnings per share (EPS) for the year relating to profit from operating activities in 2008 was AED 0.92 (US\$ 0.25) compared to AED 1.08 (US\$ 0.29) per share in 2007.

During 2008, Emaar also decided to write down its complete goodwill amount of AED 2.523 billion (US\$ 0.687 billion) relating to J L Homes during 2008, resulting in Group's net profit of AED 3.055 billion (US\$ 0.832 billion) compared to AED 6.575 billion (US\$ 1.790 billion).

Annual revenue was lower by 10 per cent to AED 16.015 billion (US\$ 4.360 billion) compared to AED 17.869 billion (US\$ 4.865 billion) in 2007.

The NAV per share of the Group was AED 13.84 including the fair value of the land, real estate properties and market value of listed associates / companies, which signifies the company's ability to sustain significant value for its shareholders.

The Group has accumulated land bank of 515 million square meters as at end of 2008 with an approximate fair value of AED 93 billion.

During 2009, the resources of Emaar will be utilised to complete the projects commenced and effectively manage the Malls and Hospitality Assets to maximise the longer term value of such assets.

#### The world's tallest building and structure

2008 was an epoch-making year for Burj Dubai with the tower achieving numerous global milestones in high-rise construction. Burj Dubai has, to date, reached a record 780 metres or 2,559 feet in height, soaring over 160 storeys – the most number of floors in any building in the world. It is the world's tallest building, towering above Taipei 101 (508 metres, 1,677 feet) in Taiwan, which held the title since 2004. Burj Dubai is also the world's tallest structure now, surpassing the KVLV-TV mast in North Dakota, USA, which stands at 628.8 metres or 2,063 feet. CN Tower (553.33 metres, 1,815.5 feet), which was the world's tallest free-standing structure on land since 1976, is now surpassed by Burj Dubai. 2008 was indeed a landmark year which saw Burj Dubai consolidating its global leading position in the construction of high-rises.

#### The New Pulsating Heart of Dubai

The most prestigious square kilometre in the world is taking concrete form. An expanse of sand just four years ago, the intersection between Sheikh Zayed Road and Doha Road in Dubai, has transformed into a colourful, premier community bustling with homeowners, families, residents, visitors, tourists, executives and construction workers. We have handed to our customers The Residences and Old Town. In 2007, we put in place a spectrum of new lifestyle options, including Al Manzil, Qamardeen and The Palace hotels. In 2008, Downtown Burj Dubai pulsated with a strong beat as the new heart of Dubai. We completed The Old Town and Souk Al Bahar to enrich Downtown Burj Dubai's shopping and leisure offerings. Even as Burj Dubai soared ever higher into the stratosphere, we launched a sparkling new five-star hotel, The Address Downtown Burj Dubai, and one of the world's largest malls, The Dubai Mall, in the AED 73 billion (US\$20 billion) mega-project. Downtown Burj Dubai is roaring to life with premium hotels, exclusive business facilities, contemporary residences, world-class shopping malls and leisure facilities.

## The Dubai Fountain

Las Vegas has The Fountains of Bellagio. Downtown Burj Dubai now has The Dubai Fountain, one of the world's finest water features spanning 900 feet or 275 metres in length. More than two football fields in size, when fully operational, The Dubai Fountain will be the world's tallest performing fountain and will complement the other stellar attractions in the mega project – Burj Dubai and The Dubai Mall. It was named after more than 4,000 participants from UAE as well as across the globe, representing over 100 nationalities, took part in the competition. It is a true reflection of Dubai's growing global significance and a fitting tribute to our city.

## Robust domestic performance

Emaar played a pioneering role in shaping the landscape of Dubai. Our UAE projects in 2008 reiterate our commitment to our Emirate and continued to contribute strongly to our revenues.

In 2008, Downtown Burj Dubai continued to grow and take shape, contributing positively to Emaar's revenues. We launched a number of new residential and commercial space in this mega project and the investor response to these projects was overwhelming.

## Impressive international inroads

One key tenet of Emaar's two-pronged growth strategy is geographic expansion beyond our base in Dubai into the emerging markets of the Middle East-North African region as well as Asia. We embarked on our maiden voyage for international sales in the financial year, 2007, with pilot launches in Saudi Arabia, Egypt, Syria, Morocco, Turkey and India. In this financial year, we significantly increased our new projects in these markets and extended our launches to include Pakistan. Our sales quadrupled, in the process, to 5,206 units in the international arena (excluding US). International sales (excluding US) are now an increasingly vital engine of growth for Emaar, contributing 33 per cent to our sales in FY 2008 as compared to 17 per cent in FY 2007. Work is progressing on schedule for these projects. Many will be handed over in 2009 and 2010. Our projects enjoyed strong investor response, not merely in their domestic markets, but from the region as a whole. Our markets like India, Morocco, Saudi Arabia, Egypt, Syria and Turkey not only yielded strong domestic sales but also attracted sizeable international sales at roadshows held in the GCC.

### Saudi Arabia

Emaar The Economic City launched two residential communities in KAEC, Bay La Sun Village and Esmeralda suburb, to overwhelming investor response. Spread over 2.3 square kilometres, Bay La Sun Village is a "work, live and play" mixed-use project that is within close proximity of the King Abdullah University of Science and Technology and the KAEC Educational Zone. The Esmeralda suburb is a project spreading over 160,000 square meters, which incorporates a world-class golf course that is central to the community.

It is our honour to play a pivotal role in the growth of Saudi Arabia through projects such as King Abdullah Economic City, Rawabi Rumah, Jeddah Gate, Al Khobar Lakes and serviced residences at Abraj Al Bait in the Holy City of Makkah. Spear-headed by our subsidiary, Emaar Middle East, Jeddah Gate and Al Khobar Lakes were launched to overwhelming investor response.

### Egypt

2008 was an eventful year for Egypt, another key market and one of the fastest-growing markets in this region. Our wholly-owned subsidiary in Egypt, Emaar Misr, is one of the largest investors in Egyptian real estate today with an investment portfolio of EGP 31.67 billion (AED 20.33 billion; US\$5.54 billion). In 2008, our residential offerings within the EGP 12 billion (AED 7.7 billion; US\$2.1 billion) Uptown Cairo and the EGP 9.92 billion (AED 6.39 billion; US\$7.4 billion) Marassi projects opened to strong investor response in Egypt. In addition to these integrated luxury master-planned communities, Emaar Misr is also developing the EGP 5.75 billion (AED 3.67 billion; US\$1 billion) residential community located at the fifth district of New Cairo City and the EGP 4 billion (AED 2.56 billion; US\$700 million) commercial cum residential development on the Cairo-Alexandria desert road, which also features the largest outdoor shopping and entertainment destinations in the country, Cairo Gate. We launched the EGP 5.75 billion Mivida, our newest residential community in New Cairo City, which is in close proximity to the new campus of the America University of Cairo. Mivida is a 3.8 million square meters development offering about 5,000 luxury homes set out amidst a green master-planned community.

### Other Key Markets

A highlight of 2008 is our expansion into China with the signing of a MoU with Shanghai China-News Enterprise Development Limited, a Chinese government entity and subsidiary of the People's Daily Shanghai branch. We also consolidated our presence in South East Asia as we signed an MOU with Bali Tourism Development Corporation to develop the Lombok island Project, a mixed-use undertaking in Indonesia.

Emaar Turkey signed an agreement to purchase 73,571 square meters of prime land in Istanbul to develop a mixed-use project purchase valued at US\$400 million. Emaar has already gained a strong presence in the Turkish property sector with the launch of Tuscan Valley Houses, one of the pioneering master-planned neighbourhoods in the country.

The US\$700 million project received overwhelming investor response. New land will also be utilised for a project of similar appeal.

In India, Emaar MGF is progressing on schedule with various projects, including Boulder Hills – Hyderabad, Commonwealth Games Village – New Delhi, Garden Terraces – Gurgaon, The Terraces – Mohali, The Palm Drive – Gurgaon, The Views – Mohali, Espalanade – Chennai, The Palm Springs – Gurgaon, The Villas – Mohali.

## **NURTURING NEW GROWTH DRIVERS**

Emaar further strengthened its diverse business segments which became a core area of growth for our company in 2008. Emaar Malls Group launched The Dubai Mall and the Dubai Marina Mall in the same year while Emaar Hospitality Group unveiled Emaar's own five-star premium hotel brand, 'The Address Hotels & Resorts'. Emaar Healthcare Group entered into a partnership with Methodist International from the U. S. to open hospitals in the MENA region and Turkey. On the education front, Emaar Education announced plans to launch a Hospitality Training Institute and extended its footprints into Saudi Arabia.

### **Emaar Malls Group**

We established Emaar Malls Group in 2006 as our retail and shopping mall subsidiary with an investment portfolio exceeding US\$4 billion (AED 15 billion). Emaar Malls Group is set to become one of the world's largest developers of shopping malls. The Group is currently operating and developing a total of 10 million square feet of retail property in this part of the world. With the opening of The Dubai Mall, Emaar Malls Group has already added on 3.77 million square feet of gross leasable space to Dubai. Now ranking as the largest mall operator in the UAE, Emaar Malls Group has established its credentials in developing world-class mall developments with The Dubai Mall.

#### **Opening of one of the world's largest malls**

The Dubai Mall opened its doors on November 4, 2008. We made history in global retail with the simultaneous opening of 600 stores on the same day – the maximum number of store openings achieved at the same time. This feat was followed in January 2009 with yet another 100 stores launched within a month of the mall's opening. The retailers, many of them opening their first outlets or flagship stores in the Middle East, recorded higher than projected sales. The tremendous visitor turnout on the opening day reiterated consumer confidence in Dubai and the strength of the Emirate's retail sector. With its launch in 2008, The Dubai Mall has reinforced Dubai's growing credentials as a thriving regional hub. Located in the heart of the prestigious Downtown Burj Dubai mixed-use development, The Dubai Mall is the premier lifestyle destination for shopping and entertainment experience. With a total internal floor area of 5.9 million sq ft, The Dubai Mall will offer 3.77 million sq ft of gross leaseable space with more than 1,200 retail outlets, two anchor department stores and more than 160 food and beverage outlets.

The majority of The Dubai Mall's 1,200 stores will be operational by early 2009. We are proud to introduce many of the world's most renowned retailers to the Middle East. These include Galeries Lafayette and Bloomingdale's, two of the mall's anchor department stores, which will open in 2009 and 2010 respectively.

In addition to its dazzling array of shopping options, The Dubai Mall provides key leisure attractions such as the Dubai Aquarium & Discovery Centre and the Dubai Ice Rink. Dubai Aquarium holds the Guinness World Record for the largest acrylic view panel and achieved a massive reception during its opening with over 60,000 tickets sold in the first five days. The Dubai Ice Rink offers a winter escape in the desert and drew more than 5,000 skating enthusiasts during the launch of the mall. Both attractions confirm The Dubai's Mall's success as a must-see, family-oriented shopping and entertainment destination.

#### **The Dubai Marina Mall**

Emaar Malls Group opened its newest shopping and entertainment destination, the Dubai Marina Mall, on 22 December 2008. With a gross leasable area of 390,000 square feet, the mall features 160 retail outlets. Set within the spectacular waterfront of Dubai Marina, Dubai Marina Mall caters to the cosmopolitan needs of the marina residents. It attracts a "younger" demographic comprising singles, newly married couples or young families, all of whom embrace the marina lifestyle. Dubai Marina Mall is endowed with a great location and a strong retail mix. The mall also offers indoor and al fresco dining along an extensive promenade overlooking the Arabian Gulf, which will open in 2009. Dubai Marina is an established community occupied by several thousand residents. Together with The Address, Dubai Marina, hotel and serviced residences adjoining the mall, a six-screen Cineplex and a 7-storey Gourmet Tower dedicated to diverse cuisines; the mall is on target to become top destination for residents and tourists in Dubai.

## Emaar Malls in the Region

Emaar Malls has plans to develop shopping mall space in Morocco and Syria. These will be created predominantly in Emaar's master-planned community projects to support Emaar's vision of creating integrated lifestyle communities. In Morocco, Emaar Malls will be focusing on Tinja and Saphira. In Syria, Emaar will be developing the largest mall in the Levant region, within The Eighth Gate. In Turkey, Emaar Malls will create prime retail space in Istanbul within our newest development located on the Asian side of Bosphorus. Currently, Emaar is developing the Tuscan Valley retail, entertainment and leisure centre as part of the US\$700 million community. Last but not least, several shopping malls are in the pipeline for Cairo Gate Village, Uptown Cairo, Marassi and New Cairo City.

## Emaar Hospitality and Leisure

In a span of two years, Emaar Hospitality Group has established a portfolio of hospitality and leisure projects with a total development value of AED 3.67 billion (US\$1 billion). Today, the company owns and manages diverse hospitality assets including hotels, serviced residences, golf resorts, a polo and equestrian club and recreation clubs. Emaar Hospitality Group extended its portfolio in 2008 to include its first marine club, the Dubai Marina Yacht Club.

Emaar Hospitality Group won the "Hospitality Company of the Year" award at the Arabian Business Achievement Awards 2008, in recognition of Emaar's pioneering initiatives in this sector, as exemplified by the success of The Address Hotels + Resorts. The Address Hotels + Resorts also owns and operates The PalaceThe Old Town. Its owned hotel roster also includes Al Manzil and Qamardeen in Downtown Burj Dubai, which are managed by The Southern Sun.

### The Address Hotels + Resorts

A key development in 2008 for Emaar Hospitality Group was the launch of The Address Hotels + Resorts, the new five-star premium hotel brand created by Emaar. The first flagship property of The Address Hotels + Resorts opened at Downtown Burj Dubai in October 2008. Situated in the most exclusive square kilometre development in the world, the 196-room flagship hotel is a post-modern architectural marvel soaring 63 floors. Set against the backdrop of the world's tallest building, The Address Downtown Burj Dubai is the second tallest building in the mega project.

The Address Hotels + Resorts targets corporate, leisure and group travellers - particularly international jet setters and global high achievers who value personalised luxury. Over the next ten years, the brand will establish its presence in all markets where Emaar has a geographic footprint. The Address Downtown Burj Dubai, will be followed by The Address Dubai Mall, as well as The Address Dubai Marina.

### Dubai Marina Yacht Club

The Dubai Marina Yacht Club is Emaar's premier destination for marine enthusiasts. Located along the 3.5 km Dubai Marina canal, which runs parallel to the Arabian Sea, the elegant clubhouse is a haven for boat-owners and visitors alike.

### Armani Hotels & Resorts

Through the years, Emaar's milestone collaboration with Giorgio Armani S.p.A has gone from strength to strength. Our association with the world-renowned fashion icon was conceived to create a collection of landmark hotels and luxury residences in key cities around the globe. In 2008, we made rapid progress on the first Armani Hotel and Armani Residences in Burj Dubai, the world's tallest building. We are on track for an exciting opening in the last quarter of 2009. As a sequel to our successful partnership, Emaar commenced construction on a second Armani Hotel in Milan, Italy. Scheduled for opening in 2010, the Armani Hotel Milano is located at Via Manzoni 31, within Milan's fashion district and just minutes from the famous La Scala theatre and the spectacular Piazza del Duomo. Armani Hotels & Resorts launched the sale of the first Armani Residences in late 2007 to a sell-out reception. The second Armani Residences project, as such, has been earmarked for development in Emaar's Marassi project in Egypt.

## 2009 IN FOCUS

The wisdom of our best plans is often called into question in the darkest hour, when doubt looms and long shadows dim our hopes and aspirations. The economic landscape unfolding before our eyes is changing rapidly. Already the new reality has called for painful choices in cost control and manpower rationalisation.

We won the past. Can we win the future?

Resilience, adaptability and innovation are core values driving Emaar's evolution from home builder and provider of integrated lifestyle communities to creator of iconic cities and a partner in the region's nation building process. What truly makes Emaar? Not steel, not cranes or concrete, but passion, courage, creativity and commitment.

Today, even when held up to scrutiny in these demanding times, our strategy of business segmentation and geographic expansion retains its integrity. More than ever, our direction to focus on the horizon, reinvest for the future and commit to the enhancement of shareholder value remains the right course of action.

We continually hone to perfection our time-tested formula of creating integrated communities in Dubai as well as abroad, providing a holistic lifestyle experience that will generate long-term value for our shareholders in contrast to solely land sales. Emaar will pursue this winning formula in all our growth markets, building upon our international reputation as a premier provider of lifestyle options. We will stay true to the path of growing our new business lines, which encompass malls, hospitality & leisure, education and healthcare. From this strategy, a diversified and balanced portfolio of assets has emerged in 2008. Our malls subsidiary will develop 10 million square of retail space in the UAE, Egypt, Morocco,

Turkey, Syria and other key markets in the MENASA region. Our hospitality group has established a portfolio of projects totaling AED 3.67 billion (US\$1 billion).

Simultaneously, by delivering a comprehensive range of superior products and world-class service to an international customer base, Emaar has built valuable brand equity. The power of the Emaar Brand is evident from the high level of customer confidence in our international projects.

Most of all, Emaar is well capitalised with low leverage for a high level of financial resilience against adversity. With caution, we can harness new profitable opportunities to further generate value for our shareholders.

2008 was a valuable checkpoint. It revealed our inherent strengths, assets that we must relentlessly burnish to enable Emaar to face the future with confidence.

The completion of Burj Dubai this year will be a bright spot dispelling the anticipated gloom of 2009. Once again, Dubai and Emaar will step into the global limelight, as festivities marking Burj Dubai's launch reverberate across the globe. To commemorate this truly milestone event, we are creating the Burj Dubai Opus to provide a definitive account of the creation of the world's tallest tower.

In 2009, the story of The Dubai Mall will also continue to unfold. The Dubai Mall will gain new dimensions, including a 44,000 square feet Fashion Avenue which will host the largest collection of luxury brands in the Middle East. The Dubai Mall will score retail firsts with the regional debut of global retailers such as Bloomingdale's, the leading American department store; Hamley's, the world's most famous toy store; Waitrose, the renowned international grocer dedicated to freshness; and many more. In the coming months, we will be bringing to fruition our vision of The Dubai Mall as the region's ultimate retail destination.

Even as governments around the world galvanize their brightest brains and channel their substantial resources to revive their economies, Emaar will evolve its strategies in 2009 to face the challenges ahead and explore new opportunities, which are equal if not greater.

The UAE has become a country of achievement and Dubai, a byword for excellence. We have been blessed with outstanding rates of development that few nations have been able to replicate. As His Highness Sheikh Mohammed bin Rashid Al Maktoum, UAE Vice President, Prime Minister and Ruler of Dubai, has highlighted in his recent speech on the UAE's 37th National Day, "Be optimistic about the future and share in its formation, because you are standing on a solid ground and building on enormous achievements."

On behalf of the management of Emaar, I would like to express our immense gratitude to His Highness Sheikh Mohammed, our guiding light and driving force, for his strength, wisdom and visionary leadership. I would also like to thank our shareholders for their support and we remain unwaveringly committed to generating lasting shareholder value. Last but not least, I would like to commend our staff for their diligence and dedication in the face of adversity. We have accomplished so much, in such a short time, and I look forward to writing a new chapter for Emaar in the year ahead.

# BUSINESS REVIEW

Emaar Properties PJSC marked year 2008 with several milestones in its growth through continued expansion into other countries and new businesses including shopping malls, hospitality & leisure, healthcare and education.

While key achievements in business segmentation included the opening of The Dubai Mall, one of the world's largest shopping and entertainment destinations, and The Address, Downtown Burj Dubai, the first hotel brand to be owned and operated by Emaar, the company also strengthened its long-term growth goals through strategic partnerships locally and internationally.

One of the highlights of year was the MoU signed between Emaar Misr for Development, Emaar's wholly-owned Egyptian subsidiary, and the Abu Dhabi Municipality to develop the 2.2 million sq m Sheikh Khalifa Bin Zayed Residential City in Cairo. The social housing project also marks Emaar's all-encompassing development approach of meeting the lifestyle needs of all sections of the society.

In 2009, Emaar will continue to concentrate on completing all the projects, which have commenced construction and have put new projects/launches on hold to assist in reducing the real estate property supply in Dubai, with an aim to continuously strive to maximize shareholder value. The primary focus is to mitigate the negative impact of the global financial crisis by facing up to the new economic realities and identifying innovative strategies to sustain businesses in an unprecedented downturn.

Emaar will continue to build on its two-pronged strategy of geographical expansion and business segmentation.

## **UNITED ARAB EMIRATES**

In 2008, Emaar further consolidated its pole position in the residential property sector of the country by unveiling a number of prestigious projects, and made strong inroads in the commercial, hospitality and retail sectors. Noteworthy milestones during 2008 included the opening of The Dubai Mall, one of the world's largest shopping and entertainment destinations, and The Address, Downtown Burj Dubai, the first hotel brand to be owned and operated by Emaar. Emaar also opened the Dubai Marina Mall and Dubai Marina Yacht Club, further additions to the company's shopping malls and hospitality & leisure portfolio.

On the property front, Emaar Properties launched a number of projects in Downtown Burj Dubai and other developing residential areas in Dubai to strong investor response. Within Downtown Burj Dubai, Emaar's flagship mega-project in the UAE, projects such as Burj Dubai surpassed the 700 metre mark in height and continues to progress towards completion of construction this year. Emaar also announced The Dubai Fountain, a music, light and water spectacle that will be a major tourist attraction when completed this year.

Taking a thought-leadership role in strengthening investor confidence, in the last quarter of 2008, Emaar announced the 'To Own' scheme featuring the 'Plan to Own' and 'Rent to Own,' programmes - both of which have enabled customers to own property under more affordable terms within Emaar's world-class master-planned communities in Dubai.

### **Downtown Burj Dubai**

Emaar's flagship project in the UAE, Downtown Burj Dubai is a vibrant mixed-use 500-acre community in the heart of the city and continues to gain international headlines due to its iconic components that include the Burj Dubai, the world's tallest tower; The Dubai Mall, one of the world's largest shopping and entertainment destinations; and The Dubai Fountain.

### **Burj Dubai**

Burj Dubai, currently the world's tallest building and free-standing structure, is at the centre of Downtown Burj Dubai. With a development value of over US\$1 billion, Burj Dubai's current height is over 800 metres (2,625 ft) and with over 160 levels, the most number of storeys in any building in the world.

Burj Dubai has already surpassed the height of the KLVY-TV mast in North Dakota, USA - 628.8 metres (2,063 ft), which held the distinction of being the world's tallest man-made structure. Burj Dubai is taller than Taipei 101 in Taiwan and CN Tower in Toronto.

### **The Armani Residences Dubai**

The Armani Residences Dubai, the exclusive apartments designed by Mr. Giorgio Armani, one of the world's fashion icons, are located from levels 9 to 16 of Burj Dubai.

Within the Armani Residences Dubai, all furnishings are made to measure, with bespoke finishes. Bathrooms and kitchens feature highly practical and stylish materials. Not a single detail is left to chance and each element plays a precise role in the overall harmony. The furnishing and accessories are also designed by Giorgio Armani, and fit into the overall look, expressing a feeling and aura of polished opulence.

### **Burj Dubai Offices**

Thirteen storeys of office space standing tall at the foot of the iconic Burj Dubai, the world's tallest building, Burj Dubai Offices maps the who's who and the very premium of corporate players. A spinal location right in the epicenter of the city, enhanced by its close proximity to The Dubai Mall and Emaar Boulevard and connectivity to the Dubai Metro, office-goers are always connected to a vibrant lifestyle whether in or out of work.

### **The Dubai Fountain**

A world-class water, light and music spectacle in the 30-acre Burj Dubai Lake within Downtown Burj Dubai, The Dubai Fountain is located near Burj Dubai and The Dubai Mall.

The fountain was named following a competition held in September 2008. The name reflects the rising prominence of Dubai as a global destination and serves as Emaar's fitting tribute to the city.

At over 900 ft (275 metres) in length, The Dubai Fountain is designed by California-based WET and is the world's tallest performing fountain. Over 6,600 lights and 25 colour projectors create a visual spectrum of over 1,000 different water expressions that will appeal to visitors. Different combinations of water-forms of Dubai Fountain perform to selected musical pieces – chosen from a range of classical to contemporary Arabic and world music.

The Dubai Fountain, when fully operational, will have over 22,000 gallons of water in the air at any given moment. Its nozzles will take water to different heights – from 70 to 500 ft. The 25 colour projectors provide the full spectrum of colour with a total output of 500,000 lumens.

### **The Old Town & The Old Town Island**

Divided into six quarters, stocked with restaurants, outlets, hotels and a fabulous Souk, The Old Town is all about living in comfort and style, but with heritage and inescapable culture all around. It's where age-old charm fuses with new age expectations in perfect harmony. The Old Town development puts a more traditional face on modern, luxurious city living.

With the charm of years gone by, The Old Town Island offers an exceptional way to experience downtown living. At the very heart of Downtown Burj Dubai, this charismatic neighbourhood is a mixture of exquisite low-rise waterfront apartments; Souk Al Bahar – a shopping mall with Arabesque architectural features; boutique offices and The Palace - The Old Town hotel. With an appeal quite its own, this destination overlooks the Burj Dubai Lake and is spruced with inner alleys, courtyards and waterfront walkways. It's where lifestyle and culture come together in rare confluence.

### **8 Boulevard Walk**

The first residential tower in Downtown Burj Dubai, 8 Boulevard Walk is located close to the bustling Emaar Boulevard. Designed to elevate aspirations, this 35-storey tower claims its place at the nerve centre of Downtown Burj Dubai.

### **The Lofts**

The Lofts assures the comfort of spacious living and features three towers - East, West and Central - featuring spacious one, two, and three-bedroom apartments and also penthouses. All homes come with floor to ceiling windows that heighten the feeling of space and light.

### **The Residences**

A cluster of 9 high-rise residential towers, The Residences has been handed over to customers. The Residences feature one, two, three and four-bedroom luxury residential suits, penthouses and villas.

### **Burj Park**

Burj Park is a prime-location development that combines style and sophistication to create an ambience of unparalleled indulgence. The project incorporates neo-classical architectural features and offers views of Burj Dubai, the waterfront, and The Old Town Island. The buildings offer state-of-the-art interiors and world-class amenities.

### **Boulevard Central**

Boulevard Central, a new residential project in Downtown Burj Dubai, consists of two high-rise apartment buildings in

close proximity to Burj Dubai. Strategically located on Emaar Boulevard, residents will be mere footsteps away from the buzz of cafes, stores and vibrant street life. The project will feature studios, one-, two- and three-bedroom apartments. Podium level amenities include swimming pool, children's play area, communal BBQ area, a fully-equipped gymnasium, and a multipurpose room.

### **29 Burj Dubai Blvd**

Emaar launched 29 Burj Dubai Blvd, a stylish residential project in Downtown Burj Dubai. Designed by Frank Williams & Partners Architects, 29 Burj Dubai Blvd offers luxurious podium level amenities, basement car parking and an unparalleled lifestyle within a bustling boulevard. The project has an unmistakable retro-New York look with a distinct identity through Arab-style decorative grills, panels and motifs. A frontal podium will feature a health club, roof garden and swimming pool.

### **Claren**

Emaar enhanced the residential mix at Downtown Burj Dubai with the launch of Claren, featuring two elegant mid-rise towers and boulevard apartments that offer residents the dual benefit of greater privacy and spacious living. Directly across the 29 Burj Dubai Blvd and comprising studios, one, two and three-bedroom apartments, Claren has an extensive range of podium amenities, and is located on the vibrant Emaar Boulevard with easy access to Burj Dubai.

### **Burj Views**

Burj Views is a three-tower residential complex within Downtown Burj Dubai. The towers feature studios, one, two and three-bedroom apartments and duplexes. A highlight of Burj Views is the exclusive retail space of 1,800 sq m. The temperature-controlled shopping arcade, facing Burj Dubai, can be accessed from all the three towers.

### **Boulevard Plaza**

Complementing the majesty of Burj Dubai, Emaar launched a commanding symbol of style and status within the Boulevard's unique architectural collection. Boulevard Plaza is a place where business minds and decision makers come together to gain their competitive edge. Boulevard Plaza is situated close to residential towers and the DIFC – the financial capital of the region.

### **Standpoint**

Emaar gave a new perspective to residential towers when it launched Standpoint, two high-rise stepped towers, designed by International Architects Smallwood, Reynolds, Stewart and Stewart (SRSS). The towers feature studios, one-, two-, and three-bedroom apartments with amenities galore at podium level.

### **18 Burj Dubai Boulevard**

Standing centrally on the Emaar Boulevard is 18 Burj Dubai Boulevard. The two-tower complex is inspired by its location and proximity to a world of attractions, and is attuned to fashion, food and entertainment. 18 Burj Dubai Boulevard not only offers residents ample opportunities to lead an ultra-modern lifestyle, but also represents their savoir-faire style.

### **The Mansion**

Emaar opened up a striking new window view of Downtown Burj Dubai and the Dubai Fountain with The Mansion, an aesthetically spectacular architectural marvel, strategically located on the Burj Dubai Lake Promenade and Emaar Boulevard. Located on the inlet of the lake, The Mansion elegantly embraces a sense of duality in all facets of its architecture and construction. A single tower of 59 storeys with studios, one, two and three-bedroom apartments, all units at The Mansion open to views of the fountain and Downtown Burj Dubai.

### **South Ridge**

Emaar has already handed over South Ridge, consisting of 6 high-rise residential towers, which overlook the vibrant landscape of Downtown Burj Dubai. South Ridge comprises one, two, three and four-bedroom apartments and penthouses with a multitude of amenities ranging from a swimming pool, children's wading pool and play area, fully-equipped gymnasium, 2 squash courts, a badminton court, and a golf simulator.

### **M Burj Dubai**

Designed by internationally acclaimed, award-winning architects, M Burj Dubai consists of two towers, one with 50 floors and the other with 22. With a grand inviting lobby and high majestic ceilings, the captivating décor breathes an impressive ambience. The towers feature one and two-bedroom apartments surrounded by an exciting urbane lifestyle on the Emaar Boulevard and offers easy access to Burj Dubai and the rest of Downtown.

## **The Grand Boulevard**

After having worked on Burj Dubai, internationally acclaimed architect, Adrian Smith brings his prolific design and expertise to the development of The Grand Boulevard. With grandiose aesthetics and well-spaced design, The Grand Boulevard is a mixed-use community accommodating two apartment buildings of 22 and 69 storeys respectively. Planted right on the Emaar Boulevard, The Grand Boulevard is an address of style and sophistication where charm and excitement define unparalleled ambience. But what gives this phenomenal masterpiece its true soul are the framed views of the iconic Burj Dubai, which complements fabulous amenities, a sculptural amphitheatre and opulent outdoors, in a true cultural haven.

## **Burj Place**

With a chic boulevard on the left, a networked metro on the right and an adjoining highway, Emaar offers convenient connectivity at Burj Place. This ultra-modern development consists of two 55-storey towers offering first-class homes located above the offices conveniently situated on the lower floors, while an adjoining corridor lines a path to a world-class hotel featuring cafes and retail outlets.

## **Emaar Square**

Emaar Square is one of the first commercial buildings launched by Emaar offering premium office spaces, featuring state-of-the-art technology in one of the most desirable locations in Dubai. Positioned for success, Emaar Square is at the centre of Dubai's new business hub, to be serviced by the new Burj Dubai Metro station and close to exclusive hotels and apartments.

## **Dubai Marina**

The largest manmade Marina in the world and one of the largest waterfront developments in the region, Dubai Marina has a total development area of 50 million sq ft. It encompasses a large canal with 3.5 km of waterfront offering access to the sea from both ends. Frilling the canal are waterfront living apartments, offices, retails, a yacht club and a hotel and serviced residences.

Marina Promenade, six towers facing the widest part of the bay and the Yacht Club was successfully handed over to residents in 2008.

## **Dubai Marina Mall Complex**

Emaar launched the 150,000 sq m Dubai Marina Mall complex that includes The Address, Dubai Marina; the Dubai Marina Mall – a boutique mall with a family entertainment centre and a Cineplex – and an 8-storey tower Gourmet Tower dedicated to diverse cuisines. Adjacent is Marina Plaza and the Extreme Waterfront Offices, the only waterfront offices at Dubai Marina.

## **Marina Plaza**

Emaar unveiled Marina Plaza, the only commercial tower within the Dubai Marina master-development. With its exceptional location on the Marina and a range of features including flexible floor plans and an 8 storey podium for parking, the 28-storey boutique freehold Marina Plaza Office generated strong investors' demand. Suites range from 3,742 to 4,030 sq ft in size with the last floor dedicated to a "penthouse loft" office of 23,820 sq ft, with its own elevator, balcony space of 3,358 sq ft, and panoramic views of the entire Marina.

## **The Extreme Waterfront Offices**

These boutique offices are in the most exceptional location within Dubai Marina, in the leg of the Hotel that extends directly into the water. This allows for stunning views while creating an impression of being immersed in the Marina. With just 4 floors and walls of windows, exclusivity and uninterrupted views across the Marina are ensured. Sizes range from 926 sq ft per unit to 2,451 sq ft for a full floor. The last floor has soaring ceilings allowing for mezzanine space. The main lobby has a full wall of window and direct access to the water with its own pier for easy drop off and pick up by boat. All units sold in a few hours.

## **Emirates Living**

Emirates Living is the pioneering lifestyle concept by Emaar encompassing some of its key master-planned residential communities including 4 single family communities - Emirates Hills, The Lakes, The Meadows, The Springs – and 2 multi family communities - The Greens and The Views. A collection of neighbourhoods, Emirates Living embodies Emaar's commitment to delivering integrated living communities.

## **The Lakes**

An established gated community, The Lakes is set amidst placid lakes and a picturesque living environment. It comprises 5 distinct communities, Deema, Forat, Maeen, Zulal and Ghadeer, the newest community developed with 5 different types of Mediterranean villas to choose from. All have access to the vibrant Lakes Community Centre that features several recreational and retail outlets, exclusive neighbourhood parks with own swimming pool, diverse recreational amenities and over 11 miles of walkway meandering amongst greenery. The Lakes has now become one of the most sought-after single family community in Dubai.

## **The Views and The Greens**

These communities were initially designed to combine affordable prices with style and recreational amenities. They eventually appreciated to become some of the most in-demand apartment communities in Dubai. Both are master planned with exclusive amenities for residents which include landscaped swimming pools and decks, gymnasiums, play areas, underground and covered parking, 24 hour security, barbeque areas, neighbourhood shopping areas and parks with walkways.

The Views is expanding with the addition of Mosela and Tanaro. Both are striking 24-storey buildings, drawing on Mediterranean influences with arched windows, expensive sun decks and terracotta facades. Mosela is a waterside tower offering incredible views of the Emirates Golf Course and the water canal. Work is progressing and hand over is planned for 2009.

## **Arabian Ranches**

A premium multi-billion dirham desert development spread over 1,650 acres, Arabian Ranches has over 4,000 residential units and 11 communities comprising one- and two-storey single-family homes inspired by diverse architectural styles, all with gardens and balconies, and is one of the most sought-after communities in Dubai. The masterplan also has exceptional golf and equestrian facilities. In 2008 Emaar successfully launched palatial communities, Polo Homes and Golf Homes, indicating the robust appeal of the location, its architecture and lifestyle. Arabian Ranches' vibrant community is growing further with 2 communities, Alma and La Avenida, planned to be handed over in 2009.

## **Polo Homes**

Emaar unveiled an exclusive collection of palatial residences - The Polo Homes community - at the Dubai Polo and Equestrian Club. The Polo Homes, limited in number to just 71, surrounds the polo fields and forms one of the most impressive and opulent residential communities by Emaar.

## **Golf Homes**

Emaar introduced a new addition to its golf community portfolio, also comprising Hattan and Mirador, by offering discerning investors the exclusive Golf Homes, set on the scenic and swaying dunes of the Arabian Ranches golf course.

The Golf Homes community comprises only 18 detached villas available in three styles - Hacienda, Suncadia and Castilla - featuring Arabian and Spanish architectural elements. The villas feature luxurious architectural elements such as a courtyard, an entry court with a central fountain, a grand dining room, gallerias and a wrap-around promenade on a sun deck.

The homes were successfully sold during an auction sale which attracted unprecedented investor and end user interest.

## **Umm Al Quwain Marina**

Umm Al Quwain Marina LLC, the joint venture between the government of Umm Al Quwain and Emaar Middle East, launched the second phase of homes at Umm Al Quwain Marina, following encouraging investor response to the its Mistral villa community.

The AED 12 billion Umm Al Quwain Marina features over 8,000 homes including 6,000 villas and 2,000 townhomes, boutique hotels, retail outlets and recreational facilities set in a marina-themed environment. Umm Al Quwain Marian LLC broke ground for the first phase of residences and construction is progressing as per schedule.

## **Bawadi**

In 2008 Emaar Bawadi LLC a joint venture between Emaar and Bawadi LLC achieved a number of milestones in delivering the signature development, Asmaran, within Bawadi, Dubailand. The masterplan and business plan were finalized and approved by the Board of Directors and the project moved into execution mode. Emaar Bawadi successfully launched Teema, a premium townhouse community within Asmaran in May, and Maysan, a three-tower cluster of high-rise residences in June. A desert-themed dedicated sales centre was constructed on site to drive the sales.

## INTERNATIONAL

With six business segments and more than 60 companies, Emaar has a collective presence in over 36 markets spanning the Middle East, North Africa, Pan-Asia, Europe and North America. The company has established operations in the United Arab Emirates, Saudi Arabia, Syria, Jordan, Lebanon, Egypt, Morocco, Algeria, Libya, India, Pakistan, Turkey, Indonesia, USA, Canada and United Kingdom. Highlights of the progress on country developments and new projects launched in 2008 are listed below:

### SAUDI ARABIA

In Saudi Arabia, Emaar, The Economic City (Emaar.E.C), a Tadawul-listed company, is developing the largest private sector-led development in the region, King Abdullah Economic City (KAEC), which has a development value of over SR100 billion.

Also in the Kingdom, Emaar Middle East, a property development associate company of Emaar focused on the Middle East region, is developing the SR6 billion Jeddah Gate and Al Khobar Lakes, a multi-billion dollar luxury lakefront development set on 4.3 million sq m.

In 2008, Emaar Properties joined hands with Al-Shoala Group of Establishment to develop Rawabi Rumah, a master-planned community near Riyadh at a development value of SR27 billion.

Emaar is also offering full-furnished spacious studios and one- to three-bedroom serviced residences in the Holy City of Makkah. The Emaar Residences at the Fairmont Makkah are located on floors 30 to 53 of the Makkah Clock Royal Tower, a Fairmont Hotel, in the tallest tower in the Holy City.

#### King Abdullah Economic City

King Abdullah Economic City (KAEC) is a 168 million sq m development located on the Red Sea coast. It has six key components – the Sea Port, Central Business District, Industrial Zone, Educational Zone, Resort District and Residential Communities.

Year 2008 was landmark for KAEC by achieving record sales and foreign direct investment. The Custodian of the Two Holy Mosques King Abdullah bin AbdulAziz Al Saud visited KAEC and launched several new initiatives including the infrastructure work for the Smart City and Plastics Valley and unveiled the Healthcare City, Media City, Science Research Complex, Environment Protection Centre, the Cadre Technical City for human resources development, various educational organizations, the Thunderbird University and Colombia University.

Emaar.E.C launched the first phase of the mega-project comprising the Industrial Zone, Sea Port and Residential Communities. Bay La Sun Village, the first fully integrated residential community in KAEC overlooking the Red Sea, received overwhelming investor response. The community offers residents a host of amenities including leisure, retail outlets, schools, mosques, medical centres and community areas.

Emaar.E.C also launched Esmeralda Suburb, the first townhouse and golf community in KAEC, and The Marina Tower within La Sun Village. The Marina Tower will feature a range of apartments - most of them facing the Red Sea - and offering several amenities for residents including pools and children's play areas.

Emaar.E.C also made rapid progress on the Business Park, a five-building cluster. Two buildings are nearing completion – one to serve as offices of the Saudi Arabian General Investment Authority (SAGIA), the prime facilitator of KAEC; and the other to be partially used by Emaar.E.C.

Investor response to the Industrial Zone has also been overwhelming, and the first industrial plots are being handed over in 2009. The 63 million sq metre Industrial Zone is designed solely with the needs of manufacturers in mind. To be one of the largest industrial parks in the region, the Zone offers investors the option of building from the ground up on a fully-serviced site or the choicest premises built to the highest specifications.

In other significant initiatives during 2008, Emaar.E.C and EMAL International, the joint venture of Mubadala Development Company and Dubai Aluminium Company signed a MoU to establish a greenfield aluminium smelter complex in KAEC. The project will have an initial direct investment of SR18.4 billion and first phase production capacity of 700,000 tonnes. Emaar.E.C also signed an MoU with global marine terminal operator DP World to develop and operate the Sea Port of KAEC. The Sea Port will be the largest in the Red Sea and one of the top ten ports in the world with a capacity to handle 20 million TEU (twenty foot equivalent container units).

Further strengthening the integrated lifestyle appeal of KAEC, Emaar.E.C signed an MoU with GEMS to establish the first school in 2009. It will be part of the Residential Communities, and spread over 50,000 sq m. Emaar Education will also open a premier educational institute, the Raffles International School in Bay La Sun Village. In the hospitality sector, the company joined hands with The Ritz-Carlton to manage a luxury resort in the Resort District. The hotel will open in 2011.

Work on the first phase of KAEC is progressing with several homes and offices to be handed over in 2009. Currently, 13,000 professionals and skilled workers are employed on site.

### **Jeddah Gate**

Emaar Middle East unveiled the first phase of Jeddah Gate, a mixed use master-planned community spanning over half a million sq m in Jeddah's new downtown area. The development features residential units, commercial towers and a range of cultural, retail and leisure outlets.

Jeddah Gate, located in the heart of the city, is positioned on two sites; the first is spread over 413,000 sq m and is located along King Abdullah Street; and the second is spread over 140,000 sq m along Abdullah Al Suleiman Street in close proximity to the main railroad linking the Holy Cities of Makkah and Madina to Jeddah. The project comprises 6,000 residential units, 230,000 sq m of commercial space and 75,000 sq m of gross leaseable area for retailers.

Emaar Middle East also unveiled Abraj Al Hilal, a key residential component of Jeddah Gate. The three towers, ranging from 19- to 22-storeys, have an elegant architecture that blends contemporary and traditional styles.

The apartments, of size 124 to 600 sq m, are modern and offer a full range of amenities and high specifications. Response to the sales was overwhelming and work is progressing as per schedule with Jeddah Gate having achieved an 'eight-day-per-floor' work cycle.

### **Al Khobar Lakes**

Emaar Middle East successfully launched Al Nada and Al Ghadeer residential villages in the first phase of Al Khobar Lakes, a multi-billion dollar luxury lakefront development set on 4.3 million sq m and featuring 80,000 sq m of serene water bodies. Work on the project is progressing as per schedule.

The first phase has a development value of US\$1.2 billion and features more than 2,000 private villas with retail and leisure amenities. Spread over 250,000 sq m, this phase will have 11 mosques, educational complexes spanning over 28,000 sq m, a shopping centre, community centre, coffee shops & restaurants, healthcare facilities and other amenities. The retail centre is located on an area of 110,000 sq m and will be an upscale shopping and leisure destination.

### **Emaar Residences at the Fairmont Makkah**

Emaar is offering fully-furnished and spacious studios and one to three-bedroom serviced in the Holy City of Makkah. The residences are located on floors 30 to 53 of the Makkah Clock Royal Tower, a Fairmont Hotel. The hotel is the tallest tower in the Holy City developed by Saudi Bin Laden Group and located in the heart of Abraj Al Bait, which is part of the King AbdulAziz Endowment of The Two Holy Mosques. Ideal for pilgrims and families, the homes vary in size from 40 to 160 sq m, and feature the latest digital network and other amenities.

### **Rawabi Rumah**

Emaar Properties launched Rawabi Rumah, a joint venture project with Al-Shoala Group of Establishment. The SR27 billion master-planned community near Riyadh is spread over 31 million sq m, and will feature luxury homes, commercial spaces, retail outlets, healthcare centres, educational institutions and community centres. The project's advanced hospital complex will support research facilities and will have a Medical University.

## **PAKISTAN**

Emaar Pakistan, the country subsidiary of Emaar Properties, has announced projects of development value AED 8.8 billion in Pakistan. Emaar Pakistan has launched two master-planned communities in Islamabad – Canyon Views and The Highlands – and one in Karachi – Crescent Bay.

### **Canyon Views**

Emaar Pakistan has successfully launched Mirador Villas and Prados townhouses in Canyon Views, an exclusive gated community within the DHA Phase 2 Extension in Islamabad. Construction is progressing as per schedule.

Canyon Views offers luxury single-family town homes and villas in a range of finest architectural styles with easy access to amenities including retail, security, views and green open spaces, school and Mosque.

### **Crescent Bay**

Emaar Pakistan launched sale of residences in seven towers – Coral, Pearl and Reef – in Crescent Bay, the company's pioneering master-planned community in Karachi. Investor response was strong and work is progressing currently.

A 108-acre development, Crescent Bay features high- and mid-rise towers for residential and commercial use, a shopping centre and five-star beachfront hotel. The towers will contain approximately 4,000 residential apartments. Crescent Bay is located within Karachi's DHA Phase 8 and in close proximity to the DHA golf course

Crescent Bay will have three bays, and each of the three bays is encircled by a community with its own unique look and character, which extends from the architecture to the landscaping and the street furniture.

## **EGYPT**

Emaar Properties acquired full ownership of its Egyptian subsidiary, Emaar Misr, and is one of the largest foreign direct investors in the country's real estate sector with a development portfolio of EGP 31.67 billion. Emaar Misr's projects include the EGP 9.92 billion Marassi; the EGP 12 billion Uptown Cairo, the EGP 5.75 billion Mivida in New Cairo City; and the EGP 4 billion commercial cum residential development on the Cairo - Alexandria desert road, which also features the largest outdoor shopping and entertainment destinations in the country, Cairo Gate.

### **Sheikh Khalifa Bin Zayed Residential City**

Highlighting Emaar's commitment to part in social housing projects, the company signed an MoU with Abu Dhabi Municipality in 2008 to develop and manage, on a not-for-profit basis, the Sheikh Khalifa Bin Zayed Residential City located in New Cairo.

The 2.2 million sq m project has a development value of US\$100 million and will feature homes ranging in size from 70 to 90 sq m. The fully-integrated community will have well-knit roads, advanced power and telecom connectivity, healthcare centres, educational institutions, retail outlets, places of worship and community centres.

The project is being developed under the guidance of the Egyptian Ministry of Housing, Utilities and Urban Development.

### **Mivida**

Emaar showcased Mivida, its newest master-planned community in New Cairo City at a popular exhibition in 2008, eliciting good investor response. The EGP 5.75 billion project is located only 1.5 km from the American University in Cairo.

Spread over 3.8 million sq m, Mivida features 5,000 homes designed by international architects. The ready-to-live-in homes starting in size from 220 sq m, and are designed in Santa Barbara, Tuscan, Mediterranean and Andalusian architectural styles.

Cost-competitive and fully-finished, the Mivida homes are designed by a team of international designers in California and uphold the highest standards. Ideal for individuals and families, the 'work, live and play' environment of Mivida offers a rich array of lifestyle amenities including schools, business parks, hotels and healthcare facilities for residents. A central park sprawling over 30 acres of land and 222 acres of smaller community parks provide Mivida a relaxed charm.

### **Uptown Cairo**

Emaar Misr recorded strong investor response to the launch of homes in Uptown Cairo in 2008. The pioneering master-planned community is currently progressing as per schedule. The EGP 12 billion residential, commercial and leisure development is located at the highest point of downtown Cairo - Mokattam Hills, 200 metres above sea level.

Uptown Cairo is the largest lifestyle development within Cairo, and is billed to evolve into the true hub of the city with its easy accessibility from Maadi, Heliopolis, Nasr City and Central Cairo.

Spread over 4.5 million sq metres, this self-contained development features a wide array of facilities including a business park, town centre, mall, resorts, spa, sports & leisure facilities, a world-class golf course and a variety of luxurious residential villages.

### **Marassi**

In 2008, Emaar Misr made rapid progress on Marassi, starting with the renovation of the historic Alamein Hotel. Work on the mixed-use community, launched to overwhelming investor response, is progressing with the first homes to be handed over 2010.

Emaar also launched the Armani Residences, developed by Emaar in partnership with Armani S.p.A. Personally fashioned by Giorgio Armani, the resort-style residences feature a combination of stacked villas and three and four-bedroom villas all facing the Mediterranean Sea. Armani Residences in Marassi is the first villa offering under the Armani Residences brand.

A 1,544-acre tourist resort project of development value EGP 9.92 billion, Marassi is located on Sidi Abdel Rahman and Alamein. Marassi features seven distinct lifestyle districts, each with distinctive identities and activities, inspired by

Mediterranean architectural styles. The resort will feature up to 3,000 hotel rooms, a marina, golf course and healthcare facilities. The first phase of the Beach Club is being completed; the Marina in Marassi will be the largest in the region with its own dry storage facility.

### **Cairo Gate**

Emaar Misr's Cairo Gate Project located at the start of the Cairo-Alexandria road is a residential-cum-commercial project. The upscale development will spread over 160 acres (670,000 sq metres) and will have a mega shopping mall - the largest of its kind outdoor shopping and entertainment destination, an office park with world-class facilities, hotels and several residential components including townhouses, villas and apartments.

## **INDONESIA**

Emaar expanded its geographic presence into Southeast Asia with a proposed luxurious mixed-use resort project in Lombok Island in Indonesia.

### **The Lombok Project**

Emaar signed in 2008 a joint venture agreement with Perusahaan Pengelola Aset (PPA), the state-owned Asset Management Company, to launch the IDR 5446 billion project spread over 1,200 hectares.

Emaar's Lombok project is set on the Kuta and Tanjung beaches and will be an environmentally-friendly development that integrates natural elements into a leisure and hospitality zone. It will have a 17 km natural waterfront/coastline which will support a marina, apart from luxury residences and resorts by five-star hospitality chains.

## **JORDAN**

Emaar International Jordan is developing the Samarah Dead Sea Resort, a JD354 million mixed-use development by The Dead Sea Touristic and Real Estate Investment Company, a venture of Emaar Properties PJSC and a group of regional and Jordanian investors.

### **Samarah Dead Sea Resort**

Emaar International Jordan made progress on the construction of Samarah Dead Sea Resort. Excavation and blinding concrete for three buildings within Rift Living – a key component of Samarah Dead Sea Resort - have been completed and foundation work is progressing.

Rift Living is located directly on the Dead Sea, adjacent to the waterway and across Wadi Mukheiris from the King Hussein Bin Talal Convention Centre and Samarah Dead Sea Resort Sales Centre. It features nine low rise buildings (The Apartments) located on the seafront comprising 223 Mediterranean-styled multi-family apartments. Amenities include walkways, neighbourhood shopping and easy access to a full-fledged Club House. The sale of homes within Rift Living has been launched to strong response from Jordan and internationally.

Emaar International Jordan opened a fully-equipped Presentation Centre, the first of its kind in the Kingdom, and also opened its corporate office in Amman at the Rabia Towers, to drive the sales and marketing activities of projects in Jordan. The office displays a true-to-type model of Samarah Dead Sea Resort.

## **SYRIA**

Emaar-IGO, a venture between Emaar Syria and IGO, an offshore investment and property development company, is developing the SYP26 billion Eighth Gate project in Yafour, near Damascus.

### **The Eighth Gate**

Emaar Syria successfully launched the Commercial Centre, a key component of The Eighth Gate in 2008. To feature the Damascus Stock Exchange building, the Commercial Centre was also well-received by investors in the GCC region. Work on the master-planned community is progressing with the Commercial Centre scheduled to open in January 2010.

Billed as the No. 1 business hub in Syria, the Commercial Centre will have a 32-storey office tower and eight buildings that provide commercial space for brokers, bankers and other companies closely affiliated with the Damascus Stock Exchange. There will also be three office buildings next to Damascus Stock Exchange building in the Financial District.

The Eighth Gate has three zones - Commercial Centre, Waterfront and Touristic Area. A mall inspired by the souks of Damascus offering high-end shopping experiences is part of the community.

As part of its corporate social responsibility, in 2008, Emaar Syria also partnered with the United Nations Development

Programme to restore the historic glory of the Ottoman Gate at the Old Souk and further strengthen the Deir Ez Zor region for business and tourism.

## **LIBYA**

Emaar Properties has signed a MoU with the Zowara-Abou Kemash Development Zone to develop the Zowara-Abou Kemash area on the Mediterranean coast near Tripoli, Libya. It is the largest international project of Emaar.

### **Zowara-Abou Kemash Project**

Emaar is finalising the masterplan for the 380 million sq metre (38,000 hectares) development. It encompasses residential, commercial, industrial, educational, healthcare, leisure and entertainment components that will attract foreign investment and generate employment opportunities for Libyans.

## **EMAAR TURKEY**

Emaar Turkey is the country-subsiary of Emaar Properties PJSC and opened its Istanbul office in June 2006.

Emaar Turkey is constructing its first gated community renowned project, Tuscan Valley Houses which has a development value of US\$700 million. The initial investment figure is followed by a further US\$400 million investment to purchase a prime land at the Asian side of Istanbul.

### **Tuscan Valley Houses**

Inspired by the Tuscan architectural style, and enriched with magnificent views of Büyükçekmece Lake and Marmara Sea, Tuscan Valley Houses offer an elegant lifestyle for residents. The project is located in the western part of Istanbul, just 20 kms from Ataturk International Airport and 50 minutes from the city centre, and covers 1.7 million sq metres.

Tuscan Valley Houses includes 540 luxury units including villas, apartments and townhouses, in 12 different types and ranging in size from 149 to 940 sq m. The community includes fully-equipped facilities such as outdoor and indoor swimming pools, spa, tennis, squash and basketball courts and soccer fields. A modern Tuscan Shopping Arcade will meet the retail and lifestyle needs of residents.

Hand over of the first phase of homes in Tuscan Valley Houses started in December 2008, and will be completed in four phases.

### **New Istanbul Development**

Emaar Turkey signed an agreement in February 2008 and purchased 73,571 sq m of prime land, to develop a mixed-use project in Libadiye.

Located in the Istanbul Asian side within the junction of main highways, it is also in close proximity to the proposed metro line that will join the rail tube tunnel under the Marmara Sea connecting Asia to Europe.

The mixed-use project envisaged in the prime land will feature residences, commercial space, leisure and entertainment components. The details of the project are being finalized.

## **INDIA**

Emaar has announced the largest ever foreign direct investment in India's real estate sector with a capital outlay of over US\$1 billion. The projects are developed by Emaar MGF Land Private Limited, a joint venture between Emaar and one of the country's largest property developers, MGF Developments Limited of India.

Emaar MGF plans to invest US\$12 billion over the next 4-5 years in residential, commercial & retail, hospitality, education, healthcare and IT parks & Special Economic Zones (SEZs) projects across India. Emaar entered the Indian market through a joint venture with the Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC).

The JV, Cyberabad Convention Centre Private Limited (CCCPL), built the country's largest and most technologically advanced conference centre - the Hyderabad International Convention Centre (HICC) - and Novotel Hyderabad. Emaar is also developing Boulder Hills, a residential cum leisure complex in Hyderabad.

### **Hotel and Convention Centre in Dehradun**

Emaar MGF signed an agreement with the Government of Uttarakhand, for designing, constructing and operating/ managing a five star hotel and convention centre in Dehradun. The five star hotel property and the convention centre is part of an integrated facility comprising retail and entertainment space spread across 10 acres of land and has been planned with an investment of Rs 200 crores over 2 years.

Emaar MGF has tied up with InterContinental Hotels Group, Singapore (the world's largest hotel company in terms of guest rooms) for the management of the hotel and convention centre. The international standard up-market hotel comprising 200 guest rooms will be managed under the Holiday Inn brand. The state-of-the-art convention facility, with collapsible seating and hi-tech projection facilities, will be spread over 35,000 sq ft. and designed to accommodate over 1,200 people at any given time.

#### **Palm Drive, Gurgaon**

Emaar MGF launched Palm Drive, a premium residential property in Gurgaon, Haryana. Palm Drive is a high quality residential development designed for contemporary living in a green sanctuary setting and will include amenities like clubhouse, health club and parks.

Palm Drive, a unique mega-residential project, follows the successful launch of Palm Springs in Gurgaon, and is slated to be completed by 2009-2010. Palm Drive is spread over 31.6 acres and will consist of 1,238 residential units - apartments and villas - when completed.

#### **MOROCCO**

Emaar Morocco has unveiled three master-planned projects - Tinja, Oukaimeden and Saphira - as part of a MAD 42.6 billion MoU with the Moroccan Government under the patronage of His Majesty King Mohammed VI, King of Morocco. Emaar Morocco has also joined hands with Onapar, part of the ONA Group, to develop the MAD 2.6 billion Amelkis II and III, and the MAD 9.56 billion Bahia Bay.

#### **Tinja**

Emaar Morocco launched the sale of Aldea villas, townhomes and apartment in Tinja in Morocco and Dubai. Forming one part of six distinctive communities within the Tinja project, Aldea enjoys a quaint location with villas by the sea and townhomes by the forest. The company broke ground on the project with work currently progressing.

Easily accessible from the Tangiers International Airport, Tinja is located between the renowned Diplomatic Forest and the Atlantic Ocean on 300 hectares of pristine land. Aldea marks the first phase of Tinja, and its modern homes and integrated lifestyle amenities offer residents an exceptional lifestyle. Residents will have access to fitness centres, leisure complexes, green spaces, walkways, barbecue areas, beach clubs, riding clubs, hotels and restaurants.

Tinja is envisaged as year-round leisure and tourist destination that will further tap into the booming tourism sector of the Kingdom.

#### **CHINA**

In 2008, Emaar Properties consolidated its expansion to China by signing a MoU with the Shanghai China-News Enterprise Development Limited, a Chinese government entity and subsidiary of the People's Daily Shanghai branch, to explore mixed-use property and infrastructure development projects in key Chinese cities.

The agreement was signed in the presence of His Highness Sheikh Mohammed Bin Rashid Al Maktoum, UAE Vice President & Prime Minister and Ruler of Dubai, by Mr Mohamed Alabbar, Chairman, Emaar Properties, and Mr Chen Ming Ren, Legal Representative and General Manager of Shanghai China-News Enterprise Development Limited.

The strategic partnership between Emaar and Shanghai China-News Enterprise Development Limited marks one of the first public-private partnerships between the Chinese government and Dubai's leading property developers, highlighting the increasing global role played by Dubai companies. Emaar had earlier marked a milestone in its expansion plans by being the first Middle East developer to open a full-fledged office in China in 2006.

#### **ALGERIA**

Emaar has four mixed-use projects of development value US\$20 billion in Algeria. Emaar is developing the New City of Sidi Abdellah; a tourist resort at Colonel Abbas; a waterfront development by Algiers Bay; and a modern healthcare city at Staouali County.

#### **New City of Sidi Abdellah**

Sprawling over 400 hectares, the New City of Sidi Abdellah will also have a golf course, luxury villas, hotels, university campus, hospital, serviced apartments, residences and sports facilities to build a new lifestyle destination for Algeria.

#### **Resort at Colonel Abbas**

Colonel Abbas, situated by the waterfront of west Algiers, is about 25 km from Algiers downtown. Emaar's tourism project

will include a Marina, serviced apartments, luxury villas and a high-end shopping centre - all to be developed on an area of 109 hectares.

### **Waterfront Project at Algiers Bay**

The Waterfront project of Emaar, situated by Algiers bay and 3 km from Algiers downtown, will spread over 260 hectares of land, and will feature luxury villas by the waterfront, apartments, office buildings, convention centre, Marina, marina hotel, two large shopping malls, and retail outlets.

#### **Healthcare City in Staouali County**

Emaar's Healthcare City in Staouali County, about 20 km from Algiers centre, encompasses a private hospital, para-medical school, medical school, research centre, furnished flats, spa hotel, villas, apartments, student's campus, a shopping mall, and retail and sports facilities.

## **CANADA**

Emaar expanded its geographic presence in North America in 2007 with a new subsidiary of Emaar International, Emaar Canada, based in Vancouver, British Columbia, Canada.

In 2008, Emaar Canada launched the sale of its first project, Wills Creek, which is situated in the prestigious community of South Surrey, British Columbia. The project comprises a variety of attached and detached villas and a community centre; expansive green spaces on property with walking paths and salmon bearing stream; and close proximity to world class skiing, golfing and 2010 Winter Olympic Venues.

Additionally, Emaar Canada is in various stages of development on multiple projects throughout Western Canada. Most notably are a high-rise project in Victoria, British Columbia and a mid-rise residential project in Vancouver, British Columbia.

### **Hamptons**

Emaar brought together its entire property management services portfolio under the Hamptons International brand, which now serves as a one-stop shop for product sales, letting and advisory services of Emaar and non-Emaar properties in an international arena. During 2008 Hamptons opened a number of branches in the UAE including Abu Dhabi and two branches in Dubai, and plans further expansion throughout the GCC in 2009 with branch openings in Jeddah, Saudi Arabia, and Cairo, Egypt.

## **OTHER SECTORS**

### **EMAAR HOSPITALITY GROUP LLC**

Emaar Hospitality Group LLC is a wholly-owned subsidiary of Emaar Properties, and manages Emaar's hospitality & leisure projects across the region.

With a total portfolio of hospitality and leisure project assets of development value AED 3.67 billion, Emaar Hospitality Group owns and manages a diversified portfolio of hospitality assets such as hotels, serviced residences, golf resorts, a polo and equestrian club, recreation clubs and the Dubai Marina Yacht Club and Marinas.

Emaar has also partnered with hospitality operators such as Southern Sun and Troon Golf to manage respective businesses. Southern Sun, Africa's leading hotel group, currently manages and operates two properties – Al Manzil and Qamardeen Hotels at The Old Town in Downtown Burj Dubai. Troon Golf manages The Montgomerie, Dubai championship golf course.

Emaar Hospitality has also launched Nuran Serviced Residences and Hayya! Health and recreation clubs.

### **The Address Hotels + Resorts**

In May 2008, Emaar Hospitality Group launched its 5 star premium flagship hotel brand – The Address Hotels + Resorts. The Address Hotels + Resorts brings a new identity to the hospitality and service offering of Dubai and the region. It also marks the integration of Emaar Hospitality Group's offerings to provide the entire gamut of services including operating hotels and resorts.

The Address features a bouquet of experiences for business and leisure travellers within its properties and will have a presence in all markets where Emaar Properties has a geographic footprint.

The first and flagship hotel, The Address, Downtown Burj Dubai opened in October 2008 and features 196 luxurious guest rooms and suites, 626 apartments, specialty restaurants, meeting and conference venues and leisure facilities including a spa managed by well known spa operator ESPA.

In August 2008, The Address Hotels + Resorts also assumed management of The Palace - The Old Town, a luxury hotel in Downtown Burj Dubai, which has 242 well-appointed guest rooms and suites.

Most recently, The Address Hotels + Resorts launched its first hotel property in Egypt – The Address, Uptown Cairo, which is located in Uptown Cairo, a luxury master-planned community developed by Emaar Misr for Development S.A.E. The hotel will be the flagship brand of The Address in Egypt and is scheduled to open in 2011.

#### **Dubai Marina Yacht Club**

In November 2008, Emaar Hospitality Group opened doors to a new marina-based leisure experience with the Dubai Marina Yacht Club, a premier destination for marine enthusiasts. Dubai Marina Yacht Club is the port authority for all operations and berthing in the Dubai Marina canal, a 3.5-kilometre manmade waterway running through the prestigious Dubai Marina residential development.

The first of four marinas, East Marina, was completed in summer 2007, with the second, Clubhouse Marina, recently opened. These will be joined by a further two marinas to ultimately host over 500 yachts ranging from 6-36 metres in length.

#### **EMAAR MALLS GROUP**

Emaar Malls Group LLC, the retail and shopping mall subsidiary of Emaar, drives the company's diversification into shopping malls. Emaar Malls Group currently manages and operates a number of successful shopping centres in Dubai including The Dubai Mall, one of the world's largest shopping and entertainment destinations.

Emaar Malls Group also manages Dubai Marina Mall, the waterfront shopping mall catering for the Dubai Marina community; Souk Al Bahar, an Arabesque lifestyle shopping mall in Downtown Burj Dubai; Gold & Diamond Park, a gold and jewellery destination; and several retail community centres in Emaar's master-planned communities.

Internationally, Emaar Malls Group is actively planning or developing shopping centres in Turkey, Syria, Egypt and Kingdom of Saudi Arabia and other key markets in the MENA region.

Emaar Retail, the wholly-owned subsidiary of Emaar Malls, works to diversify Emaar Malls Group's portfolio of brands through new alliances, joint ventures, franchises and licenses.

#### **The Dubai Mall**

The Dubai Mall opened in November 2008 and has a retail spread of 1,200 outlets. The mall's key features include Dubai Aquarium & Underwater Zoo, Dubai Ice Rink, SEGA Republic, KidZania®, a 22-screen Cineplex, Experience 124, Fashion Avenue, The Grove, Gold Souk and The Waterfall.

#### **Dubai Marina Mall**

Dubai Marina Mall opened on 22 December 2008 and caters for the Dubai Marina community and surrounding areas. With a GLA of 390,000 sq ft, spread across four levels, Dubai Marina Mall features 160 stores tailored to the lifestyle and entertainment needs of the marina residents.

#### **Souk Al Bahar**

Emaar Malls Group opened the first phase of Souk Al Bahar in November 2007 and has over 100 stores and an extensive waterfront promenade featuring 22 restaurants and cafés. Souk Al Bahar is uniquely situated on The Old Town Island overlooking the Burj Dubai Lake, Burj Dubai and The Dubai Fountain.

#### **Gold & Diamond Park**

Since its launch in May 2001, the Gold & Diamond Park strategically located at Interchange Four on Sheikh Zayed Road, has almost tripled the amount of retailers and now has 90 stores and parking facilities to accommodate over 1,500 cars. There are also 120 manufacturing units, and commercial space for 350 offices.

#### **Retail Community Centres**

Emaar Malls Group's community portfolio includes: Arabian Ranches Community Centre, Emirates Hills Town Centre, Emaar Towers, Downtown Burj Dubai, Marina Walk, The Greens Village, The Lakes Village, The Meadows Village and The Springs. These are lifestyle centres dedicated to providing daily convenience retail for residents.

### **Emaar Boulevard (Under Development)**

Emaar Boulevard, a 3.5km parade in Downtown Burj Dubai, has over 1,100,000 sq ft of retail GLA with 15,000 apartments and 1,000 hotel rooms located above the retail.

### **The Eighth Gate Mall, Syria (Under Development)**

The Eighth Gate Mall, part of Emaar's mixed-use project in Syria, has been designed over two-and-a-half levels with a GLA of approximately 700,000 sq ft. The retail offer will feature fashion and accessories, extensive outdoor F&B, and an entertainment precinct.

### **KAEC (Under Development)**

In 2009, Emaar Malls will work with KAEC as their retail consultant involving retail design, leasing, and asset management of its first residential communities – Bay La Sun and Esmeralda.

### **New Istanbul Centre, Turkey (Schematic Design)**

Emaar Malls is consulting Emaar Turkey on retail development, leasing and future management of the centre, which will offer 1 million square feet of retail over three levels. It will feature over 250 stores, 4,000 car parks and large scale family based entertainment amenities.

## **EMAAR RETAIL**

Emaar Retail LLC is the vehicle for all retail operations of Emaar Malls Group. Emaar Retail also manages the business operations for The Dubai Mall's leisure and entertainment brands including KidZania®, SEGA Republic, Dubai Ice Rink and Dubai Aquarium & Underwater Zoo.

### **Reel Entertainment LLC**

Emaar Retail signed a joint venture deal with Cathay Organisation, the Singapore-based premier entertainment provider to form Reel Entertainment LLC, which will develop and manage cineplexes in shopping malls for Emaar Malls Group.

### **KidZania®**

KidZania®, a children's edu-tainment concept, is scheduled to open at The Dubai Mall in the first half of 2009, and will be an 80,000 sq ft interactive mini-city.

### **SEGA Republic**

SEGA Republic is a two-level, 76,000 sq ft high-adrenaline indoor theme park in The Dubai Mall. Emaar Retail has partnered with SEGA to develop and build indoor theme parks across the portfolio of malls.

## **EMAAR EDUCATION**

Emaar Education's plans to open over 100 educational institutions including nurseries, international schools, business schools and universities in locations close to and within its master-planned communities in the MENA region, the Indian Subcontinent and Asia. Emaar acquired Raffles Campus, the Singapore-based educational provider to lend expertise in its educational initiative.

### **Raffles International School**

Raffles International School in Dubai is licensed by the Knowledge & Human Development Authority (KHDA), which works to enhance Dubai's education sector to international standards.

Raffles International School started its second campus in Umm Suqeim 3 (Umm Suqeim West Campus) in September 2008. The school is currently in the process of implementing the International Baccalaureate. At present, the school offers up to Grade 9, and will be offering Grade 10 in the new academic year commencing September 2009.

Its first campus (Umm Suqeim South Campus), opened in September 2007, has been granted Provisional Membership of the Council of International Schools (CIS). The school offers the Cambridge International Examinations (CIE) for Advanced and Advanced Subsidiary Levels.

In addition, the school is operating six nurseries located within Emaar's master-planned communities in Arabian Ranches, The Springs, The Lakes, Emirates Hills and Downtown Burj Dubai. Two new nurseries in Springs Town Centre and Downtown Burj Dubai commenced in January 2009. The Montessori curriculum and Early Years programme are offered in the nurseries.

Raffles International School also commenced its first intake in July 2008 for its Behror Campus, at Rajasthan, India. This is in addition to Emaar's first international school in Singapore – Emaar International School which opened in January 2007.

In Dubai, Emaar will be opening additional schools in Al Barsha, Al Mizhar, Nad Al Sheba, Al Warqaa and Al Khawaneej.

### **Raffles Campus School of Hospitality**

Raffles Campus, through its collaboration with Australia's Box Hill Institute, offers a unique Hospitality Management programme which provides vocational education and training that equip students with essential skills required for employment. In addition, Raffles Campus also offers and develops training programmes that are customised specifically for personnel engaged in the hospitality sector and industry.

Raffles Campus offers full time and part time programmes from Certificate to Advanced Diploma levels. Students will also undergo Industrial Attachment within the hospitality industry during the course of study.

The first intake of Hospitality Management programme commenced in September 2008, taking in students who have completed 12 years of formal education.

In December 2008, Raffles Campus launched the BTEC National Diploma programme offered by Edexcel, the UK's largest awarding body offering academic and vocational qualifications and testing to schools, colleges, employers and other places of learning in the UK and internationally.

In January 2009, Raffles Campus achieved the ISO 9001:2008 by Lloyd's Register Quality Assurance (LRQA).

Raffles Campus, with full-fledged training facilities including Front Office, Housekeeping, Food and Beverages (bar counter and restaurant setting) and Kitchen Facilities, is located in Umm Suqeim 2.

Raffles Campus has two other campuses in Singapore and Vietnam offering Hospitality Management programmes.

### **EMAAR HEALTHCARE**

Emaar Healthcare Group complements the developmental ethos of Emaar Properties to creating integrated lifestyle communities, by driving community healthcare initiatives throughout Emaar's established neighbourhoods in Dubai, and in the future developments of Emaar throughout the region.

Through a strategic partnership with Methodist International (MI), the international arm of The Methodist Hospital in Houston, Texas, EHG and MI envision a differentiated standard of clinical quality and premier services, consistent throughout the network.

The first facility to be launched will be the Burj Dubai Medical Centre; a multi-speciality out-patient facility located in the prestigious Downtown Burj Dubai. The Medical Centre will provide a healthcare experience focused on ethical and evidence based medicine. In addition, Emaar Healthcare will be launching multi-specialty clinics in The Arabian Ranches and Meadows communities.

# CORPORATE GOVERNANCE

Emaar is committed to maintaining the highest standards of business conduct and corporate governance. We believe this is essential in operating a successful business, serving our shareholders and maintaining Emaar's integrity in the marketplace. Emaar's approach to governance is based on the connection between governance excellence and maximizing shareholder value. We report to all our stakeholders with accuracy and transparency and maintain full compliance with laws, rules and regulations that govern our businesses.

### **Board of Directors**

The Board's main responsibility is to provide effective governance over the Company's affairs for the benefit of its shareholders, and to balance the interests of its diverse stakeholders, including customers, employees, suppliers, and local communities. Apart from its mandated responsibilities, the Board reviews and approves annual business plans, strategic plans, operational initiatives, significant investments, funding initiatives, and reviews the overall financial performance of the Company, in addition to the compensation and remuneration of senior management. In achieving the above-mentioned strategic tasks, the Board is required to act in good faith, provide insight and at all times to consider the interests of the Company as well as the shareholders.

The Company's Board consists of eight members, of which six are non-executive directors. The Board is headed by the Chairman who schedules the meetings, prepares agenda in consultation with the Group Chief Executive Officer and effectively administers the flow of information between senior management and the Board.

To perform its duties, the Board has direct access to senior management. If necessary, the Board can seek independent professional advice at the Company's expense. The position of the Chairman and the Group Chief Executive Officer are held by two persons, in support of effective and clear supervision and accountability at the Board and management levels.

Members of the Board are prominent individuals with extensive experience in public administration, finance, legal, strategic management, retail and commercial businesses. Further details of the Directors, their qualifications and professional experience are provided in the Annual Report, under the section Board of Directors.

The Board may establish and ensure the effective functioning of board committees & sub committees as it considers necessary or appropriate to oversee critical or major functional areas and to address matters which require detailed review or in-depth consideration. Further details of the Board Committees are provided in the following sections.

### **Board Committees**

There are four Board Committees; Executive Committee, Audit Committee, Nominating Committee and Remuneration Committee.

#### **Executive Committee**

The Executive Committee is established principally to assist the Board in making decisions expeditiously and to exercise the authority and functions set out below or as may be delegated to it by the Board from time to time. The Committee is comprised of a Chairman and two non-executive directors.

#### **The Executive Committee members are as follows:**

- Mohamed Ali Rashed Alabbar (Chairman)
- Hussain Ahmad Dhaen Al Qemzi (Member)
- Ahmed Jamal Jawa (Member)

#### **The objectives and responsibilities of the Executive Committee are as follows:**

- The formulation and review of Policy matters.
- The overall planning and deployment of strategy towards achieving medium and long term objective(s) of the Group.
- Urgent and important business of a confidential nature or otherwise requiring an immediate and/or discreet decision, which would, but for this delegation to the Executive Committee, require the attention and decision of the Board.
- Decide on business matters which are of an unusual or extraordinary nature or which have strategic or significant impact (financial or otherwise) on the Group.
- Oversee the establishment and operation of the risk management system, including reviewing the adequacy of risk management practices for the material risks, such as credit, market, project, legal risks, regulatory compliance and operational risks; and
- Perform such other functions, and exercise powers and authorities as may from time to time be delegated to it by the Board.

## Audit Committee

The Audit Committee is comprised of Non-Executive Directors, all of whom have accounting or related financial management expertise and experience.

### Members of the Audit Committee are as follows:

- Mohammad Ibrahim Abdulrahman Al Shaibani (Chairman)
- Dr. Lowai Mohd Khalfan Belhoul (Member)
- Salem Rashed Saeed Al Mohannadi (Member)
- Majid Saif Ahmed Al Ghurair (Member)

The main objective of the Audit Committee is to assist the Board of Directors in fulfilling its oversight and fiduciary responsibilities to Emaar Properties PJSC and its subsidiary and associated companies (“the Emaar Group”) to act in the interest of the Emaar’s members and stakeholders as a whole.

### The main objectives and responsibilities of the Audit Committee are as follows:

- Oversee and appraise the quality of the Audit efforts of the Emaar Group’s Internal Audit function and of its External Auditors.
- Review annually the effectiveness of the Emaar Group’s material Internal Controls, including operational and compliance controls, risk management and evaluate adherence.
- Ascertain the adequacy of the Emaar Group’s Corporate Governance policy and processes and ensure adherence thereto.
- Serve as an independent and objective party to review the integrity of the financial information presented by Management to the members, regulators and the general public.
- Provide communication between the Board and the External and Internal Auditors.
- Review and ensure the independence of the External and Internal Auditors.

In preview of its scope of work, the Audit Committee responsibilities include review of the interim, annual financial statements and the Group Internal Control system. Further, the review scope includes rectifying measures of reported non-compliances with provisions or requirements of the Law.

The Audit Committee also reviews arrangements by which staff of the Company may, in confidence, raise concerns about possible fraudulent activities and improprieties. The Audit Committee has a Hotline reporting mechanism, where staff may raise suspected concerns to the Audit Committee for further review.

## Internal Audit

It is the policy of the Company’s Board of Directors to maintain and support a quality internal audit function. It has been entrusted internally and reports directly to the Audit Committee.

The Internal Audit is guided by its Charter that represents the general authorization from the Audit Committee to perform Internal Audit activities within a certain scope of work in accordance with the annual audit plan approved by the Audit Committee.

The Internal Audit Charter also sets out the purpose, authority and responsibility of the Internal Audit function. It establishes the Internal Audit activity’s position within the organization, authorizes access to records, personnel and physical properties relevant to the performance of engagements and defines the scope of work.

The Internal Audit’s core responsibility is to review the effectiveness of the Internal Control systems within the Company. Internal Audit covers all business processes and support functions within the Company, whether situated in the UAE or internationally.

Reports raised by the Internal Audit are submitted to the Audit Committee and Senior Management of the Company. On an ongoing basis, the Audit Committee monitors the progress that management has made with respect to remedial actions taken on issues and findings raised by the Internal Audit.

## Internal Control

The Board is responsible for ensuring that a framework of appropriate policies on Internal Controls are maintained and reviewed for their effectiveness. The system of Internal Controls is designed to provide reasonable assurance that the company’s objectives are achieved, assets are safeguarded, transactions are authorized and properly recorded and that material errors and irregularities are either prevented or would be detected in a timely manner. Additionally, establishing a sound system of Internal Controls is meant to safeguard the shareholders interests.

Towards this, written policies, guidelines and procedures, approval limits, automated controls and performance monitoring mechanisms were established and are in place. However, the system is intended to enable the group to identify and manage the risk inherent in its businesses and accordingly can provide reasonable but not absolute assurance against material misstatement or losses.

Assessment of the Internal Controls is obtained from ongoing reviews carried out by the Internal Audit function and the reports from External Auditors and Government Auditors on matters identified in course of their audits. Formal procedures are in place to deal with issues arising from these audits which are reviewed by the senior management, considered by the Audit Committee, and further reported to the Board.

#### Risk Management

The Board of Directors is responsible for the Group's system of internal control and risk management, and for reviewing its effectiveness. In order to discharge that responsibility, the Board has initiated the Enterprise wide Risk Management ("ERM") process in the 4th quarter 2007 to identify significant business risks facing the Group. The Board has provided the mandate to the Audit Committee, to oversee the risk management process within Emaar and assess whether there exist management's actions or plans to manage significant risks identified by management.

#### Nominating Committee

The Nominating Committee is comprised of a Chairman and two Non-Executive Directors, as follows:

- Mohamed Ali Rashed Alabbar (Chairman)
- Majid Saif Ahmed Al Ghurair (Member)
- Hussain Ahmad Dhaen Al Qemzi (Member)

#### Objectives and responsibilities of the Nominating Committee are as follows:

- Identify candidates and review all nominations and make recommendations for appointments to the members of the board, committees and top management.
- Review the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary.
- Determine the criteria to be applied in identifying candidates and reviewing nominations for the appointments of the board, committees and top management.
- Charged with the responsibility of re-nomination with regards to the Directors' contribution and performance (e.g. attendance, preparedness, participation and candour).
- Determine annually whether or not a Director is independent, bearing in mind the circumstances set forth in the Code of Corporate Governance.
- Determine whether or not a director is able to and has been adequately carrying out his duties as a Director.
- Assess the performance of the Board and its effectiveness as a whole by reference to Qualitative and Quantitative Criteria.
- Assess the contribution of each individual Director to the Board's effectiveness by adopting certain criteria.
- Review significant changes in job responsibilities of key management positions.

#### Remuneration Committee

The Remuneration Committee is comprised of three members, two Non-Executive Directors and an Executive Director. Members of the Committee are knowledgeable in the field of executive compensation in view of their vast corporate experience.

#### Members of the Remuneration Committee are as follows:

- Majid Saif Ahmed Al Ghurair (Chairman)
- Mohammad Ibrahim Abdulrahman Al Shaibani (Member)
- Ahmad Thani Rashed Al Matrooshi (Member)

#### The objectives and responsibilities of the Remuneration Committee are as follows:

- Assist the Board in overseeing executive staff compensation and development in the Group.
- Determine and review from time to time the Remuneration Policy of the Emaar Group in the best interest of the Company and its shareholders.
- Review and set the compensation policies and salaries, bonus and incentives for executive directors and senior executives.
- Ensure as far as possible, that the remuneration and compensation packages take due account of the environment and circumstances, which are faced by the various business units in the markets and countries in which the Group operates.

- The Committee shall administer the Share Option Scheme and any other share option schemes established from time to time for the Emaar Group executives and directors.

#### **Communication with Shareholders**

The Company does not practice selective disclosure of price sensitive information. Information which could impact the share price of the Company is released to the public on a timely basis and in an accurate manner. As a reflection of Emaar's commitment to disseminating information transparently, the Board approved a Disclosure Policy and established a Disclosure Committee at management level. The Policy confirms in writing Emaar's commitment to provide investors and stakeholders with material information in a broad and non-exclusionary fashion. In 2008, Emaar disclosed all material information to authorities as per the requirements of disclosure regulations. Company website is used effectively in communicating with investors and the public.

Annual reports and other financial results are announced and issued within the mandatory periods. During the Annual General Meeting, shareholders are given the opportunity to share their views and direct their queries regarding the Company to directors and senior management.

#### **Securities Transaction**

The Company has established a restrictions policy on share dealings which is issued to employees of the Company who may be in possession of price-sensitive information.

#### **Communication with Stakeholders**

At Emaar, stakeholder rights established by laws or through mutual agreements are always respected. Corporate Values set the guidelines for the Board, executive management and employees in undertaking their duties and responsibilities. These values also set the background for Emaar's stakeholder engagement activities.

# EMAAR INVESTOR RELATIONS

Emaar Properties continues to emphasize the importance of shareholder communication providing corporate information to all our stakeholders in an open, accurate and timely manner. During 2008 we added new initiatives to maximize shareholder value and bring our communication with all our stakeholders in line with international best practice investor relations.

We continue to review and updated our investor relations website, which provides relevant information such as financial reports, press releases, investor presentations, an investor calendar and frequently asked questions. Through the website, stakeholders may also register for SMS and email alerts and contact the investor relations department.

In 2008, Senior Management met with over 540 institutional investors. The management also participated in investor conferences regionally and internationally. Equity research coverage of Emaar increased in 2008 with new equity research coverage initiated by several regional and international firms.

# BOARD OF DIRECTORS



## **MOHAMED ALABBAR**

Chairman, Emaar Properties PJSC

Mohamed Alabbar is the founding member and Chairman of Emaar Properties PJSC since the company's inception in July, 1997.

He is also Chairman of The Advisory Council, a high-level Dubai Government economic advisory board that is mandated to review and ensure the long-term stability and growth of key sectors of the economy.

Mr Alabbar also serves on the board of directors of the Investment Corporation of Dubai (ICD), the investment arm of the Government of Dubai and the body responsible for managing the emirate's assets in the financial, transportation, industrial, energy, real estate and leisure sectors.

Chairman of the Bahrain-based Al Salam Bank, an Islamic bank with operations across the MENA region, Mr Alabbar is also a Board Member of Noor Investment Group, an affiliate of Dubai Group, the leading diversified financial company of Dubai Holding.

Mr Alabbar is currently spearheading Emaar's high-profile growth strategy of global expansion and business segmentation into property development, healthcare, education, hospitality & leisure, shopping malls and financial services. Emaar currently has a strong presence in 36 markets globally. He also heads Emaar's joint venture with Italy's Giorgio Armani to set up the Armani-branded luxury hotel and resort chain in key international destinations.

A sought-after speaker at international forums and on broadcast networks worldwide, Mr Alabbar is an articulate spokesman for the region's economic renaissance.

In recognition of his vision and achievements, FDi magazine, published by the Financial Times Group, named Mr Alabbar "Middle East Personality of the Year." Arabian Business, the leading regional business magazine, ranked him sixth in its March 2008 list of the 100 Most Influential Arabs in the World. Fortune magazine, in their issue of December 2007, named him among the top 30 in power positions globally.

A graduate in Finance and Business Administration from Seattle University in the United States, Mr Alabbar works closely with regional NGOs, and is especially committed to the cause of educational reform. A keen sportsman, he is Chairman of the UAE Golf Association.



## **HUSSEIN AL QEMZI**

Vice Chairman

Hussain Al Qemzi, a Non-Executive Director, was appointed to the Board as Vice Chairman of Emaar Properties PJSC on March 8, 2006. He is also a member of the Executive Committee and the Nomination Committee of the company.

A seasoned banker with over 26 years of extensive experience working with leading financial institutions in the UAE, Hussain Al Qemzi now helms the Noor Investment Group and its flagship entities Noor Islamic Bank and Noor Takaful as Group CEO.

With proven expertise in corporate and consumer banking, he has proved his mettle in quality and operations control and strategic planning.

He is currently on the Board of Emirates Institute for Banking and Financial Studies, Emirates Media, PWC Logistics Emirate and DIFC apart from Emaar Properties.

Earlier, Mr. Al Qemzi was the Chief Executive of Sharjah Islamic Bank and a former Board Member of Dubai Financial Market (DFM), and Dubai International Financial Exchange (DIFX). Mr. Al Qemzi also served as Chief Operating Officer of DIFC, and is credited with laying the ground for a world class financial centre.



## **SALEM RASHED AL MOHANNADI**

Director

Salem Rashed Al Mohannadi, a Non-Executive Director, was appointed to the Board of Emaar Properties PJSC at the inception of the company on July 29, 1997. He is a member of the Audit Committee of the company.

As Abu Dhabi Investment Authority's Executive Director in charge of Finance and Administration, Salem Rashed Al Mohannadi plays a key role in the investment decision of one of the world's biggest government investment bodies.

Overseeing the global investment options of ADIA, which is credited with over US\$500 billion investments, he has a sharp understand of global markets and in-depth insight into the functioning of the leading economies.

An Arts graduate from Marshall University, Salem is also Chairman of the Tunisia Emirates Investment Bank.



## **MOHAMMED AL SHAIBANI**

Director

Mohammed Al Shaibani, a Non-Executive Director, is the Director General of H.H. The Ruler's Court, Government of Dubai and the CEO & Executive Director of the Investment Corporation of Dubai (ICD). The Investment Corporation of Dubai consolidates the commercial and business assets of Dubai Government. These assets are in diverse sectors, and include market leading companies in financial services, transportation, real estate, leisure and utilities. ICD has been mandated to enable the globalization and privatization of these iconic brands.

Mr. Shaibani was first appointed to the Board of Emaar Properties PJSC on February 24, 2003 and re-elected on March 8, 2006.

Mohammed Al Shaibani is also the Chairman of Dubai Islamic Bank and National Bonds Corporation. He also serves as a Board Member of Emaar Properties, Shuaa Capital, Dubai Aerospace Enterprise (DAE) Limited, The Knowledge Fund, International Humanitarian City (IHC) and Deira Investments.

Since 1998, Mohammed Al Shaibani has held the position of President at the Dubai Office, a Private Management office for the Royal Family of Dubai. In this capacity he was based in London for eight years and he now oversees the functioning of this office from Dubai.

He started his professional life with the Dubai Ports Authority & Jebel Ali Free Zone where he worked for seven years. After this he moved to Singapore for four years, as Managing Director of Al Khaleej Investments.

Mohammed Al Shaibani graduated in 1988 from United States and holds a Bachelors Degree in Computer Science.



## **DR. LOWAI BELHOUL**

Director

Dr. Lowai Belhouli, a Non-Executive Director, was appointed to the Board of Emaar Properties PJSC on March 8, 2006. He is a member of the Audit Committee of the company.

Dr. Lowai Belhouli brings a wealth of experience to his current position as a Director General of the Government of Dubai Legal Affairs Department. A law graduate from the UAE University in 1984, with post-graduate certificate in International Business Legal Studies and PhD in Law from Exeter University, UK, in 2000 Dr Lowai has an in-depth understanding of international legalities and legislation and an astounding insight into the UAE laws.

Earlier, Dr. Lowai was a visiting lecturer at Dubai Police Academy offering specialist classes in Maritime and Aviation Law and English Legal Terminology. He has also served in a string of high profile judicial committees formed by Orders of His Highness the Ruler of Dubai.

He is also a member of the Legislative Committee responsible for reviewing draft Federal legislations, as well as a board member of the Council of the Institute of Advanced Legal and Judicial Studies in Dubai.



## **MAJID SAIF AL GHURAIR**

Director

Majid Saif Al Ghurair, a Non-Executive Director, was appointed to the Board of Emaar Properties PJSC on March 8, 2006. He is Chairman of the Remuneration Committee and a member of the Nomination Committee of the company.

Voted 'Business Leader Personality of the Year 2004,' Majid Saif Al Ghurair is a UAE entrepreneur with a golden touch. As CEO of Al Ghurair Private Company, he has demonstrated his entrepreneurial acumen in an array of fields including trade and retail, industry, manufacturing and real estate.

Steering the Group's growth through far-sighted vision and innovation, he lends hands-on expertise to the business conglomerate as President of Burjuman Center and Reef Mall; and Managing Director of Gulf Extrusions and Arabian Can Industry.

Majid is also Chairman of Shuaa Capital & Gulf Finance Corp., a board member in Dubai Economic Council, Dubai Statistical Centre, Mashreq Bank, RAK Bank and National Cement Co.

A graduate in Accounting from the Al Ain University, Majid was involved in the formation of the Middle East Council of Shopping Centres. He is also an active member of the World Economic Forum, Arab Business Council and Young Global Leaders.



## **AHMED JAMAL JAWA**

Director

Ahmed Jamal Jawa, a Non-Executive Director, was appointed to the Board of Emaar Properties on March 8, 2006. He is a member of the Executive Committee.

Ahmed is President, CEO and Board Member, of Starling Holding Ltd, a global investment group that deals with private equity and direct investments world-wide. Starling Holding Ltd has drawn its strength from Ahmed's in-depth understanding of the financial markets. A Saudi national, he has enhanced Starling's fortunes through well-informed and strategic investment plans.

Ahmed is also President of Contracting and Trading Company (CTC), a Saudi Arabian firm that oversees investment opportunities and options in the GCC region and the Middle East.

Ahmed is credited with introducing a range of Walt Disney licensed products to the Middle East markets through the Disney-Jawa Enterprises, a joint venture between the Walt Disney Company and the Jawa family. Helming the JV as Chairman, he supervised the sales and marketing of Disney computer software, interactive multimedia, toys, kitchen accessories, home furnishing, personal care products, consumer electronics and English and Arabic videos in the region.

A graduate in Business Administration and MBA from the University of San Francisco, Ahmed has served on the Boards of the Novapark Swiss Hotel Group; Mirapolice, an entertainment company that builds theme parks in France; and Tricon Group, a US-based securities trading firm. He was also the Chairman of Stallions Home Video LLC, a video distribution company in the Middle East.

Honoured as one of the Global Leaders for Tomorrow by the World Economic Forum in February 1996 in Davos, Switzerland, Ahmed is a trilingual, fluent in Arabic, English and French.



## **AHMAD THANI AL MATROOSHI**

Director

Ahmad Thani Al Matrooshi, an Executive Director, was appointed to the Board of Emaar Properties PSJC on March 8, 2006.

Mr. Matrooshi is also the Managing Director for Emaar Dubai LLC and is responsible for government affairs, media, public, community relations, and the overall management of Emaar Dubai.

In addition to the above mentioned roles, Mr. Matrooshi holds the following positions at Emaar Group's business segments:

- o Chairman of the Board of Directors - Emrill Services LLC
- o Chairman of the Board of Directors - Emaar Utilities LLC
- o Chairman of the Board of Directors of the three Hyderabad SPVS – Hyderabad (Emaar Hills Township Private Limited, Boulder Hills Leisure Private Limited, and Cyberabad Convention Centre Private Limited),
- o Board member – Advanced Industries Group
- o Board member - Emaar Jordan
- o Board member - Emaar Algeria
- o Board member – Emaar Turkey

Prior to joining Emaar in November 2005, Mr. Matrooshi held the position of Chief Executive Officer of government-run Dubai Development Board (DDB) for almost a decade. Before this move, Mr. Matrooshi was Deputy Director of the Dubai Chamber of Commerce & Industry (DCCI) for fourteen years.

As the founder and Chairman of Dubai Property Society (DPS), he is dedicated to an ongoing forum that ensures a code of ethics for real estate practices and procedures. He is also the Vice-Chairman of Dubai Investments Park LLC.

Born and brought up in Dubai, United Arab Emirates, Mr. Matrooshi holds a Bachelor of Arts in Public Administration and a Diploma in Real Estate and Property Management from NCFE, UK.

# PRINCIPAL OFFICERS

## CORPORATE OFFICE

Mohamed Ali Alabbar  
Chairman  
Emaar Properties PJSC

Vinod Kumar Gumber  
Group Chief Executive Officer  
Emaar Properties PJSC

Low Ping  
Executive Director – Risk and Finance  
Emaar Properties PJSC

Ayman Hamdy  
Executive Director - Legal & Company Secretary  
Emaar Properties PJSC

Amit Jain  
Group Chief Financial Officer  
Emaar Dubai LLC

Robert Fields  
Executive Director, Group Projects  
Emaar Properties PJSC

Hicham Cherkaoui  
Regional Chief Financial Officer  
Emaar Properties PJSC

Thomas Bartridge  
Executive Director, Human Resources – Corporate & International  
Emaar Properties PJSC

Kenneth Foong  
Chief Information Officer  
Emaar Properties PJSC

Arif Amiri  
Senior Director  
Investor Relations and Corporate Governance  
Emaar Properties PJSC

Fred Durie  
Chief Executive Officer - Joint Venture Companies  
Emaar Properties PJSC

## UNITED ARAB EMIRATES

Ahmad Thani Al Matrooshi  
Managing Director  
Emaar Dubai LLC

Issam Galadari  
Chief Executive Officer  
Emaar Dubai LLC

Naaman Atallah  
Chief Operating Officer  
Emaar Dubai LLC

Ahmad Al Falasi  
Executive Director, Asset Management  
Emaar Dubai LLC

John Rose  
Executive Director, Development  
Emaar Dubai LLC

Mohammed El Dahan  
Executive Director, Internal Audit  
Emaar Dubai LLC

Abdulla Lahej  
Executive Director, Project Management  
Emaar Dubai LLC

#### INTERNATIONAL

Mr. Sergio Casari  
Chief Executive Officer  
Emaar International

Dr Nader Mohammed  
Regional Managing Director  
Emaar International – Turkey, Syria, Jordan & Lebanon

Mohammed Ali  
Regional Executive Director  
Emaar International

Algeria  
Abdelouahab Soufane  
General Manager  
Emaar Algeria

Egypt  
Sameh Muhtadi  
Chief Executive Officer  
Emaar MISR

India  
Shravan Gupta  
Executive Vice Chairman & Managing Director  
Emaar MGF Land Private Limited

Bill Rattazzi  
Chief Executive Officer  
Emaar MGF Land Private Limited

Jordan & Lebanon  
Nabil Zard Abou Jaoude  
Managing Director  
Emaar Jordan  
Emaar Lebanon S.A

Morocco  
Yves Delmar  
Chief Executive Officer  
Emaar Morocco

Pakistan  
Dia Malaeb  
Chief Executive Officer  
Emaar Pakistan

Saudi Arabia  
Fahd Al Rasheed  
Chief Executive Officer  
King Abdullah Economic City

Joseph Kilar  
Chief Operating Officer  
Kind Abdullah Economic City

Alaa Saed  
Chief Executive Officer  
Emaar Middle East LLC

Syria  
Sarhad Haffar  
General Manager  
Emaar Syria

Turkey  
Ozan Balaban  
General Manager  
Emaar Turkey

United States of America / Canada  
Robert Booth  
Chief Operating Officer  
North America  
Managing Director  
Emaar Properties (Canada) Limited

Mark Amirault  
Managing Director  
Emaar Design Studio

#### BUSINESS SEGMENTS

Jim Badour  
Chief Executive Officer  
Emaar Malls Group LLC

Suresh Bhatia  
Chief Executive Officer  
Emaar Retail LLC

Marc-Francois Dardenne  
Chief Executive Officer  
Emaar Hospitality Group LLC

Marc-Francois Dardenne  
Chief Executive Officer  
Emaar Hotels & Resorts LLC

Robert Barker  
Managing Director  
Emaar Hotels & Resorts LLC

Ng Boon Yew  
Chief Executive Officer  
Emaar Education LLC

Vahajat Hussain  
Senior Director  
Emaar Healthcare Group LLC

Ali Farid Al Khatib  
Chief Executive Officer  
Emaar Financial Services LLC

Dr. Ahmad Khayyat  
Chief Executive Officer  
Emaar Industries & Investments LLC

JOINT VENTURE

Naaman Atallah  
Chief Executive Officer  
Bawadi-Emaar JV

Nasser Rafi  
Managing Director  
Hamptons International – Middle East

Salaam Al Shaksy  
Chief Executive Officer  
Dubai Bank PJSC

Arif AlHarmi  
Chief Executive Officer  
Amlak Finance PJSC

Ali H. Odeh  
Chairman and Chief Executive Officer  
Turner International Middle East LLC

# GROUP STRUCTURE

## EMAAR PROPERTIES PJSC

EMAAR DUBAI LLC	EMAAR INTERNATIONAL LLC	EMAAR INVESTMENT HOLDING LLC	EMAAR MALLS GROUP LLC	EMAAR HOSPITALITY GROUP LLC	EMAAR HOTELS & RESORTS LLC	EMAAR EDUCATION LLC	EMAAR HEALTHCARE GROUP LLC	DUBAI BANK PJSC	EMAAR INDUSTRIES AND INVESTMENTS LLC	EMAAR INVESTMENTS INTERNATIONAL LLC	BAWADI JOINT VENTURE	
<ul style="list-style-type: none"> <li>Real estate development in Dubai.</li> </ul>	<ul style="list-style-type: none"> <li>Real estate development in the international arena.</li> </ul>	<ul style="list-style-type: none"> <li>Strategic acquisitions and alliances.</li> </ul>	<ul style="list-style-type: none"> <li>The Dubai Mall. 150 malls in South Asia and MENA region. Retail.</li> </ul>	<ul style="list-style-type: none"> <li>Hotels, service apartments and leisure facilities.</li> </ul>	<ul style="list-style-type: none"> <li>Joint venture with Giorgio Armani.</li> </ul>			<ul style="list-style-type: none"> <li>Important investment channel for Emaar Group resources.</li> </ul>				
<ul style="list-style-type: none"> <li>All Dubai Projects Subsidiaries</li> <li>Emrill Services LLC Providing non-core services including hard services e.g. mechanical, electrical etc and custodial services e.g. cleaning, waste management etc.</li> <li>Emaar District Cooling LLC</li> <li>National Bonds LLC</li> <li>Capital Partners LLC</li> <li>National Investments LLC</li> <li>Emaar Utilities LLC</li> </ul>	<ul style="list-style-type: none"> <li>Emaar, The Economic City</li> <li>Emaar Middle East LCC</li> <li>Emaar Syria S.A.</li> <li>Emaar International Jordan</li> <li>Emaar Lebanon S.A.</li> <li>Emaar Misr for Development S.A.E.</li> <li>Emaar Morocco</li> <li>Emaar Algérie spa</li> <li>Emaar MGF Land Limited</li> <li>Emaar Giga Karachi Limited &amp; Emaar DHA Islamabad Limited</li> <li>PT Emaar Indonesia</li> <li>Emaar Properties Gayrimenkul Gelistime Anonim Sirketi</li> <li>John Laing Homes</li> <li>Emaar Properties (Canada) Limited</li> </ul>	<ul style="list-style-type: none"> <li>Turner International Middle East LLC Global building service provider. Strategic alliance to tap the MENA region.</li> <li>Hamptons International Holding Pte Ltd U.K.'s leading realtor. An international showcase reaching a clientele network of 130 offices across the world.</li> </ul>	<ul style="list-style-type: none"> <li>Dubai Mall LLC</li> <li>Emaar Retail LLC</li> <li>Emaar International Malls LLC</li> <li>Emaar Dubai Malls LLC</li> <li>RSH Limited</li> </ul>	<ul style="list-style-type: none"> <li>Emaar Hotels Group LLC</li> <li>Emaar Serviced Apartment Management LLC</li> <li>Nuran LLC</li> <li>Emaar International Hospitality LLC</li> <li>Emaar Hotels Management LLC</li> <li>Emaar Leisure Group LLC</li> <li>The Address Hotels &amp; Resorts LLC</li> <li>The Address, Downtown Burj Dubai LLC</li> <li>The Address, Dubai Mall LLC</li> <li>The Address, Dubai Marina Mall LLC</li> </ul>		<ul style="list-style-type: none"> <li>Raffles Campus Pte Ltd</li> <li>Emaar Education Management LLC</li> <li>Emaar International Education LLC</li> <li>Emaar MGF Education Pte Ltd</li> </ul>	<ul style="list-style-type: none"> <li>Management agreement with Methodist International</li> </ul>		<ul style="list-style-type: none"> <li>AMLAK FINANCE PJSC Region's foremost Islamic financing company for home mortgages &amp; vehicle finance. Largest publicly held financial company in the UAE.</li> <li>EMAAR FINANCIAL SERVICES LLC Brokerage company.</li> </ul>	<ul style="list-style-type: none"> <li>Formed to complement the government's drive to encourage private sector investment in light and medium industries and provide the region with the best manufacturing capabilities by tapping into the profit and growth potential of migrating companies.</li> </ul>	<ul style="list-style-type: none"> <li>Formed for international investments, mergers and acquisitions.</li> </ul>	<ul style="list-style-type: none"> <li>Joint venture with Bawadi LLC</li> </ul>

# MANAGEMENT STRUCTURE EMAAR PROPERTIES PJSC

BOARD OF DIRECTORS					
		Mohamed Ali Alabbar Chairman		Hussain Al Qemzi Vice Chairman	
Mohammed Ibrahim Al Shaibani Director	Salem Bin Rashed Al Mohannadi Director	Majid Saif Al Ghurair Director	Ahmed Jamal Jawa Director	Dr. Lowai Belhoul Director	Ahmad Thani Al Matrooshi Director

CORPORATE OFFICE				
		VK Gomber Group CEO		
Low Ping Executive Director Finance & Risk	Sergio Casari Chief Executive Officer International	Thomas Bartridge Executive Director Human Resources	Ayman Hamdy Executive Director Legal & Company Secretary	Arif Amiri Senior Director Investor Relations, Corporate Governance and Business Development
Amit Jain Group Chief Financial Officer	Nader Mohammad Regional Managing Director Jordan, Syria, Lebanon, Turkey, Pakistan, Emaar Middle East			
Nasser Rafi Group IT Strategy	Mohammed Ali Regional Executive Director Indonesia, Algeria, Libya			
Kenneth Foong Chief Information Officer	Mark Amirault Managing Director Global Design & Development Studio (EDS)			

EMAAR DUBAI LLC	EMAAR INTERNATIONAL LLC	EMAAR INVESTMENT HOLDING LLC	EMAAR MALLS GROUP LLC	EMAAR HOSPITALITY GROUP LLC	EMAAR EDUCATION LLC	EMAAR HEALTHCARE GROUP LLC	DUBAI BANK PJSC	EMAAR INDUSTRIES AND INVESTMENTS PVT LLC
<ul style="list-style-type: none"> <li>■ <b>Emaar United Arab Emirates</b> Ahmad Thani Al Matrooshi Managing Director</li> <li>Issam Galadari Chief Executive Officer</li> <li>Naaman Atallah Chief Operating Officer</li> <li>Robert Fields Executive Director Group Projects</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Saudi Arabia</b> <b>Emaar, The Economic City</b> Fahd Al-Rasheed Chief Executive Officer</li> <li><b>Emaar Middle East</b> Alaa Abdullah Saed Chief Executive Officer</li> <li>■ <b>Syria</b> Sarhad Haffar General Manager</li> <li>■ <b>Jordan &amp; Lebanon</b> Nabil Zard Abou Jaoude Managing Director</li> <li>■ <b>Egypt</b> Sameh Muhtadi Chief Executive Officer</li> <li>■ <b>Morocco</b> Yves Delmar Chief Executive Officer</li> <li>■ <b>Algeria</b> Abdelouahab Soufane General Manager</li> <li>■ <b>India</b> Shravan Gupta Executive Vice Chairman &amp; Managing Director</li> <li>■ <b>Pakistan</b> Dia Malaeb Chief Executive Officer</li> <li>■ <b>Turkey</b> Ozan Balaban General Manager</li> <li>■ <b>USA &amp; Canada</b> Robert Booth Managing Director</li> <li>■ <b>Indonesia</b> Syed Anis Al Habshi General Manager</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Turner International Middle East LLC</b> Ali Odeh Chairman &amp; Chief Executive Officer</li> <li>■ <b>Hamptons International Holding Pte Ltd</b> Nasser Rafi Managing Director</li> </ul>	<ul style="list-style-type: none"> <li>Jim Badour Chief Executive Officer</li> </ul>	<ul style="list-style-type: none"> <li><b>EMAAR HOTELS &amp; RESORTS LLC</b> Joint venture with Giorgio Armani</li> <li>Marc Dardenne Chief Executive Officer</li> </ul>	<ul style="list-style-type: none"> <li>Boon Yew Ng Chief Executive Officer</li> </ul>	<ul style="list-style-type: none"> <li>Omar Al Shunnar Chief Executive Officer</li> </ul>	<ul style="list-style-type: none"> <li>Salaam Al Shaksy Chief Executive Officer</li> <li><b>AMLAK FINANCE PJSC</b> Arif Alharmi Chief Executive Officer</li> <li><b>EMAAR FINANCIAL SERVICES LLC</b> Jassim Bin Hendi Chief Executive Officer</li> </ul>	<ul style="list-style-type: none"> <li>Mohammad Al Raqbani Chief Executive Officer</li> </ul>



## **11th Annual General Meeting**

Directors' Report and Consolidated Financial Statements 2008

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## DIRECTORS' REPORT

The Board of Directors of EMAAR Properties PJSC (the 'Company') and Subsidiaries (the 'Group') has pleasure in submitting the consolidated balance sheet of the Group as of 31 December 2008, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year ended 31 December 2008.

### *Principal activities*

The principal activities of the Group during the year ended 31 December 2008 were property investment and development, property management services, education, healthcare, hospitality, retail and investment in providers of financial services.

### *Financial Results*

The Group has recorded a net operating profit of AED 5,578 million in 2008 (2007: AED 6,575 million), 15% lower than the previous year. The decrease in profit is mainly due to write down of development properties of AED 1,084 million of Group's subsidiary WL Homes LLC in United States of America (USA), where the economy is facing an unprecedented economic crisis.

The Group has also decided to write down its complete goodwill amount of AED 2,523 million relating to WL Homes in order to be conservative in accounting for such an investment. This has resulted in lower net profit of AED 3,055 million for the year 2008 (2007: AED 6,575 million).

In accordance with the Articles of Association of the Company and UAE Federal Commercial Companies Law, an appropriation of AED 306 million is made to general reserve from the distributable profit of AED 3,055 million.

The transfer to statutory reserve has been suspended as the reserve has reached 50% of the paid up capital.

In view of the current financial and economic uncertainty, the Board of Directors of the Company have not recommended any dividend to the shareholders for the year 2008, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

The balance of the distributable profit of AED 2,749 million after considering appropriation to general reserve will be transferred to retained earnings.

Total shareholders funds as at 31 December 2008 amount to AED 36,001 million (2007: AED 36,536 million).

### *Outlook 2009*

The current downturn and liquidity crisis in global financial markets has adversely affected the real estate sector across the globe including the real estate market in UAE.

The primary focus of Emaar in 2009 would be to mitigate the negative impact of the global financial crisis by facing up to the new economic realities and identifying innovative strategies to sustain businesses in an unprecedented downturn. The emphasis would be on optimising resource use efficiency and maximising productivity, and will continue to build on our strategy of business segmentation and geographic expansion.

## DIRECTORS' REPORT - continued

Our expansion into other countries and new businesses including shopping malls, hospitality & leisure and education is expected to gain momentum in 2009.

We are committed to create value for our shareholders and are optimistic that we would emerge even stronger amidst current financial and economic uncertainty prevailing across the globe.

### *Directors*

H.E. Mohamed Ali Alabbar	(Chairman)
Mr. Hussain Al Qemzi	(Vice Chairman)
Mr. Ahmad Jamal Jawa	(Director)
Mr. Salem Rashed Al Mohannadi	(Director)
Mr. Mohammed Ibrahim Al Shaibani	(Director)
Dr. Lowai Mohamed Belhouli	(Director)
Mr. Majid Saif Al Ghurair	(Director)
Mr. Ahmed Thani Al Matrooshi	(Director)

### *Auditors*

Ernst & Young were appointed as external auditors of the Group for the year ended 31 December 2008. Ernst & Young are eligible for reappointment for 2009 and have expressed their willingness to continue in office.

On behalf of the Board



**Mohamed Ali Alabbar**  
Chairman  
Dubai  
17 February 2009

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
EMAAR PROPERTIES PJSC****Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Emaar Properties PJSC and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, consolidated cash flow statement and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the applicable provisions of the articles of association of Emaar Properties PJSC and the UAE Commercial Companies Law of 1984 (as amended). This responsibility includes: designing, implementing and maintaining internal control, relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

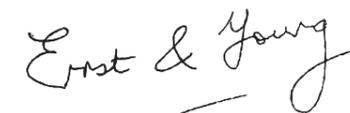
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
EMAAR PROPERTIES PJSC (continued)***Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2008, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

*Report on Other Legal and Regulatory Requirements*

We also confirm that, in our opinion, the consolidated financial statements include in all material respects, the applicable requirements of the UAE Commercial Companies Law of 1984 (as amended) and the articles of association of Emaar Properties PJSC; proper books of account have been kept by Emaar Properties PJSC, an inventory was duly carried out and the contents of the report of the Board of Directors relating to these consolidated financial statements are consistent with the books of account. We have obtained all the information and explanations which we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the UAE Commercial Companies Law of 1984 (as amended) or of the articles of association of Emaar Properties PJSC have occurred during the year which would have had a material effect on the business of Emaar Properties PJSC or on its financial position.



Signed by  
Edward B. Quinlan (Registration No. 93)  
For Ernst & Young

Dubai, United Arab Emirates  
17 February 2009

EMAAR Properties PJSC and Subsidiaries

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2008

(US \$1.00 = AED 3.673)

	Notes	2008 AED'000	2007 AED'000 (Restated)
Revenue	4	16,015,133	17,868,672
Cost of revenue	4	(9,203,775)	(10,814,907)
<b>GROSS PROFIT</b>		<b>6,811,358</b>	<b>7,053,765</b>
Other operating income		537,062	649,606
Selling, general and administrative expenses	5	(2,282,597)	(2,118,590)
Other operating expenses		(362,511)	(362,236)
Finance costs		(87,100)	(153,895)
Finance income	6	427,957	395,916
Other income		291,726	683,899
Share of results of associated companies	14	264,644	402,347
Impairment of goodwill	18	(2,522,577)	-
<b>PROFIT BEFORE TAX</b>		<b>3,077,962</b>	<b>6,550,812</b>
Income tax credit/ (expense)	7	2,569	(14,454)
<b>PROFIT FOR THE YEAR</b>		<b>3,080,531</b>	<b>6,536,358</b>
<b>ATTRIBUTABLE TO:</b>			
Equity holders of the parent		3,055,311	6,575,314
Minority interest		25,220	(38,956)
		<b>3,080,531</b>	<b>6,536,358</b>
Earnings per share attributable to the equity holders of the parent:			
- basic and diluted earnings per share	26	<b>AED 0.50</b>	<b>AED 1.08</b>

The attached notes 1 to 32 form part of these consolidated financial statements.

EMAAR Properties PJSC and Subsidiaries

CONSOLIDATED BALANCE SHEET

At 31 December 2008

(US \$1.00 = AED 3.673)

	Notes	31 December 2008 AED'000	31 December 2007 AED'000
<b>ASSETS</b>			
Bank balances and cash	8	5,392,986	4,726,616
Trade receivables	9	2,047,678	928,476
Other receivables, deposits and prepayments	10	3,665,732	2,705,232
Development properties	11	19,177,852	16,194,020
Securities	12	867,122	4,560,642
Loans to associates	13	1,655,400	537,829
Investments in associates	14	8,782,245	9,107,297
Property, plant and equipment	15	5,414,196	7,433,222
Investment properties	16	13,248,196	5,635,573
Goodwill	18	439,391	2,961,968
<b>TOTAL ASSETS</b>		<b>60,690,798</b>	<b>54,790,875</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Trade and other payables	19	13,838,638	8,825,902
Interest-bearing loans and borrowings	20	9,174,165	7,703,753
Retentions payable	21	1,078,549	1,054,560
Provision for employees' end-of-service benefits	22	37,092	18,394
<b>TOTAL LIABILITIES</b>		<b>24,128,444</b>	<b>17,602,609</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent company</b>			
Share capital	23	6,091,239	6,091,239
Treasury shares	23	(1,113)	-
Employees' performance share program		(1,684)	(1,446)
Reserves	24	14,431,863	16,494,778
Retained earnings		15,480,448	13,951,469
		<b>36,000,753</b>	<b>36,536,040</b>
<b>Minority interest</b>		<b>561,601</b>	<b>652,226</b>
<b>TOTAL EQUITY</b>		<b>36,562,354</b>	<b>37,188,266</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>60,690,798</b>	<b>54,790,875</b>

The consolidated financial statements were authorised for issue on 17 February 2009 by:

Chairman

Director

The attached notes 1 to 32 form part of these consolidated financial statements.

## EMAAR Properties PJSC and Subsidiaries

### CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2008

(US \$1.00 = AED 3.673)

		2008 AED'000	2007 AED'000
	<i>Notes</i>		
<b>OPERATING ACTIVITIES</b>			
Profit before tax		3,077,962	6,550,812
Adjustments for:			
Share of results of associated companies	14	(264,644)	(402,347)
Depreciation	15,16	301,048	180,958
Provision for employees' end-of-service benefits, net	22	18,698	6,402
Loss on disposal of property, plant and equipment		2,995	53
Gain on disposal of investment properties		-	(418,278)
Gain on disposal of securities		(29,307)	(33,858)
Cost of share based payments	22	757	16,565
Impairment of goodwill	18	2,522,577	-
Reversal of provision for impairment loss	4	-	(291,076)
Write down of development properties	4	1,084,017	458,409
Cash from operations before working capital changes:		6,714,103	6,067,640
Trade receivables		(1,162,904)	(312,267)
Other receivables, deposits and prepayments		(1,010,929)	(616,021)
Development properties		(4,256,825)	(733,469)
Trade and other payables		5,254,239	1,437,362
Retentions payable	21	23,989	178,733
Income tax paid	7	(10,090)	(48,576)
Net cash from operating activities		5,551,583	5,973,402
<b>INVESTING ACTIVITIES</b>			
Purchase of securities		(298,605)	(2,299,842)
Proceeds from disposal of securities		2,640,582	833,135
Deposit in escrow account for acquisition of additional shares in subsidiary	17	(23,665)	-
Consideration for additional shares/ acquisition of subsidiary net of cash and cash equivalents acquired	17	(162,435)	(249,493)
Additional investments in associates, net		(1,344,327)	(525,466)
Amounts incurred on investment properties	16	(149,026)	(179,686)
Proceeds from sale of investment properties		-	495,931
Purchase of property, plant and equipment	15	(5,848,188)	(3,695,997)
Proceeds from sale of property, plant and equipment		2,821	78,146
Deposits under lien or maturing after three months	8	2,377,174	(1,514,815)
Purchase of treasury shares		(1,113)	-
Net cash used in investing activities		(2,806,782)	(7,058,087)
<b>FINANCING ACTIVITIES</b>			
Dividend paid	25	(1,198,845)	(1,199,011)
Interest-bearing loans and borrowings	20	3,448,226	6,678,059
Repayment of interest-bearing loans and borrowings	20	(1,977,814)	(3,697,191)
Funds invested by minority shareholders		151,616	262,633
Repayment to minority shareholders		(95,562)	(164,687)
Proceeds from rights issue	23	-	78,430
Received on vesting of share options	22	1,462	1,481
Net cash from financing activities		329,083	1,959,714
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Net foreign exchange differences		(30,340)	7,494
Cash and cash equivalents at 1 January	8	2,131,679	1,249,156
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	8	<b>5,175,223</b>	<b>2,131,679</b>

The attached notes 1 to 32 form part of these consolidated financial statements.

## EMAAR Properties PJSC and Subsidiaries

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2008

(US \$1.00 = AED 3.673)

Attributable to equity holders of the Parent

	Share capital AED'000	Treasury shares AED'000	Employees' performance share program AED'000	Reserves AED'000	Retained earnings AED'000	Total AED'000	Minority interest AED'000	Total equity AED'000
<b>Balance at 1 January 2008</b>	6,091,239	-	(1,446)	16,494,778	13,951,469	36,536,040	652,226	37,188,266
Decrease in unrealised gains/ (losses) reserve (note 24)	-	-	-	(1,497,498)	-	(1,497,498)	-	(1,497,498)
Decrease in foreign currency translation reserve (note 24)	-	-	-	(870,948)	-	(870,948)	(25,114)	(896,062)
Net income and expense recognised directly in equity	-	-	-	(2,368,446)	-	(2,368,446)	(25,114)	(2,393,560)
Profit for the year	-	-	-	-	3,055,311	3,055,311	25,220	3,080,531
<b>Total income and expense for the year</b>	-	-	-	(2,368,446)	3,055,311	686,865	106	686,971
Transfer to reserves	-	-	-	305,531	(305,531)	-	-	-
Directors' fees	-	-	-	-	(3,310)	(3,310)	-	(3,310)
Dividends - 2007 (note 25)	-	-	-	-	(1,218,248)	(1,218,248)	-	(1,218,248)
Shares allocated to employee share scheme	-	-	(1,700)	-	-	(1,700)	-	(1,700)
Issuance of shares under employees' performance share program (note 22)	-	-	1,462	-	-	1,462	-	1,462
Cost of share based payments (note 22)	-	-	-	-	757	757	-	757
Additions to minority shareholders interest	-	-	-	-	-	-	190,931	190,931
Acquisition of minority interest in subsidiary (note 17)	-	-	-	-	-	-	(186,100)	(186,100)
Purchase of treasury shares	-	(1,113)	-	-	-	(1,113)	-	(1,113)
Funds withdrawn by minority shareholders	-	-	-	-	-	-	(95,562)	(95,562)
<b>Balance at 31 December 2008</b>	<b>6,091,239</b>	<b>(1,113)</b>	<b>(1,684)</b>	<b>14,431,863</b>	<b>15,480,448</b>	<b>36,000,753</b>	<b>561,601</b>	<b>36,562,354</b>

The attached notes 1 to 32 form part of these consolidated financial statements.

## EMAAR Properties PJSC and Subsidiaries

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2008

(US \$1.00 = AED 3.673)

	Attributable to equity holders of the Parent							
	Share capital AED '000	Treasury shares AED '000	Employees' share program AED '000	Reserves AED '000	Retained earnings AED '000	Total AED '000	Minority interest AED '000	Total equity AED '000
<b>Balance at 1 January 2007</b>	<b>6,075,553</b>	-	<b>(2,927)</b>	<b>14,669,084</b>	<b>9,237,022</b>	<b>29,978,732</b>	<b>565,928</b>	<b>30,544,660</b>
Increase in unrealised gains/ (losses) reserve (note 24)	-	-	-	642,544	-	642,544	-	642,544
Increase in foreign currency translation reserve (note 24)	-	-	-	462,875	-	462,875	27,308	490,183
Net income and expense recognised directly in equity	-	-	-	1,105,419	-	1,105,419	27,308	1,132,727
Profit for the year	-	-	-	-	6,575,314	6,575,314	(38,956)	6,536,358
<b>Total income and expense for the year</b>	-	-	-	<b>1,105,419</b>	<b>6,575,314</b>	<b>7,680,733</b>	<b>(11,648)</b>	<b>7,669,085</b>
Transfer to reserves	-	-	-	657,531	(657,531)	-	-	-
Directors' fees	-	-	-	-	(4,790)	(4,790)	-	(4,790)
Dividends – 2006	-	-	-	-	(1,215,111)	(1,215,111)	-	(1,215,111)
Issuance of shares under employees' performance share program (note 22)	-	-	1,481	-	-	1,481	-	1,481
Cost of share based payments (note 22)	-	-	-	-	16,565	16,565	-	16,565
Rights issue	15,686	-	-	62,744	-	78,430	-	78,430
Additional capital contribution by minority shareholders	-	-	-	-	-	-	262,633	262,633
Funds withdrawn by minority shareholders	-	-	-	-	-	-	(164,687)	(164,687)
<b>Balance at 31 December 2007</b>	<b>6,091,239</b>	-	<b>(1,446)</b>	<b>16,494,778</b>	<b>13,951,469</b>	<b>36,536,040</b>	<b>652,226</b>	<b>37,188,266</b>

The attached notes 1 to 32 form part of these consolidated financial statements.

## EMAAR Properties PJSC and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

#### 1 DOMICILE AND ACTIVITIES

EMAAR Properties Public Joint Stock Company ("the Company" or "the Parent") was established as a public joint stock company by Ministerial Decree number 66 in the year 1997. The Company was established on 23 June 1997 and commenced operations on 29 July 1997. The Company and its subsidiaries constitute the Group ("the Group"). The Company's registered office is at P.O. Box 9440, Dubai, United Arab Emirates. The shares of the Company are traded on the Dubai Financial Market.

The principal activities of the Group are property investment and development, property management services, education, healthcare, retail, hospitality and investment in providers of financial services.

#### 2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) and applicable requirements of United Arab Emirates laws.

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 thousands 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 are prepared under the historical cost convention modified to include the measurement at fair value of available-for-sale investments and derivatives.

#### Basis of consolidation

##### Subsidiary Companies

The consolidated financial statements comprise the financial statements of Emaar Properties PJSC and its subsidiaries as at 31 December 2008. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets are eliminated in full. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Minority interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Acquisitions of minority interests are accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired is recognised in goodwill.

##### Associated Companies

Associated companies are companies in which the Group has significant influence, but not control, over the financial and operating policies. In the consolidated financial statements, investments in associated companies are accounted for using the equity method of accounting, from the date that significant influence commences until the date that significant influence ceases. Investments in associated companies are carried in the balance sheet at cost, plus post acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The income statement reflects the Group's share of the results of its associates.

#### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year. The Group has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2008:

- IFRIC 11 IFRS 2 – Group and Treasury Shares Transactions
- IFRIC 12 – Service Concession Agreements
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction
- IFRIC 13 Customer Loyalty Programmes
- IAS 23 Borrowing Costs

**2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)**

Adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group. They did however give rise to the additional disclosures in the financial statements.

**IASB Standards and Interpretations issued but not adopted**

The following IASB Standards and Interpretations have been issued as of 31 December 2008 but are not yet mandatory, and have not yet been adopted by the Group:

***IFRS 8 Operating Segments***

IFRS 8 *Operating Segments* was issued by the IASB in November 2007, becoming effective for periods beginning on or after 1 January 2009. The new standard may require changes in the way the Group discloses information about its operating segments.

***IAS 1 Revised Presentation of Financial Statements***

The revised standard was issued in September 2007 and becomes effective for financial years beginning on or after 1 January 2009. The standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group is still evaluating whether it will have one or two statements.

***IFRIC 15 Agreements for the Construction of Real Estate***

IFRIC 15 Agreements for the Construction of Real Estate was issued in July 2008 and becomes effective for annual financial years beginning on or after 1 January 2009. This interpretation is to be applied retrospectively. It clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. With effect from 1 January 2009, the Group has changed its accounting policy of recognising revenue from sale of properties in certain geographic locations from the percentage of completion method to full completion upon or after delivery when the control and significant risks and rewards of ownership are transferred to the buyer in order to comply with the requirements of IFRIC 15. In other locations the local laws are such that percentage of completion method continues to be appropriate under IFRIC 15. The Group is still in the process of determining the impact of the change on its financial statements.

**Improvements to IFRSs**

In May 2008 the International Accounting Standards Board issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording.

***IAS 1 Presentation of Financial Statements***

Assets and liabilities classified as held for trading in accordance with IAS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the balance sheet. This did not result in any re-classification of financial instruments.

***IAS 16 Property, Plant and Equipment***

Replace the term "net selling price" with "fair value less costs to sell". The Group amended its accounting policy accordingly, which did not result in any change in the financial position.

**2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)**

**Improvements to IFRSs (continued)**

***IAS 28 Investment in Associates***

If an associate is accounted for at fair value in accordance with IAS 39, only the requirement of IAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies. This amendment has no impact on the Group as it does not account for its associates at fair value in accordance with IAS 39. An investment in an associate is a single asset for the purpose of conducting the impairment test. Therefore, any impairment test is not separately allocated to the goodwill included in the investment balance. This amendment has no impact on the Group because this policy was already applied.

***IAS 31 Interest in Joint Venture***

If a joint venture is accounted for at fair value, in accordance with IAS 39, only the requirements of IAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply. This amendment has no impact on the Group as it does not account for its joint ventures at fair value in accordance with IAS 39.

***IAS 36 Impairment of Assets***

When discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'. This amendment has no immediate impact on the consolidated financial statements of the Group because the recoverable amount of its cash generating unit is currently estimated using 'value in use'.

***IAS 38 Intangible Assets***

Expenditure on advertising and promotional activities is recognised as an expense when the Group either has the right to access the goods or has received the service. This amendment has no impact on the Group as the Group accounting policy is in compliance with the revised standard.

***IFRS 7 Financial Instruments: Disclosures***

Removal of the reference to 'total interest income' as a component of finance costs.

***IAS 8 Accounting Policies, Change in Accounting Estimates and Errors***

Clarification that only implementation guidance that is an integral part of an IFRS is mandatory when selecting accounting policies.

***IAS 10 Events after the Reporting Period***

Clarification that dividends declared after the end of the reporting period are not obligations.

***IAS 19 Employee Benefits***

Revised the definition of 'past service costs', 'return on plan assets' and 'short term' and 'other long-term' employee benefits. Amendments to plans that result in a reduction in benefits related to future services are accounted for as curtailment. Deleted the reference to the recognition of contingent liabilities to ensure consistency with IAS 37.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

**2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)**

**Improvements to IFRSs (continued)**

***IAS 39 Financial Instruments: Recognition and Measurement***

Changes in circumstances relating to derivatives are not reclassifications and therefore may be either removed from, or included in, the 'fair value through profit or loss' classification after initial recognition. Removed the reference in IAS 39 to a 'segment' when determining whether an instrument qualifies as a hedge. Require the use of the revised effective interest rate when remeasuring a debt instrument on the cessation of fair value hedge accounting.

***IAS 40 Investment Property***

Revision of the scope such that property under construction or development for future use as an investment property is classified as investment property. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. Also, revised of the conditions for a voluntary change in accounting policy to be consistent with IAS 8 and clarified that the carrying amount of investment property held under lease is the valuation obtained increased by any recognised liability.

**2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

**Judgments**

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant impact on the amounts recognised in the financial statements.

*Investment properties*

The Group has elected to adopt the cost model for investment properties. Accordingly, investment properties are carried at cost less any accumulated depreciation and any accumulated impairment losses.

*Classification of investment properties*

The Group has determined that hotels and serviced apartment buildings operated by the Group are to be classified as part of property, plant and equipment rather than investment properties.

*Operating Lease Commitments-Group as Lessor*

The Group has entered into commercial and retail property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

*Transfer of equitable interest in development properties*

The Group has entered into a number of contracts with buyers for the sale of land, villas, condominium units and commercial units. Management has determined that equitable interest in such assets and therefore risks and rewards of the ownership are transferred to the buyer once he is committed to complete the payment for the purchase. This commitment is evidenced by a signed contract for the purchase of the property and payments of sufficient progress payments. Based on this, the Group recognises revenues and profits as the acts to complete the property are performed.

*Classification of equity investments*

The Group invests in both quoted and unquoted equities. Management does not wish to account for short term unrealised gains or losses in the income statement and therefore has decided to classify such investments as "available for sale". Any short term unrealised gains or losses are treated as part of equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

**2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)**

**Estimation uncertainty**

*Costs 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 activities, potential claims by sub-contractors and the cost of meeting other contractual obligations to the customers.

*Valuation of investment properties*

The Group hires the services of third party valuers to obtain estimates for the market value of investment properties for the purposes of their impairment review and disclosures in the financial statements.

*Impairment of non financial assets*

The Group determines whether non financial assets are impaired at least on an annual basis. This requires an estimation of the "value in use" of the cash-generating unit to which the non financial asset is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of these cash flows.

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Revenue recognition**

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the consolidated income statement as follows:

*Sale of property*

Revenue on sale of plots of land is recognised on the basis of the full accrual method as and when all of the following conditions are met:

- A sale is consummated and contracts are signed;
- The buyer's investment, to the date of the financial statements, is adequate to demonstrate a commitment to pay for the property;
- The Group's receivable is not subject to future subordination;
- The Group has transferred to the buyer the usual risks and rewards of ownership in a transaction that is in substance a sale and does not have a substantial continuing involvement with the property; and
- Work to be completed is both easily measurable and accrued or is not significant in relation to the overall value of the contract.

Revenue on sale of condominiums, villas and commercial units is recognised on the basis of percentage completion method as and when all of the following conditions are met:

- The buyer's investment, to the date of the financial statements, is adequate to demonstrate a commitment to pay for the property;
- Construction is beyond a preliminary stage. The engineering, design work, construction contract execution, site clearance and building foundations are finished;
- The buyer is committed. The buyer is unable to require a refund except for non-delivery of the unit. Management believes that the likelihood of the Group being unable to fulfil its contractual obligations for this reason is remote; and
- The aggregate sales proceeds and costs can be reasonably estimated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Lease to buy scheme*

Sales under the lease to buy scheme are accounted as follows:

- Rental income during the period of lease is accounted for on a straight-line basis until such time the lessee exercises its option to purchase;
- When the lessee exercises its option to purchase, a sale is recognised in accordance with the revenue recognition policy for sale of property as stated above; and
- When recognising the sale, revenue is the amount which the lessee has to pay at the time of exercising the option to acquire the property.

*Lease of investment property*

Rental income from investment properties is accounted for on a straight-line basis over the lease term on ongoing leases.

*Interest revenue*

Interest revenue 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.

*Services*

Revenue from rendering of services is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the transaction at the balance sheet date.

**Cost of revenues of sale of property**

Cost of revenues includes the cost of land and development costs. Development costs include the cost of infrastructure and construction. The cost of revenues in respect of condominiums and villas is based on the estimated proportion of the development cost incurred to date to the estimated total development costs for each project. The cost of revenues in respect of land sales is based on the total estimated cost of the land site over the total usable land area in a particular development.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**Income tax**

Taxation is provided in accordance with the relevant fiscal regulations of the countries in which the Group operates.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustments to the tax payable in respect of prior years.

Income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted at the balance sheet date.

Deferred income tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Income tax (continued)**

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

**Cash and cash equivalents**

For the purpose of the cash flow statement, 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 receivables**

Trade receivables are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

**Loans and advances**

Loans and advances are stated at amortised cost net of interest suspended and provisions for impairment. All loans and advances are recognised when cash is disbursed to borrowers.

Expenses incurred in making loans or advances are charged to the income statement in the year of disbursing these loans and advances.

**Securities**

*Available-for-sale investments*

Available-for-sale asset are non-derivative financial assets that are designated as available-for-sale. These are initially recorded at cost and subsequently measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the income statement, or determined to be impaired at which time the cumulative loss recorded in equity is recognised in the income statement.

*Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity investments. After initial measurement, held to maturity investments are measured at amortised cost using the effective interest method. This method uses an effective interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Gains and losses are recognised in the consolidated income statement when the investments are derecognised or impaired, as well as through the amortisation process.

**Development properties**

Properties acquired, constructed or in the course of construction for sale are classified as development properties. Unsold properties are stated at the lower of cost or net realisable value. Properties which have been sold but are still in the course of development are stated at cost plus attributable profit/loss less progress billings. The cost of development properties includes the cost of land and other related expenditure which are capitalised as and when activities that are necessary to get the properties ready for sale are in progress. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The property is considered to be completed when all related activities, including the infrastructure and facilities for the entire project, have been completed. At that stage, cost, attributable profit and progress billings are eliminated from development properties.

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

## EMAAR Properties PJSC and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

#### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Property, plant and equipment

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

Leasehold improvements	2-5 years
Sales centres	1-5 years
Other buildings	10 - 45 years
Computers and office equipment	2 - 5 years
Plant, machinery and heavy equipment	3 - 20 years
Motor vehicles	3 - 5 years
Furniture and fixtures	2 - 10 years
Other assets	2 - 25 years

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

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the income statement 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 income statement. The recoverable amount is the higher of fair value less costs to sell of Property, plant and equipment and the value in use. The fair value less costs to sell is the amount obtainable from the sale of Property, plant and equipment in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of Property, plant and equipment and from its disposal at the end of its useful life.

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

##### Investment properties

Properties held for rental or capital appreciation purposes are classified as investment properties. Investment properties are measured at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is charged on a straight-line basis over the estimated useful lives as follows:

Buildings	10 - 45 years
Fixed furniture and fixtures	10 years
Movable furniture and fixtures	4 years

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Properties are transferred from investment properties to development properties when, and only when, there is a change in use, evidenced by commencement of development with a view to sale. Such transfers are made at the carrying value of the properties at the date of transfer.

The Group determines at each balance sheet date whether there is any objective evidence that the Investment properties are impaired. Whenever the carrying amount of an investment property exceeds their recoverable amount, an impairment loss is recognised in the income statement. The recoverable amount is the higher of investment property's net selling price and the value in use. The net selling price is the amount obtainable from the sale of an investment property 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 this investment property and from its disposal at the end of its useful life.

## EMAAR Properties PJSC and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

#### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Investment properties (continued)

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

##### Investment in an associate

The Group's investment in its associate is accounted for using the equity method of accounting. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised or separately tested for impairment. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of associates is shown on the face of the income statement. This is the profit attributable to equity holders of the associate and therefore is profit after tax and minority interests in the subsidiaries of the associates.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the income statement.

##### Interest in a joint venture

The Group has interests in joint ventures which are jointly controlled. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which the venturer has an interest. The Group recognises its interest in the joint ventures using the equity method until the date on which the Group ceases to have joint control over the joint venture. The interest in the joint venture is carried in the consolidated balance sheet at cost, plus post-acquisition changes in the Group's share of net assets of the joint venture, less any impairment in value. The consolidated income statement reflects the Group's share of the results of its joint venture.

The financial statements of the joint venture are prepared for the same reporting year as the parent company, using consistent accounting policies.

##### Business combinations and goodwill

Business combinations are accounted for using the acquisition method of accounting. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or Groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or Group of units. Each unit or Group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with IAS 14 Segment Reporting

Where goodwill forms part of a cash generating unit (Group of cash generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative values of the operation disposed off and the portion of the cash generating unit retained.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Business combinations and goodwill (continued)**

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash generating unit or group of cash generating units, to which goodwill relates. Where the recoverable amount of the cash generating unit or group of cash generating units is less than the carrying amount, an impairment loss is recognised.

**Derivatives**

The Group enters into forward foreign exchange contracts to hedge its exposure to exchange rate risk. Such derivatives are stated at fair value. Derivatives with positive market values (unrealised gains) are included in other assets and derivatives with negative market values (unrealised losses) are included in other liabilities in the balance sheet.

Changes in the fair values of derivatives held for trading activities or to offset other trading positions are included in other operating income in the income statement.

For the purposes of hedge accounting, hedges are classified into two categories: (a) fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability; (b) cash flow hedges which hedge the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

Changes in the fair value of derivatives that are designated, and qualify, as fair value hedges and that prove to be highly effective in relation to the hedged risk, are included in other operating income along with the corresponding changes in the fair value of the hedged assets or liabilities which are attributable to the risk being hedged.

Changes in the fair value of derivatives that are designated, and qualify, as cash flow hedges and that prove to be highly effective in relation to the hedged risk are recognised in a separate component of equity, and the ineffective portion recognised in the income statement. The gains or losses on cash flow hedges recognised initially in equity are transferred to the income statement in the period in which the hedged transaction impacts the income. Where the hedged transaction results in the recognition of an asset or a liability the associated gain or loss that had been initially recognised in equity is included in the initial measurement of the cost of the related asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Upon such discontinuance in the case of cash flow hedges, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. When such transactions occur the gain or loss retained in equity is recognised in the income statement or included in the initial measurement of the cost of the related asset or liability, as appropriate. Where the hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement.

**Impairment of financial assets**

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

**Trade and other payables**

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

**Loans and borrowings**

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 income statement when the liabilities are derecognised as well as through the amortisation process.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**End of service benefits**

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

With respect to its UAE national employees, the Group makes contributions to a pension fund established by the 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 present obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

**Share based payment transactions**

Employees (including senior executives) of the Group also receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments ("equity settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which the awards are granted. The cost of equity-settled transactions with employees is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled ending on the date on which the employees become fully entitled to the award ("vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Under the Company Programme, awards, which represent the right to purchase the Company's ordinary shares at par, allocated to eligible employees (including executive directors) of the Company.

**Foreign currency translations**

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

Transactions in foreign currencies are recorded in the functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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

**Contingencies**

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

## EMAAR Properties PJSC and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

#### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Fair values

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.

##### Treasury shares

Treasury shares consist of the Company's own shares that have been issued, subsequently repurchased by the company and not yet reissued or cancelled. These shares are accounted for using the cost method. Under the cost method the average cost of the share repurchased is shown as deduction from the total shareholders' equity. When these shares are reissued, gains are credited to a separate capital reserve in shareholders' equity, which is non-distributable. Any realised losses are charged directly to retained earnings. Gains realised on the sale of reissue shares are first used to offset any previously recorded losses in the order of retained earnings and the capital reserve account. No cash dividend are paid on these shares.

### 3 SEGMENT INFORMATION

#### Business segment:

For management purposes, the Group is organised into two major business segments.

The real estate segment develops and sells condominiums, villas, commercial units and plots of land and related leasing activities. Other segments include businesses that individually do not meet the criteria for a reportable segment as per IAS 14. These businesses are property management services, education, healthcare, hospitality, retail and investment in providers of financial services.

Income from sources other than the real estate segment is included in other operating income.

#### Geographic segments:

The Group is currently developing a number of international business opportunities outside the United Arab Emirates that will have a significant impact in future periods.

The domestic segment includes business activity and operations in the UAE and the international segment includes business activity and operations outside the UAE.

## EMAAR Properties PJSC and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

#### 3 SEGMENT INFORMATION (continued)

##### Business Segments

The following table represent revenue and profit information and certain asset and liability information regarding business segments for the years ended 31 December 2008 and 2007.

	<i>Real estate AED'000</i>	<i>Others AED'000</i>	<i>Eliminations AED'000</i>	<i>Total AED'000</i>
<b>2008</b>				
<b>Revenue</b>				
Revenue from external customers	15,443,308	576,949	(5,124)	16,015,133
Total revenue	<b>15,443,308</b>	<b>576,949</b>	<b>(5,124)</b>	<b>16,015,133</b>
<b>Results</b>				
Profit before income tax, finance costs, finance income, share of results from associates and impairment of goodwill	5,117,405	(119,725)	(2,642)	4,995,038
<b>Assets and liabilities</b>				
Segment assets	56,207,545	9,203,522	(4,720,269)	60,690,798
Segment liabilities	23,866,996	4,382,967	(4,121,519)	24,128,444
<b>Other segment information</b>				
Capital expenditure (Property, plant and equipment)	4,403,104	1,445,084	-	5,848,188
Depreciation (Property, plant and equipment)	99,486	115,925	-	215,411
<b>2007 (restated):</b>				
<b>Revenue</b>				
Revenue from external customers	17,565,895	302,777	-	17,868,672
Total revenue	<b>17,565,895</b>	<b>302,777</b>	<b>-</b>	<b>17,868,672</b>
<b>Results</b>				
Profit before income tax, finance costs, finance income, share of results from associates and impairment of goodwill	5,963,712	(57,268)	-	5,906,444
<b>Assets and liabilities</b>				
Segment assets	51,324,032	6,808,674	(3,341,831)	54,790,875
Segment liabilities	16,890,454	2,877,958	(2,165,803)	17,602,609
<b>Other segment information</b>				
Capital expenditure (Property, plant and equipment)	2,458,695	1,237,302	-	3,695,997
Depreciation (Property, plant and equipment)	74,706	80,952	-	155,658

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

3 SEGMENT INFORMATION (continued)

Geographic Segments

The following tables represent revenue and profit information and certain asset and liability information regarding geographic segments for the years ended 31 December 2008 and 2007.

2008:	Domestic AED'000	International AED'000	Total AED'000
<b>Revenue</b>			
Revenue from external customers	13,926,334	2,088,799	16,015,133
Total revenue	<u>13,926,334</u>	<u>2,088,799</u>	<u>16,015,133</u>
<b>Assets</b>			
Segment assets	35,460,931	16,447,622	51,908,553
Investment in associates	2,552,415	6,229,830	8,782,245
<b>Total assets</b>	<u>38,013,346</u>	<u>22,677,452</u>	<u>60,690,798</u>
Other segment information			
Capital expenditure (property, plant and equipment)	<u>5,471,970</u>	<u>376,218</u>	<u>5,848,188</u>
<b>2007 (restated)</b>			
	Domestic AED'000	International AED'000	Total AED'000
<b>Revenue</b>			
Revenue from external customers	14,278,224	3,590,448	17,868,672
Total revenue	<u>14,278,224</u>	<u>3,590,448</u>	<u>17,868,672</u>
<b>Assets</b>			
Segment assets	28,392,470	17,291,108	45,683,578
Investment in associates	2,219,696	6,887,601	9,107,297
<b>Total assets</b>	<u>30,612,166</u>	<u>24,178,709</u>	<u>54,790,875</u>
Other segment information			
Capital expenditure (Property, plant and equipment)	<u>3,491,746</u>	<u>204,251</u>	<u>3,695,997</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

4 REVENUE AND COST OF REVENUE

	2008 AED'000	2007 AED'000 (Restated)
<b>Revenue</b>		
<b>Revenue from property sales:</b>		
Sale of condominiums	6,283,607	8,670,040
Sale of villas	4,255,225	6,093,713
Sale of plots of land	1,997,078	1,496,452
Sale of commercial and others	2,403,316	1,026,282
<b>Revenue from hospitality</b>	<b>576,949</b>	<b>302,777</b>
<b>Rental income from leased properties and related income</b>	<b>498,958</b>	<b>279,408</b>
	<u>16,015,133</u>	<u>17,868,672</u>
<b>Cost of revenue</b>		
<b>Cost of revenue of property sales:</b>		
Cost of condominiums	4,037,105	6,136,740
Cost of villas	2,614,583	3,627,098
Cost of plots of land	75,857	311,690
Cost of commercial and others	847,666	360,591
Write down of development properties	1,084,017	458,409
Reversal of provision for impairment loss of investment property (note 16)	-	(291,076)
<b>Operating cost of hospitality</b>	<b>366,653</b>	<b>174,677</b>
<b>Operating cost of leased properties</b>	<b>177,894</b>	<b>36,778</b>
	<u>9,203,775</u>	<u>10,814,907</u>

AED 1,084,017 thousands relates to the write down of development properties in the Group's US subsidiary WL Homes LLC (31 December 2007: AED 458,409 thousands).

The Group has reclassified the 2007 figures by transferring revenue and operating cost of hospitality from other operating income and other operating expenses to revenue and cost of revenue for the year, respectively.

5 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2008 AED'000	2007 AED'000
Payroll and related expenses	734,726	703,985
Sales and marketing expenses	505,129	632,555
Depreciation of property, plant and equipment (note 15)	215,411	155,658
Depreciation of investment properties (note 16)	85,637	25,300
Contribution to educational and other charitable funds	56,345	79,164
Property management expenses	70,671	46,673
Land registration fees	96,930	85,229
Pre-operating expenses	69,462	31,073
Other expenses	448,286	358,953
	<u>2,282,597</u>	<u>2,118,590</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

6 FINANCE INCOME

	2008 AED'000	2007 AED'000
Finance income on fixed deposits with banks	253,829	178,742
Other finance income	174,128	217,174
	<u>427,957</u>	<u>395,916</u>

7 INCOME TAX

	2008 AED'000	2007 AED'000
<b>Income statement:</b>		
Current income tax expenses	(5,626)	(14,454)
Deferred income tax	8,195	-
	<u>2,569</u>	<u>(14,454)</u>
<b>Current liabilities:</b>		
Balance at 1 January	21,555	55,677
Current year	5,626	14,454
Less: paid during the year	(10,090)	(48,576)
	<u>17,091</u>	<u>21,555</u>

The tax expense relates to the tax payable on the profit earned by the subsidiaries, as adjusted in accordance with the taxation laws and regulations of the countries in which the Group operates.

	2008 AED'000	2007 AED'000
The relationship between the tax expense and the accounting profit can be explained as follows:		
Accounting profit before tax	3,077,962	6,550,812
Effect of higher tax rates in other jurisdictions	(5,626)	(14,454)
Effective income tax rate	<u>0.2%</u>	<u>0.2%</u>

The income tax charge arises primarily from the Group's operations in the United States of America, Morocco, India, Egypt, Pakistan and the United Kingdom.

8 BANK BALANCES AND CASH

	2008 AED'000	2007 AED'000
Cash in hand	5,041	1,823
Current and call deposit accounts	987,688	1,148,590
Fixed deposits maturing within three months	4,182,494	981,266
	<u>5,175,223</u>	<u>2,131,679</u>
Cash and cash equivalents		
Fixed deposits maturing after three months	217,763	2,594,937
	<u>5,392,986</u>	<u>4,726,616</u>

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

8 BANK BALANCES AND CASH (continued)

Bank balances and cash located:-

	2008 AED'000	2007 AED'000
Within UAE	4,511,892	3,849,981
Outside UAE	881,094	876,635
	<u>5,392,986</u>	<u>4,726,616</u>

Bank balances and cash denominates in following currencies:-

	2008 AED'000	2007 AED'000
United Arab Dirham (AED)	4,511,892	3,849,981
United States Dollar (USD)	216,290	631,322
Egyptian Pound (EGP)	203,788	25,741
Moroccan Dirham (MAD)	99,413	30,188
Turkish Lira (TRY)	90,376	26,374
Other currencies	271,227	163,010
	<u>5,392,986</u>	<u>4,726,616</u>

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

Fixed deposits having a maturity after three months earn interest at rates between 6% and 8 % per annum (2007: between 5.35% and 5.80% per annum).

9 TRADE RECEIVABLES

	2008 AED'000	2007 AED'000
Amounts receivable within 12 months	1,866,908	745,860
Amounts receivable after 12 months	180,770	182,616
	<u>2,047,678</u>	<u>928,476</u>

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

	Total AED'000	Neither past due nor impaired AED'000	Past due but not impaired			
			Less than 30 days AED'000	Between 30 to 60 days AED'000	Between 60 to 90 days AED'000	More than 90 days AED'000
2008	2,047,678	197,884	656,468	568,789	247,499	377,038
2007	928,476	272,157	381,093	86,890	28,854	159,482

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

**10 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	2008 AED'000	2007 AED'000
Advances to contractors and others	1,209,716	1,034,137
Advances for acquisition of leasehold interest	1,183,835	823,201
Prepayments	174,442	179,549
Receivables from service companies	172,653	42,754
Deposits for acquisition of land and subsidiary	121,963	101,400
Value added tax recoverable	119,664	-
Accrued interest on bank deposits and investments	67,025	80,936
Recoverable from minority shareholders	28,855	36,876
Other deposits and receivables	587,579	406,379
	<u>3,665,732</u>	<u>2,705,232</u>

**11 DEVELOPMENT PROPERTIES**

	2008 AED'000	2007 AED'000
Cost to date	25,830,387	18,375,549
Add: attributable profit	8,342,867	4,008,364
Less: progress billings	(14,995,402)	(6,189,893)
Total development properties	<u>19,177,852</u>	<u>16,194,020</u>

**Development properties located:-**

Within UAE	7,838,824	5,655,430
Outside UAE	11,339,028	10,538,590
	<u>19,177,852</u>	<u>16,194,020</u>

**12 SECURITIES**

	2008 AED'000	2007 AED'000
Held-to-maturity	-	183,650
Available-for-sale	867,122	4,376,992
	<u>867,122</u>	<u>4,560,642</u>

**Securities located:-**

Within UAE	844,668	4,123,377
Outside UAE	22,454	437,265
	<u>867,122</u>	<u>4,560,642</u>

Held to maturity securities represent investments with local and international financial institutions which have a fixed lifespan and fixed payments.

Available-for-sale securities include fund investments managed by an external fund manager. Available for sale investments are in quoted, unquoted and index linked securities.

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

**13 LOANS TO ASSOCIATES**

	2008 AED'000	2007 AED'000
Amounts owing by Amlak Finance PJSC	932,904	248,667
Amounts owing by Emaar MGF Land Limited and their related parties	416,911	-
Amounts owing by Golden Ace Pte Ltd	132,425	116,276
Amounts owing by Prestige Resorts SA	70,000	70,000
Amounts owing by Amelkis Resorts SA	54,569	54,563
Amounts owing by Al Shamiya Lettatweer Al Omrani Company (KSA)	27,491	27,491
Amounts owing by other associates	21,100	20,832
	<u>1,655,400</u>	<u>537,829</u>

The amounts owing by Amlak Finance PJSC are unsecured and earns a return ranging from 3% to 7% per annum (2007: average return ranging from 4% to 8% per annum).

The amounts owing by Golden Ace Pte. Ltd is unsecured and earns a return at 6.36% per annum and is fully repayable in April 2009 (2007: 8.75% per annum).

The amounts owing by Emaar MGF and their related parties are unsecured and earns a compound return of 10% per annum.

**14 INVESTMENTS IN ASSOCIATES**

	2008 AED'000	2007 AED'000
Carrying value of:		
Investment in Emaar MGF Land Limited (India)	3,061,599	3,757,502
Investment in Emaar The Economic City (Saudi joint stock company) - quoted	2,450,247	2,536,543
Investment in Amlak Finance PJSC – quoted	1,113,598	1,036,386
Investment in Dubai Bank PJSC	762,284	764,179
Investment in Emaar Bawadi LLC	253,593	-
Investment in Turner International Middle East Ltd.	226,038	220,741
Investment in Emaar Industries and Investment (Pvt) JSC	179,479	145,479
Investment in Dead Sea Company for Tourist and Real Estate Investment (Jordan)	137,836	136,864
Investment in Al Shamiyah Al Lettatweer Al Omarani Company (KSA)	96,543	96,543
Investment in Emrill Services LLC	11,244	7,113
Investment in Emaar Financial Services LLC	6,179	43,299
Investment in other associates	483,605	362,648
	<u>8,782,245</u>	<u>9,107,297</u>

On 23 November 2008, UAE Ministry of Finance had announced that it has started the official procedure to merge Amlak Finance PJSC and Tamweel PJSC, two leading Sharia-compliant real estate finance providers in United Arab Emirates, under Emirates Development Bank to create the largest real estate finance institution in the country under the umbrella of Federal Government of United Arab Emirates. In view of the above circumstances, the trading for Amlak Finance PJSC was suspended pending merger. On 4 February 2009, the Ministry of Finance has formed a Steering Committee, which aims to review merger of Amlak and Tamweel and recommend possible ways the two companies can go forward. The Committee is also evaluating their performances in light of the emerging economic situations and it is expected to give its recommendation to the government by end of February 2009. The market value of the shares held in Amlak Finance PJSC (quoted on Dubai Financial Market) at the date of suspension of trading was AED 735,677 thousands (2007: AED 3,700,024 thousands).

The market value of the shares held in Emaar The Economic City (quoted on the Saudi Stock Exchange –Tadawul) as at 31 December 2008 were AED 2,319,957 thousands (2007: AED 5,740,134 thousands).

## EMAAR Properties PJSC and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

#### 14 INVESTMENTS IN ASSOCIATES (continued)

The Group has the following investments in associates:

	Country of incorporation	Ownership	
		2008	2007
Emaar MGF Land Limited	India	43.33%	41.12%
Emaar The Economic City (Saudi joint stock Company)	KSA	30.59%	30.59%
Amlak Finance PJSC	UAE	48.08%	48.08%
Turner International Middle East Ltd.	UAE	50.00%	50.00%
Dubai Bank PJSC	UAE	30.00%	30.00%
Emaar Industries and Investments (Pvt) JSC	UAE	40.00%	40.00%
Al Shamiyah Al Lettatweer Al Omarani Company (no control or Board representation)	KSA	70.00%	70.00%
Emaar Financial Services LLC	UAE	37.50%	37.50%
Emrill Services LLC	UAE	33.33%	33.33%
Prestige Resorts S.A.	Morocco	50.00%	50.00%
Amelkis Resorts SA	Morocco	50.00%	50.00%
Orientis Invest	Morocco	50.00%	50.00%
Golden Ace Pte Ltd	Singapore	30.00%	30.00%
Emaar Bawadi LLC	U.A.E	50.00%	50.00%
Dead Sea Company for Tourist and Real Estate Investment	Jordan	37.20%	37.20%

In addition, the Group's US subsidiary, WL Homes enters into joint ventures with capital partners and institutional lenders to undertake specific housing projects in the United States.

The following table summarises information of the Group's investments in associates:

	2008 AED'000	2007 AED'000
Share of associates' balance sheets:		
Current assets	11,717,524	8,642,670
Non-current assets	12,862,725	7,345,845
Total assets	24,580,249	15,988,515
Current liabilities	14,305,029	7,208,468
Non-current liabilities	2,938,930	1,978,475
Total liabilities	17,243,959	9,186,943
Net assets	7,336,290	6,801,572
Goodwill	1,445,955	1,445,955
Investment in preference shares	-	859,770
	8,782,245	9,107,297
Share of associates' revenues and results:		
Revenues	2,532,872	1,949,142
Results	264,644	402,347

## EMAAR Properties PJSC and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

#### 15 PROPERTY, PLANT AND EQUIPMENT

Cost:	Leasehold improvements AED'000	Land and buildings AED'000	Computers and office equipment AED'000	Plant, machinery and heavy equipment AED'000	Motor vehicles AED'000	Furniture and fixtures AED'000	Other assets AED'000	Capital work-in- progress AED'000	Total AED'000
At 1 January 2008	50,239	1,389,517	101,928	444,194	20,474	280,455	3,003	5,479,692	7,769,502
Additions	13,926	184,413	75,680	35,835	21,151	96,270	-	5,420,913	5,848,188
Transfers	-	683,915	5,425	10,457	-	11,250	271,140	(982,187)	-
Disposals	(4,232)	(29,584)	(406)	(1,107)	(1,283)	(893)	-	-	(37,505)
Transfer to investment properties (note 16)	-	-	-	-	-	-	-	(7,549,234)	(7,549,234)
Foreign currency translation differences	(7,271)	(61,228)	(10,994)	(35,667)	(14,582)	(7,245)	-	(788)	(137,775)
<b>At 31 December 2008</b>	<b>52,662</b>	<b>2,167,033</b>	<b>171,633</b>	<b>453,712</b>	<b>25,760</b>	<b>379,837</b>	<b>274,143</b>	<b>2,368,396</b>	<b>5,893,176</b>
<b>Accumulated depreciation/ impairment:</b>									
At 1 January 2008	14,903	147,884	51,902	38,281	9,590	71,770	1,950	-	336,280
Depreciation charge for the year	7,553	74,106	28,581	48,477	10,520	41,446	4,728	-	215,411
Disposals	(380)	(29,522)	(325)	(152)	(1,043)	(267)	-	-	(31,689)
Foreign currency translation differences	(1,262)	(5,491)	(7,169)	(14,750)	(8,212)	(4,138)	-	-	(41,022)
<b>At 31 December 2008</b>	<b>20,814</b>	<b>186,977</b>	<b>72,989</b>	<b>71,856</b>	<b>10,855</b>	<b>108,811</b>	<b>6,678</b>	<b>-</b>	<b>478,980</b>
<b>Net carrying amount:</b>									
<b>At 31 December 2008</b>	<b>31,848</b>	<b>1,980,056</b>	<b>98,644</b>	<b>381,856</b>	<b>14,905</b>	<b>271,026</b>	<b>267,465</b>	<b>2,368,396</b>	<b>5,414,196</b>

Capital work in progress at 31 December 2008 includes assets under construction for future use as investment properties amounting to AED 271,188 thousands (31 December 2007: AED 4,160,014 thousands). During the year ended 31 December 2008, an amount of AED 123,667 thousands (2007: AED 57,828 thousands) was capitalised as cost of borrowings for the construction of these assets.

At 31 December 2008, the fair value of revenue generating assets (hotels, service apartments etc.) is AED 3,578,707 thousands (2007: AED 3,458,406 thousands) compared with a carrying value of AED 1,933,171 thousands (2007: AED 1,126,593 thousands).



## EMAAR Properties PJSC and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

#### 17 BUSINESS COMBINATIONS

##### Acquisition of Emaar Properties Gayrimenkul Geliştirme A.Ş.

On 1 October 2008, the Group had acquired an additional 40% holding in Emaar Properties Gayrimenkul Geliştirme A.Ş. ("Emaar Turkey"), an unlisted limited liability company in Turkey, thereby resulting in 100% ownership and control of the entity.

The fair value of the identifiable assets and liabilities of Emaar Turkey at the date of acquisition were:

	<i>Recognised on acquisition AED'000</i>	<i>Carrying value AED'000</i>
Bank balances and cash	23,206	23,206
Other receivables, deposits and prepayments	103,557	103,557
Development properties	2,140,744	2,042,604
Property, plant and equipments	5,452	5,452
	<u>2,272,959</u>	<u>2,174,819</u>
Trade and other payables	176,151	176,151
Interest-bearing loans and borrowings	1,631,558	1,631,558
	<u>1,807,709</u>	<u>1,807,709</u>
Net assets acquired	465,250	367,110
Less: interest held by the Group prior to acquisition	(279,150)	
Total acquisition cost	<u>186,100</u>	

The total acquisition cost of AED 186,100 thousands was paid in cash.

##### *Cash outflow on acquisition:*

	<i>2008 AED'000</i>
Cash paid to minority interest holders	(162,435)
Deposit in escrow account	(23,665)
Net cash outflows	<u>(186,100)</u>

The deposit in Escrow account was released and paid to minority interest holders in January 2009.

## EMAAR Properties PJSC and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

#### 17 BUSINESS COMBINATIONS (continued)

##### Acquisition of Emaar Misr for Development S.A.E

On 29 March 2007, the Group acquired a 60% additional holding in Emaar Misr for Development S.A.E. ("Emaar Misr"), an unlisted limited liability company in Egypt, thereby resulting in 100% ownership and control of the entity.

The fair value of the identifiable assets and liabilities of Emaar Misr as at the date of acquisition were:

	<i>Recognised on acquisition AED'000</i>	<i>Carrying value AED'000</i>
Bank balances and cash	272,035	272,035
Trade receivables	15,284	15,284
Development properties	2,843,811	2,295,047
Property, plant and equipments	1,754	1,754
	<u>3,132,884</u>	<u>2,584,120</u>
Trade and other payables	1,619,474	1,619,474
Interest-bearing loans and borrowings	730,675	730,675
	<u>2,350,149</u>	<u>2,350,149</u>
Net assets acquired	782,735	233,971
Less: interest held as an associate by the Group prior to acquisition	(261,207)	
Total acquisition cost	<u>521,528</u>	

The total acquisition cost of AED 521,528 thousands was paid in cash.

##### *Cash outflow on acquisition:*

	<i>2007 AED'000</i>
Net cash acquired with the subsidiary	272,035
Acquisition cost paid in cash	(521,528)
Net cash outflow	<u>(249,493)</u>

## EMAAR Properties PJSC and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

#### 18 GOODWILL

	2008 AED'000	2007 AED'000
Balance at 1 January	2,961,968	2,961,968
Impaired during the year (i)	(2,522,577)	-
Balance at 31 December	<u>439,391</u>	<u>2,961,968</u>

(i) On 1 June 2006 (acquisition date), the Group acquired 100% of the voting shares of WL Homes LLC, a residential home builder, an unlisted limited liability company headquartered in Newport Beach, California, United States of America. On the acquisition date, the Group had recorded a goodwill amounting to AED 2,522,577 thousands. The management of the Group has undertaken an impairment review of the goodwill as at 31 December 2008. Based on the review and the Group's future intentions with respect to restructuring this investment in light of the unprecedented slowdown in the US housing market, the Group has decided to write down the entire goodwill of AED 2,522,577 thousands recorded at the time of acquisition.

(ii) On 24 August 2006 (acquisition date), the Group acquired 100% of the voting shares of Hamptons, Group Limited, a property management consultant, an unlisted limited liability company, headquartered in London, United Kingdom (UK). On the acquisition date, the Group had recorded a goodwill amounting to AED 427,724 thousands. This goodwill has been allocated to cash generating unit and has been tested for impairment using a value in use model. The calculation of value in use is sensitive to the following assumptions:

*Gross margins* – Gross margins are based on the expectations of management based on past experience and expectation of future market conditions.

*Discount rates* – Discount rates reflect management's estimate of the specific risks. The discount rate is based on the risk free rate of the investment's country, market risk premium related to the industry and individual unit related risk premium/ discount. This is the benchmark used by management to assess performance and to evaluate future investment proposals. Management estimates that such discount rate to be used for evaluation of the investment should be between 9% and 11%.

*Growth rate estimates* – Management prepares a five year budget based on their expectations of future results, thereafter a growth rate of 0.5% to 1% is assumed

(iii) In 2006 the Group acquired 100% of the voting shares of Raffles Company Pte Ltd., an education provider, an unlisted limited liability Company in Singapore. On the acquisition date, the Group had recorded a goodwill amounting to AED 11,667 thousands.

#### 19 TRADE AND OTHER PAYABLES

	2008 AED'000	2007 AED'000 (Restated)
Project contract cost accruals	5,523,867	2,799,037
Advances/deposits from customers	4,072,537	2,907,003
Other payables and accruals	1,957,118	1,706,598
Trade payables	1,295,644	502,271
Payable to minority shareholders	891,556	828,016
Dividends payable	80,825	61,422
Income tax payable (note 7)	17,091	21,555
	<u>13,838,638</u>	<u>8,825,902</u>

## EMAAR Properties PJSC and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

#### 20 INTEREST-BEARING LOANS AND BORROWINGS

	2008 AED'000	2007 AED'000
Balance at 1 January	7,703,753	3,992,210
Borrowings acquired in a business combination	-	730,675
Borrowings drawn down during the year	3,448,226	6,678,059
Borrowings repaid during the year	(1,977,814)	(3,697,191)
Balance at 31 December	<u>9,174,165</u>	<u>7,703,753</u>
Maturing within 12 months	4,563,896	1,563,471
Maturing after 12 months	4,610,269	6,140,282
Balance at 31 December	<u>9,174,165</u>	<u>7,703,753</u>
<b>The above represent balances due:</b>		
Within UAE	3,911,693	4,011,693
Outside UAE	5,262,472	3,692,060
	<u>9,174,165</u>	<u>7,703,753</u>

The Group has following secured and unsecured interest-bearing loans and borrowings:

##### Secured

- USD 65,000 thousands (AED 238,693 thousands) loan from a financial institution secured against the Group's specific investment properties and self occupied office building. Profit rate is charged at 6 months US\$ LIBOR plus 70 basis points. The loan is repayable in full in 2009.
- USD 455,159 thousands (AED 1,671,798 thousands) loan from financial institutions, secured against real estate owned by the Group in the United States of America, carries interest at the US Prime Rate plus 0.25% to 5% and matures at various dates to 2011.
- Indian Rupees (INR) 1,461,500 thousands (AED 110,279 thousands) loan from financial institutions, secured by way of first charge on certain immovable properties and receivables, carries interest at bench mark rate plus 3.33%. This loan is payable in quarterly instalments and fully repayable by 2016.
- USD 32,936 thousands (AED 120,974 thousands) loan from commercial bank, secured against real estate owned by Group in Turkey, carries interest at US\$ LIBOR plus 1.1%. Loan is fully repayable by 2010.
- Canadian Dollar (CAD) 30,179 thousands (AED 91,052 thousands) loan from financial institution, secured against real estate owned by the Group, carries interest at Prime Rate plus 0.125% and fully repayable by 2009.
- GBP 4,700 thousands (AED 25,085 thousands) loan from financial institution, secured against Groups specific lease hold properties, carries interest at LIBOR plus 1.50%.

##### Unsecured

- USD 20,000 thousands (AED 73,460 thousands) loan from financial institutions in the United States of America is unsecured, carries interest at US Prime Rate plus 0.25% to 1%.
- USD 78,000 thousands (AED 286,494 thousands) loan from financial institutions in the United States of America is unsecured, carries interest at US LIBOR plus 0.6% and fully repayable by March 2010.
- GBP 10,000 thousands (AED 53,372 thousands) short term loan from financial institutions is unsecured, carries interest at LIBOR plus 0.50%.

## EMAAR Properties PJSC and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

#### 20 INTEREST-BEARING LOANS AND BORROWINGS (continued)

##### Unsecured (continued)

- Pakistani Rupee (PKR) 3,263,761 thousands (AED 151,505 thousands) loan from commercial bank, bearing interest at KIBOR plus 1.25%.
- GBP 3,377 thousands (AED 18,024 thousands) of funding facilities from commercial bank, carries interest at 1% over Bank of England's base rate.
- USD 1,000,000 thousands (AED 3,673,000 thousands) of Musharaka Islamic Syndicated facility. This facility is repayable in 2012 with an option of early repayment without penalty to the Group and bears a profit rate of LIBOR plus 0.6%.
- Egyptian Pound (EGP) 1,009,166 thousands (AED 671,642 thousands) of funding facilities from commercial banks, carries interest at rates at Central bank rate plus 1% to 2%.
- USD 459,175 thousands (AED 1,686,548 thousands) loan from commercial bank, carries interest at US\$ LIBOR plus 1.0% to 1.20% and is repayable in 2009.
- Saudi Riyal (SAR) 115,000 thousands (AED 112,700 thousands) of funding facility from commercial bank carrying interest at SAIBOR plus 1% and fully repayable by 2009.
- Moroccan Dirham (MAD) 80,000 thousands (AED 36,713 thousands) of short term loan from commercial bank carrying interest at 52 weeks treasury bond rate plus 1.15%.
- USD 41,608 thousands (AED 152,826 thousands) of funding facility from commercial bank carries interest rate at LIBOR plus 1.25%.

The Group's subsidiary holding borrowings was in breach of certain of its loan covenants. The Group has committed to ensure that the position is rectified.

#### 21 RETENTIONS PAYABLE

	2008 AED'000	2007 AED'000
Retentions payable within 12 months	474,694	511,111
Retentions payable after 12 months	603,855	543,449
	<u>1,078,549</u>	<u>1,054,560</u>

#### 22 EMPLOYEE BENEFITS

##### Employee Performance Share Programme

The Company has an Employee Performance Share Programme ("The Programme") to recognise and retain good performing staff. The Programme gives the employee the right to purchase the Company's shares at par. The shares carry full dividend and voting rights, and the option can be exercised at any time from the stipulated vested dates on the condition that the employee is still under employment at the exercise date. There are no cash settlement alternatives and the options have no contractual expiry date.

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2008		2007	
	No.	WAEP	No.	WAEP
Outstanding at 1 January	1,446,049	AED 1.00	1,499,236	AED 1.00
Granted during the year	75,749	AED 1.00	1,427,796	AED 1.00
Forfeited during the year	-		-	
Exercised during the year	(1,462,055)	AED 1.00	(1,480,983)	AED 1.00
Outstanding at 31 December	<u>59,743</u>	<u>AED 1.00</u>	<u>1,446,049</u>	<u>AED 1.00</u>

## EMAAR Properties PJSC and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

#### 22 EMPLOYEE BENEFITS (continued)

The weighted average fair value of options granted during the year was AED 10 per share (2007: AED 12.60 per share).

The fair value of the vested shares is determined by reference to the official price list published by the Dubai Financial Market (DFM) for the 5 consecutive trading days prior to and after the vested date. As the options are granted deep in the money, management considers this to be an appropriate means of valuation.

The expenses recognised during the year in respect of the programme were AED 757 thousands (2007: AED 16,565 thousands).

##### End of Service Benefits

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

	2008 AED'000	2007 AED'000
Balance at 1 January	18,394	11,992
Provided during the year	25,526	9,779
Paid during the year	(6,828)	(3,377)
	<u>37,092</u>	<u>18,394</u>
Balance at 31 December	<u>37,092</u>	<u>18,394</u>

An actuarial valuation has not been performed as the net impact of discount rates and future increases in staff salaries is not likely to be material.

#### 23 SHARE CAPITAL

	2008 AED'000	2007 AED'000
Authorised capital – 6,096,325,000 shares of AED 1 each (31 December 2007: 6,096,325,000 shares of AED 1 each)	<u>6,096,325</u>	<u>6,096,325</u>
Issued and fully paid-up – 6,091,238,503 shares of AED 1 each (31 December 2007 - 6,091,238,503 shares of AED 1 each)	<u>6,091,239</u>	<u>6,091,239</u>

During the year ended 31 December 2007, 15,686 thousands shares of AED 1 each were issued at a premium of AED 4 per share to the shareholders who had opted for additional shares at the time of rights issue in 2005.

During the current year, the Company obtained the necessary regulatory approvals to undertake a share buy-back program. A total of 200,000 shares were purchased from the market at an average price of AED 5.57 per share amounting to AED 1,113 thousands.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

## 24 RESERVES

	Statutory reserve AED'000	Capital reserve AED'000	General reserves AED'000	Hedging reserves AED'000	Net unrealised gains/(losses) reserve AED'000	Foreign currency translation reserve AED'000	Total AED'000
<b>Balance at 1 January 2007</b>	<b>13,745,963</b>	<b>4,004</b>	<b>1,494,583</b>	-	<b>(583,782)</b>	<b>8,316</b>	<b>14,669,084</b>
Increase in unrealised reserve	-	-	-	6,084	636,460	-	642,544
Increase in foreign currency translation reserve	-	-	-	-	-	462,875	462,875
Net income and expense recognised directly in equity	-	-	-	6,084	636,460	462,875	1,105,419
Net movement during the year	-	-	657,531	-	-	-	657,531
Share premium	62,744	-	-	-	-	-	62,744
<b>Balance at 1 January 2008</b>	<b>13,808,707</b>	<b>4,004</b>	<b>2,152,114</b>	<b>6,084</b>	<b>52,678</b>	<b>471,191</b>	<b>16,494,778</b>
Decrease in unrealised reserve	-	-	-	(5,538)	(1,491,960)	-	(1,497,498)
Decrease in foreign currency translation reserve	-	-	-	-	-	(870,948)	(870,948)
Net income and expense recognised directly in equity	-	-	-	(5,538)	(1,491,960)	(870,948)	(2,368,446)
Net movement during the year	-	-	305,531	-	-	-	305,531
<b>Balance at 31 December 2008</b>	<b>13,808,707</b>	<b>4,004</b>	<b>2,457,645</b>	<b>546</b>	<b>(1,439,282)</b>	<b>(399,757)</b>	<b>14,431,863</b>

## EMAAR Properties PJSC and Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

## 24 RESERVES (continued)

According to Article number 57 of the Articles of Association of the Company and Article 193 of the U.A.E. Federal Commercial Companies Law, 10% of annual net profits are allocated to the statutory reserve and another 10% to the general reserve. The transfers to statutory reserve may be suspended when the reserve reaches 50% of the paid-up capital. Transfers to general reserve may be suspended by the ordinary general assembly when the reserve reaches 50% of the paid-up capital.

The statutory reserve is in excess of 50% of the paid-up share capital of the Group and therefore in accordance with a resolution of the Annual General Meeting the Group has ceased further transfers to this reserve.

The statutory reserve includes:

- AED 2,475,000 thousands being the premium collected at AED 15 per share (shares par value at that time was AED 10 per share) on the 1:1.65 rights issue during the year ended 31 December 1998; and
- AED 11,321,656 thousands being the premium collected to date at AED 4 per share on the 1:1 rights issue announced during the year ended 31 December 2005.

The capital reserve was created from gain on sale of treasury shares in 2003.

Net unrealised gains/ (losses) reserve:

- This reserve records fair value changes in available for sale investments.

Foreign currency translation reserve:

- The foreign currency translation reserve is used to record exchange difference arising from translation of the financial statements of foreign subsidiaries.

## 25 DIVIDENDS

A cash dividend of AED 0.20 per share dividend for 2007 was approved by the shareholders of the Company at the Annual General Meeting of the Company held on 19 March 2008 and was subsequently paid during the year.

## 26 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The weighted average numbers of shares outstanding during the year and the previous year have been adjusted for events that have changed the number of shares outstanding without a corresponding change in resources. For diluted earnings per share, the weighted average numbers of shares have been adjusted for rights issue shares to be allotted after the year end. The information necessary to calculate basic and diluted earnings per share is as follows:

	2008 AED'000	2007 AED'000
<b>Earnings:</b>		
Net profit for the year attributable to equity holders of the parent	<b>3,055,311</b>	6,575,314
<b>Shares (in thousands):</b>		
Weighted average number of shares outstanding for calculating basic and diluted EPS	<b>6,091,239</b>	6,091,239
Basic and diluted earnings per share	<b>AED 0.50</b>	AED 1.08

## EMAAR Properties PJSC and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

#### 27 CONTINGENCIES AND COMMITMENTS

##### Guarantees

The Group has the following guarantees outstanding as at 31 December 2008:-

- Loans taken by an associated company from commercial banks amounting to AED 111,032 thousands (31 December 2007: AED 312,059 thousands) are guaranteed by the Group.
- Loans taken by an associated company from commercial banks amounting to AED 1,352,130 thousands (31 December 2007: 1,670,041 thousands) are guaranteed by the Group. The majority shareholder in the associate has provided the Group a counter guarantee and indemnity up to its share of liability for any claim made against the Group arising from the guarantee.
- The Group has issued a financial guarantee of AED 79,865 thousands (31 December 2007: AED 79,974 thousands) as a security for the letter of guarantee issued by a commercial bank for the performance of its contractual obligations.
- The Group has issued a financial guarantee of AED 6,676 thousands as a security for the letter of guarantee issued by a commercial bank for the performance of its contractual obligations.
- The Group has provided a financial guarantee of AED 5,000 thousands (31 December 2007: AED 5,000 thousands) as a security for the letter of guarantee issued by a commercial bank for issuance of trade license from Government of Dubai.
- The Group has provided a corporate guarantee of AED 110,190 thousands (31 December 2007: AED 110,190 thousands) to a commercial bank as a security for the guarantees issued by the bank on behalf of the associated company of the Group.
- The Group has provided a corporate guarantee of AED 91,825 thousands to a commercial bank as a security for the guarantees or letter of credit issued by the commercial bank for the performance of its contractual obligations.

##### Commitments

At 31 December 2008, the Group had commitments of AED 17,705,411 thousands (2007: AED 17,766,165 thousands) including project commitments of AED 16,110,055 thousands (2007: AED 16,951,069 thousands). This represents the value of contracts issued as of 31 December 2008 net of invoices received and accruals made at that date.

Certain claims were submitted by the contractors relating to different projects of the Group in the ordinary course of business from which it is anticipated that no material unprovided liabilities will arise.

The Group had entered into a joint venture agreement ("the agreement") with Bawadi LLC, (a subsidiary of Tatweer LLC) to jointly develop land in Bawadi development in Dubai. According to the terms of agreement, the Group is committed to contribute AED 3,850,000 thousands over the expected construction period of 7 to 10 years.

## EMAAR Properties PJSC and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

#### 27 CONTINGENCIES AND COMMITMENTS (continued)

##### Operating Lease commitments – Group as lessee

The Group has entered into various operating lease agreements for properties, office facilities and equipment. Future minimum payments under these operating leases are as follows:-

	<i>31 December 2008 AED'000</i>	<i>31 December 2007 AED'000</i>
Within one year	<b>867,124</b>	454,109
After one year but not more than five years	<b>75,869</b>	875,571
	<b><u>942,993</u></b>	<u>1,329,680</u>

##### Operating lease commitments – Group as lessor

The future minimum lease payments receivable under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:-

	<i>31 December 2008 AED'000</i>	<i>31 December 2007 AED'000</i>
Within one year	<b>746,719</b>	17,430
After one year but not more than five years	<b>3,136,220</b>	2,960,542
More than five years	<b>287,148</b>	989,525
	<b><u>4,170,087</u></b>	<u>3,967,497</u>

##### Legal claim

The Company was involved in arbitration proceedings with Jadawel International Company (The Claimant) with regard to a proposed joint venture in the Kingdom of Saudi Arabia. Arbitrators has given an award in favour of the Company in which all claims by the claimant were rejected by the arbitrators, who declared the joint venture agreement to be ineffective, unenforceable and with no legal effect on the Company. The claimant has filed an appeal against the award before the Board of Grievances. In the opinion of the management of the Company, it is unlikely that the Arbitrators' award will be reversed or amended.

#### 28 TRANSACTIONS WITH RELATED PARTIES

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

## EMAAR Properties PJSC and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

#### 28 TRANSACTIONS WITH RELATED PARTIES (continued)

##### Related party transactions

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

	2008 AED'000	2007 AED'000
<i>Associates:</i>		
Net interest income on deposits / investments from Dubai Bank PJSC	17,331	-
Islamic finance income from Amlak Finance PJSC	33,206	23,461
Interest income earned on loan to Golden Ace Pte	16,128	-
Interest income earned on loan to EMGF Land Limited and their related parties	16,944	-
	<u>          </u>	<u>          </u>
<i>Directors' and their related parties</i>		
Sale of plot of land	351,687	-
	<u>          </u>	<u>          </u>
<i>Other related parties:</i>		
Islamic finance income from Al Salam Bank, Bahrain	5,000	-
Islamic finance income from Al Salam Bank, Sudan	1,152	6,437
	<u>          </u>	<u>          </u>

The members of the board of directors received attendance fees totalling AED 3,881 thousands (2007: AED 3,190 thousands).

##### Related party balances

Significant related party balances (and the balance sheet captions within which these are included) are as follows:

	2008 AED'000	2007 AED'000
<i>Associates:</i>		
Fixed deposits with Dubai Bank PJSC	699,001	130,000
	<u>          </u>	<u>          </u>
<i>Other related parties:</i>		
Investment in Al Salaam Bank, Sudan	7,735	28,433
Investment in Al Salaam Bank, Bahrain	38,301	91,432
Investment in Al Salaam Bank, Algeria	20,202	20,202
	<u>          </u>	<u>          </u>

##### Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

	2008 AED'000	2007 AED'000
Short-term benefits	311,567	315,489
Employees' end of service benefits	19,926	9,998
Performance share programme	-	8,493
	<u>          </u>	<u>          </u>
	331,493	333,980
	<u>          </u>	<u>          </u>

At 31 December 2008, the number of directors and other members of key management personnel was 234 (31 December 2007: 179).

## EMAAR Properties PJSC and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

#### 29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank loans and overdrafts, trade payables and loans given. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The Group also enters into derivative transactions, primarily forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and its sources of finance.

It is, and has been throughout 2008 and 2007 the Group's policy that no trading in derivatives shall be undertaken. The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

##### Interest rate risk

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. Interest on financial instruments having floating rates is repriced at intervals of less than one year and interest on financial instruments having fixed rate 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 bank borrowings, debt instruments, investment in financial products and fixed deposits.

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). There is no impact on the Group's equity.

	2008		2007	
	<i>Change in basis points</i>	<i>Sensitivity of interest income/(expense) AED'000</i>	<i>Change in basis points</i>	<i>Sensitivity of net interest income/(expense) AED'000</i>
Financial asset	+ 100	53,879	+ 100	47,248
Financial liability	+ 100	(91,742)	+ 100	(77,038)

The interest rate sensitivity set out above relates primarily to the Dirham as the Group does not have any significant net exposure for non-trading financial assets and financial liabilities denominated in currencies other than the Dirham or currencies pegged to the Dirham and US Dollars.

The investments in financial products are not for trading or speculative purposes but placed in securities or fixed deposits, with the objective of achieving better returns than cash at bank. The interest rates on loans to associates are described in note 13. Interest rates on loans from financial institutions are disclosed in note 20.

##### Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

## EMAAR Properties PJSC and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

#### 29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

##### Foreign currency risk (continued)

The table below indicate the currencies to which the Group had significant exposure at 31 December 2008 on its non trading monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the AED, with all other variables held constant on the income statement (due to the fair value of currency sensitive non trading monetary assets and liabilities) and equity (due to change in the fair value of currency swaps used as cash flow hedges). A positive amount in the table reflects a potential net increase in income statement.

Currency	2008		2007	
	Change in currency rate in %	Effect on equity AED'000	Change in currency rate in %	Effect on equity AED'000
GBP	+10	5,212	+10	15,742
INR	+10	315,996	+10	390,458
Other currencies not pegged to US Dollar	+10	29,043	+10	52,515

There is no significant impact of reasonable possible movement of the currency rates on the income statement.

As the UAE Dirham is currently pegged to the US Dollar, balances in US Dollars and other currencies pegged against US Dollars are not considered to represent significant currency risk

##### Credit risk

Credit risk represents the loss that would be recognised if customers or counter parties fail to perform as contracted.

The Group has entered into contracts for the sale of residential and commercial units on an installment basis. The installments are specified in the contracts. The Group is exposed to credit risk in respect of installments due. However, the legal ownership of residential and commercial units and plots of land is transferred to the buyer only after all the installments are recovered. In addition, installment dues are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The Group does not require collateral in respect of trade and other receivables.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, available-for-sale financial investments and certain derivative instruments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

##### Liquidity risk

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. accounts 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, bank loans, debentures, preference shares, finance leases and hire purchase contracts. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities.

## EMAAR Properties PJSC and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

#### 29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

##### Liquidity risk (continued)

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

Financial liabilities	On demand AED'000	Less than 3 months AED'000	3 to 12 months AED'000	1 to 5 years AED'000	Over 5 years AED'000	Total AED'000
<b>As at 31 December 2008</b>						
Due to banks	255,639	1,854,872	3,199,385	4,783,819	39,977	10,133,692
Retention payable	-	89,012	385,682	603,855	-	1,078,549
Payable to minority shareholders	-	-	-	891,556	-	891,556
Dividend payable	80,825	-	-	-	-	80,825
Other liabilities	42,782	2,178,189	2,252,269	2,616,685	189,086	7,279,011
<b>Total undiscounted financial liabilities</b>	<b>379,246</b>	<b>4,122,073</b>	<b>5,837,336</b>	<b>8,895,915</b>	<b>229,063</b>	<b>19,463,633</b>

##### As at 31 December 2007

Due to banks	788,677	405,786	882,557	6,949,451	45,329	9,071,800
Retention payable	-	102,222	408,889	543,449	-	1,054,560
Payable to minority shareholders	-	-	-	828,016	-	828,016
Dividend payable	61,422	-	-	-	-	61,422
Other liabilities	21,555	1,093,939	1,734,667	2,004,697	174,603	5,029,461
<b>Total undiscounted financial liabilities</b>	<b>871,654</b>	<b>1,601,947</b>	<b>3,026,113</b>	<b>10,325,613</b>	<b>219,932</b>	<b>16,045,259</b>

##### Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Group's investment portfolio.

The effect on equity (as a result of a change in the fair value of equity instruments held as available-for-sale at 31 December 2008) due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

	2008		2007	
	Change in equity price %	Effect on equity AED'000	Change in equity price %	Effect on equity AED'000
Quoted investments	10%	35,956	10%	201,726

##### Capital management

The primary objective of the Group's capital management strategy is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2008

**29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

**Capital management (continued)**

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 between 33% and 50%. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents. Capital includes equity attributable to the equity holders of the parent less the net unrealised gains reserve. At 31 December 2008, Groups' gearing ratio is 10% (31 December 2007: 13%).

**30 FAIR VALUES OF FINANCIAL INSTRUMENTS**

Financial instruments comprise financial assets and financial liabilities.

Financial assets of the Group include bank balances and cash, trade receivables, securities, loans and advances, other receivables, investment in associates and due from related parties. Financial liabilities of the Group include customer deposits, loans from financial institutions, accounts payable and retentions payable.

The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise.

**31 HEDGING ACTIVITIES**

**Cash flow hedges**

At 31 December 2008, the Group held certain forward exchange contracts designated as hedges of expected future payments under construction contracts entered by its subsidiaries for which the Group has firm commitments. The forward exchange contracts are being used to hedge the foreign currency risk of the firm commitments. The nominal amounts of these contracts are AED 60,007 thousands (31 December 2007: AED 129,864 thousands)

	2008		2007	
	<i>Assets</i>	<i>Liabilities</i>	<i>Assets</i>	<i>Liabilities</i>
	<i>AED' 000</i>	<i>AED' 000</i>	<i>AED' 000</i>	<i>AED' 000</i>
<i>Forward exchange contracts</i>				
Fair value	<u>546</u>	<u>-</u>	<u>6,084</u>	<u>-</u>

**32 MARKET VALUE OF LAND**

The carrying values of land included in investment properties, property, plant and equipment and development properties at 31 December 2008 comprised purchased land at cost and donated land at nominal value. The fair value of such land was determined by the Group based on valuations carried out by independent valuers. The total fair value of the purchased and donated land included in development properties was AED 42,275,446 thousands (31 December 2007: AED 43,674,609 thousands) compared with a carrying value of AED 10,129,538 thousands (31 December 2007: AED 8,793,840 thousands). The fair value of land forming part of property, plant and equipment and investment properties are included under fair value disclosure in note 15 and 16 respectively. The value of the land does not include the land owned by the associated companies of the Group.

