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Press Release

For Immediate Release

22 October 2017

Emaar Properties PJSC

Intention to list Emaar Development LLC on the Dubai Financial Market

Emaar Properties PJSC ("**Emaar Properties**") announces its intention to proceed with the sale of existing shares of its UAE build-to-sell ("**BTS**") property development business, Emaar Development LLC ("**Emaar Development**" or the "**Company**"), via an initial public offering (the "**IPO**" or the "**Offering**") on the Dubai Financial Market ("**DFM**").

Emaar Properties expects to sell 20% of the Company in the Offering, consistent with its stated strategy of bringing subsidiary companies to market once they have reached sufficient maturity.

Emaar Development is the leading developer of residential and commercial BTS assets in the UAE. The Company is behind iconic freehold master-planned communities in Dubai including Emirates Living, Downtown Dubai, Dubai Marina and Arabian Ranches, and has delivered over 34,500 residential units since 2002.

According to international real estate professional services firm Jones Lang LaSalle ("**JLL**"), as of 30 September 2017, approximately 22% of all freehold units in Dubai are located in the Company's integrated lifestyle masterplan communities.

Mohamed Alabbar, Chairman, Emaar Properties, said: *"Emaar Development is the leading master developer of residential communities in the UAE, best known for Downtown Dubai, Dubai Marina, The Dubai Mall and Burj Khalifa. The IPO of our UAE development business will allow potential investors an opportunity to participate in a pure play UAE developer offering strong and stable cash flows and an attractive dividend yield. Additionally, it offers the opportunity for Emaar Properties' shareholders – including the UAE Government – to unlock the true value of our UAE development business."*

Chris O'Donnell, Chief Executive Officer, Emaar Development, said: *"Emaar Development has a clear strategy to continue delivering high-quality integrated lifestyle communities, which offer an exceptional customer experience. Our strong sales backlog and access to significant premium land banks in prime locations – together with a growing real estate market in an enhanced regulatory and stabilised pricing environment – positions the business well for the benefit of future shareholders."*

Business highlights

- High-quality land bank of 170 million square foot gross floor area (“GFA”)¹ for BTS properties in the UAE, which at the Company’s average development rate is expected to provide 12 years of project launches and 16 years of project completions
- Spearheaded the development of freehold master-planned lifestyle communities in Dubai; developed over 34,500 residential units since 2002, with over 24,000 residential units under development as at 30 September 2017, across 8 master-planned communities in prime locations
- As of 30 September 2017, Emaar Development has sold 80% of its units under development with an average gross profit margin of 41%² for units sold, and an associated sales backlog of AED 41 billion³
- Expected cash flow from sales backlog of approximately AED 18 billion⁴ over the next 4 years as projects complete
- As of 30 September 2017, Emaar Development had approximately 4,800 units available for sale over the next 2-3 years in its projects under construction, with an aggregate estimated sales value of AED 15 billion⁵
- Emaar Development plans to launch approximately 50,400 units over the next 5 years with an average annual unit sales target of 10,000 units and a targeted overall gross profit margin of 40%, in line with its historical track record
- As of 30 September 2017, Emaar Development had a completed, unsold inventory of approximately 200 units in completed projects with an estimated sales value of approximately AED 2 billion⁶, expected to be sold in the medium term
- Emaar Development seeks to continue its successful pre-sale funded model, which targets approximately 70% of units sold within the first year following launch, and typically between 30% and 40% of cash collected before major construction works commence

Portfolio Highlights

- 10 mega-developments in the UAE, including projects with premier joint venture partners, as well as prime wholly-owned land in Dubai and Ras Al Khaimah:
 - Downtown Dubai: A mixed-use 500-acre community that combines commercial, residential, hotel, entertainment, shopping and leisure developments; the complex includes the world's tallest structure, the Burj Khalifa, The Dubai Mall, the Dubai Opera House, Souq Al Bahar, the world’s tallest performing fountain, The Dubai Fountain, eight luxury hotels with over 1,800 rooms and numerous residential towers
 - Arabian Ranches: Approximately 71 million square feet of two-storey family homes in one of Dubai’s most sought after residential communities and home of Arabian Ranches Golf Club and Dubai Equestrian & Polo Club

¹ As at 30 September 2017.

² Based on the number of units sold, which were under development as at 31 September 2017, not necessarily indicative of margin at project completion. Includes non-consolidated joint ventures (Emaar South, Dubai Creek Harbour), and includes 100% consolidated joint venture (Dubai Hills).

³ Sales value of properties sold but not yet recognised as revenue under IFRS including 100% of joint ventures as of 30 September 2017.

⁴ Includes AED 2 billion in pre-funded construction costs.

⁵ Based on current listing prices for the relevant projects. Excludes 653 units under design stage with expected value of AED 2 billion.

⁶ Based on current listing prices for the relevant projects.

- Emirates Living: High-end villas and residential towers within the Emirates Hills master-planned lifestyle community which began construction in 1999 and includes four international schools, the four-star VIDA hotel, the Hills Montgomerie golf course and “Emaar Business Park”
- Dubai Marina: Luxury apartments in one of the first and largest waterfront developments in the GCC region
- Dubai Hills Estate: A 100% consolidated partnership with Meraas Holding to create a mixed-use development with a series of unique neighbourhoods set around an 18-hole championship golf course
- Dubai Creek Harbour: A joint development agreement with Dubai Holding for the development of an iconic mixed-use waterfront project situated on the banks of the Dubai Creek
- Emaar South: The Company’s first development within Dubai World Central, strategically located between Dubai and Abu Dhabi; it will be a mixed-use development spread over an area of approximately 72 million square feet
- Zabeel Square: A joint venture between Emaar Development and Meraas to create a mixed-use development near Zabeel Park, Dubai
- Dubai Harbour: Approximately 950,000 square feet of land with approximately 10 million square feet GFA acquired in August 2017, well positioned between Jumeirah Beach Residence and Palm Jumeirah
- Ras Al Khaimah: Approximately 837,000 square feet of land with 1.3 million square feet GFA located on the tip of Marjan Island in the emirate of Ras Al Khaimah

Key financial highlights

- Sales of 6,539 units in the 9 months ended September 2017 with a sales value of AED 15.4 billion, an increase of 32% from the AED 11.6 billion recorded in the corresponding period for the previous year⁷
- Achieved an average gross profit margin of 42%⁸ on revenue recognised for the 9 month period ended September 2017
- Strong cash position of AED 10.2 billion as at 30 September 2017⁹
- Based on a third-party valuation by JLL, Emaar Development has a total Gross Asset Value (“GAV”)¹ of AED 35.6 billion, which corresponds to an Adjusted Net Asset Value (“Adjusted NAV”)¹ of AED 24.1 billion as of September 2017

⁷ Sales figures inclusive of 100% of joint venture sales.

⁸ Not necessarily indicative of margin at project completion. Exclusive of non-consolidated joint ventures (Emaar South, Dubai Creek Harbour). Includes 100% consolidated joint venture Dubai Hills.

⁹ Non-inclusive of cash balance of non-consolidated joint ventures (Emaar South, Dubai Creek Harbour). Inclusive of cash balance of 100% consolidated joint venture Dubai Hills.

¹ GAV is calculated as the arithmetic sum of all units valued and is comprised of AED 15.2 billion GAV relating to wholly owned properties and AED 20.3 billion GAV relating to joint venture projects in which the Company has a 50% share. Excludes Dubai Harbour.

¹ Adjusted NAV is calculated as GAV¹ less net debt and the fair value of joint venture partners’ interests, plus net other assets, net other assets from joint ventures and the value of management fees from joint ventures.

Key investment highlights

The Company is the MENA region's top developer with visible returns. Key investment highlights include:

- Supportive macroeconomic fundamentals
 - Transformation of Dubai from a regional hub to a global destination
 - Growing real estate market in an enhanced regulatory and stabilised pricing environment
- A proven platform and expertise
 - Clear leader amongst Dubai developers, delivering iconic master plans and creating value for customers and shareholders
 - Best real estate brand in the UAE¹ with increasing sales market²share
 - Highly diversified customer base across domestic residents and international investors
- A valuable asset base that drives growth
 - Development projects in premium locations with large prime land bank driving growth
- A de-risked cash generating business model
 - A business model and strong sales backlog that support high cash flow generation with considerable revenue visibility
 - Construction costs are largely prefunded by collections from customers
- Strong management team supported by corporate governance best practices
 - An experienced team of seasoned real estate professionals
 - Strong shareholder support and partnership with the Dubai Government
- Attractive financial profile underpinning a compelling shareholder return framework
 - Strong momentum in revenue and profits delivering superior financial performance with a prudent capital structure
 - High cash flow generating business supporting a sustainable dividend policy

Strategic Priorities

- Maintain leadership position in the market
- Continue to deliver value to customers
- Build premier integrated lifestyle communities
- Secure long-term access to premium land bank
- Maintain robust financial risk management
- Enhance dividend distributions and returns to shareholders whilst maintaining a conservative capital structure

Corporate Governance and the Board

Emaar Development is committed to a high standard of corporate governance in line with international best practices. The Board will comprise 7 individuals who will initially be appointed by Emaar Properties and subsequently elected by Emaar Development's shareholders.

Emaar Properties will appoint 4 directors to the Board of Emaar Development who are already members of Emaar Properties' Board:

¹ According to YouGov in 2017.

²

- **Mohamed Alabbar, Executive Chairman**

A global entrepreneur with active interests in real estate, retail, luxury hospitality and now e-commerce, technology, logistics and the food industry, Mohamed Alabbar is the Founder Chairman of Emaar Properties, the leading developer of iconic assets such as Burj Khalifa. A graduate of Finance and Business Administration from Seattle University in the U.S., Mr. Alabbar also holds an Honorary Doctorate from the same university.

- **Ahmed Jawa**

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

- **Jamal Bin Theniyah**

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

- **Arif Al Dehail**

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

Additionally, Emaar Development will also appoint 3 Independent Non-Executive Directors (“INEDs”), who will constitute a majority of both the remuneration and audit committees and will vote exclusively on any related party transactions. The INEDs are:

- **Her Excellency Dr Aisha Bin Bishr**

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

- **Adnan Kazim**

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

- **Abdulla Mohammed Al Awar**

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

Management Team

Emaar Development is led by an experienced team with expertise and track record in the real estate sector:

- **Chris O'Donnell, Chief Executive Officer**

Mr O'Donnell joined Emaar Properties in August 2017 bringing with him over 40 years of proven experience in the area of property development, construction, property management and funds management. Mr O'Donnell was previously Group Director, Al Futtaim Real Estate Group, leading their operations. Prior to joining Al Futtaim Real Estate Group in 2012, Mr O'Donnell spent five years as CEO of Nakheel, a leading property developer in the UAE with interests spanning the residential, retail, hospitality and leisure property sectors.

- **Sunil Grover, Chief Financial Officer**

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

- **John Carfi, Chief Executive Officer, Development and Products**

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

Capital Structure and Dividend Policy

In September 2017, Emaar Development signed a five-year, US\$1.3 billion (AED 4.8 billion) Murabaha financing agreement ("**the Facility**") with First Abu Dhabi Bank, and targets a drawdown of US\$1.2 billion (AED 4.4 billion) prior to the completion of the IPO. The Company is targeting to upstream US\$1.1 billion (AED 3.96 billion) to Emaar Properties with approximately US\$123 million (AED 450 million) of additional cash to be left in Emaar Development, subject to approval from the Company's Board of Directors.

The Facility was an initial step ahead of the IPO to ensure that the Company has an appropriate capital structure at the time of listing.

Emaar Development is targeting the distribution of aggregate dividends of no less than US\$1.7 billion, to be paid with respect to the next three financial years ending 31 December 2020. The Company intends to declare these dividends in relatively equal instalments.

For the dividend declared with respect to the 2018 financial year, the Company intends to pay a portion in Q3 2018 as an interim dividend, with the remainder expected to be paid in Q2 2019. The remaining dividends with respect to the financial years 2019 and 2020 are expected to be paid out in a similar manner to Emaar Properties' and Emaar Malls' ordinary course dividend distributions (post AGM, in Q2 of each following year). Thereafter, the Company expects annual dividend payments to increase further due to lower leverage and higher expected cash flows from operations.

The Offering

The Offering will be made available to qualified institutional and other investors (the “**Qualified Investor Offering**”), as well as individual and other investors (the “**Retail Offering**”). The Retail Offering subscription period is expected to run from 2-13 November 2017, with the Qualified Investor Offering subscription period expected to run from 2-15 November.

Investors in the Retail Offering will be offered the opportunity to subscribe for Shares based on the price range announced for the Qualified Investor Offering and final allocations will be made based on the level at which the Qualified Investor Offering is priced. The net proceeds from the Offering will be received by Emaar Properties.

Full details of the Offering will be included in an Arabic-language prospectus (in respect of the Retail Offering) and an English-language offering circular (in respect of the Qualified Investor Offering), each expected to be published in due course.

BofA Merrill Lynch, EFG Hermes UAE Limited, Emirates NBD Capital PSC, First Abu Dhabi Bank and Goldman Sachs International are the Joint Global Coordinators for the Offering. Emirates NBD PJSC and First Abu Dhabi Bank are the Lead Receiving Banks. Rothschild is acting as Financial Advisor on the Offering.

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Any purchase of Shares in the proposed Offering should be made solely on the basis of the information contained in the final Prospectus to be issued by the Company in connection with the Offering. The information in this announcement is subject to change.

The Offering timetable, including date of Admission, may be influenced by a range of circumstances such as market conditions. There is no guarantee that Admission will occur and you should not base your financial decisions on Company's intentions in relation to Admission at this stage. Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing the entire amount invested. Persons considering making such investments should consult an authorised person specialising in advising on such investments. This announcement does not constitute a recommendation concerning the Offering. The value of shares can decrease as well as increase. Potential investors should consult a professional advisor as to the suitability of the Offering for the person concerned.

The Joint Global Coordinators and Rothschild are acting exclusively for the Company and Emaar Properties PJSC ("**Emaar Properties**") and no-one else in connection with the Offering. They will not regard any other person as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company and Emaar Properties for providing the protections afforded to their respective clients, nor for providing advice in relation to the Offering, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

In connection with the Offering of the Shares, each of the Joint Global Coordinators and any of their affiliates, may take up a portion of the Shares in the Offering as a principal position and in that capacity may retain, purchase, sell, offer to sell for their own accounts such Shares and other securities of the Company or related investments in connection with the Offering or otherwise. Accordingly, references in the Prospectus, once published, to the Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, each of the Joint Global Coordinators and any of their affiliates acting in such capacity. In addition, certain of the Joint Global Coordinators or their affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which they or their affiliates may from time to time acquire, hold or dispose of Shares. None of the Joint Global Coordinators nor any of their respective affiliates intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

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