BASE PROSPECTUS

EMAAR SUKUK LIMITED

(incorporated as an exempted company in the Cayman Islands with limited liability)

U.S.$2,000,000,000

Trust Certificate Issuance Programme

Under the trust certificate issuance programme described in this Base Prospectus (the **Programme**), Emaar Sukuk Limited (in its capacity as issuer, the **Issuer** and, in its capacity as trustee, the Trustee), subject to compliance with all relevant laws, regulations and directives, may from time to time issue trust certificates (the **Trust Certificates**) in any currency agreed between the Issuer and the relevant Dealer (as defined below).

Trust Certificates may only be issued in registered form. The maximum aggregate face amount of all Trust Certificates from time to time outstanding under the Programme will not exceed U.S.$2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Trust Certificates may be issued on a continuing basis to one or more of the Dealers (each a **Dealer** and together the **Dealers**) specified under "*General Description of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the **relevant Dealer** shall, in the case of an issue of Trust Certificates being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Trust Certificates.

The Trust Certificates will be limited recourse obligations of the Issuer. An investment in Trust Certificates issued under the Programme involves certain risks. For a discussion of these risks, see "*Risk Factors*".

Each Series (as defined herein) of Trust Certificates issued under the Programme will be constituted by (i) an amended and restated master trust deed (the **Master Trust Deed**) dated 18 January 2011 entered into between the Issuer, the Trustee, Emaar Properties PJSC (**Emaar**) and HSBC Corporate Trustee Company (UK) Limited as delegate of the Trustee (in such capacity, the **Delegate**) and (ii) a supplemental trust deed (the **Supplemental Trust Deed**) in relation to the relevant Series. Trust Certificates of each Series confer on the holders of the Trust Certificates from time to time (the **Certificateholders**) the right to receive certain payments (as more particularly described herein) arising from the assets of a trust declared by the Trustee in relation to the relevant Series (the **Trust**) over certain assets including, in particular, the rights, title, interest and benefit of Emaar Sukuk Limited in, to and under the Lease Assets of the relevant Series (the **Relevant Lease Assets**) as set out in (i) an amended and restated master lease agreement (the **Master Lease Agreement**) dated 18 January 2011 entered into between the Issuer, the Trustee and Emaar (in its capacity as lessee, the **Lessee**) and (ii) a supplemental lease agreement (as re-executed to give effect to any substitution, the **Supplemental Lease Agreement**) for the relevant Series (such assets being referred to as the **Trust Assets** for the relevant Series).

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the **UK Listing Authority**) for Trust Certificates issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of the UK Listing Authority (the **Official List**) and to the London Stock Exchange plc (the **London Stock Exchange**) for such Trust Certificates to be admitted to trading on the London Stock Exchange's regulated market.

References in this Base Prospectus to Trust Certificates being **listed** (and all related references) shall mean that such Trust Certificates have been admitted to trading on the London Stock Exchange's regulated market and have been admitted to the Official List. The London Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EEC (the Markets in Financial Instruments Directive). The Programme provides that Trust Certificates may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer, Emaar and the relevant Dealer. The Issuer may also issue unlisted Trust Certificates and/or Trust Certificates not admitted to trading on any market.

Notice of the aggregate face amount of Trust Certificates and any other terms and conditions not contained herein which are applicable to each Series of Trust Certificates will be set out in a final terms supplement (the **applicable Final Terms**) which, with respect to Trust Certificates to be listed on the London Stock Exchange, will be delivered to the UK Listing Authority and the London Stock Exchange.

The Issuer and Emaar may agree with any Dealer that Trust Certificates may be issued with terms and conditions not contemplated by the Terms and Conditions of the Trust Certificates herein, in which event a supplemental Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Trust Certificates.

The rating of certain Series of Trust Certificates to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Trust Certificates will be issued by a credit rating agency established in the European Union and registered under Regulation (EU) No 1060/2009 (the **CRA Regulation**) will be disclosed in the Final Terms. In general, European regulated entities (as set out in Article 4(1) of the CRA Regulation) are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

This Base Prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules (the **Rules**) of the Dubai Financial Services Authority. This Base Prospectus is intended for distribution only to Persons of a type specified in those Rules. It must not be delivered to, or relied on by, any other Person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The Dubai Financial Services Authority has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The Trust Certificates to which this Base Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Trust Certificates offered should conduct their own due diligence on the Trust Certificates. If you do not understand the contents of this Base Prospectus you should consult an authorised financial adviser.

Arrangers

HSBC **Standard Chartered Bank** **The Royal Bank of Scotland**

Dealers

BNP PARIBAS
DBS Bank Ltd
HSBC
Bank of America Merrill Lynch
Standard Chartered Bank
The Royal Bank of Scotland

The date of this Base Prospectus is 18 January 2011.

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the **Prospectus Directive**).

The Issuer and Emaar accept responsibility for the information contained in this Base Prospectus. To the best of the knowledge of each of the Issuer and Emaar (each having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Base Prospectus should be read and construed together with any amendments or supplements hereto and, in relation to any Series of Trust Certificates, should be read and construed together with the applicable Final Terms.

Copies of Final Terms will be available from the registered office of the Issuer and the specified office set out below of the Principal Paying Agent (as defined below) save that, if the relevant Trust Certificates are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Certificateholder holding one or more Trust Certificates and such Certificateholder must produce evidence satisfactory to the Issuer or, as the case may be, the Principal Paying Agent as to its holding of such Trust Certificates and identity.

Certain information identified as such in this Base Prospectus has been extracted from independent sources identified in this Base Prospectus. Each of the Issuer and Emaar confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Neither the Dealers nor the Delegate have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers and the Delegate as to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by the Issuer or Emaar in connection with the Programme. No Dealer nor the Delegate accepts any liability in relation to the information contained in this Base Prospectus or any other information provided by the Issuer and Emaar in connection with the Programme.

No person is or has been authorised by the Issuer or Emaar to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Trust Certificates and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, Emaar, the Trustee, the Delegate or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Trust Certificates (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, Emaar, the Trustee, the Delegate or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Trust Certificates should purchase any Trust Certificates. Each investor contemplating purchasing any Trust Certificates should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and Emaar. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Trust Certificates constitutes an offer or invitation by or on behalf of the Issuer, Emaar, the Trustee, the Delegate or any of the Dealers to any person to subscribe for or to purchase any Trust Certificates.

No comment is made or advice given by the Issuer, Emaar, the Trustee, the Delegate or the Dealers in respect of taxation matters relating to any Trust Certificates or the legality of the purchase of Trust Certificates by an investor under applicable or similar laws.

EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN TAX ADVISER, LEGAL ADVISER AND BUSINESS ADVISER AS TO TAX, LEGAL, BUSINESS AND RELATED MATTERS CONCERNING THE PURCHASE OF TRUST CERTIFICATES.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Trust Certificates shall in any circumstances imply that the information contained herein concerning the Issuer or Emaar is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Delegate and the Dealers expressly do not undertake to review the financial condition or affairs of the Issuer or Emaar during the life of the Programme or to advise any investor in the Trust Certificates of any information coming to their attention.

The Trust Certificates have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**). Subject to certain exceptions, Trust Certificates may not be offered, sold or delivered within the United States or to U.S. persons, see "*Subscription and Sale*".

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Trust Certificates in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Trust Certificates may be restricted by law in certain jurisdictions. The Issuer, Emaar, the Trustee, the Delegate and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Trust Certificates may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, Emaar, the Trustee, the Delegate or the Dealers which is intended to permit a public offering of any Trust Certificates or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Trust Certificates may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Trust Certificates may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Trust Certificates. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Trust Certificates in the United States, the European Economic Area (including the United Kingdom), the Cayman Islands, the Dubai International Financial Centre, Hong Kong, Malaysia, Saudi Arabia, Singapore and the United Arab Emirates, see "*Subscription and Sale*".

This Base Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Base Prospectus may constitute forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "continue" or similar terminology. Although Emaar believes that the expectations reflected in its forward-looking statements are reasonable at this time, there can be no assurance that these expectations will prove to be correct.

Presentation of financial information

Emaar is obliged to prepare consolidated financial statements for the Group in accordance with International Financial Reporting Standards.

The consolidated financial statements of Emaar for the two financial years ended 31 December 2008 and 2009 have been audited without qualification by Ernst & Young Middle East (Dubai Branch) (**Ernst & Young**), independent auditors, as stated in their reports included elsewhere in this Base Prospectus (the **Audited Consolidated Financial Statements**). Unless otherwise indicated, the consolidated financial information as at and for the years ended 31 December 2008 and 2009 included in this Base Prospectus has been extracted without material adjustment from Emaar's audited consolidated financial statements for the years ended 31 December 2008 and 2009.

The unaudited interim condensed consolidated financial statements of Emaar as at and for the nine month period ended 30 September 2010 have been reviewed by Ernst & Young in accordance with the International Standard on Review Engagement 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the entity*" (the **Interim Consolidated Financial Statements** and together with the Audited Consolidated Financial Statements, the **Consolidated Financial Statements**).

In particular, the financial information contained in the "*Selected Financial Information*" and "*Financial Review*" sections present certain selected financial information of Emaar as at and for the years ended 31 December 2008 and 2009, as at 30 September 2010 and for the nine month periods ended 30 September 2009 and 2010. As a result of certain changes in accounting policies and classifications during these periods, such information has been extracted from Emaar's previously published consolidated financial statements as follows:

- the selected financial data as at 30 September 2010 and as at and for the nine month periods ended 30 September 2009 and 2010 appearing in this Base Prospectus has been extracted from the unaudited interim condensed consolidated financial statements as at and for the nine month period ended 30 September 2010;

- the selected financial data as at and for the year ended 31 December 2009 appearing in this Base Prospectus has been extracted from Emaar's 2009 audited consolidated financial statements; and
- the selected financial data as at and for the year ended 31 December 2008 appearing in this Base Prospectus has been extracted from the comparative financial information as at and for the year ended 31 December 2008 included in the 2009 audited consolidated financial statements, which has been restated to take into account the application of IFRIC 15 (*Agreements for the Construction of Real Estate*). The selected financial data as at and for the year ended 31 December 2008 has not been extracted from the 2008 audited consolidated financial statements as such data is not directly comparable to the financial data as at and for the year ended 31 December 2009 as it appears in the 2009 audited consolidated financial statements due to the effect of the application of IFRIC 15 (*Agreements for the Construction of Real Estate*). See note 2.2 to the 2009 audited consolidated financial statements for further details.

Emphasis of Matter

Ernst & Young's audit report in respect of the 2009 audited consolidated financial statements and its review report in respect of the 30 September 2010 interim condensed consolidated financial statements each include an emphasis of matter relating to (i) an arbitration proceeding resulting from a claim made against Emaar in respect of a conditional joint venture agreement in the Kingdom of Saudi Arabia and (ii) Emaar's investment in Amlak Finance PJSC. Emaar has settled the arbitration proceeding referred to in (i) above in December 2010 with neither party having any claim against the other in respect of the dispute. See "*Description of Emaar Properties PJSC – Financial Services – Amlak Finance*" and the relevant reports contained in "*Financial Information*" for further details.

The Consolidated Financial Statements are located at page F-1 of this Base Prospectus.

Certain Publicly Available Information

Certain statistical data and other information appearing in this Base Prospectus have been extracted from independent public sources identified in this Base Prospectus. Each of the Issuer and Emaar confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the relevant sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Currency

All references in this document to **U.S. dollars, U.S.$** and **$** are to the lawful currency of the United States of America, references to **Sterling** and **£** are to the lawful currency of the United Kingdom and references to **AED** and **dirham** are to the lawful currency of the United Arab Emirates. The UAE dirham has been pegged to the U.S. dollar since 22 November 1980. The mid point between the official buying and selling rates for the dirham is at a fixed rate of AED3.6725 = U.S.$1.00. All references to **euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended. In addition, all references in this Base Prospectus to the **UAE** are to the United Arab Emirates and references to **Dubai** are to the Emirate of Dubai.

Rounding

Certain financial and statistical amounts included in this Base Prospectus are approximations or have been subject to rounding adjustments. Accordingly, figures shown as derivations or totals in certain tables may not be exact arithmetic derivatives or aggregations of the figures that precede them.

NOTICE TO UK RESIDENTS

Any Trust Certificates to be issued under the Programme which do not constitute "alternative finance investment bonds" within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2010 (the *Non-Regulatory AFIBs*) will represent interests in a collective investment scheme (as defined in the Financial Services and Markets Act 2000 (*the FSMA*)) which has not been authorised, recognised or otherwise approved by the Financial Services Authority. Accordingly, this Base Prospectus is not being distributed to, and must not be passed on to, the general public in the United Kingdom.

The price and amount of Trust Certificates to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

The distribution in the United Kingdom of this Base Prospectus, any Final Terms and any other marketing materials relating to the Trust Certificates (A) if effected by a person who is not an authorised person under the FSMA, is being addressed to, or directed at, only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the *Financial Promotion Order*) and (ii) persons falling within any of the categories of persons described in Article 49 (High net worth companies, unincorporated associations, etc) of the Financial Promotion Order and (B) if the Trust Certificates are Non-Regulatory AFIBs and the distribution is effected by a person who is an authorised person under the FSMA, is being addressed to, or directed at, only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the *Promotion of CISs Order*), (ii) persons falling within any of the categories of person described in Article 22 (High net worth companies, unincorporated associations, etc.) of the Promotion of CISs Order and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Promotion of CISs Order. Persons of any other description in the United Kingdom may not receive and should not act or rely on this Base Prospectus, any Final Terms or any other marketing materials in relation to the Trust Certificates.

Potential investors in the United Kingdom in any Trust Certificates which are Non-Regulatory AFIBs are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in such Trust Certificates and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme.

Any individual intending to invest in any investment described in this Base Prospectus should consult his professional adviser and ensure that he fully understands all the risks associated with making such an investment and that he has sufficient financial resources to sustain any loss that may arise from such investment.

CAYMAN ISLANDS NOTICE

No invitation may be made to any member of the public of the Cayman Islands to subscribe for the Trust Certificates.

NOTICE TO BAHRAIN RESIDENTS

The Central Bank of Bahrain and the Bahrain Stock Exchange assume no responsibility for the accuracy and completeness of the statements and information contained in this document and expressly disclaim any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the contents of this document. Each potential investor subscribing for Trust Certificates on the Issue Date of such Trust Certificates (each, a potential investor) will be required to provide satisfactory evidence of identity and, if so required, the source of funds to purchase the Trust Certificates within a reasonable time period determined by the Issuer, Emaar and the Managers of the relevant issue. Pending the provision of such evidence, an application to subscribe for Trust Certificates will be postponed. If a potential investor fails to provide satisfactory evidence within the time specified, or if a potential investor provides evidence but neither the Issuer nor the Managers are satisfied therewith, its application to subscribe for Trust Certificates will be rejected immediately in which event any money received by way of application will be returned to the potential investor (without any additional amount added thereto and at the risk and expense of such potential investor). In respect of any Bahraini potential investors, the Issuer and Emaar will comply with Bahrain's Legislative Decree No. (4) of 2001 with respect to Prohibition and Combating of Money Laundering and various Ministerial Orders issued thereunder including, but not limited to, Ministerial Order No. (7) of 2001 with respect to Institutions' Obligations Concerning the Prohibition and Combating of Money Laundering.

KINGDOM OF SAUDI ARABIA NOTICE

This Base Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the *Capital Market Authority*).

The Capital Market Authority does not make any representations as to the accuracy or completeness of this Base Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or

incurred in reliance upon, any part of this Base Prospectus. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If a prospective purchaser does not understand the contents of this Base Prospectus he or she should consult an authorised financial adviser.

NOTICE TO RESIDENTS OF MALAYSIA

Any Trust Certificates to be issued under the Programme may not be offered for subscription or purchase and no invitation to subscribe for or purchase such Trust Certificates in Malaysia may be made, directly or indirectly, and this Base Prospectus or any document or other materials in connection therewith may not be distributed in Malaysia other than to person or in categories falling within Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3) of the Capital Market and Services Act, 2007 of Malaysia.

The Securities Commission of Malaysia shall not be liable for any non-disclosure on the part of the Issuer or Emaar and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Base Prospectus.

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RISK FACTORS

The purchase of Trust Certificates may involve substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and merits of an investment in the Trust Certificates. Before making an investment decision, prospective purchasers of Trust Certificates should consider carefully, in the light of their own financial circumstances and investment objectives, all of the information in this Base Prospectus.

Each of the Issuer and Emaar believes that the factors described below represent the principal risks inherent in investing in Trust Certificates, but the inability of the Issuer to pay any amounts on or in connection with any Trust Certificate may occur for other reasons and neither the Issuer nor Emaar represents that the statements below regarding the risks of holding any Trust Certificate are exhaustive. There may also be other considerations, including some which may not be presently known to the Issuer or Emaar or which the Issuer or Emaar currently deems immaterial, that may impact any investment in Trust Certificates.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision. Words and expressions defined in "Form of the Trust Certificates" and "Terms and Conditions of the Trust Certificates" shall have the same meanings in this section.

Risk factors relating to the Issuer

At the date of this Base Prospectus, the Issuer is an exempted company with limited liability incorporated under the laws of the Cayman Islands on 8 September 2008 and has no operating history. The Issuer will not engage in any business activity other than the issuance of Trust Certificates under the Programme, the acquisition of the Trust Assets as described herein, acting in the capacity as Trustee, the issuance of shares in its capital and other activities incidental or related to the foregoing as required under the Transaction Documents.

The Issuer's only material assets, which will be held on trust for Certificateholders, will be the Trust Assets relating to each Series of Trust Certificates, including the obligation of the Lessee to make payments under the Lease Agreement (as defined below) and the obligation of Emaar (in such capacity, the **Obligor**) to make payments under the Purchase Undertaking (as defined below) to the Issuer in its capacity as Trustee. Therefore, the Issuer is subject to all the risks to which Emaar is subject to the extent that such risks could limit Emaar's ability to satisfy in full and on a timely basis its obligations under the Lease Agreement and the Purchase Undertaking. See "*Risk Factors relating to Emaar*" below for a further description of these risks.

The ability of the Issuer to pay amounts due on the Trust Certificates will primarily be dependent upon receipt by the Issuer from the Lessee and the Obligor, respectively, of all amounts due under the Lease Agreement and the Purchase Undertaking or the Sale Undertaking (as defined below), respectively (which in aggregate may not be sufficient to meet all claims under the Trust Certificates and the Transaction Documents).

Risk factors relating to Emaar

Emaar's financial performance is dependent on economic and other conditions of the regions in which it operates

Emaar conducts most of its activities in the Middle East, North Africa and South Asia (**MENASA**) region and its business, results of operations, cash flows and financial condition could be materially adversely affected by any adverse change in the social, political or economic conditions in these regions, including in particular in their real estate markets. Up until the fourth quarter of 2008, Emaar's expansion and growth had been supported by strong economic conditions in the Gulf Cooperation Council (**GCC**) region in general and the UAE in particular. However, following the onset of the global economic downturn and the ensuing turmoil in the UAE real estate markets, particularly in Dubai, there can be no assurance that Emaar's financial performance will not deteriorate in future and that the same levels of growth experienced in the UAE and GCC region prior to the last quarter of 2008 will return in the future. As such, financial support required to sustain international growth may not be available. In addition, no assurance can be given that general economic conditions in the regions where Emaar operates will not deteriorate in future due to further financial or general economic crises. A sustained economic downturn in any of the countries where Emaar operates or a downturn originating in a different country which causes global or regional repercussions may have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

Emaar's revenue diversification strategy may not be successful

Historically, Emaar's business activity was focused on real estate development in Dubai and its revenues were almost entirely derived from the sale of real estate plots for development and the sale of residential properties developed by it. More recently, Emaar has sought to diversify its revenue streams geographically through the expansion of its property development business into other markets and through the retention for investment purposes of certain commercial assets developed as part of its masterplans, which led to the operation of malls and other retail properties, the management of hotels and resorts as well as other hospitality activities located in its developments as part of its philosophy of creating lifestyle communities (see "*Description of Emaar Properties PJSC*" for further information on Emaar's developments). Almost all of these ancillary businesses have only recently begun to generate revenues. Although Emaar has been relatively successful in adjusting its strategy following the onset of the global economic recession, if the real estate market in Dubai experiences a sustained downturn, there is no assurance that Emaar will be able to successfully reduce its current revenue dependence on the Dubai real estate market and its Dubai property development segment. In addition, all of Emaar's malls and hotels which are currently operational are located in Dubai. To the extent the overall Dubai economy worsens or does not recover in the near future, Emaar may not be able to collect anticipated rental and operating revenues from its mall and hotel businesses in Dubai. These circumstances may have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition. Similarly, with respect to Emaar's international businesses, if demand for property (whether for purchase or for rental), high-end hotels and retail space in the countries where Emaar operates were to significantly decrease for a prolonged period of time (due to the global economic downturn or otherwise), this may also have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition. Moreover, in the event of a global or regional economic or financial crisis strongly affecting the MENASA region, Emaar's geographic diversification might magnify such negative effects.

Emaar's growth and expansion strategy could strain its ability to respond to the increasing complexities derived from such strategy, including complexities arising in relation to its operational and managerial resources

In recent years, the operating complexity of Emaar's business and the responsibility of its management has increased significantly due to Emaar's sustained growth, development, significant geographic expansion, its ongoing expansion into a number of ancillary business segments and its increasing number of subsidiaries, affiliates and joint ventures. It is expected that the operating complexity of Emaar's business and the responsibility of its management will continue to increase in the future. As of the date of this Base Prospectus, Emaar has been successful in attracting appropriately qualified individuals to fill management roles created by its growth and development. Emaar has also developed a set of control systems to respond to the increase in the operating complexity of its business.

Emaar's continued success will depend, *inter alia*, on its ability to continue to retain and attract appropriately qualified personnel to manage its businesses and to improve its operational and financial systems and managerial controls and procedures to keep pace with its growth. Emaar relies on its senior management for the implementation of its strategy and its day to day operations. Competition for appropriately qualified personnel with the relevant expertise in the property development sector in the regions in which Emaar operates is high. There can be no assurance that Emaar will continue to be able to successfully recruit management staff or that the operational controls that it develops will continue to be effective. Should Emaar experience, for any reason, the loss of one or more of its key members of management and be unable to replace them in a timely fashion (or at all) with other appropriately qualified and experienced individuals, this could have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

The loss of any member of the senior management team without adequate replacement may result in, among other things, (i) a loss of organisational focus, (ii) poor execution of operations, and (iii) an inability to identify and execute potential strategic initiatives. In addition, since Emaar's industry is characterised by high demand and increasing competition for appropriately qualified personnel with the relevant expertise and its markets are characterised by scarcity of such personnel in the relevant fields, Emaar may need to offer higher compensation and other benefits in order to attract and retain key personnel in the future.

If Emaar is unable to successfully manage the impact of its growth on its operational and managerial resources, this could have a material adverse effect on its business, results of operations, cash flows and financial condition.

If Emaar is required to comply with the Escrow Law, Emaar's business model could be significantly impaired

UAE Law No. 8 of 2007 (the **Escrow Law**) was introduced on 28 June 2007 and regulates the way in which purchase price instalments paid by purchasers of off-plan properties may be dealt with. Under the Escrow Law, developers are required to establish separate escrow accounts for each phase of work for a development and purchasers pay their requisite purchase price instalments directly into the relevant escrow account. The escrow account is managed by a financial institution approved by the Real Estate Regulatory Authority (**RERA**). An escrow agent, also approved by RERA, governs when a developer will be permitted to make withdrawals from the escrow account. Essentially, money is only permitted to be drawn down when certain specified construction milestones are met in accordance with the relevant legislation and any relevant escrow agreement. The release of monies from the escrow account is subject to a requirement to retain funds for one year following the date upon which the units sold in the development are registered in the names of the buyers to address any remedial works required in that period. Developers are permitted to retain 5 per cent. of the funds paid by purchasers for "soft costs" associated with the development such as advertising, brokers' fees and other disbursements. RERA oversees the operation of the escrow accounts and is permitted to have audits carried out to ensure that the escrow account holds the requisite amount of funds based on the relevant stage of the development, the money paid by the purchasers and the construction costs incurred by the developer. If there are insufficient funds, RERA can require the developer to top up the escrow account.

As at the date of this Base Prospectus, the Dubai Land Department has not enforced compliance with the Escrow Law against Emaar. As such, Emaar continues to rely upon purchase price instalments paid by purchasers to finance its projects. Should Emaar be required to comply with the Escrow Law, Emaar's business model may be significantly impaired as it would only be able to finance the construction of projects with corresponding purchase price instalments once certain construction milestones are met. As such, Emaar may have to access alternative sources of funds to finance its projects which may not be available on commercially acceptable terms (see "*– Emaar's business is dependent on large capital investments*" below). This may have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

If Emaar or its subsidiaries, as developers, do not satisfy the relevant disclosure requirements pursuant to the recently implemented directions supplementing the law relating to jointly owned properties, sales between third party purchasers and Emaar or its subsidiaries, as applicable, may be held to be void

The directions supplementing Law No. (27) of 2007 (**Law No. 27**) concerning jointly owned properties (the **Directions**) became effective on 13 April 2010. Any property which is divided up into units intended for separate ownership and which has areas which are used by more than one owner will constitute a jointly owned property. Law No. 27 sets out the framework for granting purchasers of individual units in a building freehold ownership rights to their units together with ownership of a proportionate share of the common areas in the building. The law also provides for an owners' association (which is a legal entity in its own right) to manage and operate the common areas of the building. The owners' association is responsible for, amongst other things, the collection of the service charge required to maintain and operate the common areas (including collection of service charges from developers that have unsold units in the development). Each unit owner will be a member of the owners' association and will have a right to vote on decisions taken by the association.

Whilst the introduction of Law No. 27 provided an overview as to how jointly owned properties would be governed in Dubai, further guidance was always anticipated and required to enable vertical, horizontal and/or volumetric sub-division of properties. Although the Directions have not been issued in the form of a law, they are binding and set out a number of mandatory requirements which developers must comply with before they will be able to sell or continue selling units in their developments.

A principal feature of the Directions is that developers will be required to disclose detailed information to purchasers about developments before signing contracts to sell units to third parties. For existing developments the Directions provided a transitional period, which came to an end on 13 October 2010, giving developers a period of time in order to be able to comply with the new requirements.

One of the key documents for the jointly owned property structure is the jointly owned property declaration (**JOPD**). Any application to the Dubai Land Department to register a sale of a unit in a development which has been sub-divided for sale as individual units will need to be accompanied by a JOPD setting out details relating to the development and, in particular, details as to how the common areas in the relevant building will be managed. A JOPD is required for each separate plot of land in a development (which includes volumetric plots within the same building) and will be provided to a purchaser as part of the developer's ''Disclosure Statement'' requirements with other key documents detailing the management and operation of the development.

The full ''Disclosure Statement'' requirements under the Directions apply to new developments and to existing developments (from 13 October 2010 in the case of the latter).

If a developer fails to satisfy the disclosure requirements under the Directions, the relevant sale contract to which the failure relates may be held to be void. Due to their recent implementation, the applicability and enforcement of the Directions has not been tested. If a large number of purchases of units with Emaar or its subsidiaries, as applicable, were held to be void on the basis of Emaar's or its subsidiaries' failure to satisfy the relevant disclosure requirements, this could have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

Emaar's business is dependent on large capital investments

Emaar aims to finance its projects through internally generated cash flows, including through the pre-selling of developments, and third party financing. Emaar also requires additional financing to fund land acquisitions and the initial project development costs, capital expenditures, support the future growth of its business and refinance its existing debt obligations. However, Emaar may not have sufficient capital to make, or may be restricted by covenants in its financing agreements from meeting, future capital expenditures and other investments that it may deem necessary or desirable. Emaar's ability to obtain external financing and the cost of such financing are dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in Emaar and its area of business focus, the success of Emaar's business, provisions of tax and securities laws that may be applicable to Emaar's ability to raise capital and political and economic conditions in any relevant jurisdiction. There can be no assurance that additional financing, either on a short-term or long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to Emaar and Emaar may also be required to provide security over its assets to obtain any such financing. The inability of Emaar to obtain additional financing on terms favourable to it or at all could have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

A progressive move towards project financing may impair Emaar's ability to allocate cash to other parts of its business

Historically, Emaar has derived the majority of its financing from the pre-sale of off-plan units in its developments. However, more recently, Emaar has progressively moved towards project financing to fund its projects. Although this type of financing typically results in increased protection for a company (as a creditor's recourse is limited to the assets of the relevant project), the terms of any such financing tend to require a company to re-invest cash generated from such project into the further development of that project or to progressively amortise the specific project financing and include restrictions on the company's ability to allocate cash to other parts of its business. The inability of Emaar to move cash freely from one part of its business to another may have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

Emaar's business model is based on potential access to future equity markets

Part of Emaar's business strategy involves growing its more material subsidiaries and, once they reach business and operational maturity, launching public offerings for their shares, whilst maintaining a majority stake. As such, Emaar is exposed to equity market conditions and investor preferences. To the extent equity markets suffer a downturn (due to adverse economic conditions or otherwise), or investor preferences shift away from the real estate sector or from sectors in which Emaar's subsidiaries operate in particular, these factors may have a negative impact on Emaar's ability to implement its business strategy with respect to its subsidiaries, which may in turn have a material adverse effect on its business, results of operations, cash flows and financial condition.

The terms of Emaar's current and any future financings may restrict Emaar from entering into certain transactions and/or limit its ability to respond to changing market conditions

Emaar's current financing arrangements contain various covenants that limit its ability to engage in specified types of transactions, including, among other things, its ability to incur or guarantee additional financial indebtedness and/or grant security or create any security interests. In addition, certain of Emaar's current financing arrangements contain cross default clauses whereby a default under one of Emaar's financing arrangements may constitute an event of default under another financing arrangement. Such provisions of Emaar's current financing arrangements may restrict Emaar's ability to respond to adverse economic conditions, which could have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

Furthermore, if Emaar secures additional funding in the future, such funding would increase its leverage and could thereby limit its ability to raise further funding, limit its ability to react to changes in the economy or the real estate markets in which it operates, and/or prevent it from meeting its debt obligations. Additionally, the securing of further funding could also, among other things:

- increase Emaar's vulnerability to general economic and industry conditions;
- increase the risk that Emaar may be unable to pay the interest or principal on any outstanding obligations;
- require Emaar to provide security over certain of its assets;
- require a substantial portion of cash flow from operations to be dedicated to the payment of financing costs and repayment of principal on Emaar's indebtedness, thereby reducing Emaar's ability to use its cash flow to fund its operations, capital expenditures and future business opportunities;
- restrict Emaar from making strategic acquisitions or cause Emaar to make non-strategic divestitures;
- limit Emaar's ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and general corporate or other purposes; and
- limit Emaar's ability to adjust to changing market conditions and place Emaar at a competitive disadvantage compared to its competitors who are less highly leveraged.

Any of the foregoing consequences could have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

Emaar is exposed to interest rate volatility

A significant proportion of Emaar's debt has been entered into on a floating rate basis. Furthermore, the vast majority of Emaar's floating rate debt is not hedged. If interest rates increase, Emaar will be obliged to pay a higher rate of interest on its debt. Paying a higher rate of interest on its floating rate debt may have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

Amlak, an associated company of Emaar, may need to restructure its debt obligations which may expose Emaar to loan write offs and a decrease in the value of its investment

Amlak Finance PJSC (**Amlak**) was launched as a wholly-owned subsidiary by Emaar in April 2000 as part of its business strategy in the Dubai real estate market to offer mortgage lending to Emaar's customers. Amlak was subsequently listed on the Dubai Financial Market (the **DFM**) and, as at the date of this Base Prospectus, Emaar has a 48 per cent. shareholding in Amlak. The onset of the global economic downturn and the ensuing negative impact on the Dubai real estate market has had an adverse effect on Amlak's business and its ability to finance its operations.

On 23 November 2008, the UAE Ministry of Finance announced that it had officially started the procedure to merge Amlak and Tamweel PJSC (**Tamweel**), another leading real estate finance provider in the UAE. In light of the pending merger, trading in the shares of both Amlak and Tamweel were suspended. On 4 February 2009, the Ministry of Finance formed a steering committee with the aim of reviewing the proposed merger of the two companies and making recommendations with respect to implementing the merger. The steering committee is currently evaluating various options to secure sustainable funding to enable Amlak to continue meeting its commitments. On 26 September 2010, Dubai Islamic Bank announced that it would become a majority shareholder in Tamweel, increasing its 20 per cent. stake to 57.33 per cent. In light of this development, it is unknown what future announcements will be made with respect to a potential merger between Tamweel and Amlak.

Due to its financial difficulties, Amlak is no longer offering new mortgage loans to Emaar's customers. Although Emaar has not been affected as negatively by the downturn in the Dubai real estate market as some of its competitors, the ongoing lack of mortgage financing generally, and through Amlak in particular, may eventually have an adverse effect on Emaar's Dubai business, results of operations, cash flows and financial condition. In the past, Emaar extended a number of inter-company loans to Amlak. Should Amlak's financial condition worsen or fail to improve, Emaar may be required to make provisions in its consolidated financial statements for potential losses arising under the inter-company loans, and ultimately it may have to write off amounts owed to it which are not recoverable. Furthermore, such a deterioration in Amlak's financial condition may adversely affect the value of Emaar's shareholding in the company. These factors may adversely affect Emaar's business, results of operations, cash flows and financial condition.

The auditors' report on the consolidated financial statements of Emaar for the year ended 31 December 2009 and the review report on the interim condensed consolidated financial statements of Emaar for the nine month period ended 30 September 2010 both include an emphasis of matter in respect of Emaar's investment in Amlak. For further information relating to Amlak, please see note 14 (*Investments in Associates*) to the interim condensed consolidated financial statements of Emaar for the nine month period ended 30 September 2010 and note 15 (*Investments in Associates*) to the audited consolidated financial statements of Emaar for the year ended 31 December 2009.

There can be no assurance that, following the transfer of The Commonwealth Games Village back to Emaar MGF, Emaar MGF will not need to spend materially more than originally envisaged to refurbish the properties in preparation for handover to customers

Emaar has a joint venture with MGF Development Limited in India, Emaar MGF Land Limited (**Emaar MGF**). Emaar MGF has been involved in the construction, planning and design of The Commonwealth Games Village **(CGV)**, a low rise medium development on a 40 acre site located in New Delhi, with a capacity for 8,500 athletes and officials for the Commonwealth Games which took place from 3 October 2010 to 14 October 2010 in New Delhi, India.

During August 2010, Emaar MGF transferred the CGV to the organising committee of the Commonwealth Games. This transfer was evidenced by an official handover certificate, with the commercial understanding that the development would be transferred back to Emaar MGF following the completion of the games, for the purposes of (a) handing over properties to customers of Emaar MGF who have already made purchases in the development, and (b) for future sales. There can be no assurance that following the transfer back to Emaar MGF after the completion of the games, Emaar MGF will not need to spend materially more than it originally envisaged to refurbish and recondition the properties in preparation for handover to customers, leading to diminished returns. In addition, handover to such customers is due to occur six months following the return of the development from the organising committee of the Commonwealth Games back to Emaar MGF. Emaar MGF may be liable to pay penalties for any delay in handover to customers. Any of the foregoing factors could have a negative impact on the market reputation of Emaar MGF and/or Emaar or may create an adverse market environment for Emaar's operations in India. Further, there can be no assurance that a negative reputation in India will not affect Emaar's reputation elsewhere. This could in turn affect the future profitability of Emaar's international operations.

Negative publicity stemming from concerns relating to the readiness and fitness for purpose of the CGV

During September 2010, officials from the Commonwealth Games Federation as well as certain officials representing member countries raised public concerns about the readiness and fitness for purpose of the CGV and whether the state of the construction of the village would delay or negatively affect the Commonwealth Games themselves. Subsequent to the completion of the Commonwealth Games, the Government of India commenced a number of investigations following various allegations being made in relation to the CGV. Such allegations related to corruption, the poor condition in which the CGV was delivered and the delay in delivering the CGV.

On 23 October 2010, the project sponsor Delhi Development Authority (**DDA**) invoked a bank guarantee which had been provided by Emaar MGF in relation to the construction and delivery of the CGV. The bank guarantee was for an amount of Indian Rupees (**INR**) 1.83 billion (approximately U.S.$41 million). This invoking of the guarantee was immediately challenged by Emaar MGF in the Delhi High Court. On 25 October 2010, the High Court stayed the encashment of INR930 million (approximately U.S.$20.5 million). With respect to the encashment of the amount remaining under the guarantee, Emaar MGF is contesting this before the High Court on the grounds that the CGV was built in accordance with the specifications set out in the development contract. Moreover, the CGV was handed over to the DDA and the organising committee after a full inventory was conducted in June 2010 following which the CGV was put to full use during the Commonwealth Games. Emaar MGF is of the view that any deficiencies pointed out by the DDA or any other agency were duly rectified by Emaar MGF prior to the handing over of the CGV. Emaar MGF is also of the view that following its handover of the CGV, the DDA's contractors were not supervised when undertaking furnishing work resulting in damage to parts of the CGV and therefore Emaar MGF is not responsible for such damage. Emaar MGF has provided documentation to this effect to the DDA.

Investors should be aware that Emaar MGF may not be able to prevent the encashment of the remaining amount under the guarantee, such amount being INR900 million (approximately U.S.$20 million), and any legal process could be very time consuming. In addition, the negative publicity stemming from this incident could have a negative impact on the market reputation of Emaar MGF and may create an adverse market environment for Emaar's operations in India.

Emaar's connection to Andhra Pradesh Industrial Infrastructure Corporation Ltd. (APIIC) could have negative consequences on Emaar's operations in the province of Andhra Pradesh in India as well as widespread reputational consequences

In early September 2010, the special court dealing with Anti-Corruption Bureau cases in Andhra Pradesh, India, directed the director general of the bureau to probe the role of three APIIC officials in a joint venture entered into between APIIC and Emaar. The petition contains charges of bribery and corruption against, *inter alia*, Emaar, Emaar MGF, Emaar Hills Township Pvt. Ltd and three APIIC officials who were members of the board of Emaar Hills Township Pvt. Ltd, pertaining to commercial arrangements between APIIC, Emaar and Emaar MGF. At issue is the sale of 13 plots of land to various private companies (including Emaar) by APIIC at a price that was below the fair market value. It is alleged that the APIIC officials made personal gains by favouring these private companies to the detriment of APIIC's interests, causing a significant financial loss to APIIC.

Since the original petition was filed, the Solicitor General of Andhra Pradesh has since recommended that APIIC take steps to stop registration of the sale of properties by Emaar MGF to Emaar MGF's customers and, in cases where properties have already been registered and sold, the government should cancel these registrations. The stoppage of all further development work by Emaar MGF in the province of Andhra Pradesh has also been recommended.

Emaar believes that the foregoing allegations are politically motivated and that its operations in India are in full compliance with the laws of India. However, investors should be aware that there can be no assurance as to the outcome of the investigations and proceedings being launched against former APIIC officials. Such events may have a negative impact on the market reputation of Emaar MGF and/or Emaar and may create an adverse market environment for Emaar's joint venture operations in India. A negative outcome to any proceedings could result in Emaar losing its capital investment in Andhra Pradesh. Any such loss, if incurred, would not be material. Further, there can be no assurance that such events in India may not affect the future profitability of Emaar's international operations or the future value of Emaar's shares.

A legal dispute relating to APIIC's stake in a joint venture with Emaar may have an unfavourable outcome and negative reputational consequences for Emaar

A legal dispute has arisen whereby it is alleged that APIIC's share in its joint venture with Emaar was diluted when Emaar entered into a development agreement with Emaar MGF to assist with the construction of its developments. Under the initial joint venture arrangements, APIIC had a stake of approximately 26 per cent. in the joint venture, with Emaar having a stake of approximately 74 per cent. However, under the development agreement entered into separately by Emaar with Emaar MGF, Emaar MGF was entitled to approximately 75 per cent. of the gross revenue received from the sale of plots, flats and villages and commercial development, with 25 per cent. being retained by the joint venture between APIIC and Emaar. Emaar MGF was also entitled to 95 per cent. of the lease rentals, with the joint venture retaining 5 per cent. It has been alleged that APIIC's initial overall stake in the joint venture has been reduced from 26 per cent. to (i) approximately 6.5 per cent. of revenues from sales of plots, villas, flats and commercial development and (ii) approximately 1.5 per cent. of revenues from lease rentals. However, Emaar is of the view that these allegations are unfounded as they fail to take into account the fact that Emaar MGF is responsible for all costs relating to the relevant developments. Moreover, with respect to rental property, Emaar MGF is also responsible for all capital costs and operating expenses. As such, management of Emaar does not believe that Emaar MGF's entitlement to revenues from sales or lease rentals has a prejudicial effect on the revenue-sharing arrangements between itself and APIIC.

In addition, APIIC has initiated proceedings with the Company Law Board in Chennai requesting involvement in the management of the joint venture company. Emaar has applied to the High Court to request the dispute be settled amicably.

In the event of an unfavourable outcome of such legal disputes, the commercial arrangements between Emaar and Emaar MGF could be held to be void, in which case, Emaar MGF could be required to halt all its activities in the province of Andhra Pradesh and all its sales and registration of properties to date could be nullified, resulting in Emaar losing its capital investment in Andhra Pradesh. Any such loss, if incurred, would not be material. In addition, such an outcome could have negative implications on the market reputation of Emaar MGF and/or Emaar and/or may create an adverse market environment for Emaar's joint venture operations in India. Further, there can be no assurance that such events in India may not affect the future profitability of Emaar's international operations.

Lack of experienced contractors may affect Emaar's projects

Whilst Emaar has had access to experienced contractors for its completed and under-construction projects, there can be no guarantee that it will continue to have such access to experienced contractors in the future (particularly in relation to some of its projects located outside the UAE). Accordingly, there can be no assurance that the quality of construction within Emaar's completed and under-construction projects will also be retained for its future projects. Although Emaar believes it has a strong reputation for providing high quality properties, any difference in the quality of construction from project to project could adversely affect Emaar's brand name which in turn may have a material adverse effect on Emaar's business, results of operations, cash flows or financial condition.

Projects may overrun and incur further costs

There are a number of construction, financing, operating and other risks associated with project development. Due to the extensive nature of Emaar's project developments (for example, Emaar's residential developments typically centre around creating a lifestyle community, as is the case with the Downtown Dubai Development which includes The Dubai Mall and the Burj Khalifa), these projects require substantial capital expenditure during the land acquisition and construction phase. It can take a substantial amount of time before such projects become operational and generate revenue. The time taken and the costs involved in completing construction can be adversely affected by many factors, which may include but are not limited to the following:

- delays or refusals in obtaining all necessary building, occupancy and other required governmental permits, requisite licences, permits, approvals and authorisations;
- shortages of or defective materials and/or equipment, labour shortages and/or disputes and disputes with subcontractors;
- increases in the cost of construction materials and/or labour;
- adverse weather conditions, natural disasters, accidents and/or changes in governmental priorities; and
- changes in demand trends due, among other things, to a shift in buyer preferences.

Any of these factors could give rise to delays in the completion of construction and/or lead to cost overruns. Projects subject to any delays or cost overruns will take longer to generate revenue and cash flow than may originally have been anticipated and may not generate the revenue and cash flow which may have been expected. In addition, the target return on the investment in the project may not be realised. The occurrence of any of the above factors could have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

Not only can construction delays trigger covenants in project financing packages which could accelerate the repayment schedules of the debt owed by Emaar, they can also result in a loss of revenues. In the event of a delay in the completion and delivery beyond a specified contractually agreed deadline of certain of Emaar's projects, purchasers have a right to terminate their contracts and claim repayment of a part or all of the sums paid to Emaar together with interest. While this right has never been exercised by purchasers in the past, in light of the significant adverse financial and economic conditions that have been recently experienced globally, in the UAE and in Dubai, and the resultant loss of real property values, there can be no certainty that this will continue to be the case. If a significant portion of purchasers were to exercise this right, this would create a financial liability for Emaar. Even where there is no contractual right of termination and repayment, in the event of non-delivery, it is possible, for example, for a Dubai purchaser, pursuant to Law No. (13) (as amended by Law No. (9) of 2009), to claim reimbursement from Emaar together with interest. Furthermore, even if purchasers are not entitled to claim reimbursement, any significant delays or pauses in construction on projects represent a potential reputational risk for Emaar. In the event that Emaar was required to reimburse purchasers, it may have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

Emaar's business model is typically based on pre-selling freehold units with progressive payments made on pre-determined dates over the period of construction and final payment on completion. Accordingly, construction delays can also give rise to delays in Emaar realising the full value of property sold which could have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

The continued success of Emaar's businesses is dependent in part upon disposable income and consumer spending and the continued appeal of Dubai as a tourist and business destination

The gross domestic product of Dubai recorded strong growth in recent years up to and including 2008 (with growth rates (at constant prices) of 9.2 per cent. and 5.7 per cent. for 2007 and 2008, respectively, according to the Dubai Statistics Centre). However, the growth in gross domestic product of Dubai is not expected to be as strong in the future. The strong growth experienced in the Dubai economy has resulted in an increase in disposable income and consumer spending in the Emirate which has benefited a number of Emaar's businesses. A downturn in general economic conditions, rising cost of living in the Emirate, loss of jobs, a decline in the expansion of the expatriate population in the region or other factors that result in a decline in consumer spending could have an adverse effect on Emaar's operations. A decline in tourism to Dubai, resulting from factors including increases in airline travel costs, threats or events of terrorism, or a reduction in travel by foreigners due to the impact of the global financial crisis on leisure travellers and business activity in the region could have an adverse effect on Emaar's business, results of operations and financial condition.

Emaar is subject to joint venture risks

Some of Emaar's operations are, or will be, conducted through jointly controlled entities and associated companies. Co-operation and agreement with Emaar's joint venture partners on its existing or any future projects are important factors for the smooth operation and financial success of such projects. Emaar's joint venture partners may (i) have economic or business interests or goals that are inconsistent with those of Emaar, (ii) be unable or unwilling to fulfil their obligations under the relevant joint venture or other agreements or (iii) experience financial or other difficulties. Furthermore, Emaar may not be able to control the decision-making process of the joint ventures without reference to the joint venture partners and, in some cases, it does not have, or may not have, a majority control of the joint venture. In addition, no assurance can be given that disputes among the partners will not arise in the future that could adversely affect Emaar's joint venture projects. In addition, there is a risk that such joint venture partners may ultimately become competitors of Emaar. Many of Emaar's joint venture partners are directly or indirectly owned by government related entities which further exposes Emaar to additional risks, including the need to satisfy both political and regulatory demands and the need to react to differences in focus or priorities between successive governments, both of which can lead to delays in decision making, thereby increasing costs and exposure to competition. Any of these factors, alone or in combination, could lead to a decline in construction quality, delays in project delivery and a diminishment in Emaar's reputation, which could in turn have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

Emaar's operations may be subject to delays due to utility and roading infrastructure providers' inability to provide services and connections to Emaar's developments at the required levels and within the project delivery time

Access to some of Emaar's projects is dependent on the completion of connecting infrastructure, such as roads connecting a project with the city and the main regional road network and utilities for which third parties are responsible. There can be no assurance that material delays in delivering

Emaar's projects will not occur in the future as a result of delays in the connection of infrastructure. For example, in Dubai, the demand for electricity, water and gas substantially increased in the past and may continue to increase in the future if the infrastructure and population of Dubai expands. Emaar's international projects, especially but not limited to those located in fast-growing cities (such as Cairo) or in more remote areas (such as Emaar's Oukaimeden project in the Atlas mountains in Morocco), may be exposed to similar risks. As a result, Emaar's current projects may be delayed and future projects may be hindered due to the inability of utility providers to provide the required levels of water and power generation and connections for these utilities in a timely manner. In addition, a breakdown in Emaar's relationships with third party utility and roading infrastructure providers could cause further delays. Although Emaar has a record of delivering projects on time, any delays in its projects, even when outside of Emaar's control, may adversely affect its brand and reputation which may materially adversely affect its business, results of operations, cash flows and financial condition.

The default by one of Emaar's contractors or suppliers may adversely affect the construction of certain projects and impact its ability to fulfil its obligations under its contracts with its customers

The global economic downturn has placed increased financial pressure on the suppliers and contractors that operate within the UAE. Should one of Emaar's contractors or suppliers default on its arrangements with Emaar, for any reason, including the bankruptcy or insolvency of such contractor or supplier, there is a risk that Emaar will not be able to find a suitable replacement contractor or supplier promptly, on favourable terms or at all. Even if Emaar were able to find a replacement contractor or a supplier in a timely fashion, it is likely that the cost to Emaar would increase. Any new contractor or supplier may need time to familiarise itself with the ongoing project, causing a further delay in the completion of the project. There is no guarantee that any replacement contractor or supplier would be one that Emaar has previously employed and thus there is a risk that such replacement contractor or supplier may not meet Emaar's high standards for quality workmanship and product. If any of these events were to occur, it may have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

The default by one of Emaar's contractors with respect to any liability relating to workmanship or structural defects may adversely affect Emaar's reputation

Emaar sub-contracts all development work on its masterplans to contractors who typically give Emaar a one year warranty on their workmanship and remain liable for structural defects for a period of 10 years. Emaar in turn typically gives its customers a one year warranty on the workmanship in the property they have purchased and remains liable for structural defects for a period of 10 years. If a contractor defaults on its liability in relation to the correction of a workmanship-related or structural defect which is discovered during the relevant period, Emaar may not be able to replace such defaulting contractor in a timely manner or at all (see "– *The default by one of Emaar's contractors or suppliers may adversely affect the construction of certain projects and impact its ability to fulfil its obligations under its contracts with its customers*" above) and may not be able to recover the cost of such repair from the defaulting contractor. If a significant number of customers encounter workmanship or structural defects and these are not addressed in a timely manner or at all, Emaar's reputation may be negatively affected which may in turn adversely affect Emaar's business, results of operations, cash flows and financial condition. Although Emaar has made provisions in its financial statements for such warranties and such provisions have historically significantly exceeded any claim under such warranty, there can be no assurance that this will continue to be the case in the future.

If Emaar's contractors' relationship with their employees were to deteriorate, Emaar may be faced with labour shortages or stoppages which would adversely affect its ability to develop and/or operate its properties

Emaar's contractors' relations with their employees could deteriorate due to disputes related to, *inter alia*, the level of wages, accommodation or benefits or their response to changes in government regulation of workers and the workplace. Emaar relies heavily on contractors providing a high quality service, and any labour shortage or stoppage caused by poor relations between a contractor and its employees could adversely affect Emaar's ability to complete projects on time and on budget, thus damaging its reputation. Such an occurrence may have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

Emaar is exposed to the risk of customers defaulting on their purchase price instalments

Emaar typically sells its properties when they are still off-plan. Upon buying a property, the customer contractually agrees to pay Emaar the purchase price in instalments on a pre-agreed payment schedule. Once Emaar receives a sufficient portion of deposits (typically between 50 and 60 per cent. in relation to the number of units to be constructed), construction is initiated and Emaar uses the cash collected to cover construction costs. Subsequent purchase price instalments are used to fund further construction of the project. If (due to poor economic conditions, declines in property values or otherwise) a significant portion of customers were to default on paying their subsequent instalments at any particular stage in the construction of a project, this could jeopardise the completion of the project, which may in turn negatively affect the reputation and profitability of Emaar. These factors could have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

Emaar is exposed to reputation or legal risk if, following the pre-selling of a large proportion of off-plan units, the relevant project is delayed or cancelled

Once Emaar has sufficient commitment on a project (i.e. a significant proportion of off-plan units – typically between 50 and 60 per cent. – have been pre-sold), it will commence construction. The completion of a given project is dependent on a number of factors, including general economic conditions, timely delivery on the part of sub-contractors and the absence of any force majeure. If a project with extensive commitment from customers has been significantly delayed or altogether cancelled, this will affect Emaar's reputation which may have a negative impact on its ability to attract future customers for its properties. This may also lead to litigation being brought against Emaar by its customers. This may have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

Emaar is exposed to reputation risk if it fails to deliver substantial parts of its masterplans

The majority of Emaar's residential developments are centred around creating a lifestyle community, which contain amenities and conveniences such as retail areas, supermarkets, clinics and medical centres, schools and parks. In the event Emaar is unable to complete and deliver substantial parts of an integrated masterplan, customers who have acquired units in portions of the masterplan which have been completed will not be able to enjoy the services or the overall environment which they may have expected when the project was originally launched. As a result, Emaar's reputation may be affected, which may have a material adverse effect on its business, results of operations, cash flows and financial condition.

Emaar's ability to generate its desired returns on its investment properties will depend on its ability to manage and/or dispose of those properties on appropriate terms

Emaar's ability to achieve returns on its investment properties will be affected by its ability to generate demand for those properties on terms that are attractive to Emaar. Emaar's investment properties include a range of office and retail establishments (including shopping malls) for which it seeks to attract tenants and hotels, resorts and other hospitality venues for which it seeks to attract guests. From time to time, Emaar may also seek to sell investment properties owned by it.

Revenue earned from, and the value of, the investment properties held by Emaar may be materially adversely affected by a number of factors, including:

- in relation to its retail properties, an inability to fully let the properties or to achieve target rental returns;
- in relation to its hotels, resorts and hospitality properties, an inability to achieve target occupancy rates;
- Emaar's inability to adequately manage its communities' maintenance services on commercial terms or at all;
- Emaar's inability to collect rent and service charge payments from tenants and owners and other contractual payments on a timely basis or at all;
- tenants seeking the protection of bankruptcy laws which could result in delays in receipt of rental and other contractual payments or the termination of a tenant's lease, all of which could hinder or delay the re-letting of a property;
- the amount of rent and the terms on which lease renewals and new leases are agreed being less favourable than current leases;
- a competitive rental market, which may affect rental levels or occupancy levels at Emaar's properties;
- the reputation of Emaar within the real estate markets it operates; and

- changes in laws and governmental regulations in relation to real estate, including those governing permitted and planned usage, taxes and government charges. Such changes may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance.

Any of these factors may have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

The rental revenues from Emaar's malls operation depend upon its ability to find tenants, the ability of such tenants to fulfil their lease obligations and the duration of their rental contracts

There can be no guarantee that Emaar Malls will find or be able to retain suitable retailers to lease space in its shopping centres or an appropriate tenant mix in its malls on the terms and conditions it seeks. In addition, the financial stability of these tenants may change over time due to factors affecting such tenants directly, such as a down-grading of their credit rating, or to broader macroeconomic factors, and this may affect the financial performance of these malls and the cash flows generated by them.

In addition, the laws of Dubai restrict the annual amount by which a landlord is legally able to increase rental charges on commercial premises. Emaar Malls' lease term for anchor tenants typically varies from five to 10 years and for other tenants from between one and three years. Therefore, although the market rents chargeable for its retail space may increase, Emaar Malls may be unable to fully realise any such increases from its existing tenants, which could adversely affect its profit margins, particularly if associated costs are rising at a faster rate than permissible and/or achievable rental rates.

Although Emaar Malls can adjust rents to prevailing market rates if its anchor or other tenants decide not to renew their leases upon expiration, it may need to expend significant time and money attracting replacement tenants and there is no guarantee that potential new tenants could be sourced or that such tenants would accept the then market rates. In addition, in connection with any renewal or re-letting, Emaar Malls may incur costs to renovate or remodel the relevant rental space. Any of the foregoing factors would reduce Emaar Malls' cash flow and could have a material adverse affect on the business, prospects, results of operations and financial condition of Emaar.

Emaar Malls' properties depend on anchor stores or major tenants to attract shoppers and could be adversely affected by the loss of, or a store closure by, one or more of these tenants

Shopping malls are typically anchored by department stores and other large nationally recognised tenants. Emaar Malls' anchor tenants and major tenants are owned by a very limited number of large retail groups. The value of some of Emaar Malls' properties could be adversely affected if these tenants fail to comply with their contractual obligations, seek concessions in order to continue operations, or cease their operations, and any decision by Emaar Malls to challenge a particular tenant would have to be considered, where appropriate, in light of Emaar Malls' general client relationship with the retail group that owns the tenant in question. Lease modifications could be unfavourable to Emaar Malls as the lessor and could decrease rents or service charges. In addition, major tenant closures may result in decreased customer traffic which could lead to decreased sales at other stores. If the sales of stores operating in Emaar Malls' properties were to decline significantly due to closing of anchor tenants, economic conditions or other reasons, tenants may be unable to pay their minimum rents or service charges. In the event of default by a tenant or anchor store, Emaar Malls may experience delays and costs in enforcing its rights as landlord to recover amounts due to it under the terms of its agreements with those parties, and the business, prospects, results of operations and financial condition of Emaar may be adversely affected.

Emaar Hospitality's profitability is dependent on the management of certain of its hotel properties by independent third-party operators

Emaar Hospitality works with third parties to operate some of its assets. For instance, Southern Sun Hotels manages the Al Manzil and Qamardeen Hotels in Dubai. Accordingly, Emaar Hospitality does not have the means to compel any such hotel to be operated in a particular manner or to govern any particular aspect of its operations. Therefore, even if Emaar Hospitality believes its properties are being operated inefficiently or in a manner that does not result in satisfactory revenues or operating profits, it will generally not have rights under the management agreements to change the operation of the properties or how they are operated until the expiry of the term of the agreements. Outside these circumstances, Emaar Hospitality can only seek redress if an operator breaches the terms of the management agreements. If Emaar Hospitality were to seek to replace any of its current management operators, it would likely experience significant disruptions at the affected properties, which could have a material adverse effect on the business, prospects, results of operations and financial condition of Emaar.

Emaar's projects could be exposed to catastrophic events over which Emaar has no control

Emaar's business operations and development and construction projects could be adversely affected or disrupted by natural disasters (such as earthquakes, floods, tsunamis, hurricanes, volcanoes, fires or typhoons) or other catastrophic events, including, but not limited to:

- changes to predominant natural weather, hydrologic and climatic patterns, including sea levels;
- major accidents, including chemical and radioactive or other material environmental contamination; and
- major epidemics affecting the health of persons in the region and travel into the region.

The occurrence of any of these events at one or more of Emaar's development or construction projects or in any city where Emaar operates may cause disruptions to Emaar's operations in part or in whole. In addition, such an occurrence may increase the costs associated with Emaar's development and construction projects, may subject Emaar to liability or impact its brand and reputation and may otherwise hinder the normal operation of Emaar's facilities, which could have a material adverse effect on its business, result of operations, cash flows and financial condition. The effect of any of these events on Emaar's financial condition and results of operations may be worsened to the extent that any such event involves risks for which Emaar is uninsured or not fully insured (see "– *Emaar may not have adequate insurance*").

Real estate valuation is inherently subjective and uncertain

Property assets are inherently difficult to value. The judgement of Emaar's management as well as the independent appraisers who perform valuations on Emaar's behalf significantly impact the determination of the fair value of Emaar's properties, particularly with respect to development land and projects. As a result, valuations, including those contained in this Base Prospectus, are dated as at a certain (historic) date, are subject to substantial uncertainty and are made on the basis of assumptions which may not be correct. Furthermore, not all valuations of Emaar's assets have been carried out in compliance with international best practice, such as the Royal Institution of Chartered Surveyors (**RICS**) Appraisal and Valuation Standards and by RICS-approved valuers. This increases the risk of subjectivity and uncertainty with respect to the valuation of the asset in question. In addition, a key component of determining the fair value of such property is based on the assessment by management or the independent valuer of real estate market conditions in the city or country where the project is located. The real estate market is in turn affected by many factors such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond Emaar's control and may adversely impact projects after their most recent valuation date. As a result, any material decline in the real estate markets where Emaar operates could have a material adverse effect on its business, results of operations, cash flows and financial condition.

Real estate investments are illiquid

Because real estate investments in general are relatively illiquid, Emaar's ability to promptly sell one or more of its properties in response to changing political, economic, financial and investment conditions is limited. The real estate market is affected by many factors that are beyond Emaar's control (see "– *Real estate valuation is inherently subjective and uncertain*" above). Emaar's management cannot be certain that it will be able to sell any property for the price or on the terms set by it, or whether any price or other terms offered by a prospective purchaser would be acceptable to it. Emaar's management also cannot predict the length of time needed to find a willing purchaser for Emaar's properties and to effect the sale of any property. In addition, to the extent Emaar requires third party funding, a requirement of any such funding could include Emaar granting a mortgage over certain property to secure its payment obligations, which could preclude Emaar from selling such property. There can be no assurance that the sale of any of Emaar's development land or completed properties will be at a price which reflects the most recent valuation of the relevant project, particularly if Emaar was forced to sell properties prior to completion of the relevant development or in adverse economic conditions. Any of these factors, alone or in combination, could have a material adverse effect on Emaar's real estate portfolio which could in turn have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

Foreign exchange movements may adversely affect Emaar's profitability

Emaar maintains its accounts and reports its results in UAE dirham which is the currency in which the majority of its revenues are earned. A significant part of Emaar's costs are incurred in U.S. dollars and a part of Emaar's income and expenses are incurred in other currencies. As a result, Emaar is exposed to movements in foreign exchange rates. Although there can be no assurance that foreign currency fluctuations may not adversely affect Emaar's profits and financial performance in the future, Emaar's management believes that Emaar is not currently subject to significant foreign exchange risk in relation to the U.S. dollar as the UAE dirham is pegged to the U.S. dollar. In relation to its other currency earnings and expenses, Emaar's management believes that its foreign exchange rate risk is reduced by the fact that where earnings in relation to a particular project are in a local currency, these are usually substantially matched by the expenses of the project being incurred in the local currency. Emaar has also implemented systems to monitor currency fluctuations and accordingly execute hedging transactions if required.

As at the date of this Base Prospectus, the UAE dirham remains pegged to the U.S. dollar. However, there can be no assurance that the UAE government will not de-peg the UAE dirham from the U.S. dollar in the future, which may have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

Emaar faces competition in its property development, malls and hospitality businesses

Emaar faces competition for the development and leasing of properties from other property developers in Dubai and internationally. Such competition may affect Emaar's ability to sell development land or completed properties at expected prices, if at all, or, in relation to investment properties, attract and retain tenants, resulting in lower than expected rents. Emaar's competitors may lower their pricing or rental rates for properties which are comparable to those being sold or leased by Emaar, which may result in downward pressure on Emaar's pricing and rental rates. In addition, the Government of Dubai could decide to support new entrants or other property development companies to implement its development strategy, which would further increase competition. Additionally, as a result of the global economic downturn, consumer demand for real estate properties has decreased. In response to these adverse market conditions, there is a possibility that other property developers will merge in order to achieve economies of scale in their businesses. If consolidation in the Dubai real estate market were to occur, there is a risk that Emaar would have to operate in a more competitive market place and against larger competitors than it has historically. Furthermore, given the recent economic downturn and the strategy of investors to diversify their investments and re-examine the robustness of various real estate markets in the region, Dubai may see demand for its real estate market decrease in favour of other real estate markets in the region. These circumstances, either alone or in combination, could have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

Emaar believes that it does not currently face any significant competition in many of those countries in which it operates as a property developer. In such cases, management believes that Emaar is typically the only developer offering lifestyle projects of the type offered by it. However, there can be no assurance that this will remain the case and Emaar expects that it will face competition from other real estate developers within those countries in the future. This may result in an increase in the cost of completing projects, an increase in supply of real estate projects and/or a decrease in the prices of property, which in turn may have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

Emaar also faces competition in respect of its malls and hospitality businesses in Dubai (where its malls and hospitality businesses are currently operating). There are a number of large malls in Dubai which compete with Emaar's malls for both tenants and customers. Such competition may affect Emaar's ability to attract and retain tenants, resulting in lower than expected rents. Emaar's competitors may also lower their rental rates for retail space within their malls which is comparable to that being offered by Emaar, which may result in downward pressure on Emaar's rental rates. There are also a number of hospitality venues in Dubai that are comparable to Emaar's hospitality offerings which may affect the ability of Emaar to attract customers and lead to downward pressure on the prices Emaar is able to charge customers. In the event such competition has the effects described, there may be a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

The MENA region in which Emaar primarily operates is characterised by a lack of real estate transparency

According to a real estate transparency survey conducted by Jones Lang LaSalle in 2008, many of the real estate markets in which Emaar operates are categorised as semi-transparent (Dubai), low-transparent (Saudi Arabia, Egypt and the other Emirates of the UAE) or opaque (Syria). In addition, the other markets in which Emaar has operations are also subject to issues relating to transparency of information. The degree of transparency of a real estate market is determined by reference to a number of factors, including comparable transactions, accessibility of information relating to counterparties and land title, reliability of market data, clarity of regulations relating to all matters of real estate conveyance and access to government agencies to verify information provided by counterparties in connection with real estate transactions. There can be no assurance that the factors described above will not result in the discovery at a later date of information or liabilities in association with Emaar's investments that could affect their value, expected purpose or returns on investment.

The right of Emaar to obtain title to certain parcels of its land is subject to legal complexities and uncertainties

As a result of various issues related to, among other things, the gradual contribution of land by joint venture partners over time and/or the process of registration of title, Emaar may not in all cases have title to land on which developments are planned or located. Although Emaar has not to date experienced a situation where any such title has been the subject of legal proceedings leading to such loss of title, Emaar is subject to the risk that it may not acquire or be granted title to such land, and/or that it could be determined to be in violation of applicable law. Any such outcome could have a material adverse effect on Emaar's business, prospects, financial condition and results of operations.

Emaar's relationships with governments and other key partners may change adversely

Most of Emaar's land bank in the UAE was granted by the Government of Dubai, which is the single largest shareholder in Emaar. The land bank has contributed significantly to Emaar's business and revenue. Outside the UAE, Emaar has sought to enter into strategic partnerships with other governments and local companies. Any adverse change to the relationship between Emaar and the Government of Dubai or any of its other strategic partners may affect Emaar's existing or future operations and thereby have a material adverse effect on its business, results of operations, cash flows and financial condition.

Emaar may not have adequate insurance

Although Emaar seeks to ensure that its projects and developed properties are appropriately insured, no assurance can be given that any existing insurance policies will be renewed on equivalent terms, at an acceptable cost or at all. In addition, certain types of risks and losses (for example, losses resulting from terrorism) are not economically insurable or generally insured.

Moreover, Emaar has not taken key person insurance with respect to any members of its senior management. If an important member of senior management is unable to perform his or her functions due to extended illness or death, the replacement of such person may take a significant amount of time (due to recruitment and the requisite training of an appropriately qualified individual, who may not be easy to find). Due to the fact that Emaar does not have key person insurance, Emaar may not be able to offset (i) the costs of hiring temporary help or recruiting a successor or (ii) the losses incurred due to being unable to transact business as efficiently whilst a successor is being sought (see "– *Emaar's growth and expansion strategy could strain its ability to respond to the increasing complexities derived from such strategy, including complexities arising in relation to its operational and managerial resources*"). The occurrence of an uninsured or uninsurable loss could have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

Emaar may be liable for certain maintenance costs for its investment properties

Emaar bears the risk of repairing fair wear and tear to its investment properties, together with paying for the cost of its maintenance. As a result, Emaar must use its own resources to carry out such work which may necessitate significant capital expenditure. Failure to carry out such work could affect the reputation of Emaar and the value and marketability of its investment properties. The occurrence of any of these factors could have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

The regulatory framework governing the Dubai real estate market is not yet fully developed

The regulatory framework governing the Dubai real estate market is not yet fully developed. However, it is becoming subject to increasing levels of regulation and monitoring, including by RERA of the Dubai Land Department, which was established in July 2007. RERA is taking responsibility for the implementation and enforcement of its new regulations in Dubai. However, in light of their recent implementation, there may be uncertainty surrounding the application of such new regulations, which in turn may lead to difficulties and/or delays in enforcing them.

Emaar cannot predict the contents of any future legislation that is imposed or implemented by RERA or the Government of Dubai. While many of the real estate laws and regulations recently implemented and to be implemented in the future in Dubai are intended to improve the real estate market in Dubai, the effects of the implementation of such laws, including the newly implemented Law No. (9) of 2009 relating to the termination of off-plan sales is often uncertain and there can be no assurance that such laws and regulations will not impose more onerous obligations on Emaar or have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

Infringement of Emaar's trademarks and other intellectual property could materially adversely affect its business

Emaar relies on brand recognition and the goodwill associated with it. Therefore, the name ''Emaar'' and its associated brand and trading names and trademarks are key to Emaar's business. Substantial erosion in the value of the brands on which Emaar relies, whether due to project related issues, customer complaints, adverse publicity, legal action, third party dealings or other factors, could materially adversely affect Emaar's business, results of operations, cash flows or financial condition.

Although Emaar's management believes that it has taken appropriate steps to protect its trademark and other intellectual property rights, such steps may be insufficient, and third parties could infringe or challenge such rights, either of which could materially adversely affect Emaar's business, results of operations, cash flows or financial condition.

Certain of Emaar's businesses are required to maintain and renew numerous licences and permits to operate their businesses, the violation of which could adversely affect their financial performance and prospects

Emaar's operation of hotels, its finance businesses, shopping malls, leisure facilities and entertainment venues, requires it to comply with numerous laws and regulations, both at the local and national level, and require the maintenance and renewal of licences and permits to conduct its businesses in each of the jurisdictions in which it operates. It is the responsibility of the relevant operating entity that is undertaking the activity requiring the licence (with the assistance of Emaar and, where applicable, its joint venture partners) to obtain and maintain such licences. Because of the complexities involved in procuring and maintaining numerous licences and permits, as well as in ensuring continued compliance with different and sometimes inconsistent local and national licensing regimes, Emaar cannot give any assurance that it will at all times be in compliance with all of the requirements imposed on each of its businesses and properties, although it is not aware of any material breaches that currently exist. Emaar's potential failure to comply with applicable laws and regulations or to obtain and maintain requisite approvals, certifications, permits and licences, whether intentional or unintentional, could lead to substantial sanctions, including criminal, civil or administrative penalties, revocation of its licences and/or increased regulatory scrutiny, and liability for damages. It could also trigger a default under one or more of its financing agreements or invalidate or increase the cost of the insurance that Emaar maintains for its businesses (assuming it is covered for any consequential losses). For the most serious violations, it could also be forced to suspend operations until it obtains required approvals, certifications, permits or licences or otherwise brings its operations into compliance. In addition, any adverse publicity resulting from any compliance failure, particularly as regards the safety of Emaar's leisure and entertainment venues, could have a material adverse affect on the financial performance, prospects and reputation of Emaar.

Emaar may be subject to health and safety and environmental issues

Emaar has adopted safety standards to comply with applicable laws and regulations in the various countries in which it carries on business. In addition, safety requirements are contractually agreed with Emaar's contractors. If Emaar and/or its contractors fail to comply with the relevant standards, either or both may be liable for penalties and the business and/or reputation of Emaar might be materially and adversely affected.

In addition, Emaar seeks to ensure it and its contractors comply with all applicable environmental laws in the various countries in which they carry out business. Whilst Emaar has no reason to believe that it is not in compliance with all applicable environmental laws, there can be no assurance that Emaar will not be subject to potential environmental liability. If an environmental liability arises in relation to any project owned or developed by Emaar and it is not remedied, is not capable of being remedied, or is required to be remedied at the cost of Emaar, this may have a material adverse effect on the relevant project and on Emaar's business, results of operations, cash flows and financial condition (either because of the cost implications for Emaar or because of disruption to services provided at the relevant project or property). Moreover, it may result in a reduction of the value of the relevant project or property or affect the ability of Emaar to dispose of such project or property.

Amendments to existing laws and regulations relating to safety standards and the environment may impose more onerous requirements on Emaar. Emaar's compliance with such laws or regulations may necessitate further capital expenditure or subject Emaar to other obligations or liabilities, which could have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

Risks relating to the emerging markets

Investments in emerging markets are subject to greater risks than more developed markets, including significant political, social and economic risks

Almost all of Emaar's operations are conducted, and most of its assets are, as at the date of this Base Prospectus, located in emerging markets. Whilst most of the countries in which Emaar is carrying on business have historically not been affected by political instability, there is no assurance that any political, social, economic and market conditions affecting such countries and the MENASA region generally would not have a material adverse impact on Emaar's business, results of operations, cash flows and financial condition.

Specific risks in these countries and the MENASA region that may have a material impact on Emaar's business, results of operations, cash flows and financial condition include:

- an increase in inflation and the cost of living;
- external acts of warfare and civil clashes or other hostilities involving nations in the region;
- government actions or interventions, including tariffs, protectionism and subsidies;
- difficulties and delays in obtaining new permits and consents for Emaar's operations or renewing existing ones;
- potential lack of transparency as to title to real property in certain jurisdictions where Emaar operates;
- cancellation of contractual rights;
- lack of infrastructure;
- expropriation of assets;
- inability to repatriate profits and/or dividends;
- regional political instability, including government or military regime change, riots or other forms of civil disturbance or violence;
- a material curtailment of the industrial and economic infrastructure development that is currently underway across the MENA region;
- increased government regulations, or adverse governmental activities, with respect to price, import and export controls, the environment, customs and immigration, capital transfers, foreign exchange and currency controls, labour policies, land and water use and foreign ownership;
- changing tax regimes, including the imposition of taxes in currently tax-free jurisdictions such as the UAE;
- arbitrary, inconsistent or unlawful government action, including capricious application of tax laws and selective tax audits;
- limited availability of capital or debt; and
- slowing regional and global economic environment.

Any unexpected changes in the political, social, economic or other conditions in the countries in which Emaar operates or neighbouring countries may have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

It is not possible to predict the occurrence of events or circumstances such as or similar to those outlined above or the impact of such occurrences and no assurance can be given that Emaar would be able to sustain its current profit levels if such events or circumstances were to occur.

Investors should also be aware that emerging markets are subject to greater risks than more developed markets, including in some cases significant legal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in developing markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved.

For example, Emaar has operations in Syria, which is a country that the US Department of Treasury's Office of Foreign Assets Control has targeted for economic and trade sanctions. Should Syria be the subject of further sanctions by the international community, this may lead to a deterioration in the country's economic environment, which may in turn affect the profitability of Emaar's operations in that country.

Emaar also has operations in Pakistan, which has in recent times been affected by terrorist activities. To the extent further terrorist acts are carried out, in particular in the cities where Emaar has its developments, this may adversely affect demand for its property in those areas, which may in turn have an adverse effect on its business, results of operations, cash flows and financial condition.

Legal and regulatory systems may create an uncertain environment for investment and business activities

As the majority of the countries in which Emaar currently operates are emerging markets, they are in various stages of developing institutions and legal and regulatory systems that are not yet as firmly established as they are in Western Europe and the United States. Some of these countries are also in the process of transitioning to a market economy and, as a result, are experiencing changes in their economies and their government policies (including, without limitation, policies relating to foreign ownership, repatriation of profits, property and contractual rights and planning and permit granting regimes) that may affect Emaar's business in those countries.

The procedural safeguards of the legal and regulatory regimes in these countries are still developing and, therefore, existing laws and regulations may be applied inconsistently. Often fundamental contract, property and corporate laws and regulatory regimes have only recently become effective, which may result in ambiguities, inconsistencies and anomalies in their interpretation and enforcement. In addition, legislators may often contemplate implementing regulations that have not yet been promulgated, leaving substantial gaps in the regulatory infrastructure. All of these weaknesses could affect Emaar's ability to enforce its rights under its contracts or to defend itself against claims by others.

Any of the above factors, alone or in combination, may have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

Risks arising from unlawful or arbitrary governmental action

Governmental authorities in many of the countries in which Emaar operates may have a high degree of discretion and, at times, act selectively or arbitrarily, without hearing or prior notice, and sometimes in a manner that is contrary to law or influenced by political or commercial considerations. Such governmental action could include, amongst other things, the withdrawal of building permits; the expropriation of property without adequate compensation; or the forcing of business equitisations, combinations or sales. Any such action taken could have an adverse effect on Emaar's business, results of operations, cash flows and financial condition.

Statistical information

The statistical information in this Base Prospectus has been derived from a number of different identified sources. Certain information (including real GDP data) is only available on a federal basis relating to the entire UAE and investors should note Dubai's own position may differ in material respects from the position at an overall federal level. All statistical information provided in this Base Prospectus may differ from that produced by other sources for a variety of reasons, including the use of different definitions and cut-off times. The International Monetary Fund, in its 2006 Article IV Consultation on the UAE, identified a number of weaknesses in the statistical information prepared in relation to the UAE including with respect to data quality, coverage, regularity, timeliness and inter-sectoral consistency which will have impacted the statistical data included in this document. There is therefore no assurance that the economic and statistical data presented on the UAE and Dubai in the section "*Overview of the United Arab Emirates*" is accurate.

Recent UAE visa legislation may have an adverse effect on Emaar's business

A decree issued by the Minister of the Interior on 2 May 2009, which came into effect on 1 June 2009, has attempted to standardise terms of residence visas issued to expatriate property owners across the UAE. The decree allows expatriate property owners to apply for renewable multiple-entry visas with a validity of six months. The residence visa does not permit the holder to work but only to reside in the UAE. In order to successfully apply for the new visa, the expatriate property owners must fulfil certain criteria, including earning thresholds and the maintenance of appropriate insurance. Whilst the decree has been passed with the intention of standardising the previous rules and stimulating the domestic real estate market, it is not possible to assess whether the effect of the new decree will have a positive or negative effect on investment in UAE property. If the new visa law discourages property investment in the UAE, it may have a material adverse effect on Emaar's business, results of operations, financial condition and prospects.

The UAE may introduce VAT

Although the UAE does not currently impose value added tax (**VAT**) on the sale of goods or services, there is a possibility that this situation will not continue to be the case. On 2 June 2008, the Director General of Dubai Customs announced that his department had been studying the possibility of introducing a VAT system across the UAE and that draft laws had been submitted to the federal authorities. Although the Director General has stated that UAE customs duties would be cancelled upon the introduction of any new VAT system, the federal authorities have not yet provided any details of the VAT system or confirmed a possible date of introduction. Accordingly, it is difficult to assess the effect of a new VAT system on the business, results of operations, cash flows and financial condition of Emaar, however investors should be aware that the effects could have an adverse impact on Emaar's business, results of operations, cash flows and financial condition.

The UAE may introduce corporation tax

Emaar is not currently subject to corporation tax on its earnings within the UAE, although there is no guarantee that this will continue to be the case. If the UAE authorities or other authorities in the jurisdictions in which Emaar operates impose new tax regimes on Emaar, this may have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition. In addition, any imposition of a tax on earnings would reduce the amount of funds which would ordinarily be distributed to Emaar's shareholders through dividends.

International sanction considerations

European, U.S. and other international sanctions have in the past been imposed on companies engaging in certain types of transactions with specified countries or companies or individuals in those countries. Enterprises operating in certain countries in the Middle East and Africa have been subject to such sanctions in the past. The terms of legislation and other rules and regulations which establish sanctions regimes are often broad in scope and difficult to interpret. If Emaar were in the future to violate existing European, U.S. or international sanctions, penalties could include a prohibition or limitation on Emaar's ability to conduct business in certain jurisdictions or to access the U.S. or international capital markets. Any such sanction could have a material adverse effect on Emaar's business, results of operations, cash flows and financial condition.

Risk factors relating to the Trust Certificates

Absence of secondary market/limited liquidity

There is no assurance that a market for the Trust Certificates of any Series will develop or, if it does develop, that it will continue for the life of such Trust Certificates. Accordingly, a Certificateholder may not be able to find a buyer to buy its Trust Certificates readily or at prices that will enable the Certificateholder to realise a desired yield. The market value of the Trust Certificates may fluctuate and a lack of liquidity, in particular, can have a severe adverse effect on the market value of the Trust Certificates. Accordingly, the purchase of the Trust Certificates is suitable only for investors who can bear the risks associated with a lack of liquidity in the Trust Certificates and the financial and other risks associated with an investment in the Trust Certificates.

The Trust Certificates are limited recourse obligations

Recourse to Emaar Sukuk Limited in respect of each Series of Trust Certificates is limited to the Trust Assets of that Series and proceeds of such Trust Assets are the sole source of payments on the relevant Trust Certificates. Upon occurrence of a Dissolution Event or early dissolution pursuant to Conditions 11.2 or 11.3, the sole rights of each of the Issuer, the Trustee, the Delegate and the Certificateholders of the relevant Series of Trust Certificates will be against the Issuer and Emaar to perform their respective obligations under the Transaction Documents. Certificateholders will otherwise have no recourse to any assets of the Trustee, the Delegate, Emaar, the relevant Dealer, the Issuer, the Principal Paying Agent or any affiliate of any of the foregoing entities in respect of any shortfall in the expected amounts due under the relevant Trust Assets. Certificateholders will also not be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding up or receivership of Emaar (in respect of its obligations under the Transaction Documents to the extent that it fulfils all such obligations), or Emaar Sukuk Limited or any of their affiliates as a consequence of such shortfall or otherwise. Emaar is obliged to make certain payments under the Transaction Documents directly to the Issuer, and the Trustee and the Delegate will have direct recourse against Emaar to recover payments due to the Issuer from Emaar pursuant to the Transaction Documents. There can be no assurance that the net proceeds of the realisation of, or enforcement with respect to, the Trust Assets will be sufficient to make all payments due in respect of the Trust Certificates of the relevant Series. After enforcing or realising the relevant Trust Assets and distributing the net proceeds of such Trust Assets in accordance with Condition 5.2, the obligations of the Issuer and the Trustee in respect of the Trust Certificates of the relevant Series shall be satisfied and no Certificateholder may take any further steps against the Issuer or the Trustee to recover any further sums in respect of such Trust Certificates and the right to receive any such sums unpaid shall be extinguished. Furthermore, under no circumstances shall any Certificateholder, the Trustee or the Delegate have any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the Transaction Documents and the sole right of the Trustee, the Delegate and the Certificateholders against Emaar shall be to enforce the obligation of Emaar to perform its obligations under the Transaction Documents.

The Trust Certificates may be subject to early redemption

In the event that the amount payable on the Trust Certificates is required to be increased to include additional amounts in certain circumstances and/or Emaar is required to pay additional amounts pursuant to certain Transaction Documents, in each case as a result of certain changes affecting taxation in the UAE or the Cayman Islands as the case may be, or in each case any political subdivision or any authority thereof or therein having power to tax, the Issuer may redeem all but not some only of the Trust Certificates upon giving notice in accordance with the Terms and Conditions of the Trust Certificates.

Risk factors relating to taxation

Taxation risks on payments

Payments made by Emaar to the Issuer under the Transaction Documents or by the Issuer in respect of the Trust Certificates could become subject to taxation. The Transaction Documents require Emaar to pay additional amounts in the event that any withholding or deduction is required by UAE law to be made in respect of payments made by it to the Issuer which are intended to fund Periodic Distribution Amounts and Dissolution Amounts. Condition 13 provides that the Issuer is required to pay additional amounts in respect of any such withholdings or deductions imposed by the Cayman Islands or the United Arab Emirates in certain circumstances. In the event that the Issuer fails to gross-up for any such withholding or deduction on payments due in respect of the Trust Certificates to Certificateholders, Emaar has, pursuant to the Master Trust Deed, unconditionally and irrevocably undertaken (irrespective of the payment of any fee), as a continuing obligation, to pay to the Issuer (for the benefit of the Certificateholders) an amount equal to the liabilities of the Issuer in respect of any and all additional amounts required to be paid in respect of the Trust Certificates pursuant to Condition 13 in respect of any withholding or deduction in respect of any tax as set out in that Condition.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the **Directive**), Member States are required to provide to the tax authorities of another Member State details of certain payments paid by a person within its jurisdiction to an individual resident in that other Member

State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Trust Certificate as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

Risk factors relating to enforcement

UAE bankruptcy law

In the event of Emaar's insolvency, UAE bankruptcy law may adversely affect Emaar's ability to perform its obligations under the Transaction Documents to which it is a party and, consequently, the Issuer's ability to make payments to Certificateholders. There is little precedent to predict how a claim on behalf of Certificateholders against Emaar upon its insolvency would be resolved.

Change of law

The structure of the issue of the Trust Certificates under the Programme is based on English law, Dubai law and, to the extent applicable in Dubai, UAE federal law, and administrative practices in these jurisdictions in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible change to English law, Dubai law, UAE federal law or any such administrative practices after the date of this Base Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments under any Trust Certificates or of the Issuer and Emaar to comply with their respective obligations under the Transaction Documents.

Enforcement risk

Ultimately the payments under the Trust Certificates are dependent upon Emaar making payments in the manner contemplated under the Transaction Documents. If Emaar fails to do so, it may be necessary for an investor to bring an action against Emaar to enforce its obligations and/or to claim damages, as appropriate, which could be both time consuming and costly.

Emaar has irrevocably agreed to certain of the Transaction Documents being governed by English law and, where this is the case, that any dispute arising from such Transaction Documents may be referred to arbitration in London under the rules of arbitration of The London Court of International Arbitration.

The 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards entered into force in the UAE on 19 November, 2006. Any arbitration award rendered in London should therefore be enforceable in the UAE in accordance with the terms of the New York Convention. Under the New York Convention, the UAE has an obligation to recognise and enforce foreign arbitration awards, unless the party opposing enforcement can prove one of the grounds under Article V of the New York Convention to refuse enforcement, or the UAE courts find that the subject matter of the dispute is not capable of settlement by arbitration or enforcement would be contrary to the public policy of the UAE. Although there is precedent for a foreign arbitral award being enforced by the UAE courts under the New York Convention, how the UAE courts will interpret and apply the New York Convention remains uncertain.

Under such Transaction Documents, any dispute may also be referred to the courts in England (who shall have exclusive jurisdiction to settle any dispute arising from such Transaction Documents). Where an English judgment has been obtained, there is no assurance that Emaar has or would at the relevant time have assets in the United Kingdom against which such a judgment could be enforced. Emaar is a UAE Company and is incorporated in and has the majority of its assets located in the UAE. Under current UAE federal law, the courts in the UAE are unlikely to enforce an English judgment without re-examining the merits of the claim and may not observe the choice by the parties of English law as the governing law of such Transaction Documents. In addition, even if English law is accepted as the governing law, this will only be applied to the extent that it is compatible with the laws of Dubai, the UAE and public policy. This may mean that the Dubai courts may seek to interpret English law governed documents as if governed by UAE law and there can therefore be no certainty that in those circumstances the Dubai courts would give effect to such documents in the same manner as the parties may intend.

However, in the event that enforcement is sought for a judgment obtained pursuant to an English law governed document or an action is brought under an English law governed document in the UAE and the UAE court does not agree to enforce the judgment and/or give effect to the choice of law, it is likely that the UAE court would review the transaction as a whole and seek to uphold the intention of the parties to treat the arrangements between the parties as a financing transaction on the terms agreed (subject to any third party interests that may exist).

As the UAE judicial system is based on a civil code, judicial precedents in the UAE have no binding effect on subsequent decisions. In addition, there is no formal system of reporting court decisions in the UAE. These factors create greater judicial uncertainty.

Claims for specific enforcement

In the event that Emaar fails to perform its obligations under any Transaction Document, the potential remedies available to the Trustee and the Delegate include obtaining an order for specific enforcement of the relevant obligations or a claim for damages. There is no assurance that a court will provide an order for specific enforcement which is a discretionary matter.

The amount of damages which a court may award in respect of a breach will depend upon a number of possible factors including an obligation on the Trustee and the Delegate to mitigate any loss arising as a result of the breach. No assurance is provided on the level of damages which a court may award in the event of a failure by Emaar to perform its obligations as set out in the Transaction Documents.

Additional risks

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Trust Certificates. The ratings may not reflect the potential impact of all risks related to the transaction structure, the market, the additional factors discussed above or any other factors that may affect the value of the Trust Certificates. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Suitability of investments

The Trust Certificates may not be a suitable investment for all investors. Each potential investor in Trust Certificates must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Trust Certificates, the merits and risks of investing in the Trust Certificates and the information contained in this Base Prospectus;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Trust Certificates and the impact the Trust Certificates will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Trust Certificates, including where the currency of payment is different from the potential investor's currency;

(d) understand thoroughly the terms of the Trust Certificates and be familiar with the behaviour of any relevant indices and financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

Emerging Markets

Investors in emerging markets should be aware that these markets are subject to greater risks than more developed markets, including, in some cases, significant legal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risk involved.

Total Loss Event

As owner of the Lease Assets relating to each Series, Emaar Sukuk Limited is required, among other things, to insure the Relevant Lease Assets if Condition 11.4 is specified in the applicable Final Terms as being applicable. In accordance with *Sharia* principles, Emaar Sukuk Limited has delegated this obligation to Emaar, as its servicing agent, which has undertaken in the Servicing Agency Agreement, *inter alia*, to insure the Relevant Lease Assets in these circumstances in the name of Emaar Sukuk Limited against the occurrence of a Total Loss Event for their full reinstatement value (and to ensure, in relation to each relevant Series, that such amount is not at any time less than the aggregate face amount of Trust Certificates of such Series then outstanding). A **Total Loss Event** is defined as the total loss or destruction of, or damage to the whole of, the Relevant Lease Assets or any event or occurrence that renders the whole of the Relevant Lease Assets permanently unfit for any economic use and (but only after taking into consideration any insurances or other indemnity granted by any third party in respect of the Relevant Lease Assets) the repair or remedial work in respect thereof is wholly uneconomical.

Nevertheless, should such an event occur the relevant Lease will terminate and the Trust Certificates of the relevant Series will be repaid using the proceeds of the insurance received by Emaar Sukuk Limited. In this scenario, potential investors should be aware that: (i) rental under the Lease will cease upon the occurrence of a Total Loss Event as that Lease will have terminated and accordingly the Periodic Distribution Amount received by the Certificateholders of the relevant Series will reflect this fact and (ii) there may be a delay in Emaar Sukuk Limited receiving the proceeds of insurance and therefore in the relevant Certificateholders receiving a Dissolution Amount in respect of their Trust Certificates and no additional Periodic Distribution Amount will be paid in respect of this delay. In this regard, the Servicing Agency Agreement provides that if the insurance proceeds for an amount equal to the full reinstatement value are not paid into the Transaction Account within 30 days of the occurrence of the Total Loss Event, Emaar, as Servicing Agent, shall have failed in its responsibility to properly insure the Relevant Lease Assets and accordingly (unless it proves beyond any doubt that any shortfall in the insurance proceeds is not attributable to its negligence or its failure to comply with the terms of the Servicing Agency Agreement relating to insurance) Emaar shall be responsible for paying any shortfall. The Delegate will be entitled to enforce this undertaking against Emaar on behalf of the Certificateholders of the relevant Series.

Consents to variation of Transaction Documents and other matters

The Master Trust Deed contains provisions permitting the Delegate from time to time and at any time without any consent or sanction of the Certificateholders to make any modification to the Master Trust Deed if, in the opinion of the Delegate, such modification (a) is of a formal, minor or technical nature, or (b) is made to correct a manifest or proven (to the satisfaction of the Delegate) error, or (c) is not materially prejudicial to the interest of Certificateholders. Unless the Delegate otherwise decides, any such modification shall as soon as practicable thereafter be notified to the Certificateholders and shall in any event be binding upon the Certificateholders.

Reliance on Euroclear and Clearstream, Luxembourg procedures

The Trust Certificates of each Series will be represented on issue by a Global Certificate that will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in each Global Certificate, investors will not be entitled to receive Trust Certificates in definitive form. Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in the Global Certificates. While the Trust Certificates of any Series are represented by a Global Certificate, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg and their respective participants.

While the Trust Certificates of any Series are represented by a Global Certificate, the Issuer will discharge its payment obligation under the relevant Trust Certificates by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the relevant Trust Certificates. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Certificate.

Holders of beneficial interests in a Global Certificate will not have a direct right to vote in respect of the relevant Trust Certificates. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Trust Certificates subject to early dissolution by the Issuer

An early dissolution feature of any Trust Certificate is likely to limit its market value. During any period when the Issuer may elect to dissolve Trust Certificates, the market value of those Trust Certificates generally will not rise substantially above the dissolution amount payable. This also may be true prior to any dissolution period.

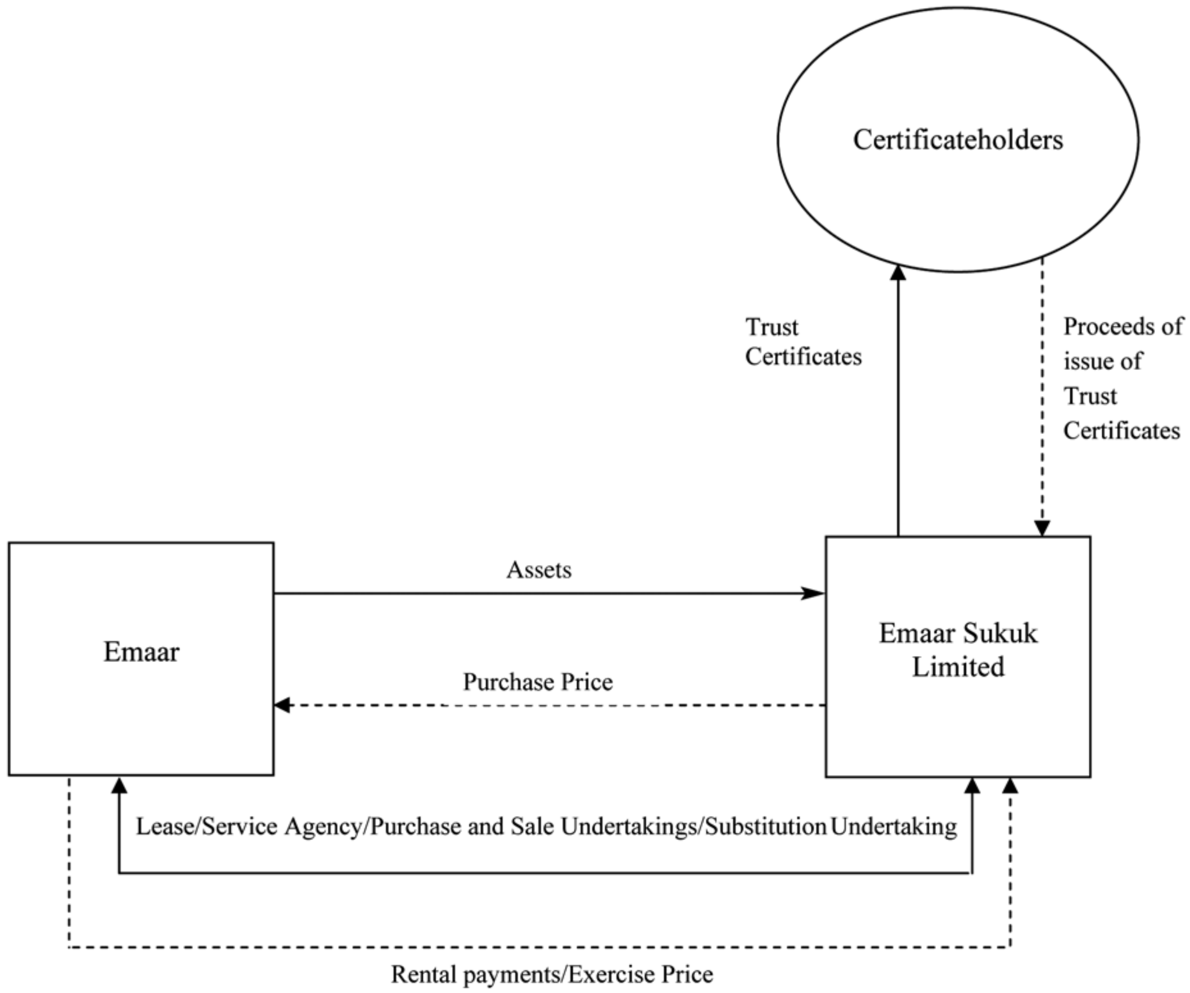
Sharia Rules

HSBC Amanah Central Shariah Committee and the *Sharia* advisory board of Standard Chartered Bank have confirmed that the Transaction Documents are *Sharia* compliant. However, there can be no assurance that the Transaction Documents or any issue and trading of a Series of Trust Certificates will be deemed to be *Sharia* compliant by any other *Sharia* board or *Sharia* scholars. None of the Issuer, Emaar or the Dealers makes any representation as to the *Sharia* compliance of any Series of Trust Certificates and potential investors are reminded that, as with any *Sharia* views, differences in opinion are possible. Potential investors should obtain their own independent *Sharia* advice as to the compliance of the Transaction Documents and the issue and trading of a Series of Trust Certificates with *Sharia* principles.

STRUCTURE DIAGRAM AND CASHFLOWS

Set out below is a simplified structure diagram and description of the principal cash flows underlying each Series of Trust Certificates issued. Potential investors are referred to the terms and conditions of the Trust Certificates and the detailed descriptions of the relevant Transaction Documents set out elsewhere in this document for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalised terms used below.

Structure Diagram



Cashflows

Payments by the Certificateholders and the Issuer

On the Issue Date of each Series of Trust Certificates, the relevant Certificateholders will pay the issue price in respect thereof to Emaar Sukuk Limited and Emaar Sukuk Limited will pay an equivalent amount to Emaar as the purchase price payable under the relevant Supplemental Purchase Agreement for the Relevant Lease Assets.

Periodic Payments by the Issuer

Prior to each Periodic Distribution Date, the Lessee will pay to Emaar Sukuk Limited an amount reflecting the rental due in respect of the Relevant Lease Assets, which is intended to be sufficient to fund the Periodic Distribution Amounts payable by the Issuer under the Trust Certificates and shall be applied by the Issuer for that purpose.

Dissolution Payments

On the Maturity Date, Emaar Sukuk Limited will have the right under the Purchase Undertaking to require the Obligor to purchase all of its rights, benefits and entitlements in and to the Relevant

Lease Assets and the exercise price payable by the Obligor to the Issuer is intended to fund the Dissolution Amount payable by the Issuer under the Trust Certificates.

The Trust may be dissolved prior to the Maturity Date for a range of reasons including (i) default or the imposition of Taxes or (ii) in certain cases where so specified in the applicable Final Terms, at the option of the Issuer. In any such case the Dissolution Amount will be funded by requiring the Obligor to purchase the Relevant Lease Assets and pay the relevant exercise price to or to the order of Emaar Sukuk Limited (pursuant to the terms of the Purchase Undertaking or the Sale Undertaking, as the case may be).

GENERAL DESCRIPTION OF THE PROGRAMME

The following is an overview of the principal features of the Programme. This overview does not contain all of the information that an investor should consider before investing in Trust Certificates and is qualified in its entirety by the remainder of this Base Prospectus and the applicable Final Terms. Each investor should read the entire Base Prospectus and the applicable Final Terms carefully, especially the risks of investing in the Trust Certificates issued under the Programme discussed under "Risk Factors."

Words and expressions defined in "*Form of the Trust Certificates*" and "*Terms and Conditions of the Trust Certificates*" shall have the same meanings in this general description. In particular, the expressions "Trust Deed", "Lease Agreement" and "Purchase Agreement" mean, in relation to each Series, the Master Trust Deed when read together with the relevant Supplemental Trust Deed, the Master Lease Agreement when read together with the relevant Supplemental Lease Agreement and the Master Purchase Agreement when read together with the relevant Supplemental Purchase Agreement, respectively.

The Programme provides a facility for the issuance of Trust Certificates in Series. The terms and conditions governing each Series of Trust Certificates will be the "*Terms and Conditions of the Trust Certificates*" as described herein, as modified or supplemented by the applicable Final Terms. The following is an overview of the principal features of the Trust Certificates.

On the occasion of each issuance of Trust Certificates, the Issuer will receive contributions from the Certificateholders representing the proceeds of the Trust Certificates in the amount specified in the relevant Supplemental Trust Deed.

In relation to each Series of Trust Certificates, Emaar Sukuk Limited (in its capacity as Trustee and as Purchaser) will enter into a Supplemental Purchase Agreement with Emaar (in its capacity as Seller). Pursuant to the Supplemental Purchase Agreement, the Seller will sell the Relevant Lease Assets to the Purchaser. The purchase price of the Relevant Lease Assets will be an equivalent amount to the proceeds of the issue of such Series of Trust Certificates. Emaar Sukuk Limited (in its capacity as Trustee and as Lessor) will lease the Relevant Lease Assets to Emaar (in its capacity as Lessee).

The relevant Lease will commence on the Issue Date of the relevant Series of Trust Certificates and will end on (a) the later of the Maturity Date and the date on which the relevant Series of Trust Certificates is redeemed in full or (b) in the event that the relevant Series of the Trust Certificates is redeemed in full prior to its Maturity Date, on the date of such redemption. Under the Servicing Agency Agreement, Emaar Sukuk Limited (in its capacity as Lessor) has appointed Emaar as servicing agent in respect of the Lease Assets, with responsibility for insuring the Lease Assets, paying proprietorship taxes and performing major maintenance and structural repair.

The Obligor has agreed to purchase all of the rights, benefits and entitlements of Emaar Sukuk Limited in and to the Relevant Lease Assets on the relevant Maturity Date or, as the case may be, on the relevant Dissolution Date pursuant to an amended and restated purchase undertaking dated on or about 18 January 2011 executed as a deed by the Obligor (the **Purchase Undertaking**), to be supplemented, at the time of each such purchase, by a sale agreement (each a **Sale Agreement**) substantially in the form annexed to the Purchase Undertaking and containing the specific terms applicable to the relevant purchase. In addition, in any case where the Issuer is entitled to require the redemption of the Trust Certificates of any Series, the Obligor has the right to purchase the Trustee's rights, benefits and entitlements in and to the Relevant Lease Assets on the relevant Distribution Date pursuant to an amended and restated sale undertaking dated on or about 18 January 2011 executed as a deed by Emaar Sukuk Limited (the **Sale Undertaking**), to be supplemented, at the time of each such purchase, by a sale agreement (each a **Sale Agreement**) substantially in the form annexed to the Sale Undertaking and containing the specific terms applicable to the relevant purchase. The exercise price (the **Exercise Price**) payable by the Obligor pursuant to each Sale Agreement will be an amount equal to (a) the Aggregate Face Amount (as specified in the applicable Final Terms) then outstanding of the relevant Series of Trust Certificates, (b) all accrued but unpaid Periodic Distribution Amounts if any on such date (including any additional amounts payable pursuant to Condition 11), (c) an amount equal to any Servicing Agency Expenses in respect of which an appropriate Lease rental payment has not been made in accordance with the Lease Agreement, and (d) any other amounts payable on redemption of the relevant Series of Trust Certificates as specified in the applicable Final Terms. The Trustee will distribute the proceeds of sale of the Issuer's rights, benefits and entitlements in and to the Relevant Lease Assets to Certificateholders of the relevant

Series in the manner provided in the Conditions or as otherwise specified in the applicable Final Terms.

In relation to each Series of Trust Certificates, the Trustee has granted Emaar the right to require the Trustee to sell any or all of the Relevant Lease Assets (the **Substituted Assets**) to it in exchange for new assets (the **New Assets**) of a value which is equal to or greater than the value of such Substituted Assets. Such right has been granted by the Trustee to Emaar pursuant to an amended and restated substitution undertaking dated on or about 18 January 2011 executed as a deed by the Trustee (the **Substitution Undertaking**), to be supplemented at the time of each such substitution by a sale agreement (each a **Sale Agreement**) substantially in the form annexed to the Substitution Undertaking and containing the specific terms applicable to the relevant substitution. The substitution of the Substituted Assets with the New Assets will become effective on the Substitution Date (as specified in the Substitution Notice to be delivered by the Lessee in accordance with the Substitution Undertaking) by the Trustee and the Lessee entering into a Sale Agreement and the relevant Lease Agreement shall be amended in the manner provided in the Substitution Notice. Each Sale Agreement will (i) effect the transfer of rights in the Substituted Assets from the Trustee to the Lessee and (ii) effect the transfer of the rights in the New Assets from the Lessee to the Trustee and the Substitution Notice will provide that the New Assets and any Relevant Lease Assets not replaced will be leased to Emaar under the relevant Lease Agreement.

Pursuant to the Trust Deed the Issuer (acting in its capacity as Trustee) will declare a trust (a **Trust**) over all of its rights, title, interest and benefit in, to and under the Relevant Lease Assets and over all of its rights, title, interest and benefit, present and future, in, to and under each of the Transaction Documents (other than in relation to any representations given to Emaar Sukuk Limited by Emaar pursuant to any of the Transaction Documents) and any amounts standing to the credit of the Transaction Account for the relevant Series of Trust Certificates, subject to the terms of the relevant Supplemental Trust Deed.

The Issuer will act as trustee in respect of the Trust Assets for the benefit of Certificateholders of each Series in accordance with the Trust Deed and the Conditions. Under the Master Trust Deed, the Issuer will, with effect from and including the date of the Master Trust Deed and save in certain limited respects only, unconditionally and irrevocably delegate certain of the present and future duties, powers, trusts, authorities and discretions vested in the Trustee under the Trust Deed to the Delegate.

Following the distribution of the relevant Trust Assets to the Certificateholders of any Series in accordance with the Conditions and the Trust Deed, the Trustee shall not be liable for any further sums, and accordingly those Certificateholders may not take any action against the Trustee or any other person to recover any such sum in respect of the relevant Trust Certificates or the relevant Trust Assets.

The Trustee shall not be bound in any circumstances to take any action to enforce or to realise such Trust Assets or take any action against Emaar under any Transaction Documents unless directed or requested to do so by the relevant Certificateholders in accordance with the Conditions, and then only to the extent indemnified and/or secured and/or prefunded to its satisfaction.

No Certificateholder shall be entitled to proceed directly against Emaar unless (i) the Trustee, having become so bound to proceed, fails to do so within 30 days of becoming so bound and such failure is continuing and (ii) the relevant Certificateholder (together with the other Certificateholders of the same Series who propose to proceed directly against Emaar) holds at least 20 per cent. of the aggregate face amount of the relevant Series of Trust Certificates then outstanding.

The foregoing is subject to the following: in relation to each Series after enforcing or realising the Trust Assets and distributing the net proceeds of the Trust Assets in accordance with Condition 5.2, the obligations of the Trustee in respect of the Trust Certificates shall be satisfied and no Certificateholder may take any further steps against the Trustee to recover any further sums in respect of the Trust Certificates and the right to receive any such sums unpaid shall be extinguished. Under no circumstances shall the Trustee or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the Transaction Documents, and the sole right of the Trustee and the Certificateholders against Emaar shall be to enforce the obligation of Emaar to pay the Dissolution Amount and amounts due under the Transaction Documents.

Certificateholders, by subscribing for or acquiring Trust Certificates, acknowledge that no recourse may be had for the payment of any amount owing in respect of any Trust Certificates against the Trustee, the Issuer or the Delegate, in any circumstances whatsoever, to the extent the relevant Trust Assets have

been exhausted, following which all obligations of the Trustee, the Issuer and the Delegate shall be extinguished.

Certificateholders should note that the Trustee and the Delegate will have recourse to Emaar (pursuant to the terms of the Transaction Documents) and the ability of the Issuer to pay the amounts due in respect of the Trust Certificates will ultimately be dependent on Emaar.

A Description of Emaar is included in this Base Prospectus under "*Description of Emaar Properties PJSC*" below.

Certain Transaction Documents are described in more detail in "*Summary of the Principal Transaction Documents*" below.

Issuer, Trustee, Purchaser and Lessor:	Emaar Sukuk Limited, an exempted company incorporated in accordance with the laws of the Cayman Islands.
Obligor, Seller, Lessee, Servicing Agent and Emaar:	Emaar Properties PJSC.
Ownership of the Issuer:	The authorised share capital of the Issuer is U.S.$50,000 consisting of 50,000 shares of U.S.$1.00 each, of which 250 shares are fully paid up and issued. The Issuer' s entire issued share capital is held by MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands under the terms of a trust for charitable purposes.
Administration of the Issuer:	The affairs of the Issuer are managed by MaplesFS Limited (the **Issuer Administrator**), who will provide, amongst other things, certain administrative services for and on behalf of the Issuer pursuant to the Corporate Services Agreement dated on or about 12 January 2009 between the Issuer and the Issuer Administrator (the **Corporate Services Agreement**).
Arrangers:	HSBC Bank plc Standard Chartered Bank The Royal Bank of Scotland plc.
Dealers:	BNP Paribas DBS Bank Ltd HSBC Bank plc Merrill Lynch International Standard Chartered Bank The Royal Bank of Scotland plc and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Trust Certificates denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*"). The proceeds of any issue of Trust Certificates will not be accepted in the United Kingdom except in compliance with applicable law, including article 5 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.
Delegate:	HSBC Corporate Trustee Company (UK) Limited.
Principal Paying Agent and Calculation Agent:	HSBC Bank plc.
Registrar and Transfer Agent:	HSBC Bank plc.
Programme Size:	Up to U.S.$2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer and Emaar may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Distribution:	Trust Certificates may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer, Emaar and the relevant Dealer.
Maturities:	The Trust Certificates will have such maturities as may be agreed between the Issuer, Emaar and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer, Emaar or the relevant Specified Currency.
Issue Price:	Trust Certificates may only be issued on a fully-paid basis and at an issue price which is at par.
Form of Trust Certificates:	The Trust Certificates will be issued in registered form as described in "*Form of the Trust Certificates*".
Status:	Each Trust Certificate will evidence an undivided beneficial ownership interest of the Certificateholders in the Trust Assets of the relevant Series, will be a limited recourse obligation of the Issuer and will rank *pari passu*, without any preference or priority, with all other Trust Certificates of the relevant Series issued under the Programme.
Periodic Distributions:	Certificateholders are entitled to receive Periodic Distribution Amounts calculated on the basis specified in the applicable Final Terms.
Redemption of Trust Certificates:	Trust Certificates shall be redeemed at the Dissolution Amount specified in the applicable Final Terms.
Face Amount of Trust Certificates:	The Trust Certificates will be issued in such face amounts as may be agreed between the Issuer, Emaar and the relevant Dealer save that the minimum face amount of each Trust Certificate will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions*" above, and save that the minimum face amount of each Trust Certificate admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €100,000 (or, if the Trust Certificates are issued in a currency other than euro, the equivalent amount in such currency).
Dissolution Events:	Upon the occurrence of any Dissolution Event, the Trust Certificates may be redeemed on the Dissolution Date at 100 per cent. of their face amount and the relevant Return Accumulation Period may be adjusted accordingly. See Condition 15.
Optional Dissolution:	If so specified in the applicable Final Terms, a Series of Trust Certificates may be dissolved prior to its Maturity Date in the circumstances set out in Condition 11.2 and Condition 11.3.
Total Loss Event:	If Total Loss Event is specified in the applicable Final Terms as applying in relation to the Series, the occurrence of a Total Loss Event will result in the redemption of the Trust Certificates of that Series and the consequent dissolution of the relevant Trust. The Servicing Agent is responsible for ensuring that, in the event of a Total Loss Event occurring, all insurance proceeds in respect thereof are paid in U.S. dollars directly into the Transaction Account by no later than the 30th day after the occurrence of the Total Loss Event.

Cancellation of Trust Certificates held by Emaar and/or any of its subsidiaries:	Emaar and/or any of its subsidiaries may at any time purchase Trust Certificates at any price in the open market or otherwise. Following any purchase of Trust Certificates, Emaar or its subsidiary, as the case may be, may at its option hold or resell such Trust Certificates. Should Emaar wish to cancel any Trust Certificates so purchased, it shall deliver an Exercise Notice to Emaar Sukuk Limited (in accordance with the terms of the Sale Undertaking) whereupon Emaar Sukuk Limited shall, in accordance with the terms of the Sale Undertaking, be obliged to transfer all of Emaar Sukuk Limited's rights, benefits and entitlements in and to the Cancelled Lease Assets to Emaar in consideration for which the Trust Certificates shall be cancelled. The transfer of the Cancelled Lease Assets will take effect by Emaar and Emaar Sukuk Limited entering into a Sale Agreement (in the form scheduled to the Sale Undertaking). Following the entry into such Sale Agreement, Emaar Sukuk Limited shall cancel the relevant Trust Certificates identified for cancellation in the Exercise Notice on the Cancellation Date (which shall be a Periodic Distribution Date).
Withholding Tax:	All payments by the Lessee under the Lease Agreement shall be made without withholding or deduction for, or on account of, any taxes, levies, imposts, duties, fees, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any Relevant Jurisdiction. In the event that any such withholding or deduction is made, the Lessee will be required to pay additional amounts so that the Issuer will receive the full amounts that it would have received in the absence of such withholding or deduction. All payments in respect of Trust Certificates by the Issuer shall be made without withholding or deduction for, or on account of, any taxes, levies, imposts, duties, fees, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any Relevant Jurisdiction. In the event that any such withholding or deduction is made, the Issuer will, save in the limited circumstances provided in Condition 13, be required to pay additional amounts so that the holders of the Trust Certificates will receive the full amounts that they would have received in the absence of such withholding or deduction.
Negative Pledge and Other Covenants:	The Master Lease Agreement contains a negative pledge and certain other covenants given by the Obligor. See "*Summary of the Principal Transaction Documents*".
Cross Default:	The Master Lease Agreement contains a cross default provision in relation to the Obligor. See "*Summary of the Principal Transaction Documents*".
Issuer Covenants:	The Issuer has agreed to certain restrictive covenants as set out in Condition 6.
Ratings:	The ratings assigned to each Series of Trust Certificates to be issued under the Programme will be specified in the applicable Final Terms.
Listing and admission to trading:	Application has been made to the UK Listing Authority for Trust Certificates issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Trust Certificates to be admitted to trading on the London Stock Exchange' s regulated market.

	Trust Certificates may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer, Emaar and the relevant Dealer in relation to the Series. Trust Certificates which are neither listed nor admitted to trading on any market may also be issued. The applicable Final Terms will state whether or not the relevant Trust Certificates are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.
Governing Law and Jurisdiction:	The Trust Certificates will be governed by, and construed in accordance with, English law. The Master Trust Deed, each Supplemental Trust Deed, the Programme Agreement, each Subscription Agreement, the Agency Agreement, the Servicing Agency Agreement, the Purchase Undertaking, the Sale Undertaking, the Substitution Undertaking and the Costs Undertaking will be governed by English law. In respect of any dispute under any such Transaction Document to which it is a party, Emaar has consented to arbitration in London under the rules of arbitration of the LCIA. Any dispute may also be referred to the courts in England (who shall have jurisdiction to settle any dispute arising from such documents). The Master Purchase Agreement, each Supplemental Purchase Agreement, the Master Lease Agreement, each Supplemental Lease Agreement and each Sale Agreement will be governed by the laws of Dubai and, to the extent applicable in Dubai, the federal laws of the UAE. In respect of any dispute under any such Transaction Document, Emaar has consented to arbitration in London under the rules of arbitration of the LCIA. Any dispute may also be referred to the courts in England (who shall have jurisdiction to settle any dispute arising from such documents). The Corporate Services Agreement will be governed by the laws of the Cayman Islands. The courts of the Cayman Islands will have jurisdiction to hear all disputes relating to it.
Waiver of Immunity:	To the extent that Emaar may claim for itself or its assets or revenues immunity from jurisdiction, enforcement, prejudgment proceedings, injunctions and all other legal proceedings and relief and to the extent that such immunity (whether or not claimed) may be attributed to it or its assets or revenues, Emaar will agree in the Transaction Documents not to claim and will irrevocably and unconditionally waive such immunity in relation to any legal proceedings. Further, Emaar will irrevocably and unconditionally consent to the giving of any relief or the issue of any legal proceedings, including, without limitation, jurisdiction, enforcement, prejudgment proceedings and injunctions in connection with any legal proceedings.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Trust Certificates in the United States, the European Economic Area (including the United Kingdom), the Cayman Islands, the Dubai International Financial Centre, Hong Kong, Malaysia, Saudi Arabia, Singapore and the United Arab Emirates (excluding the Dubai International Financial Centre) and such other restrictions as may be required in connection with the offering and sale of a particular Series of Trust Certificates, see "*Subscription and Sale*".
United States Selling Restrictions:	Regulation S, Category 2.

FORM OF THE TRUST CERTIFICATES

The Trust Certificates of each Series will be in registered form. Trust Certificates will be issued outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933, as amended.

Each Series of Trust Certificates will initially be represented by a global trust certificate in registered form (a **Global Trust Certificate**). Global Trust Certificates will be deposited with a common depositary (the **Common Depositary**) for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**Clearsteam, Luxembourg**) and will be registered in the name of a nominee for the Common Depositary. Persons holding beneficial interests in Global Trust Certificates will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Trust Certificates in fully registered form.

Payments of any amount in respect of each Global Trust Certificate will, in the absence of provision to the contrary, be made to the person shown on the relevant Register (as defined in Condition 2.2) as the registered holder of the relevant Global Trust Certificate. None of the Issuer, the Trustee, the Delegate, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Global Trust Certificates or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payment of any amounts in respect of Trust Certificates in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the relevant Register on the relevant Record Date (as defined in Condition 1.1) immediately preceding the due date for payment in the manner provided in the Conditions.

Interests in a Global Trust Certificate will be exchangeable (free of charge), in whole but not in part, for definitive Trust Certificates only upon the occurrence of an Exchange Event. The Issuer will promptly give notice to Certificateholders in accordance with Condition 18 if an Exchange Event occurs. For these purposes, **Exchange Event** means that (i) a Dissolution Event (as defined in Condition 15) has occurred and is continuing or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Global Trust Certificate) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (ii) above, the Delegate may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

For so long as any of the Trust Certificates is represented by a Global Trust Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular face amount of such Trust Certificates (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the face amount of such Trust Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee, the Delegate and their respective agents as the holder of such face amount of such Trust Certificates for all purposes other than with respect to any payment on such face amount of such Trust Certificates, for which purpose the registered holder of the relevant Global Trust Certificate shall be treated by the Issuer, the Trustee, the Delegate and their respective agents as the holder of such face amount of such Trust Certificates in accordance with and subject to the terms of the relevant Global Trust Certificate and the expressions **Certificateholder** and **holder of Trust Certificates** and related expressions shall be construed accordingly.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Series of Trust Certificates issued under the Programme.

[*Date*]

Emaar Sukuk Limited

Issue of [*Aggregate Face Amount of Series*] [*Title of Trust Certificates*]
under the
U.S.$2,000,000,000
Trust Certificate Issuance Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 18 January 2011 [and the Supplement to the Base Prospectus dated [ ]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Trust Certificates described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus[, as so supplemented]. Full information on the Issuer, Emaar Properties PJSC and the offer of the Trust Certificates is only available on the basis of a combination of these Final Terms and the Base Prospectus[, as so supplemented]. The Base Prospectus [and the supplement[s] to the Base Prospectus] [is/are] available for viewing during normal business hours at the registered office of the Issuer at c/o MaplesFS Limited, PO Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands and copies may be obtained from that office.

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.*]

[*When adding any other final terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*]

[*The proceeds of any issue of Trust Certificates should not be accepted in the United Kingdom except in compliance with applicable law, including article 5 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.*]

[*Trust Certificates which have a maturity of less than one year from the date of their issue must have a minimum denomination of £100,000 or its equivalent in any other currency.*]

1.	Issuer, Trustee and Lessor:		Emaar Sukuk Limited
2.	Obligor and Lessee:		Emaar Properties PJSC (**Emaar**)
3.	Series Number:		[ ]
4.	Specified Currency:		[ ]
5.	Aggregate Face Amount of Series:		[ ]
6.	Issue Price:		100 per cent. of the Aggregate Face Amount
7.	Specified Denominations:		[ ]
	(*this means the minimum integral amount in which transfers can be made*)		(*N.B. If an issue of Trust Certificates is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive, the €100,000 minimum denomination is not required.*)
8.	(a)	Issue Date:	[ ]
	(b)	Return Accrual Commencement Date:	[Issue Date][*specify other*]

9.	Maturity Date:	[*Specify date or (for Floating Periodic Distribution Trust Certificates) Periodic Distribution Date falling in or nearest to the relevant month and year.*]
10.	Periodic Distribution Amount Basis:	[[ ] per cent. Fixed Periodic Distribution Amount] [[*specify reference rate*] +/- [ ] per cent. Floating Periodic Distribution Amount] (*further particulars specified below*)
11.	Dissolution Basis:	Dissolution at par
12.	Change of Periodic Distribution Basis:	[*Specify details of any provision for convertibility of Trust Certificates into another Periodic Distribution basis.*] [Not Applicable]
13.	Call Options:	[Not Applicable] [Optional Dissolution (Call)] [*further particulars specified below*]
14.	(a) Status:	Unsubordinated
	(b) [Date [Board] approval for issuance of Trust Certificates]	[ ] [and [ ], respectively]
15.	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO PERIODIC DISTRIBUTIONS PAYABLE

16.	Fixed Periodic Distribution Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a) Rate[(s)]:	[ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(b) Periodic Distribution Date(s):	[[ ] in each year up to and including the Maturity Date] [*specify other*]
	(c) Fixed Amount(s):	[ ] per Trust Certificate of [ ] Specified Denomination
	(d) Broken Amount(s):	[ ] per Trust Certificate of [ ] Specified Denomination (*Insert particulars of any initial or final broken Periodic Distribution Amounts which do not correspond with the Fixed Amount(s) specified under paragraph 16(c)*)
	(e) Day Count Fraction:	[30/360 or Actual/Actual (ICMA) or [specify other]]
	(f) Determination Date(s):	[ ] in each year [*Insert regular periodic distribution dates, ignoring issue date or maturity date in the case of a long or short first or last return accumulation period* *N.B. This will need to be amended in the case of regular periodic distribution dates which are not of equal duration* *N.B. Only relevant where Day Count Fraction is Actual/ Actual (ICMA)*]
	(g) Other terms relating to the method of calculating Fixed Periodic Distributions:	[Not Applicable/*give details*]
17.	Floating Periodic Distribution Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

(a)	Specified Periodic Distribution Dates:		[ ] [Not Applicable] (*Specified Period and Specified Periodic Distribution Dates are alternatives. If the Business Day Convention is the Floating Rate Convention, insert "Not Applicable"*)
(b)	Specified Period:		[ ] [Not Applicable] (*Specified Period and Specified Periodic Distribution Dates are alternatives. A Specified Period, rather than Specified Periodic Distribution Dates, will only be relevant if the Business Day Convention is the Floating Rate Convention. Otherwise, insert "Not Applicable"*)
(c)	Business Day Convention:		[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ [*specify other*]]
(d)	Additional Business Centre(s):		[Not Applicable/*give details*]
(e)	Manner in which the Rate(s) is/are to be determined:		[Screen Rate Determination (Condition 8.3 applies)/ *specify other*]
(f)	Screen Rate Determination:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Reference Rate:	[ ] (*Either LIBOR, EURIBOR or other. If other, provide the additional information required, including reference to fallback provisions (see Condition 8.3(d))*)
	(ii)	Periodic Distribution Determination Date:	[ ] (*Second London business day prior to the start of each Return Accumulation Period if LIBOR (other than Sterling or euro LIBOR), first day of each Return Accumulation Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Return Accumulation Period if EURIBOR or euro LIBOR*)
	(iii)	Relevant Screen Page:	[ ] (*In the case of EURIBOR, if not Reuters EURIBOR01 or, in the case of LIBOR, if not Reuters LIBOR01, ensure it is a page which shows a composite rate. If it is not a page which shows a composite rate, consider whether additional information is required including with reference to fallback provisions (see Condition 8.3(d))*)
	(iv)	Relevant Time:	[*For example, 11.00 a.m. London time*]
(g)	Margin:		[[+/-]]
(h)	Day Count Fraction:		[Actual/Actual (ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360

	30E/360 (ISDA) Other] (*See Condition 8 for alternatives*)
(i) Calculation Agent:	[Principal Paying Agent] [*specify other*]
(j) Other terms relating to the method of calculating Floating Periodic Distributions:	[Not Applicable] [*give details*]

PROVISIONS RELATING TO DISSOLUTION

18. Optional Dissolution (Call):	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a) Optional Dissolution Amount:	[Final Dissolution Amount] [[ ] per Trust Certificate of [ ] Specified Denomination] [*specify other*]
(b) Optional Dissolution Date:	[Any Periodic Distribution Date] [*specify other*]
(c) Notice period (if other than as set out in the Conditions):	[ ]
19. Final Dissolution Amount:	[ ] per Trust Certificate [ ] of Specified Denomination] [*specify other*]
20. Early Dissolution Amount (Tax):	[Final Dissolution Amount] [[ ] per Trust Certificate of [ ] Specified Denomination] [*specify other*]
21. Dissolution Amount pursuant to Condition 14:	[ ] per Trust Certificate of [ ] Specified Denomination] [*specify other*]

GENERAL PROVISIONS APPLICABLE TO THE TRUST CERTIFICATES

22. Form of Trust Certificates:	Global Trust Certificate exchangeable for Trust Certificates in definitive registered form in the limited circumstances specified in the Global Trust Certificate
23. Additional Financial Centre(s):	[ ] (*Note that this paragraph relates to the place of payment and not Return Accumulation Period end dates, to which sub-paragraph 17(d) relates*)

PROVISIONS IN RESPECT OF THE TRUST ASSETS

24. Lease Assets on the Issue Date:	As scheduled to the Supplemental Purchase Agreement specified below, a copy of which schedule is set out in the Annex hereto
25. Trust Assets:	[Condition 5.1 applies] [*specify other*]
26. Details of Transaction Account:	Emaar Sukuk Limited Transaction Account No: [ ] with [ ] for Series No.: [1/2/3 etc]
27. Other Transaction Document Information:	[ ]
(a) Supplemental Trust Deed:	Supplemental Trust Deed dated [ ] between the Issuer, the Trustee, Emaar and the Delegate
(b) Supplemental Purchase Agreement:	Supplemental Purchase Agreement dated [ ] between the Trustee, the Purchaser and the Seller
(c) Supplemental Lease Agreement	Supplemental Lease Agreement dated [ ] between the Trustee, the Lessor, the Lessee and the Delegate

28. Total Loss Event	Condition [11.4] [does/does not] apply
29. Financial Covenants:	
(a) Consolidated Tangible Assets:	[not less than U.S.$6,000,000,000, as set out in the Master Lease Agreement] / [not less than U.S.$●, as set out in the Supplemental Lease Agreement dated ●] / [*specify other*] / [Not Applicable]
(b) Ratio of Consolidated Total Net Indebtedness to Total Equity:	[not to exceed 0.6:1, as set out in the Master Lease Agreement] / [not to exceed ●:1, as set out in the Supplemental Lease Agreement dated ●] / [*specify other*] / [Not Applicable]
(c) Ratio of Consolidated Total Net Indebtedness to Consolidated EBITDA:	[not to exceed 3.5:1, as set out in the Master Lease Agreement] / [not to exceed ●:1, as set out in the Supplemental Lease Agreement dated ●] / [*specify other*] / [Not Applicable]
(d) Ratio of Consolidated EBITDA to Consolidated Net Finance Charges Payable:	[not less than 2.5:1, as set out in the Master Lease Agreement] / [not less than ●:1, as set out in the Supplemental Lease Agreement dated ●] / [*specify other*] / [Not Applicable]
30. Other final terms:	[Not Applicable/*give details*] (*When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive*)

DISTRIBUTION

31. (a) If syndicated, names of Managers:	[Not Applicable/*give names*]
(b) Date of Subscription Agreement:	[ ]
32. If non-syndicated, name of relevant Dealer:	[ ]
33. Additional selling restrictions:	[Not Applicable/*give details*]

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required for the issue and admission to trading on [*specify relevant regulated market (for example, the London Stock Exchange's regulated market) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)*] of the Trust Certificates described herein pursuant to the U.S.$2,000,000,000 Trust Certificate Issuance Programme of Emaar Sukuk Limited]

RESPONSIBILITY

Each of the Issuer and Emaar accepts responsibility for the information contained in these Final Terms. To the best of the knowledge and belief of each of the Issuer and Emaar (having taken all reasonable care to ensure that such is the case) the information contained in these Final Terms is in accordance with the facts and does not omit anything likely to affect the import of such information. [[ ] has been extracted from [ ]. Each of the Issuer and Emaar confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Emaar Sukuk Limited (the Issuer):	Signed on behalf of Emaar Properties PJSC:
By:..	By: ....
Duly authorised	*Duly authorised*

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i) Listing and admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Trust Certificates to be admitted to trading on [*specify relevant regulated market (for example, the London Stock Exchange's regulated market) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)*] with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Trust Certificates to be admitted to trading on [*specify relevant regulated market (for example, the London Stock Exchange's regulated market) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)*] with effect from [ ].] [Not Applicable.]
(ii) Estimate of total expenses related to admission to trading:	[ ]

2. RATINGS

Ratings:	The Trust Certificates to be issued have been rated: [S & P: [ ]] [Moody's: [ ]] [[*Other*]: [ ]] [[*Name of credit rating agency*] [is/is not] established in the European Union and [has applied to be/is/is not] registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies[, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority].] (*The above disclosure should reflect the rating allocated to Trust Certificates of the type being issued under the Programme generally or, where the issue has been specially rated, that rating*)

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as each of the Issuer and Emaar is aware, no person involved in the issue of the Trust Certificates has an interest material to the offer – *Amend as appropriate if there are other interests.*]

[*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)*]

4. YIELD *(Fixed Periodic Distribution Trust Certificates only)*

Indication of yield:	[ ] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

5. OPERATIONAL INFORMATION

(i)	ISIN Code:	[ ] [ ]
(ii)	Common Code:	[ ]
(iii)	Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
(iv)	Delivery:	Delivery [against/free of] payment
(v)	Names and addresses of additional Paying Agent(s) (if any):	[ ]

TERMS AND CONDITIONS OF THE TRUST CERTIFICATES

The following is the text of the Terms and Conditions of the Trust Certificates, which will be endorsed on each Trust Certificate in definitive registered form issued under the Programme and will apply to each Global Trust Certificate. The applicable Final Terms in relation to any series of Trust Certificates may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Trust Certificates.

Emaar Sukuk Limited (in its capacity as issuer, the **Issuer** and, in its capacity as trustee, the **Trustee**) has established a programme (the **Programme**) for the issuance of up to U.S.$2,000,000,000 in aggregate face amount of Trust Certificates.

Trust Certificates issued under the Programme are issued in series (each a **Series**). The final terms for this Trust Certificate (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Trust Certificate which supplement these Terms and Conditions (the **Conditions**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Trust Certificate. References to the **applicable Final Terms** are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Trust Certificate.

Each of the Trust Certificates will represent an undivided beneficial ownership interest in the Trust Assets which are held by the Trustee on trust (the **Trust**) for, *inter alia*, the benefit of the holders of the Trust Certificates pursuant to (i) an amended and restated Master Trust Deed (the **Master Trust Deed**) dated 18 January 2011 and made between the Issuer, the Trustee, Emaar Properties PJSC (**Emaar**) and HSBC Corporate Trustee Company (UK) Limited (the **Delegate**) and (ii) a supplemental trust deed (the **Supplemental Trust Deed** and, together with the Master Trust Deed, the **Trust Deed**) having the details set out in the applicable Final Terms.

In these Conditions, references to **Trust Certificates** shall be references to the Trust Certificates which are the subject of the applicable Final Terms.

Payments relating to the Trust Certificates will be made pursuant to an amended and restated agency agreement dated on or about 18 January 2011 (the **Agency Agreement**) made between the Issuer, the Trustee, the Delegate, Emaar and HSBC Bank plc in its capacity as principal paying agent (in such capacity, the **Principal Paying Agent**, which expression shall include any successor), calculation agent (in such capacity, the **Calculation Agent**, which expression shall include any successor), transfer agent (in such capacity, the **Transfer Agent**, which expression shall include any successor) and registrar (in such capacity, the **Registrar**, which expression shall include any successor). The Principal Paying Agent, the Calculation Agent, the Transfer Agent and the Registrar are together referred to in these Conditions as the **Agents**.

The holders of the Trust Certificates (the **Certificateholders**) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the documents set out below, copies of which are available for inspection and obtainable free of charge during normal business hours at the specified office for the time being of the Principal Paying Agent:

(a) an amended and restated master purchase agreement between the Trustee, Emaar Sukuk Limited (in its capacity as purchaser) and Emaar Properties PJSC (in its capacity as seller) dated on or about 18 January 2011 (the **Master Purchase Agreement**);

(b) the supplemental purchase agreement (the **Supplemental Purchase Agreement** and, together with the Master Purchase Agreement, the **Purchase Agreement**) having the details set out in the applicable Final Terms;

(c) an amended and restated master lease agreement between the Trustee, Emaar Sukuk Limited (in such capacity, the **Lessor**), Emaar Properties PJSC (in such capacity, the **Lessee**) and the Delegate dated on or about 18 January 2011 (the **Master Lease Agreement**);

(d) the supplemental lease agreement (the **Supplemental Lease Agreement** and, together with the Master Lease Agreement, the **Lease Agreement**) having the details set out in the applicable Final Terms (including any new Supplemental Lease Agreement entered into pursuant to the Substitution Undertaking on any substitution of Lease Assets);

(e) an amended and restated purchase undertaking entered into by Emaar (in such capacity, the **Obligor**) as a deed dated on or about 18 January 2011 (the **Purchase Undertaking**), containing the form of sale agreement (the **Sale Agreement**) to be executed by Emaar, the Issuer and the Trustee on the Maturity Date or, as the case may be, the relevant Dissolution Date;

(f) an amended and restated sale undertaking entered into by Emaar Sukuk Limited as a deed dated on or about 18 January 2011 (the **Sale Undertaking**) containing the form of sale agreement (the **Sale Agreement**) to be executed by Emaar, the Issuer and the Trustee on the relevant Dissolution Date;

(g) an amended and restated substitution undertaking entered into by the Trustee as a deed dated on or about 18 January 2011 (the **Substitution Undertaking**) containing the form of sale agreement (the **Sale Agreement**) to be executed by the Trustee and Emaar on the exercise by Emaar of its right under the Substitution Undertaking to require the Trustee to sell any or all of the Lease Assets to it in consideration for New Assets of a value which is equal to or greater than the value of the Substituted Assets (each such expression having the meaning given to it in the Substitution Undertaking);

(h) an amended and restated servicing agency agreement between the Lessor and Emaar Properties PJSC (in its capacity as servicing agent) dated on or about 18 January 2011 (the **Servicing Agency Agreement**);

(i) the Trust Deed;

(j) the Agency Agreement;

(k) an amended and restated programme agreement between the Issuer, the Trustee, Emaar and the Dealers dated on or about 18 January 2011 (the **Programme Agreement**);

(l) an amended and restated costs undertaking entered into by Emaar as a deed dated on or about 18 January 2011 (the **Costs Undertaking**); and

(m) the applicable Final Terms.

The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Each initial Certificateholder, by its acquisition and holding of its interest in a Trust Certificate, shall be deemed to authorise and direct the Issuer (acting as trustee on behalf of the Certificateholders) to enter into each Transaction Document to which it is a party, subject to the terms and conditions of the Trust Deed and these Conditions and to apply the sums paid by it in respect of its Trust Certificates to the Seller to purchase the Lease Assets.

1. INTERPRETATION

1.1 Definitions

Words and expressions defined in the Trust Deed and the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between any such document and the applicable Final Terms, the applicable Final Terms will prevail. In addition, in these Conditions the following expressions have the following meanings:

Calculation Agent means the Principal Paying Agent or such other Person specified in the applicable Final Terms as the party responsible for calculating the Periodic Distribution Amount and/or such other amount(s) as may be specified in the applicable Final Terms in accordance with Condition 8;

Cancellation Date means the date on which Trust Certificates are to be cancelled as specified in the Exercise Notice and which shall be a Periodic Distribution Date;

Cancelled Lease Assets means the assets to be sold by Emaar Sukuk Limited to Emaar in accordance with the Sale Undertaking following the delivery of, and as specified in, an applicable Exercise Notice;

Dissolution Amount means, as appropriate, the Final Dissolution Amount, the Early Dissolution Amount (Tax), the Optional Dissolution Amount (Call), the Dissolution Amount for the purposes of Condition 15 or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the applicable Final Terms (including any amount payable following a Total Loss Event (if so specified in the applicable Final Terms));

Dissolution Date means, as the case may be, (a) following the occurrence of a Dissolution Event (as defined in Condition 15), the date on which the Trust Certificates are dissolved in accordance with the provisions of Condition 15, (b) the date on which the Trust Certificates are dissolved in accordance with the provisions of Condition 11.2, or (c) the Optional Dissolution Date (Call);

Exercise Notice means a notice substantially in the form set out in Schedule 1 of the Sale Undertaking;

Extraordinary Resolution has the meaning given in Schedule 4 to the Master Trust Deed;

Payment Business Day means:

(a) a day on which banks in the relevant place of surrender of the definitive Trust Certificate are open for presentation and payment of registered securities and for dealings in foreign currencies; and

(b) in the case of payment by transfer to an account:

  (i) if the currency of payment is euro, a TARGET2 Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

  (ii) if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) Additional Financial Centre;

Periodic Distribution Amount means, in relation to a Trust Certificate and a Return Accumulation Period, the amount of profit distribution payable in respect of that Trust Certificate for that Return Accumulation Period which amount may be a Fixed Amount, a Broken Amount or an amount otherwise calculated in accordance with Condition 7 or Condition 8;

Person means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

Potential Dissolution Event means an event which, with the giving of notice, lapse of time, determination of materiality or fulfilment of any other applicable condition (or any combination of the foregoing), would constitute a Dissolution Event;

Rate means the rate or rates (expressed as a percentage per annum) specified in the applicable Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the applicable Final Terms;

Rating Agencies means the rating agencies, each of which has assigned a credit rating to the Trust Certificates, and their successors, and each a **Rating Agency**;

Record Date means, (a) in the case of the payment of a Periodic Distribution Amount, (i) in respect of a Global Trust Certificate, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant Periodic Distribution Date, and (ii) in respect of Trust Certificates in definitive form, the date falling on the fifteenth day before the relevant Periodic Distribution Date, and (b) in the case of the payment of a Dissolution Amount, the date falling two Payment Business Days before the Maturity Date or Dissolution Date, as the case may be, or other due date for payment of the relevant Periodic Distribution Amount;

Reference Banks means the principal London office of each of four major banks engaged in the London or Eurozone inter-bank market selected by or on behalf of the Issuer, provided that once a Reference Bank has first been selected by or on behalf of the Issuer, such Reference Bank shall not be changed unless it ceases to be capable of acting as such;

Relevant Date means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the principal financial centre of the currency of payment by the Principal Paying Agent on or prior to such due date, the date on which the full amount has been so received;

Relevant Jurisdiction means the Cayman Islands and the United Arab Emirates or, in either case, any political subdivision or authority thereof or therein having the power to tax;

Relevant Screen Page means the page, section or other part of a particular information service (including, without limitation, the Reuter Money 3000 Service) specified as the Relevant Screen Page in the applicable Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

Return Accumulation Period means the period from (and including) a Periodic Distribution Date (or the Return Accumulation Commencement Date) to (but excluding) the next (or first) Periodic Distribution Date;

Stock Exchange means, in relation to the Trust Certificates, the stock exchange or exchanges (if any) on which the Trust Certificates are for the time being quoted or listed;

Subsidiary means any company which is for the time being a subsidiary (within the meaning of Section 736 of the Companies Act 1985 of Great Britain) or a subsidiary undertaking (within the meaning of Section 258 and Schedule 10A of the Companies Act 1985 of Great Britain);

TARGET2 Settlement Day means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open;

Taxes means any taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature imposed or levied by or on behalf of any Relevant Jurisdiction, and all interest, penalties or similar liabilities with respect thereto;

Transaction Account means the account in the Issuer's name, details of which are specified in the applicable Final Terms;

Transaction Documents means the Purchase Agreement, the Lease Agreement, the Purchase Undertaking, the Sale Undertaking, Servicing Agency Agreement, the Substitution Undertaking, the Trust Deed, the Costs Undertaking, the Agency Agreement, the Programme Agreement, any Subscription Agreement (as defined in the Programme Agreement) and any Sale Agreement;

Treaty means the Treaty on the Functioning of the European Union, as amended; and

Trust Assets means the assets, rights and/or cash described in Condition 5.1.

1.2 Interpretation

In these Conditions:

(a) any reference to face amount shall be deemed to include the Dissolution Amount, any additional amounts (other than relating to Periodic Distribution Amounts) which may be payable under Condition 13, and any other amount in the nature of face amounts payable pursuant to these Conditions;

(b) any reference to Periodic Distribution Amounts shall be deemed to include any additional amounts in respect of profit distributions which may be payable under Condition 11 and any other amount in the nature of a profit distribution payable pursuant to these Conditions;

(c) references to Trust Certificates being "outstanding" shall be construed in accordance with the Master Trust Deed; and

(d) any reference to a Transaction Document shall be construed as a reference to that Transaction Document as amended and/or supplemented up to and including the Issue Date.

2. FORM, DENOMINATION AND TITLE

2.1 Form and Denomination

The Trust Certificates are issued in registered form in the Specified Denominations and, in the case of Trust Certificates in definitive form, are serially numbered.

For so long as any of the Trust Certificates is represented by a Global Trust Certificate held on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular face amount of such Trust Certificates (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the face amount of such Trust Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error or proven error) shall be treated by the Issuer, the Trustee, the Delegate, Emaar and the Agents as the holder of such face amount of such Trust Certificates for all purposes other than with respect to payment in respect of such Trust Certificates, for which purpose the registered holder of the Global Trust Certificate shall be treated by the Issuer, the Trustee, the Delegate, Emaar and any Agent as the holder of such face amount of such Trust Certificates in accordance with and subject to the terms of the relevant Global Trust Certificate and the expressions **Certificateholder** and **holder** in relation to any Trust Certificates and related expressions shall be construed accordingly.

Trust Certificates which are represented by a Global Trust Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

2.2 Register

The Registrar will maintain a register (the **Register**) of Certificateholders in respect of the Trust Certificates in accordance with the provisions of the Agency Agreement. In the case of Trust Certificates in definitive form, a definitive Trust Certificate will be issued to each Certificateholder in respect of its registered holding of Trust Certificates.

2.3 Title

The Issuer, the Trustee, the Delegate, Emaar and the Agents may (to the fullest extent permitted by applicable laws) deem and treat the person in whose name any outstanding Trust Certificate is for the time being registered (as set out in the Register) as the holder of such Trust Certificate or of a particular face amount of the Trust Certificates for all purposes (whether or not such Trust Certificate or face amount shall be overdue and notwithstanding any notice of ownership thereof or of trust or other interest with regard thereto, and any notice of loss or theft or any writing thereon), and the Issuer, the Trustee, the Delegate, Emaar and the Agents shall not be affected by any notice to the contrary.

All payments made to such registered holder shall be valid and, to the extent of the sums so paid, effective to satisfy and discharge the liability for monies payable in respect of such Trust Certificate or face amount.

3. TRANSFERS OF DEFINITIVE TRUST CERTIFICATES

3.1 Transfers

Subject to Conditions 3.4 and 3.5, a definitive Trust Certificate may be transferred in whole or in an amount equal to the Specified Denomination or any integral multiple thereof by depositing the definitive Trust Certificate, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar.

3.2 Delivery of new definitive Trust Certificates

Each new definitive Trust Certificate to be issued upon transfer of definitive Trust Certificates will, within five business days of receipt by the Registrar of the duly completed form of transfer endorsed on the relevant definitive Trust Certificate, be mailed by uninsured mail at the risk of the holder entitled to the definitive Trust Certificate to the address specified in the form of transfer. For the purposes of this Condition, **business day** shall mean a day on which banks are open for business in the city in which the specified office of the Registrar is located.

Where some but not all of the Trust Certificates in respect of which a definitive Trust Certificate is issued are to be transferred, a new definitive Trust Certificate in respect of the Trust Certificates not so transferred will, within five business days of receipt by the Registrar of the original definitive Trust Certificate, be mailed by uninsured mail at the risk of the holder of the Trust Certificates not so transferred to the address of such holder appearing on the Register or as specified in the form of transfer.

3.3 Formalities free of charge

Registration of transfer of definitive Trust Certificates will be effected without charge by or on behalf of the Issuer and the Registrar but upon payment (or the giving of such indemnity as the Issuer and the Registrar may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

3.4 Closed periods

No Certificateholder may require the transfer of a definitive Trust Certificate to be registered during the period of 15 days ending on a Periodic Distribution Date, the Maturity Date, a Dissolution Date or any other date on which any payment of the face amount or payment of any profit in respect of a Trust Certificate falls due.

3.5 Regulations

All transfers of definitive Trust Certificates and entries on the Register will be made subject to the detailed regulations concerning the transfer of Trust Certificates scheduled to the Master Trust Deed. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Certificateholder who requests one.

4. STATUS AND LIMITED RECOURSE

4.1 Status

Each Trust Certificate evidences an undivided beneficial ownership interest in the Trust Assets subject to the terms of the Trust Deed and these Conditions and is a limited recourse obligation of the Issuer. Each Trust Certificate ranks *pari passu*, without any preference or priority, with all other Trust Certificates.

4.2 Limited Recourse

Proceeds of the Trust Assets are the sole source of payments on the Trust Certificates. The Trust Certificates do not represent an interest in any of the Issuer, the Trustee, the Delegate, Emaar, any of the Agents or any of their respective affiliates. Accordingly, Certificateholders will have no recourse to any assets of the Obligor or the Lessee (to the extent that each of the Obligor and the Lessee fulfils all of its obligations under the relevant Transaction Documents to which it is a party), the Issuer (other than the Trust Assets), the Trustee (including, in particular other assets comprised in other trusts, if any), the Delegate, the Agents or any of their respective affiliates in respect of any shortfall in the expected amounts from the Trust Assets.

Each of the Obligor and the Lessee is obliged to make payments under the relevant Transaction Documents to which it is a party directly to the Issuer and the Delegate, for and on behalf of the Certificateholders, and the Issuer and the Delegate will have direct recourse against the Obligor and the Lessee to recover payments due to the Issuer from the Obligor and the Lessee pursuant to such Transaction Documents.

The net proceeds of the realisation of, or enforcement with respect to, the Trust Assets may not be sufficient to make all payments due in respect of the Trust Certificates. If, following distribution of such proceeds, there remains a shortfall in payments due under the Trust Certificates, subject to Condition 16, no Certificateholder will have any claim against the Delegate, the Agents, the Obligor or the Lessee (to the extent that each fulfils all of its obligations under the relevant Transaction Documents to which it is a party) or the Issuer or the Trustee or any of their affiliates or other assets in respect of such shortfall and any unsatisfied claims of the Certificateholders shall be extinguished. In particular, no Certificateholder will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding up or receivership of the Obligor or the Lessee (to the extent that each fulfils all of its obligations under the relevant Transaction Documents to which it is a party), or the Issuer or the Trustee or any of their affiliates as a consequence of such shortfall or otherwise.

4.3 Agreement of Certificateholders

By purchasing the Trust Certificates, each Certificateholder agrees that notwithstanding anything to the contrary contained herein or in any other Transaction Document:

(a) no payment of any amount whatsoever shall be made by any of the Issuer or the Trustee or any of their respective agents on their behalf except to the extent funds are available therefor from the Trust Assets and further agrees that no recourse shall be had for the payment of any amount owing hereunder or under any other Transaction Document, whether for the payment of any fee or other amount hereunder or any other obligation or claim arising out of or based upon any Transaction Document, against any of the Issuer or the Trustee to the extent the Trust Assets have been exhausted (including actions to procure payment by the Obligor under the Transaction Documents) following which all obligations of the Issuer and the Trustee shall be extinguished;

(b) prior to the date which is one year and one day after the date on which all amounts owing by the Issuer under the Transaction Documents have been paid in full, it will not institute against, or join with any other person in instituting against, the Issuer or the Trustee any bankruptcy, reorganisation, arrangement or liquidation proceedings or other proceedings under any bankruptcy or similar law; and

(c) no recourse (whether by institution or enforcement of any legal proceedings or assessment or otherwise) in respect of any breaches of any duty, obligation or undertaking of the Issuer or the Trustee arising under or in connection with these Conditions by virtue of any law, statute or otherwise shall be had against any shareholder, officer or director of the Issuer or the Trustee, in their capacity as such and any and all personal liability of every such shareholder, officer or director in their capacity as such for any breaches by the Issuer or the Trustee of any such duty, obligation or undertaking is hereby expressly waived and excluded to the extent permitted by law.

5. THE TRUST

5.1 Trust Assets

Unless otherwise specified in the applicable Final Terms, the Trust Assets will comprise:

(a) the rights, title, interest and benefit, present and future, of Emaar Sukuk Limited in, to and under the assets the subject of the Supplemental Lease Agreement (as varied from time to time as a result of the exercise of rights granted under the Substitution Undertaking and which, as of any Cancellation Date, shall exclude the Cancelled Lease Assets (as defined in the Sale Undertaking)) (the **Lease Assets**);

(b) the rights, title, interest and benefit, present and future, of Emaar Sukuk Limited in, to and under the Transaction Documents (other than in relation to any representations given to Emaar Sukuk Limited by Emaar pursuant to any of the Transaction Documents);

(c) all monies standing to the credit of the Transaction Account from time to time; and

(d) any other assets, rights, cash or investments as may be specified in the applicable Final Terms,

and all proceeds of the foregoing.

5.2 Application of Proceeds from the Trust Assets

Pursuant to the Trust Deed, the Trustee holds the Trust Assets for and on behalf of the Certificateholders. On each Periodic Distribution Date, or on any Dissolution Date, the Principal Paying Agent, notwithstanding any instructions to the contrary from the Trustee, will apply the monies standing to the credit of the Transaction Account in the following order of priority:

(a) *first*, (to the extent not previously paid) to the Delegate in respect of all amounts owing to it under the Transaction Documents;

(b) *second*, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due and unpaid;

(c) *third*, only if such payment is made on the Maturity Date or any Dissolution Date, to the Principal Paying Agent in or towards payment *pari passu* and rateably of the Dissolution Amount;

(d) *fourth*, only if such payment is made on the Maturity Date or any Dissolution Date, to the Servicing Agent in or towards payment of all outstanding Servicing Agency Expenses; and

(e) *fifth*, only if such payment is made on the Maturity Date or any Dissolution Date, to the Issuer.

6. COVENANTS

The Issuer covenants that for so long as any Trust Certificate is outstanding, it will not (without the prior written consent of the Delegate):

(a) incur any indebtedness in respect of borrowed money whatsoever, or give any guarantee in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares);

(b) secure any of its present or future indebtedness for borrowed money by any lien, pledge, charge or other security interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law);

(c) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise or permit such to occur or suffer such to exist), any part of its interest in any of the Trust Assets except pursuant to any Transaction Documents;

(d) use the proceeds of the issue of the Trust Certificates for any purpose other than payment of the purchase price of the Lease Assets identified in the applicable Final Terms;

(e) amend or agree to any amendment of any Transaction Document to which it is a party, or its memorandum and articles of association, in a manner which is prejudicial to the rights of holders of outstanding Trust Certificates (it being accepted that an increase in the aggregate face amount of the Programme will not be prejudicial to such rights) without (i) the prior approval of the Delegate or the Certificateholders by way of Extraordinary Resolution and (ii) first notifying the Rating Agencies of the proposed amendments and subsequently providing the Rating Agencies with copies of the relevant executed amended Transaction Documents;

(f) act as trustee in respect of any trust other than the Trust corresponding to a Series of Trust Certificates issued from time to time pursuant to the Programme;

(g) have any subsidiaries or employees;

(h) redeem any of its shares or pay any dividend or make any other distribution to its shareholders;

(i) put to its directors or shareholders any resolution for or appoint any liquidator for its winding up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; and

(j) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party or any permitted amendment or supplement thereto or as expressly permitted or required thereunder or engage in any business or activity other than:

    (i) as provided for or permitted in the Transaction Documents;

    (ii) the ownership, management and disposal of Trust Assets as provided in the Transaction Documents; and

    (iii) such other matters which are incidental thereto.

7. FIXED PERIODIC DISTRIBUTION PROVISIONS

7.1 Application

This Condition 7 is applicable to the Trust Certificates only if the Fixed Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable.

7.2 Periodic Distribution Amount

A Periodic Distribution Amount for the Trust Certificates will be payable in respect of the Trust Certificates and will be distributable by the Issuer to the Certificateholders in accordance with these Conditions.

7.3 Determination of Periodic Distribution Amount

Except as provided in the applicable Final Terms, the Periodic Distribution Amount payable in respect of each Trust Certificate in definitive form for any Return Accumulation Period shall be the Fixed Amount. Payments of Periodic Distribution Amount in respect of Trust Certificates in definitive form on any Periodic Distribution Date may, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

Except in the case of Trust Certificates in definitive form where a Fixed Amount or Broken Amount is specified in the applicable Final Terms, the Periodic Distribution Amount shall be calculated by applying the Rate to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Day Count Fraction means, in respect of the calculation of Periodic Distribution Amount in accordance with this Condition 7.3:

(a) if ''Actual/Actual (ICMA)'' is specified in the applicable Final Terms:

(i) in the case of Trust Certificates where the number of days in the relevant period from (and including) the most recent Periodic Distribution Date (or, if none, the Return Accumulation Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(ii) in the case of Trust Certificates where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(b) if ''30/360'' is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Periodic Distribution Date (or, if none, the Return Accumulation Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30 day months) divided by 360.

In the Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Return Accrual Commencement Date or the final Periodic Distribution Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

7.4 Payment in Arrear

Subject to Condition 7.5, Condition 11.2, Condition 11.3 and Condition 15 below, and unless otherwise specified in the applicable Final Terms, each Periodic Distribution Amount will be paid in respect of the relevant Trust Certificates in arrear on each Periodic Distribution Date.

7.5 Cessation of Profit Entitlement

No further amounts will be payable on any Trust Certificate from and including the Maturity Date or, as the case may be, the Dissolution Date, unless default is made in the payment of the Dissolution Amount in which case Periodic Distribution Amounts will continue to accrue in respect of the Trust Certificates in the manner provided in this Condition.

8. FLOATING PERIODIC DISTRIBUTION PROVISIONS

8.1 Application

This Condition 8 is applicable to the Trust Certificates only if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable.

8.2 Periodic Distribution Amount

A Periodic Distribution Amount for the Trust Certificates will be payable in respect of the Trust Certificates and will be distributable by the Issuer to the Certificateholders in accordance with these Conditions. Such Periodic Distribution Amounts will be payable in arrear on either:

(a) the Specified Periodic Distribution Date(s) in each year specified in the applicable Final Terms; or

(b) if no Specified Periodic Distribution Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Periodic Distribution Date, a **Periodic Distribution Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Periodic Distribution Date or, in the case of the first Periodic Distribution Date, after the Return Accumulation Commencement Date.

Such Periodic Distribution Amounts will be payable in respect of each Return Accumulation Period.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which a Periodic Distribution Date should occur or (y) if any Periodic Distribution Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(A) in any case where Specified Periods are specified in accordance with Condition 8.2(b) above, the Floating Rate Convention, such Periodic Distribution Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Periodic Distribution Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Periodic Distribution Date occurred; or

(B) the Following Business Day Convention, such Periodic Distribution Date shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Periodic Distribution Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means a day which is both:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and

(b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre) or (ii) in relation to any sum payable in euro, a TARGET2 Settlement Day.

8.3 Screen Rate Determination

(a) If Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate(s) is/are to be determined, the Rate applicable to the Trust Certificates for each Return Accumulation Period will, subject as provided below, be either:

  (i) the offered quotation; or

  (ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

  (expressed as a percentage rate per annum), for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at the Relevant Time on the Periodic Distribution Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one highest quotation, one only of those quotations) and the lowest (or, if there is more than one lowest quotation, one only of those quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of the offered quotations.

(b) If the Relevant Screen Page is not available or if, in the case of Condition 8.3(a)(i), no offered quotation appears or, in the case of Condition 8.3(a)(ii), fewer than three offered quotations appear, in each case as at the Relevant Time, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Relevant Time on the Periodic Distribution Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Rate for such Return Accumulation Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

(c) If on any Periodic Distribution Determination Date one only or none of the Reference Banks provides the Calculation Agent with an offered quotation as provided in the preceding paragraph, the Rate for such Return Accumulation Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Relevant Time on the relevant Periodic Distribution Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Relevant Time on the relevant Periodic Distribution Determination Date, any one or more banks (which bank or banks is or are in the opinion of Emaar suitable for the purpose) informs the Calculation Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate for such Return Accumulation Period cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate for such Return Accumulation Period shall be determined as at the last preceding Periodic Distribution Determination Date (though substituting, where a different Margin is to be applied to the relevant Return Accumulation Period from that which applied to the last preceding Return Accumulation Period, the Margin relating to the relevant Return Accumulation Period in place of the Margin relating to that last preceding Return Accumulation Period).

(d) If the Reference Rate from time to time is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate in respect of the relevant Trust Certificates will be determined as provided in the applicable Final Terms.

8.4 Cessation of Profit Entitlement

No further amounts will be payable on any Trust Certificate from and including the Maturity Date or, as the case may be, the Dissolution Date, unless default is made in the payment of the Dissolution Amount in which case Periodic Distribution Amounts will continue to accrue in respect of the Trust Certificates in the manner provided in this Condition.

8.5 Calculation of Periodic Distribution Amount

The Calculation Agent will, as soon as practicable after the time at which the Rate is to be determined in relation to each Return Accumulation Period, calculate the Periodic Distribution Amount payable in respect of each Trust Certificate for such Return Accumulation Period. The Periodic Distribution Amount will be calculated by applying the Rate applicable to the relevant Return Accumulation Period to the face amount (in the case of a Trust Certificate in global form) or Specified Denomination (in the case of a Trust Certificate in definitive form) of such Trust Certificate during such Return Accumulation Period, multiplying the product by the relevant Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards).

Day Count Fraction means, in respect of the calculation of a Periodic Distribution Amount in accordance with this Condition 8:

(a) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 365 (or, if any portion of that Return Accumulation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Return Accumulation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Return Accumulation Period falling in a non-leap year divided by 365);

(b) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 365;

(c) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 365 or, in the case of a Periodic Distribution Date falling in a leap year, 366;

(d) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 360;

(e) if "30/360" "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Return Accumulation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Return Accumulation Period, unless such number is 31, in which case D1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(f) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Return Accumulation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

"$M_2$2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Return Accumulation Period, unless such number would be 31, in which case D1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless such number would be 31, in which case D2 will be 30;

(i) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Return Accumulation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Return Accumulation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

8.6 Calculation of Other Amounts

If the applicable Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the applicable Final Terms.

8.7 Publication

The Calculation Agent will cause each Rate and Periodic Distribution Amount determined by it, together with the relevant Periodic Distribution Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each listing authority, stock exchange and/or quotation system (if any) by which the Trust Certificates have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate, Periodic Distribution Amount and Periodic Distribution Date) in any event not later than the first day of the relevant Return Accumulation Period. Notice thereof shall also promptly be given to the Certificateholders. The Calculation Agent will be entitled to recalculate any Periodic Distribution Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Return Accumulation Period.

8.8 Notifications, etc. to be final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 8 by the Calculation Agent will (in the absence of wilful default, bad faith or manifest or proven error) be binding on the Issuer, the Trustee, the Delegate, the Principal Paying Agent and all Certificateholders (in the absence as referred to above). No liability to the Issuer, the Trustee, the Delegate, Emaar, the Principal Paying Agent or the Certificateholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition 8.

9. PAYMENT

Payment of Dissolution Amounts and Periodic Distribution Amounts will be made by transfer to the registered account (as defined below) of a Certificateholder or by cheque drawn on a bank that processes payments in the Specified Currency mailed to the registered address of a Certificateholder if it does not have a registered account. Payments of Dissolution Amounts will only be made against surrender of the relevant definitive Trust Certificate at the specified office of the Registrar or the Principal Paying Agent. Dissolution Amounts and Periodic Distribution Amounts will be paid to the Certificateholder shown on the Register at the close of business on the relevant Record Date.

For the purposes of this Condition, a Certificateholder's **registered account** means the account in the Specified Currency maintained by or on behalf of such Certificateholder with a bank that processes payments in the Specified Currency, details of which appear on the Register at the close of business on the relevant Record Date, and a Certificateholder's **registered address** means its address appearing on the Register at that time.

All such payments will be made subject to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions described in Condition 1.

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed, on the Payment Business Day preceding the due date for payment or, in the case of a payment of face amounts if later, on the Payment Business Day on which the relevant definitive Trust Certificate is surrendered at the specified office of the Registrar or the Principal Paying Agent.

Unless otherwise specified in the applicable Final Terms, Certificateholders will not be entitled to any payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day, if the Certificateholder is late in surrendering its definitive Trust Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

If the amount of any Dissolution Amount or Periodic Distribution Amount is not paid in full when due, the Registrar will annotate the Register with a record of the amount of such Dissolution Amount or Periodic Distribution Amount in fact paid.

10. AGENTS

10.1 Agents of Issuer

In acting under the Agency Agreement and in connection with the Trust Certificates, the Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Certificateholders.

10.2 Specified Offices

The names of the initial Agents and their initial specified offices are set out below. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents *provided, however, that*:

(a) there will at all times be a Principal Paying Agent;

(b) there will at all times be a Registrar;

(c) so long as any Trust Certificates are admitted to listing, trading and/or quotation on any listing authority, stock exchange and/or quotation system, there will at all times be a Paying Agent and a Transfer Agent having its specified office in such place (if any) as may be required by the rules of such listing authority, stock exchange and/or quotation system; and

(d) there will at all times be a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced to conform to, such Directive.

Notice of any termination or appointment and of any changes in specified offices will be given to the Certificateholders promptly by the Issuer in accordance with Condition 18.

11. CAPITAL DISTRIBUTIONS OF TRUST

11.1 Scheduled Dissolution

Unless the Trust Certificates are redeemed or cancelled earlier, each Trust Certificate will be redeemed on the Maturity Date at its Final Dissolution Amount together with any Periodic Distribution Amount payable. Upon payment in full of such amounts and the dissolution of the Trust, the Trust Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Issuer and the Trustee shall have no further obligations in respect thereof.

11.2 Early Dissolution for Tax Reasons

The Trust Certificates may be redeemed at the option of the Issuer (with the prior written consent of Emaar) in whole, but not in part:

(a) at any time (if the Floating Periodic Distribution Provisions are not specified in the applicable Final Terms as being applicable); or

(b) on any Periodic Distribution Date (if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Certificateholders in accordance with Condition 18 (which notice shall be irrevocable), at their Early Dissolution Amount (Tax), together with Periodic Distribution Amounts accrued (if any) to the Dissolution Date, if:

(i) (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 13 as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

(ii) (A) the Issuer has received notice from the Lessee that the Lessee has or will become obliged to pay additional amounts pursuant to the terms of the Lease Agreement as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date and (B) such obligation cannot be avoided by the Lessee taking reasonable measures available to it,

provided, however, that no such notice of dissolution shall be given earlier than:

(A) where the Trust Certificates may be dissolved at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Trust Certificates were then due or (in the case of (ii) above) the Lessee would be obliged to pay such additional amounts if a payment to the Issuer under the Lease Agreement was then due; or

(B) where the Trust Certificates may be dissolved only on a Periodic Distribution Date, 60 days prior to the Periodic Distribution Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Trust Certificates were then due or (in the case of (ii) above) the Lessee would be obliged to pay such additional amounts if a payment to the Issuer under the Lease Agreement was then due.

Prior to the publication or delivery (as applicable) of any notice of dissolution pursuant to this paragraph, the Issuer shall deliver to the Delegate (a) a certificate signed by two directors of the Issuer, which shall be binding on the Certificateholders, stating that the Issuer is entitled to effect such dissolution and setting forth a statement of facts showing that the conditions precedent in (i) and (ii) above to the right of the Issuer so to redeem have occurred, and (b) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Lessee has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 11.2, the Issuer shall be bound to redeem the Trust Certificates. Upon such redemption, the Trust will be dissolved and the Trust Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Issuer and the Trustee shall have no further obligations in respect thereof.

11.3 Dissolution at the Option of the Issuer

If the Optional Dissolution (Call) option is specified in the applicable Final Terms as being applicable, the Trust Certificates may be redeemed in whole but not in part on any Optional Dissolution Date at the relevant Optional Dissolution Amount together with Periodic Distribution Amounts accrued (if any) to the Optional Dissolution Date on the Issuer (with the prior written consent of Emaar) giving not less than 30 nor more than 60 days' notice to the Certificateholders in accordance with Condition 18 (which notice shall be irrevocable and shall oblige the Issuer to redeem the Trust Certificates on the relevant Optional Dissolution Date). Upon such redemption, the Trust will be dissolved and the Trust Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Issuer and the Trustee shall have no further obligations in respect thereof.

11.4 Dissolution following a Total Loss Event

This Condition 11.4 is applicable to the Trust Certificates only if it is specified in the applicable Final Terms as being applicable.

Upon the occurrence of a Total Loss Event the Trust Certificates may be redeemed and the Trust dissolved on the dates specified by the Delegate. The Trust Certificates will be redeemed using the proceeds of insurance payable in respect of the Total Loss Event which are required to be paid into the Transaction Account by no later than the 30th day after the occurrence of the Total Loss Event.

A Total Loss Event is the total loss or destruction of, or damage to the whole of, the Lease Assets or any event or occurrence that renders the whole of the Lease Assets permanently unfit for any economic use and (but only after taking into consideration any insurances or other indemnity granted by any third party in respect of the Lease Assets) the repair or remedial work in respect thereof is wholly uneconomical.

The Servicing Agency Agreement provides that if the obligations of the Servicing Agent thereunder are not strictly complied with and as a result any insurance amounts paid into the Transaction Account are less than the Full Reinstatement Value (the difference between such amount and the amount (if any) paid into the Transaction Account being the ***Total Loss Shortfall Amount****), the Servicing Agent shall be responsible for paying the Total Loss Shortfall Amount into the Transaction Account immediately.*

11.5 No Other Optional Early Dissolution

The Issuer shall not be entitled to redeem the Trust Certificates, and the Trustee shall not be entitled to dissolve the Trust, otherwise than as provided in this Condition 11 and Condition 15 (*Dissolution Events*).

11.6 Cancellation

All Trust Certificates which are redeemed will forthwith be cancelled and destroyed and accordingly may not be held, reissued or resold.

12. PURCHASE AND CANCELLATION OF TRUST CERTIFICATES BY EMAAR

12.1 Purchases

Emaar and/or any of its subsidiaries may at any time purchase Trust Certificates at any price in the open market or otherwise. Following any purchase of Trust Certificates by Emaar pursuant to this Condition 12.1, Emaar or its subsidiary, as the case may be, may at its option hold or resell such Trust Certificates (subject to such Trust Certificates being deemed not to remain outstanding for certain purposes as provided under the Master Trust Deed if so held).

12.2 Cancellation

Should Emaar wish to cancel any Trust Certificates purchased pursuant to Condition 12.1, it shall deliver an Exercise Notice to Emaar Sukuk Limited (in accordance with the terms of the Sale Undertaking) whereupon Emaar Sukuk Limited shall, in accordance with the terms of the Sale Undertaking, be obliged to transfer all of Emaar Sukuk Limited's rights, benefits and entitlements in and to the Cancelled Lease Assets to Emaar in consideration for which the Trust Certificates shall be cancelled. The transfer of the Cancelled Lease Assets will take effect by Emaar and Emaar Sukuk Limited entering into a Sale Agreement (in the form scheduled to the Sale Undertaking). Following the entry into such Sale Agreement, Emaar Sukuk Limited shall cancel the relevant Trust Certificates identified for cancellation in the Exercise Notice on the Cancellation Date (which shall be a Periodic Distribution Date).

13. TAXATION

All payments in respect of the Trust Certificates shall be made without withholding or deduction for, or on account of, any Taxes, unless the withholding or deduction of the Taxes is required by law. In such event, the Issuer will pay to the Certificateholders additional amounts so that the full amount which otherwise would have been due and payable under the Trust Certificates is received by parties entitled thereto, except that no such additional amount shall be payable to any Certificateholder:

(a) who is liable for such Taxes in respect of such Trust Certificate by reason of having some connection with any Relevant Jurisdiction other than the mere holding of such Trust Certificate; or

(b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(c) where the definitive Trust Certificate is required to be presented for payment and is presented for payment by or on behalf of a Certificateholder who would be able to avoid such withholding or deduction by presenting the relevant definitive Trust Certificate to another Paying Agent in a Member State of the European Union; or

(d) where the relevant definitive Trust Certificate is required to be presented for payment and is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Certificateholder would have been entitled to such additional amount if it had surrendered the relevant definitive Trust Certificate on the last day of such period of 30 days.

14. PRESCRIPTION

The rights to receive distributions in respect of the Trust Certificates will be forfeited unless claimed within periods of 10 years (in the case of Dissolution Amounts) and five years (in the case of Periodic Distribution Amounts) from the Relevant Date in respect thereof.

15. DISSOLUTION EVENTS

If any of the following events occurs and is continuing (each, a **Dissolution Event**):

(a) default is made in the payment of the Dissolution Amount on the date fixed for payment thereof, or default is made in the payment of any Periodic Distribution Amount on the due date for payment thereof and, the default continues for a period of at least seven days in the case of the relevant Dissolution Amount or for a period of at least 14 days in the case of any Periodic Distribution Amount; or

(b) the Issuer fails duly to perform or comply with any of the obligations expressed to be assumed by it in the Transaction Documents; or

(c) an Emaar Event (as defined in the Master Lease Agreement) occurs; or

(d) the Issuer repudiates any Transaction Document or does or causes to be done any act or thing evidencing an intention to repudiate any Transaction Document; or

(e) at any time it is or will become unlawful for the Issuer (by way of insolvency or otherwise) to perform or comply with any of its obligations under the Transaction Documents or any of the obligations of the Issuer under the Transaction Documents are not or cease to be legal, valid, binding and enforceable,

then the Delegate shall give notice of the occurrence of such Dissolution Event to the Certificateholders in accordance with Condition 18 with a request to such holders to indicate if they wish the Trust Certificates to become immediately due and payable, provided, however, that in the case of the event described in (b) above, such notice may only be given if the Delegate is of the opinion that the event is materially prejudicial to the interests of the Certificateholders. If so requested in writing by Certificateholders representing not less than one-fifth in face amount of the Trust Certificates for the time being outstanding (subject to being indemnified and/or secured and/or prefunded to its satisfaction), or if the Delegate decides in its discretion, the Delegate may give notice to the Issuer, Emaar and the Certificateholders in accordance with Condition 18 that the Trust Certificates are to be redeemed at the Dissolution Amount on the date specified in such notice. Upon payment in full of such amounts, the Trust will be dissolved and the Trust Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Issuer and the Trustee shall have no further obligations in respect thereof.

For the purpose of (a) above, amounts shall be considered due in respect of the Trust Certificates (including for the avoidance of doubt any amounts calculated as being payable under Condition 7, Condition 8 and Condition 11) notwithstanding that the Issuer has at the relevant time insufficient funds to pay such amounts.

16. ENFORCEMENT AND EXERCISE OF RIGHTS

16.1 Enforcement

Upon the occurrence of a Dissolution Event, to the extent that the amounts payable in respect of the Trust Certificates have not been paid in full pursuant to Condition 15, the Delegate shall, upon being requested in writing by Certificateholders representing not less than 20 per cent. in face amount of the Trust Certificates for the time being outstanding (subject to being indemnified and/or secured and/or prefunded to its satisfaction), take one or more of the following steps:

(a) enforce the provisions of the Purchase Undertaking against the Obligor; and/or

(b) enforce the provisions of the Lease Agreement against the Lessee; and/or

(c) take such other steps as the Delegate may consider necessary in its absolute discretion to protect the interests of the Certificateholders.

Notwithstanding the foregoing, the Delegate may at any time, at its discretion and without notice, take such proceedings and/or other steps as it may think fit against or in relation to each of the Issuer and/or the Obligor and/or the Lessee to enforce their respective obligations under the Transaction Documents, the Conditions and the Trust Certificates.

16.2 Limitation on liability of the Trustee

Following the distribution of the proceeds of the Trust Assets in respect of the Trust Certificates to the Certificateholders in accordance with these Conditions and the Trust Deed, the Trustee shall not be liable for any further sums, and accordingly no Certificateholder may take any action against the Trustee or any other person (other than the Obligor and/or the Lessee to the extent they have not performed all their obligations under the Transaction Documents) to recover any such sum in respect of the Trust Certificates or Trust Assets.

16.3 Delegate not obliged to take action

The Delegate shall not be bound in any circumstances to take any action to enforce or to realise the Trust Assets or take any action against the Obligor or the Lessee under any Transaction Document unless directed or requested to do so (a) by an Extraordinary Resolution or (b) in writing by the holders of at least 20 per cent. in aggregate face amount of the Trust Certificates then outstanding and subject, in each case, to it being indemnified and/or secured and/or prefunded to its satisfaction against all liabilities to which it may thereby render itself liable or which it may incur by so doing.

16.4 Direct enforcement by Certificateholders

No Certificateholder shall be entitled to proceed directly against the Issuer, the Obligor or the Lessee, unless (a) the Delegate, having become so bound to proceed, fails to do so within 30 days of becoming so bound and such failure is continuing and (b) the relevant Certificateholder (or such Certificateholder together with the other Certificateholders who propose to proceed directly against the Issuer, the Obligor or the Lessee) holds at least 20 per cent. of the aggregate face amount of the Trust Certificates then outstanding. Under no circumstances shall the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the Purchase Undertaking, and the sole right of the Delegate and the Certificateholders against the Issuer, the Obligor or the Lessee shall be to enforce their respective obligations under the Transaction Documents.

16.5 Limited recourse

Conditions 16.2, 16.3 and 16.4 are subject to this Condition 16.5. After enforcing or realising the Trust Assets and distributing the net proceeds of the Trust Assets in accordance with Condition 5.2, the obligations of the Issuer in respect of the Trust Certificates shall be satisfied and no Certificateholder may take any further steps against the Issuer, the Trustee and the Delegate to recover any further sums in respect of the Trust Certificates and the right to receive any such sums unpaid shall be extinguished. In particular, no Certificateholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Issuer or the Trustee.

17. REPLACEMENT OF DEFINITIVE TRUST CERTIFICATES

Should any definitive Trust Certificate be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced definitive Trust Certificates must be surrendered before replacements will be issued.

18. NOTICES

All notices to the Certificateholders will be valid if:

(a) published in a daily newspaper (which will be in a leading English language newspaper having general circulation) in the Gulf region and a daily newspaper having general circulation in London (which is expected to be the Financial Times) approved by the Delegate; or

(b) mailed to them by first class pre-paid registered mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses in the Register.

The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Trust Certificates are for the time being listed. Any notice shall be deemed to have been given on the day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

Until such time as any definitive Trust Certificates are issued, there may, so long as the Global Trust Certificate representing the Trust Certificates is held in its entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the Certificateholders and, in addition, for so long as any Trust Certificates are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the Certificateholders on the day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Certificateholder shall be in writing and given by lodging the same with the Principal Paying Agent. Whilst any of the Trust Certificates are represented by the Global Trust Certificate, such notice may be given by any holder of a Trust Certificate to the Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

19. MEETINGS OF CERTIFICATEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION

19.1 The Master Trust Deed contains provisions for convening meetings of Certificateholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. The quorum at any meeting for passing an Extraordinary Resolution will be one or more Certificateholders, proxies or representatives holding or representing not less than 50 per cent. in aggregate face amount of the Trust Certificates for the time being outstanding, or at any adjourned such meeting one or more Certificateholders, proxies or representatives present whatever the face amount of the Trust Certificates held or represented by him or them except that any meeting the business of which includes the modification of certain provisions of the Trust Certificates (including modifying the Maturity Date, reducing or cancelling any amount payable in respect of the Trust Certificates or altering the currency of payment of the Trust Certificates or amending certain covenants given by the Issuer in the Master Trust Deed), the quorum shall be one or more persons present holding or representing not less than 75 per cent. in aggregate face amount of the Trust Certificates for the time being outstanding, or at any adjourned such meeting one or more persons present holding or representing not less than 25 per cent. in aggregate face amount of the Trust Certificates for the time being outstanding. To be passed, an Extraordinary Resolution requires a majority in favour consisting of not less than three-quarters of the persons voting on a show of hands or, if a poll is duly demanded, a majority of not less than three-quarters of the votes cast on such poll and, if duly passed, will be binding on all Certificateholders, whether or not they are present at the meeting and whether or not voting.

19.2 The Delegate may agree, without any consent or sanction of Certificateholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of any of these Conditions or any of the provisions of the Trust Deed or any other Transaction Document or determine, without any such consent or sanction as aforesaid, that any Dissolution Event or Potential Dissolution Event shall not be treated as such if, in the opinion of the Delegate, (a) such modification is of a formal, minor or technical nature, (b) such modification is made to correct a manifest or proven (to the satisfaction of the Delegate) error or (c) such modification, waiver, authorisation or determination is not materially prejudicial to the interests of Certificateholders.

19.3 In connection with the exercise by it of any of the powers, trusts, authorities and discretions vested in it (including, without limitation, any modification, waiver, authorisation or determination), the Delegate shall have regard to the general interests of the Certificateholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Certificateholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof) and the Delegate shall not be entitled to require, nor shall any Certificateholder be entitled to claim from the Delegate or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders except to the extent provided in Condition 13.

19.4 Any modification, abrogation, waiver, authorisation or determination shall be binding on all the Certificateholders and shall be notified to the Certificateholders as soon as practicable thereafter in accordance with Condition 18.

20. INDEMNIFICATION AND LIABILITY OF THE DELEGATE

20.1 The Trust Deed contains provisions for the indemnification of the Delegate in certain circumstances and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

20.2 The Delegate makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of the Obligor or the Lessee under any Transaction Document and shall not under any circumstances have any liability or be obliged to account to the Certificateholders in respect of any payment which should have been made by the Obligor or the Lessee, but is not so made, and shall not in any circumstances have any liability arising from the Trust Assets other than as expressly provided in the Conditions or in the Trust Deed.

20.3 Each of the Delegate and the Trustee is exempted from (a) any liability in respect of any loss or theft of the Trust Assets or any cash, (b) any obligation to insure the Trust Assets or any cash and (c) any claim arising from the fact that the Trust Assets or any cash are held by or on behalf of the Trustee or on deposit or in an account with any depository or clearing system or are registered in the name of the Trustee or its nominee, unless such loss or theft arises as a result of default or misconduct of the Delegate or the Trustee, as the case may be.

21. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

22. GOVERNING LAW AND SUBMISSION TO JURISDICTION

22.1 The Trust Deed and the Trust Certificates (including the remaining provisions of this Condition 22 and any non-contractual obligations arising out of or in connection with the Trust Deed and the Trust Certificates) are governed by, and shall be construed in accordance with, English law.

22.2 Subject to Condition 22.3, any dispute arising out of or in connection with the Trust Deed and/or the Trust Certificates (including a dispute regarding the existence, validity or termination of the Trust Deed and/or the Trust Certificates and a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed and/or the Trust Certificates) (a **Dispute**) shall be referred to and finally resolved by arbitration in accordance with the Arbitration Rules of The London Court of International Arbitration (**LCIA**) (the **Rules**), which Rules (as amended from time to time) are incorporated by reference into this Condition 22.2. For these purposes:

(a) the place of arbitration shall be London;

(b) there shall be three independent arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions;

(c) the language of the arbitration shall be English; and

(d) any requirement in the Rules to take account of the nationality of a person considered for appointment as an arbitrator shall be disapplied and a person shall be nominated or appointed as an arbitrator (including as Chairman) regardless of his nationality.

22.3 Notwithstanding Condition 22.2 above, the Delegate or, but only where it is permitted to take action in accordance with the terms of the Trust Deed, any Certificateholder may, in the alternative, and at its sole discretion, by notice in writing to the Issuer:

(a) within 28 days of service of a Request for Arbitration (as defined in the Rules); or

(b) in the event no arbitration is commenced,

require that a Dispute be heard by a court of law. If such notice is given, the Dispute to which such notice refers shall be determined in accordance with Condition 22.4 and any arbitration commenced under Condition 22.2 in respect of that Dispute will be terminated. With the exception of the Delegate (whose costs will be borne by the Issuer, failing which Emaar), each of the parties to the terminated arbitration will bear its own costs in relation thereto.

If any notice to terminate is given after service of any Request for Arbitration in respect of any Dispute, the Delegate or, but only where it is permitted to take action in accordance with the terms of the Trust Deed, any Certificateholder, as the case may be, must also promptly give notice to the LCIA Court and to any Tribunal (each as defined in the Rules) already appointed in relation to the Dispute that such Dispute will be settled by the courts. Upon receipt of such notice by the LCIA Court, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate. Any such arbitrator will be deemed to be *functus officio*. The termination is without prejudice to:

(a) the validity of any act done or order made by that arbitrator or by the court in support of that arbitration before his appointment is terminated;

(b) his entitlement to be paid his proper fees and disbursements; and

(c) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

22.4 In the event that a notice pursuant to Condition 22.3 is issued, the following provisions shall apply:

(a) subject to paragraph (c) below, the courts of England shall have exclusive jurisdiction to settle any Dispute;

(b) the Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and

(c) this Condition 22.4 is for the benefit of the Delegate and the Certificateholders only. As a result, and notwithstanding paragraph (a) above, the Delegate or, but only where it is permitted to take action in accordance with the terms of the Trust Deed, Certificateholder may take proceedings relating to a Dispute (**Proceedings**) in any other courts with jurisdiction. To the extent allowed by law, the Delegate or, but only where it is permitted to take action in accordance with the terms of the Trust Deed, any Certificateholder may take concurrent Proceedings in any number of jurisdictions.

22.5 The Issuer appoints Maples and Calder at its registered office at Princes Court, 7 Princes Street, London EC2R 8AQ as its agent for service of process, and undertakes that, in the event of Maples and Calder ceasing so to act or ceasing to be registered in England, it will appoint another person approved by the Delegate as its agent for service of process in England in respect of any Proceedings or Disputes. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

22.6 The Issuer and Emaar have in the Trust Deed agreed to arbitration and the option to litigate, submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above. In addition Emaar has in the Trust Deed waived any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and has consented to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order of judgment made or given in connection with any Disputes or Proceedings.

USE OF PROCEEDS

The proceeds of each Series of Trust Certificates issued under the Programme will be paid by the Issuer to the Seller as the purchase price for the Relevant Lease Assets and applied by the Seller for its general corporate purposes.

DESCRIPTION OF THE ISSUER

General

Emaar Sukuk Limited, a Cayman Islands exempted company with limited liability, was incorporated on 8 September 2008 under the Companies Law (2007 Revision) of the Cayman Islands with company registration number 216801. The Issuer has been established as a special purpose vehicle for the sole purpose of issuing Trust Certificates under the Programme and entering into the transactions contemplated by the Transaction Documents. The registered office of the Issuer is at MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands, and its telephone number is +1 345 945 7099.

The authorised share capital of the Issuer is U.S.$50,000 divided into 50,000 ordinary shares of U.S.$1.00 each, 250 of which have been issued. All of the issued shares (the **Shares**) are fully-paid and are held by MaplesFS Limited as share trustee (the **Share Trustee**) under the terms of a trust deed (the **Share Trust Deed**) dated 12 January 2009 under which the Share Trustee holds the Shares in trust until the Termination Date (as defined in the Share Trust Deed). Prior to the Termination Date, the trust is an accumulation trust, but the Share Trustee has the power to benefit Qualified Charities (as defined in the Share Trust Deed). It is not anticipated that any distribution will be made whilst any Trust Certificate is outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to charity. The Share Trustee has no beneficial interest in, and derives no benefit (other than its fee for acting as Share Trustee) from, its holding of the Shares.

Business of the Issuer

The Issuer has a limited operating history and will not have any substantial liabilities other than in connection with the Trust Certificates to be issued under the Programme. The Trust Certificates are the obligations of the Issuer alone and not the Share Trustee.

The objects for which the Issuer is established are set out in clause 3 of its Memorandum as registered or adopted on 8 September 2008.

Financial Statements

Since the date of incorporation, no financial statements of the Issuer have been prepared. The Issuer is not required by Cayman Islands law, and does not intend, to publish audited financial statements.

Directors of the Issuer

The Directors of the Issuer are as follows:

Name:	Principal Occupation:
Guy Major	Director of MaplesFS Limited
Carlos Farjallah	Senior Vice President of MaplesFS Limited

The business address of Guy Major and Carlos Farjallah is c/o MaplesFS Limited, P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

There are no potential conflicts of interest between the private interests or other duties of the Directors listed above and their duties to the Issuer, save for the fact that each Director is an employee and/or officer of the Issuer Administrator.

The Administrator

MaplesFS Limited also acts as the Issuer Administrator. The office of the Issuer Administrator serves as the general business office of the Issuer. Through the office, and pursuant to the terms of the Corporate Services Agreement, the Issuer Administrator will perform in the Cayman Islands various administrative functions on behalf of the Issuer, including communications with shareholders and the general public, and the provision of certain clerical, administrative and other services until termination of the Corporate Services Agreement. In consideration of the foregoing, the Issuer Administrator will receive various fees payable by the Issuer at rates agreed upon from time to time, plus expenses. The terms of the Corporate Services Agreement provide that the Issuer may terminate the appointment of the Issuer Administrator by giving 14 days' notice to the Issuer Administrator at any time within 12 months of the happening of certain stated events, including any breach by the Issuer Administrator of its obligations under the Corporate Services Agreement. In addition, the Corporate Services Agreement provides that the Issuer Administrator shall be entitled to retire from its appointment by giving at least three months' notice in writing.

The Issuer Administrator will be subject to the overview of the Issuer's Board of Directors. The Corporate Services Agreement may be terminated (other than as stated above) by either the Issuer or the Issuer Administrator giving the other party at least three months' written notice.

The Issuer Administrator's principal office is P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

The Directors of the Issuer are all employees or officers of the Issuer Administrator. The Issuer has no employees and is not expected to have any employees in the future.

SELECTED FINANCIAL INFORMATION

This section presents certain selected consolidated financial information of Emaar as at and for the years ended 31 December 2008 and 2009, as at 30 September 2010 and for the nine month periods ended 30 September 2009 and 2010. As a result of certain changes in accounting policies and classifications during these periods, this information has been extracted from Emaar's previously published consolidated financial statements as follows:

- the selected financial data as at 30 September 2010 and as at and for the nine month periods ended 30 September 2009 and 2010 appearing below has been extracted from the unaudited interim condensed consolidated financial statements as at and for the nine month period ended 30 September 2010;
- the selected financial data as at and for the year ended 31 December 2009 appearing below has been extracted from Emaar's 2009 audited consolidated financial statements; and
- the selected financial data as at and for the year ended 31 December 2008 appearing below has been extracted from the comparative financial information as at and for the year ended 31 December 2008 included in the 2009 audited consolidated financial statements, which has been restated to take into account the application of IFRIC 15 (*Agreements for the Construction of Real Estate*). The selected financial data as at and for the year ended 31 December 2008 has not been extracted from the 2008 audited consolidated financial statements as such data is not directly comparable to the financial data as at and for the year ended 31 December 2009 as it appears in the 2009 audited consolidated financial statements due to the effect of the application of IFRIC 15 (*Agreements for the Construction of Real Estate*). See note 2.2 to the 2009 audited consolidated financial statements for further details.

See also "*Presentation of Financial Information*" for a further discussion of the presentation of financial information contained in this Base Prospectus.

The Consolidated Financial Statements have been prepared in conformity with International Financial Reporting Standards (**IFRS**).

The selected financial information set forth below should be read in conjunction with Emaar's Consolidated Financial Statements and related notes thereto, appearing elsewhere in this document. The results of operations for any period are not necessarily indicative of the results to be expected for any future period.

Consolidated Statement of Financial Position

	As at 30 September	As at 31 December	
	2010	2009	2008 (*Restated*)
	AED million		
Bank balances and cash	3,568	2,267	5,393
Trade receivables	1,012	981	1,058
Other receivables, deposits and prepayments	3,064	3,211	3,511
Development properties	28,828	31,076	26,799
Securities	776	937	867
Loans to associates	2,266	2,005	1,636
Investments in associates	7,929	7,861	8,314
Property, plant and equipment	7,318	6,822	5,414
Investment properties	8,126	8,546	13,248
Goodwill	46	439	439
Total assets	**62,933**	**64,145**	**66,680**
Advances from customers	12,187	15,888	18,109
Trade and other payables	8,600	9,545	9,680
Interest bearing loans and borrowings	9,933	8,625	9,174
Retentions payable	1,166	1,160	1,079
Provisions for employees' end of service benefits	57	47	37
Total liabilities	**31,942**	**35,266**	**38,079**
Share capital	6,091	6,091	6,091
Treasury shares	—	(1)	(1)
Employees' performance share programme	(2)	(2)	(2)
Reserves	14,695	14,711	14,432
Retained earnings	10,020	7,878	7,586
Equity attributable to equity holders of the parent company	30,804	28,677	28,107
Non-controlling interest	187	202	494
Total equity	**30,991**	**28,879**	**28,601**
Total liabilities and equity	**62,933**	**64,145**	**66,680**

Consolidated Income Statement

	Nine months ended 30 September		Year ended 31 December	
	2010	**2009**	**2009**	**2008 (*Restated*)**
	(AED million)			
Continuing operations				
Revenue	8,320	5,429	8,413	10,717
Cost of revenue	(4,966)	(2,753)	(4,314)	(5,487)
Gross profit	**3,354**	**2,676**	**4,099**	**5,230**
Other operating income	302	357	520	531
Selling, general and administrative expenses	(1,395)	(1,368)	(1,912)	(1,905)
Other operating expenses	(200)	(209)	(288)	(363)
Finance income	199	290	356	422
Finance costs	(282)	(172)	(217)	(75)
Other income	469	71	83	240
Share of results from associated companies	(235)	(293)	(534)	109
Impairment of assets	—	(31)	(80)	—
Loss on disposal of subsidiaries	(52)	—	—	—
Profit before tax	**2,159**	**1,322**	**2,028**	**4,189**
Income tax credit	1	10	24	3
Profit for the period from continuing operations	**2,160**	**1,332**	**2,051**	**4,191**
Loss from discontinued operations	—	(1,762)	(1,762)	(4,068)
Net profit (loss) for the period	**2,160**	**(430)**	**289**	**124**
Attributable to:				
Equity holders of the parent	2,175	(393)	327	166
Non-controlling interest	(15)	(37)	(38)	(42)
	2,160	(430)	289	124
Earnings per share attributable to the equity holders of the parent (AED/share):				
Total operations				
– basic and diluted earnings per share	0.36	(0.07)	0.05	0.03
Continuing operations				
– basic and diluted earnings per share	0.36	0.22	0.34	0.70
Discontinued operations				
– basic and diluted earnings per share	—	(0.29)	(0.29)	(0.67)

FINANCIAL REVIEW

The following discussion and analysis should be read in conjunction with the information set out in "*Selected Financial Information*" and the Consolidated Financial Statements. References in this section to "2009" and "2008" are to the financial years ended 31 December in each of those years.

Basis of Presentation

This section presents certain selected financial information of Emaar as at and for the years ended 31 December 2008 and 2009, as at 30 September 2010 and for the nine month periods ended 30 September 2009 and 2010. As a result of certain changes in accounting policies and classifications during these periods, this information has been extracted from Emaar's previously published consolidated financial statements as follows:

- the selected financial data as at 30 September 2010 appearing in this section and as at and for the nine month periods ended 30 September 2009 and 2010 has been extracted from the unaudited interim condensed consolidated financial statements as at and for the nine month period ended 30 September 2010;
- the selected financial data as at and for the year ended 31 December 2009 appearing in this section has been extracted from Emaar's 2009 audited consolidated financial statements;
- the selected financial data as at and for the year ended 31 December 2008 appearing in this section has been extracted from the comparative financial information as at and for the year ended 31 December 2008 included in the 2009 audited consolidated financial statements, which has been restated to take into account the application of IFRIC 15 (*Agreements for the Construction of Real Estate*). The selected financial data as at and for the year ended 31 December 2008 has not been extracted from the 2008 audited consolidated financial statements as such data is not directly comparable to the financial data as at and for the year ended 31 December 2009 as it appears in the 2009 audited consolidated financial statements due to the effect of the application of IFRIC 15 (*Agreements for the Construction of Real Estate*). See note 2.2 to the 2009 audited consolidated financial statements for further details.

See also "*Presentation of Financial Information*" for a further discussion of the presentation of financial statements contained in this Base Prospectus.

Emphasis of Matter

Ernst & Young's audit report in respect of the 2009 audited consolidated financial statements and its review report in respect of the 30 September 2010 interim condensed consolidated financial statements each include an emphasis of matter relating to (i) an arbitration proceeding resulting from a claim made against Emaar in respect of a conditional joint venture agreement in the Kingdom of Saudi Arabia and (ii) Emaar's investment in Amlak Finance PJSC. Emaar has settled the arbitration proceeding referred to in (i) above in December 2010 with neither party having any claim against the other in respect of the dispute. See "*Description of Emaar Properties PJSC – Financial Services – Amlak Finance*" and the relevant reports contained in "*Financial Information*" for further details.

Key Factors Affecting Results of Operations

The following is a discussion of the most significant factors that have affected, or are expected to affect, Emaar's results of operations and financial condition.

Evolving mix of income streams

Historically, almost all of Emaar's revenue was derived from the sale of properties (whether in the form of development land or completed residential properties) and Emaar recorded only a limited amount of income generated from the operation of hotels and other hospitality businesses operated by it and rental income from properties leased by it.

However, in more recent years, many of Emaar's revenue generating assets have been completed and have started to generate revenue (e.g. The Dubai Mall, Marina Mall and The Address Hotels in the UAE). As a result, revenue from hospitality grew to approximately 8.1 per cent. and 7.9 per cent. of total revenue in the nine month period to 30 September 2010 and the year to 31 December 2009, respectively, and revenue from leased properties and related income grew to approximately 16.1 per cent. and 17.9 per cent. of total revenue in the nine month period to 30 September 2010 and the year to 31 December 2009, respectively. The proportion of revenues from these sectors has remained relatively constant for the nine months to 30 September 2010 compared to the year to 31 December 2009 (despite growing in absolute terms compared to the same period in 2009) due, in part, to the increase in delivery of sold units in 2010 including units in the Burj Khalifa. In future periods, Emaar anticipates that its revenue generating assets will continue to increase and accordingly the proportion of its revenues derived from hospitality and rental income and other non-property sales sources will also continue to increase. While Emaar expects the level of these other revenues to continue to increase, revenues from the sales of development land and completed properties are expected to remain the most substantial part of its revenues.

Timing of revenue recognition of sales of properties and comparability of income growth

IFRIC 15 (*Agreements for the Construction of Real Estate*) was issued in July 2008, became effective for annual financial years beginning on or after 1 January 2009 and is applied retrospectively to the 2008 audited consolidated financial statements. IFRIC 15 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, Emaar 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. See note 2.2 to the 2009 audited consolidated financial statements for a further discussion and the effects of the change in the accounting policy on the 2008 audited financial statements.

Therefore, for certain geographic locations, in respect of units sold prior to completion of construction of the building or cluster in which the unit is located, revenue from the sale of the apartment is recognised only when the entire building or cluster of units is complete and all units in the building or cluster of units have been delivered to the purchasers of those units. This can therefore give rise to periodic, large-value revenue recognition events.

Property prices in Dubai

Since 2008, the global economy has experienced significant turmoil, the impact of which has been felt in the GCC, and in particular in Dubai, since the last quarter of 2008. The effects of the economic downturn have had a significant impact on property prices in Dubai.

In the period prior to (and including) the third quarter of 2008, property prices in Dubai increased at a significant rate. This enabled Emaar to realise higher prices for property developments launched prior to the third quarter of 2008. However, since the third quarter of 2008, property prices in Dubai have decreased significantly, as a result of, *inter alia*, the global financial crisis and an increase in the supply of completed units. Emaar aims to pre-sell a significant proportion of the properties to be developed in any project or project phase prior to the commencement of construction in order to assist the funding of construction and this has, to an extent, protected Emaar from such property price decreases. However, in addition to the decline in property values, the economic downturn has also led to a significant decrease in property sales volumes. A further significant effect of the global financial crisis has been a sharp decline in monetary liquidity in the GCC which has manifested itself in a reluctance of financial institutions in the UAE to extend credit. This has affected Emaar's residential customers who are suffering from a lack of availability of mortgage finance. The decline in sales volumes coupled with decreases in sales prices has caused Emaar to reconsider development plans for projects or phases of projects which have not commenced and has limited Emaar's ability to sell units in projects which were not pre-sold (and/or has limited the price obtained for any such sale).

Significant Accounting Policies

Business combinations and consolidated and separate financial statements

Emaar, its subsidiaries and associated companies (together, the **Group**) have applied the revised IFRS 3 and amended IAS 27 since 1 January 2010. The revised IFRS 3 policy introduced significant changes in the accounting for business combinations after this date. The changes affect valuation of non-controlling interests, accounting for transaction costs and contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

The amended IAS 27 provides that changes in the ownership of subsidiaries (without loss of control) do not give rise to goodwill gains or losses and also changes the accounting for losses incurred by the subsidiary and the loss of control of the subsidiary.

The changes by IFRS 3 (Revised) and IAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests. For further information in relation to these changes please refer to note 2.3 to the 30 September 2010 interim condensed consolidated financial statements.

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

In addition to the above requirements for recognition of revenue and costs, revenue and costs from the sale of property are recognised when the risks and rewards of ownership of the property have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

In jurisdictions where the Group transfers risks and rewards of ownership of the property in its entirety at a single point of time, revenue and the associated costs are recognised at that point of time. Although this trigger is determined by reference to the sales contract and the relevant local laws, and so may differ from transaction to transaction, in general the Group determines the point of recognition to be the time at which the buyer takes possession of the property.

In jurisdictions where the Group transfers to the buyer control and the significant risks and rewards of ownership of the work in progress in its current state as the work progresses, revenues and related costs of development are recognised on a progressive basis using the percentage of completion method.

The above recognition policy is in compliance with IFRIC 15 (*Agreements for the Construction of Real Estate*). See "– *Timing of revenue recognition of sales of properties and comparability of income growth*" and note 2.4 to the 2009 audited consolidated financial statements and note 2.3 to the 30 September 2010 interim condensed consolidated financial statements for further information.

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 as 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 reporting date.

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.

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. Cost includes:

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

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

The cost of development properties recognised in the consolidated income statement on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts. Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability.

Interest in a joint venture

The Group has interests in joint ventures which are jointly controlled. 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 statement of financial position 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.

Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Emaar prepares its consolidated financial statements in accordance with IFRS and applicable requirements of UAE law. The preparation of the consolidated financial statements requires management to make certain judgments and are subject to certain estimation uncertainties, the most significant of which are described in note 2.3 to the 2009 audited consolidated financial statements and note 2.2 to the 30 September 2010 interim condensed consolidated financial statements. These judgments and estimations include (i) the adoption of the cost model for investment properties; (ii) the classification of hotels and serviced apartment buildings operated by the Group as part of property, plant and equipment rather than investment properties; (iii) the accounting for commercial and retail property leases as operating leases; and (iv) the determination of total provisions for current and deferred taxes in various jurisdictions.

Significant accounting estimations made by management include impairment of non-financial assets and accounts receivable, and the determination of useful lives of property, plant and equipment.

Segmental Analysis

For reporting purposes, Emaar currently classifies its activities into three major segments: real estate (development and sale of residential and commercial units and plots of land), leasing and related activities (development, leasing and managing malls, retails, commercial and residential space) and hospitality (development, owning and/or managing hotels, serviced apartments and leisure activities). Other businesses (including Emaar's property management and financial services) do not meet the criteria for a reportable segment under IFRS 8. Prior to the 2010 financial year, Emaar used two reporting segments in preparation of its consolidated financial statements, being real estate and other. Geographically, Emaar classifies its activities in the UAE as domestic and its activities elsewhere as international.

A breakdown of Emaar's revenue, results, assets and liabilities and certain other information by business and geographic segment is included in note 3 to each of the 2009 audited consolidated financial statements and 30 September 2010 interim condensed consolidated financial statements.

Results of Operations

Period ended 30 September 2010 compared with period ended 30 September 2009

Revenue, cost of revenue and gross profit

Total revenue for the nine month period ended 30 September 2010 was AED8,320 million recording a growth of 53 per cent. over the nine month period ended 30 September 2009 revenue of AED5,429 million. The Group's diversified business segments in shopping malls and hospitality are now yielding strong recurring revenues, and contributed 24 per cent. of the Group's revenue during the period.

The table below shows the breakdown of Emaar's revenues, cost of revenue and gross profit for each of the nine month periods ended 30 September 2010 and 2009.

	Revenue	Cost of Revenue	Gross Profit	Revenue	Cost of Revenue	Gross Profit
	30 September 2010			30 September 2009		
	AED Million					
Sale of properties.......	6,310	4,230	2,080	3,890	2,280	1,610
Hospitality income	670	448	222	447	275	172
Leasing and related activities	1,340	288	1,052	1,092	198	894
Total	**8,320**	**4,966**	**3,354**	**5,429**	**2,753**	**2,676**

During the nine month period ended 30 September 2010, Emaar's revenues from sale of properties were mainly derived from the handover of Burj Khalifa residential apartments, Armani Residences, Dubai Marina Quays & Park Island. Although Emaar derived less revenue from hospitality and leasing and related activities than from property sales, these revenue streams increased in absolute amount and as a proportion of total revenue for the nine months ended 30 September 2010 in comparison to the corresponding period in the previous year. Total revenue increased approximately 53 per cent. from AED5,429 million for the nine months ended 30 September 2009 to AED8,320 million for the nine months ended 30 September 2010. This increase was largely due to a higher number of units being delivered in 2010 and increased revenue from hospitality and leasing related activities.

Emaar's cost of revenue over the two periods evidenced growth of approximately 80 per cent. from AED2,753 million for the nine months ended 30 September 2009 to AED4,966 million for the nine months ended 30 September 2010. This increase was largely due to a higher number of units being delivered during 2010. Accordingly gross profit for the nine months ended 30 September 2010 increased by approximately 25 per cent. as compared to the corresponding period in 2009.

During the nine month period under review, the breakdown of Emaar's revenue generated from sale of properties is as follows:

	Revenue	Cost of Revenue	Gross Profit	Revenue	Cost of Revenue	Gross Profit
	30 September 2010			30 September 2009		
	AED Million					
Apartments/ condominiums	5,104	3,569	1,535	2,778	1,824	954
Commercial spaces/ Villas	1,180	652	528	978	449	529
Plots of land	26	9	17	134	7	127
Total	**6,310**	**4,230**	**2,080**	**3,890**	**2,280**	**1,610**

Other operating income

Other operating income primarily includes revenue from other business operations such as property services, healthcare and district cooling plants. Operating income for the nine month period ended 30 September 2010 was AED302 million compared to AED357 million in the corresponding period in 2009. The decrease is primarily due to the sale of Hamptons International business in the United Kingdom.

Selling, general and administrative expenses

During the nine month period ended 30 September 2010, Emaar's selling, general and administrative expenses amounted to AED1,395 million compared to AED1,368 million in 2009. The increase in selling, general and administrative expenses is primarily due to depreciation on certain hotels (The Address Dubai Mall and The Address Dubai Marina Mall) that opened in the fourth quarter of 2009 and depreciation resulting from the opening of the Armani Hotel in 2010. The breakdown of selling, general and administrative expenses over the periods under review were as follows:

	Nine months ended 30 September 2010	2009
	(AED million)	
Payroll and related expenses	289	371
Sales and marketing expenses	147	150
Depreciation of property, plant and equipment	299	224
Depreciation of investment properties	234	235
Property management expenses	98	47
Land registration fees	37	42
Pre-operating expenses	48	29
Other expenses	243	269
Total	**1,395**	**1,368**

Other operating expenses

Other operating expenses (which includes expenses relating to operations other than sale of properties, hospitality or leasing and related activities) amounted to AED200 million for the nine month period ended 30 September 2010, a marginal decrease from AED209 million in the corresponding period of 2009.

Finance income and finance costs

Finance income for the nine month period ended 30 September 2010 was AED199 million, a decrease of 31 per cent. compared to AED290 million recorded in the corresponding period in 2009. Finance income principally comprises the returns earned by Emaar on cash held by it on deposit with banks. This decrease was principally due to lower average deposits and lower interest rates during 2010.

Finance costs for the nine month period ended 30 September 2010 were AED282 million, an increase of 64 per cent. compared to AED172 million recorded in the corresponding period in 2009. Finance costs principally represents interest paid by Emaar on its borrowings and the increase in finance costs reflects an increase in Emaar's borrowings during the first nine months of 2010.

Other income

Other income amounted to AED469 million for the nine month period ended 30 September 2010, a significant increase of 561 per cent. from AED71 million in the corresponding period of 2009. The increase is primarily due to the disposal of certain investment properties.

Share of results from associated companies

Share of results from associated companies for the nine month period ended 30 September 2010 was a loss of AED235 million, an improvement of 20 per cent. compared to the loss of AED293 million recorded in the corresponding period in 2009. This line item principally reflects the results of Emaar's associated companies including Emaar Economic City, Emaar MGF, Amlak Finance and Dubai Bank. This improvement was principally due to lower losses in Amlak Finance and Dubai Bank.

Net profit for the period

Reflecting the above factors, Emaar's net profit for the nine month period ended 30 September 2010 was AED2,160 million, compared to the AED430 million net loss recorded in the corresponding period in 2009.

Year ended 2009 compared with year ended 2008

Revenue, cost of revenue and gross profit

The table below shows the breakdown of Emaar's revenues for each of 2009 and 2008.

	2009			2008		
	Revenue	**Cost of Revenue**	**Gross Profit**	**Revenue**	**Cost of Revenue**	**Gross Profit**
	AED Million					
Sale of properties.......	6,236	3,598	2,368	9,641	4,943	4,698
Hospitality income	667	448	219	577	367	210
Rental income	1,510	268	1,242	499	178	321
Total	**8,413**	**4,314**	**4,099**	**10,717**	**5,487**	**5,230**

During the periods under review, Emaar's revenues were mainly derived from the sale of properties. The total revenues decreased over the two year period, by 21.5 per cent. in 2009 compared to 2008. This decrease was due to lower revenues from sale of properties following the lower number of deliveries in 2009 and lower new unit sales as a result of the global economic downturn experienced over the period. This decrease was partially offset by increases in hospitality and rental income due to the opening of various facilities in 2009.

Emaar's cost of revenue over the two year period evidenced a similar trend, with the total cost of revenues decreasing by 21.4 per cent. in 2009 compared to 2008. This decrease was principally due to lower revenue from sale of properties.

Reflecting the proportionately greater decreases in revenues than in the cost of revenues themselves, Emaar's gross profit for 2009 was AED4,099 million, a decrease of 21.6 per cent. compared to the AED5,230 million recorded in 2008.

During 2009 and 2008, the breakdown of Emaar's revenue generated from sale of properties was as follows:-

	Revenue	Cost of Revenue	Gross Profit	Revenue	Cost of Revenue	Gross Profit
		2009			2008	
			AED Million			
Apartments/ condominiums	4,312	2,803	1,509	6,053	3,869	2,184
Villas/Commercial	1,789	787	1,002	2,976	1,049	1,927
Plots of land	135	9	126	613	25	588
Total	**6,236**	**3,599**	**2,637**	**9,641**	**4,943**	**4,699**

A breakdown of Emaar's revenues by geographic segment for the years ended 2008 and 2009 is included in note 3 to the 2009 audited consolidated financial statements.

Other operating income

Other operating income for 2009 was AED520 million, a decrease of 2.1 per cent. compared to the AED531 million recorded in 2008.

Selling, general and administrative expenses

Selling, general and administrative expenses for 2009 were AED1,912 million, an increase of 0.4 per cent. compared to the AED1,905 million in 2008.

	Year ended 31 December 2009	2008
	(AED million)	
Payroll and related expenses	454	601
Sales and marketing expenses	189	380
Depreciation of property, plant and equipment	322	209
Depreciation of investment properties	314	86
Property management expenses	67	71
Land registration fees	72	97
Provision for doubtful debts/write off	94	—
Pre-operating expenses	52	69
Other expenses	348	393
Total	**1,912**	**1,905**

The overall increase in selling, general and administrative costs from 2008 to 2009 was mainly due to the 54.1 per cent. increase in depreciation of property, plant and equipment (mainly due to the opening of The Address Downtown at the end of 2008 and the opening of The Address Dubai Mall and The Address Dubai Marina Mall in the fourth quarter of 2009), a 265.1 per cent. increase in depreciation of investment properties (mainly due to opening of The Dubai Mall and Dubai Marina Mall at the end of 2008) and the inclusion of a AED94 million provision for doubtful debts/write off. The increases were largely off set by a 24.5 per cent. decrease in payroll and related expenses as well as the 50.1 per cent. decrease in sales and marketing expenses (mainly due to decreased sales commission due to lower new sales and decreased marketing expenditure during the global financial crisis).

Other operating expenses

Other operating expenses for 2009 amounted to AED288 million, a decrease of 20.7 per cent. from AED363 million in 2008. This decrease over the period was principally due to decreased costs in the non-real estate business primarily relating to manpower and sales and marketing.

Finance income and finance costs

Finance income for 2009 was AED356 million, a decrease of 15.6 per cent. compared to the AED422 million recorded in 2008. The movement in finance income over the period was principally related to lower interest rates on deposits during 2009 as compared to 2008.

Finance costs for 2009 was AED217 million, an increase of 189.3 per cent. compared to AED75 million recorded in 2008. The movements in finance costs over the period was principally related to higher borrowing and also due to completion of certain assets, and the fact that no interest was capitalised in 2009 (in 2008, interest for borrowing apportioned to construction of investments assets was capitalised).

Other income

Other income for 2009 amounted to AED83 million, a significant decrease from AED240 million in 2008. This decrease over the period under review was principally due to transfer and housing fees that were charged to customers in 2008 being handled by the Dubai Land Department in 2009.

Share of results from associated companies

Share of results from associated companies for 2009 was a loss of AED534 million compared to a gain of AED109 million recorded in 2008. This decrease over the period was principally due to increased losses in Amlak Finance and Dubai Bank relating to provisioning against loans and advances. See "*Risk Factors – Risks relating to Emaar – Amlak, an associated company of Emaar, may need to restructure its debt obligations which may expose Emaar to loan write offs and a decrease in the value of its investment*".

Net profit for the year

Reflecting the above factors, Emaar's net profit for 2009 was AED289 million, a significant increase compared to AED124 million recorded in 2008.

Net profit for the year in both 2009 and 2008 were significantly affected by losses from discontinued operations, amounting to AED1,762 million in 2009 and AED4,068 million in 2008. These losses from discontinued operations related to the Group's U.S. subsidiary, WL Homes LLC and its affiliates, which filed Chapter 11 petitions in the US Bankruptcy Court for the District of Delaware in February 2009 and were subsequently put into liquidation. See note 7 to the 2009 audited consolidated financial statements for further details.

Analysis of Certain Consolidated Statement of Finanical Position Items

Cash and bank balances

As at 30 September 2010, the Group's cash and bank balances amounted to AED3,568 million compared to AED2,267 million as at 31 December 2009. Of those amounts, AED439 million and AED388 million of deposits, respectively, are held in lien and the rest of the cash or unrestricted deposits are placed with the banks as short term deposits. The increase in cash balance is due to higher collection from customers, increased sales of new properties, additional borrowings from financial institutions and disposal of non-core businesses including Hamptons International business, in the United Kingdom and RSH Limited, in Singapore. Approximately 83 per cent. of the Group's cash and bank balances as at 30 September 2010 are AED-denominated.

Investment properties

Emaar's investment properties amounted to AED8,126 million as at 30 September 2010 compared to AED8,546 million as at 31 December 2009 and AED13,248 million as at 31 December 2008. Investment property is stated at cost and includes assets held for rental or capital appreciation purposes. Emaar Malls and retail assets are included at cost under investment properties. Land amounting to AED4,521 million held for development purposes has been transferred to development properties in 2009. The decrease in investment properties is due to the sale of certain investment properties and current period depreciation.

*Property, plant and equipment (**PPE**)*

Emaar's investment in PPE amounted to AED7,318 million as at 30 September 2010 compared to AED6,822 million as at 31 December 2009 and AED5,414 million as at 31 December 2008. PPE includes the Group's hospitality assets, district cooling plants, other revenue generating assets and self occupied properties. In addition, PPE also includes the construction cost of certain projects, which once constructed, will generate revenue for the Group upon completion.

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. 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.

Development work in progress amounted to AED28,828 million as at 30 September 2010 compared to AED31,076 million as at 31 December 2009 and AED26,799 million as at 31 December 2008. The decrease in development properties during the period ended 30 September 2010 compared to 31 December 2009 is attributable to recognition of the cost of projects handed over. However, the increase in development properties in 2009 compared to 2008 is due to transfer of land from investment properties to development properties and expenses incurred for development of projects.

Borrowings

Emaar's financing requirements are primarily to fund its initial property development expenditure, construction of investment properties and fixed assets, and investment in international subsidiaries. In relation to its residential developments, Emaar generally sells units in advance of their construction with the purchasers paying an initial deposit and the balance of the purchase price in installments during the construction period. These advance payments are used by Emaar to part finance the development with the balance of the financing being equity and borrowings. Emaar's commercial developments are generally funded through cash from equity and borrowings.

As at 30 September 2010, interest-bearing loans and borrowings were AED9,933 million compared to AED8,625 million as at 31 December 2009 and AED9,174 million as at 31 December 2008.

The table below shows a breakdown of the interest-bearing loans and borrowings of the Group as at 30 September 2010.

Particulars	**Total Borrowings AED Millions**	**Maturity (AED Millions)**	
		<12 Month	**>12 Month**
Corporate Facilities	**1,042**	**938**	**103**
Musharaka Facility (U.S.$1 billion)	**3,673**	**—**	**3,673**
Emaar Malls (U.S.$300 million)	**1,102**	**200**	**902**
International Facilities:			
Turkey*	1,994	1,994	—
Egypt**	952	808	144
Pakistan	246	213	33
EME	196	174	22
Lebanon	157	—	157
USA	352	352	—
Others	219	97	122
Total International Facilities	**4,116**	**3,638**	**478**
Total Group Facilities	**9,933**	**4,776**	**5,156**

* The current short term facilities availed for acquiring land in Turkey are intended to be replaced by a 12 year project finance facility. Discussions for this facility are at an advanced stage with the draft term sheet having been issued, which is expected to be signed by December 2010. Financial closure is expected in the first quarter of 2011.

** Discussions are currently are at an advanced term sheet stage for the five year syndication of the facilities for the three projects in Egypt (being Uptown Cairo, Marassi and New Cairo (Mivida)). The syndication is expected to be closed in the first quarter of 2011.

Equity

Emaar's equity attributable to the equity holders as at 30 September 2010 was AED30,804 million compared to AED28,677 million as at 31 December 2009 and AED28,107 million as at 31 December 2008.

Liquidity and Cash Flows

The table below summarises Emaar's cash flows from operating activities, investing activities and financing activities for the nine months ended 30 September 2010 and 30 September 2009 and for each of 2009 and 2008. The cash flows of Emaar are from continuing operations.

The positive net cash flow from operating activities below signifies the Group's higher operating profits from malls and hospitality, collection from sales and effective working capital management.

	Nine months ended 30 September		**Year ended 31 December**	
	2010	**2009**	**2009**	**2008**
	AED Million			
Cash from/(used in) operating activities	315	(1,640)	(1,632)	6,132
Cash used in investing activities	(1,022)	(2,345)	(2,790)	(2,681)
Cash from financing activities	1,037	513	1,210	1,160
Total	**330**	**(3,472)**	**(3,213)**	**4,611**

Capital commitment

As at 30 September 2010, the Group had commitments of AED8,162 million (compared to AED9,180 million as at 31 December 2009 and AED17,705 million as at 31 December 2008) including project commitments of AED8,068 million (compared to AED9,074 million as at 31 December 2009 and AED16,110 million as at 31 December 2008). This represents the value of contracts issued as of 30 September 2010 net of invoices received and accruals made at that date. The above project commitments in addition to the committed construction cost relating to the properties under construction for sale also include the commitment of AED195 million relating to the construction of the Armani Milan Hotel. In addition, the Group also has plans to construct Armani Hotels in Marrakech and Marrasi, and four malls in Turkey, Syria, Egypt and Saudi Arabia.

Off-Balance Sheet Arrangements

Note 21 to the 30 September 2010 interim condensed consolidated financial statements and note 29 to the 2009 audited consolidated financial statements contain detailed information about Emaar's contingencies and commitments including guarantees.

Related Party Transactions

Note 20 to the 30 September 2010 interim condensed consolidated financial statements and note 30 to the 2009 audited consolidated financial statements contain detailed disclosure about transactions with related parties and significant balances outstanding as at 30 September 2010 and 31 December 2009, respectively. As at 30 September 2010, Emaar's principal related party transactions were with its associates and other related parties. These transactions are appropriately described in the note.

Disclosures about Risk

Note 31 to the 2009 audited consolidated financial statements contains detailed disclosure about Emaar's capital and financial risk management activities, including discussions and statistical disclosure in relation to market risk, foreign currency risk management, interest rate risk management, credit risk management and liquidity risk management.

DESCRIPTION OF EMAAR PROPERTIES PJSC

Overview

Emaar was incorporated as a public joint stock company on 23 June 1997 pursuant to the UAE companies law, Federal Law No. 8 of 1984, with Commercial Registration number 49563 and commenced operations on 29 July 1997. As at 1 December 2010, Emaar had a market capitalisation of approximately AED22.35 billion (approximately U.S.$6.09 billion) (*Source:* DFM). Emaar's registered office is P.O. Box 9440, Dubai, UAE and its contact number is +971 (0) 4 367 3333.

Emaar is a leading real estate company having developed, as at 30 September 2010, over 9.4 million square metres (**m^2**) of residential and commercial real estate. Emaar commenced operations as a property development company specialising in real estate development, specifically master planned lifestyle community developments, in Dubai. Since its incorporation, Emaar has expanded its business in the UAE and internationally and currently has developments in 13 countries across the Middle East and North African (**MENA**) region, the Indian sub-continent, Europe and North America.

Emaar operates through three primary business segments, as outlined below.

Property Development is Emaar's core business segment. This segment focuses on Emaar's residential and commercial real estate developments in the UAE and internationally. As at the date of this Base Prospectus, Emaar has developments in Canada, Egypt, India, Italy, Jordan, Lebanon, Morocco, Pakistan, Saudi Arabia, Syria, Turkey, the UAE and the United States of America (the **Project Regions**) (see "*Property Developments*" for further details). In the nine months ended 30 September 2010, approximately 76 per cent. of Emaar's revenue was generated from Property Development.

The **Malls and Retail** segment focuses on Emaar's national and international retail developments (see "*Emaar Malls*" and "*Emaar Retail*"). In the nine months ended 30 September 2010, approximately 16 per cent. of Emaar's revenue was generated from Malls and Retail.

The **Hospitality** segment focuses on the development of hotels, resorts and leisure facilities and their management in the UAE and internationally (see "*Hospitality*"). In the nine months ended 30 September 2010, approximately 8.1 per cent. of Emaar's revenue was generated from Hospitality.

In addition to these primary business segments, Emaar also has business operations and subsidiaries in other sectors, such as financial services (see "*Financial Services*").

Emaar previously had activities in the healthcare sector, however, on 29 December 2010 it announced that it had entered into agreements pursuant to which Emirates Healthcare Limited would take over the management of the healthcare clinics previously owned by Emaar. Following the agreements becoming effective on 15 January 2011, Emaar ceased to undertake any healthcare related activities. Emaar remains the landlord in respect of the clinics located in its Downtown Dubai, Arabian Ranches and The Meadows developments.

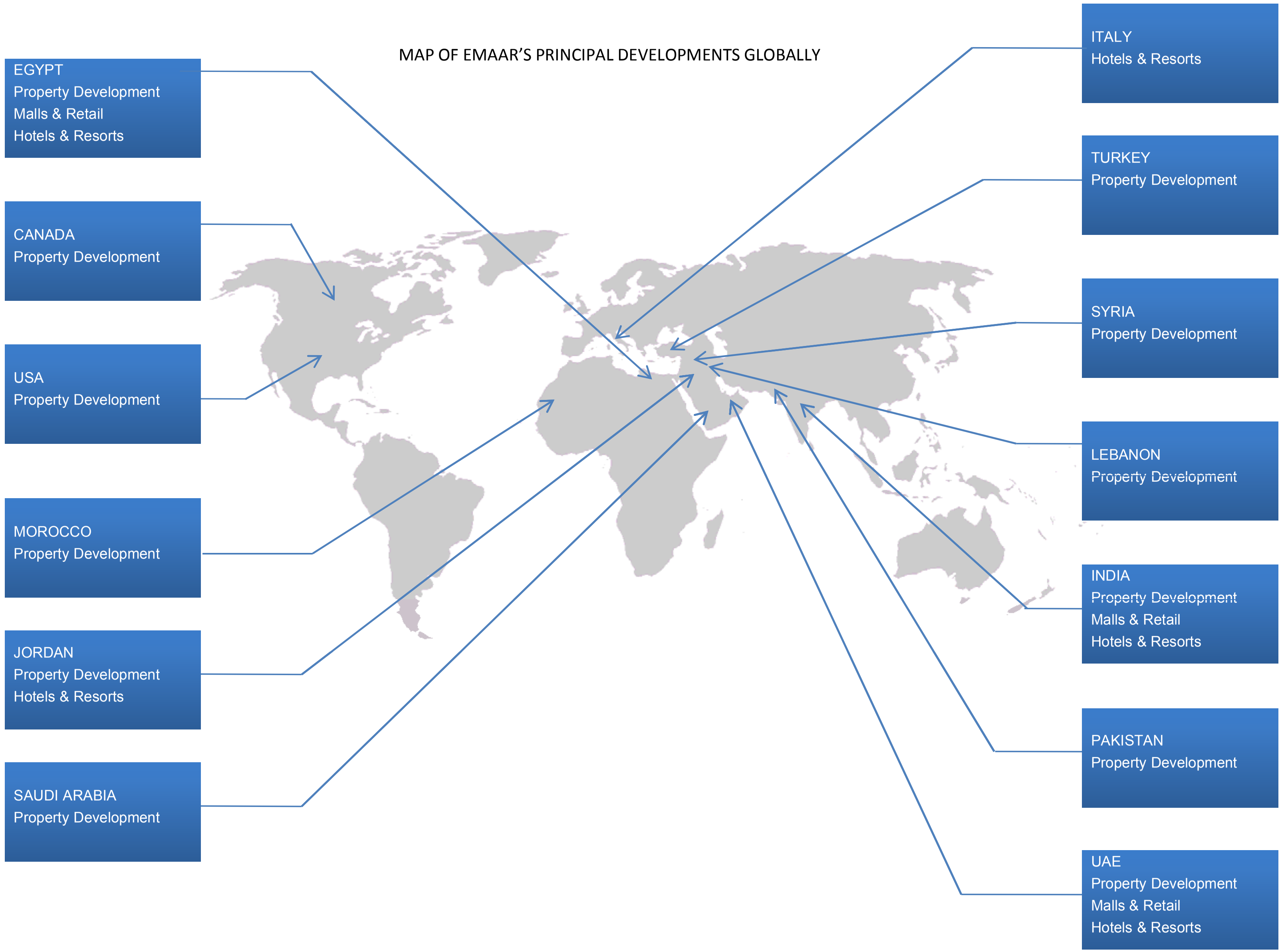
Aside from Property Development, Emaar's business segments are currently focused predominantly on the UAE. For the nine months ended 30 September 2010, the UAE accounted for 96 per cent. of Emaar's revenues (including those from Property Development). However, many of Emaar's developments across the Project Regions offer scope for expansion of the other business segments (primarily Malls and Retail and Hospitality) internationally (see "*Strategy*").

As at 30 September 2010, the Group had a land bank of approximately 280 million m^2 consisting of plots of freehold land and leasehold land. In the UAE, the Group had, as at 30 September 2010, approximately 20 million m^2 of land (amounting to approximately 7 per cent. of its total land bank) and internationally it had approximately 260 million m^2 of land (amounting to approximately 93 per cent. of its total land bank)[1].

The following map illustrates the location of the principal developments being undertaken, or proposed to be undertaken, by Emaar, its subsidiaries or associated companies globally.

1 Figures reflect total land bank area of Emaar and its subsidiaries and associated companies and not Emaar's proportionate ownership of the same

MAP OF EMAAR'S PRINCIPAL DEVELOPMENTS GLOBALLY



Shares and Shareholding

Emaar is a publicly listed company, with its shares having been admitted to the official list of the DFM since 26 March 2000. As at 1 January 2011, 6,091,238,503 shares with a nominal value of AED1 each have been issued. Information relating to general assembly meetings and any resolutions passed at such meetings (including those relating to dividends and capital increases) can be found on the DFM website (www.dfm.ae).

Pursuant to the rules of the DFM, Emaar is required to disclose any interest in its shares of 5 per cent. or more. As at 1 January 2011, only the Investment Corporation of Dubai (an entity wholly owned by the Government of Dubai (**Government**)) holds shares over the 5 per cent. disclosure threshold, with a shareholding of 31.22 per cent.

Awards and Accolades

Emaar and its developments have been awarded a number of international awards and accolades for various achievements in 2009 and 2010, including Best Developer in the MENA region by Euromoney, and the Middle East Business Global Competitiveness Excellence Award in 2009 and the Best Tall Building in the Middle East and Africa by CTBUH (the Council on Tall Buildings and Urban Habitat) in 2010.

Competitive Strengths

Emaar's competitive strengths include:

- ***Strategic partnerships with governments***: Emaar was established in accordance with the Government's strategy to diversify and grow Dubai's economy. The Government continues to own a significant interest in Emaar (see "*Shares and Shareholding*"). Reflecting its significant strategic partnership with the Government, a substantial part of Emaar's land bank in Dubai was gifted to it. This increases Emaar's ability to develop large parcels of land in the most flexible and profitable manner according to market conditions, location and other relevant factors. Internationally, Emaar has entered into direct or indirect partnerships with governments or government related entities for some of its projects (including in Morocco, India and Pakistan) (see "*Property Development – International – Non Wholly Owned*");

- ***Strong brand names and proven track record***: Emaar believes that it has a well respected and recognised brand name as it has a proven track record and reputation in Dubai and in other countries in which it operates as an 'on-time' developer of master planned lifestyle communities, delivering over 28,900 residential units in the UAE by 30 September 2010. In addition, Emaar benefits from strong alliances with key industry players through a number of its business segments and its ability to use brand names such as Armani assists Emaar in achieving international appeal;

- ***Joint ventures with strategic local partners***: Emaar has entered into a number of joint ventures with local partners in different international jurisdictions. These partnerships provide Emaar with, amongst other things, regional know-how and development rights to tracts of desirable land at attractive prices (see "*Business Model – Partnerships*");

- ***First mover advantage in a number of international jurisdictions***: Emaar believes that in most of its international markets it is the first real estate developer offering lifestyle community developments to have entered the market. This enables it to obtain access to desirable land and is a significant marketing advantage when selling its developments;

- ***Low financing costs***: Emaar's ability to finance its projects through pre-selling means that Emaar has not needed to borrow significantly to date relative to many of its competitors in the GCC region, enabling it to maintain a low debt to equity ratio. Historically, payments received have been adequate to finance most of the costs associated with the design and construction of Emaar's real estate developments (see "*Business Model – Sales and Leasing*");

- ***Strong management team***: Emaar believes the strength and experience of its senior management team represent a competitive advantage and are critical to the successful conduct of its business. Emaar's management team has considerable experience in the relevant business segments in which Emaar operates; and

- ***Monetising core assets***: In order to maintain sufficient financial flexibility and growth capital to meet Emaar's medium and long term objectives, Emaar intends to monetise certain core assets when they are of sufficient size whilst retaining control. This will provide Emaar with long term growth capital and help it take advantage of future development opportunities.

Strategy

Emaar's primary objective is to produce sustained and secure long term returns from the development and management of, and investment in, its real estate activities. Its strategy to achieve this objective involves completing its existing development projects in Dubai and internationally, focusing on initiating additional developments in its international target markets and diversifying its revenue streams in order to increase the proportion of revenues from its non property development business segments. Emaar's strategy includes, *inter alia*, (i) the development of a brand that is recognised as a market leader in delivering sustainable master planned lifestyle communities, and (ii) the development of real estate targeted towards the mid-market affordable segment (also referred to as "affordable luxury"), in both cases, in the countries in which it operates.

Emaar's principal projects in Dubai have included Dubai Marina, Arabian Ranches, Emirates Living and the Downtown Dubai Development (elements of all of which are complete and which, subject to market conditions, are expected to be fully completed in 2017). Details of the stage of completion of such projects and Emaar's interest in the same, together with details of Emaar's other Dubai (and UAE) projects, are contained in "*Property Developments – UAE – Wholly Owned*" and "*Property Developments – UAE – Non Wholly Owned*". Each of these developments has involved the sale by Emaar of principally residential development properties and, once complete, will involve Emaar holding completed development properties (principally commercial and leisure but also certain residential properties) as investment properties in order to achieve both rental income and capital appreciation.

Emaar has undertaken international projects itself and in conjunction with third parties. These include numerous projects in India spanning 7 cities in the country, four projects in Egypt (Uptown Cairo, Marassi, Mivida and Cairo Gate), two projects in Pakistan (Crescent Bay and Canyon Views), five projects in Morocco (Tinja, Saphira, Oukaimeden, Amelkis and Bahia Bay), four projects in Saudi Arabia (King Abdullah Economic City, Jeddah Gate, Al Khobbar Lakes and Emaar Residences at Fairmont Makkah), two projects in Turkey (Tuscan Valley and the New Istanbul Development), one project in Jordan (Samarah Dead Sea Resort), one project in Syria (The Eighth Gate) and one project in Lebanon (Beit Misk). Details of the stage of completion of such projects and Emaar's interests in the same, together with details of Emaar's other international projects, are contained in "*Property Developments – International – Wholly Owned*" and "*Property Developments – International – Non Wholly Owned*". Emaar's decision on whether to commence operations in a particular country is based on numerous factors including the state of development of that country (favouring emerging economies where greater returns can be realised), the level of competition in the country and the macro-economic conditions of the country (favouring high growth economies with high demand for Emaar's offerings). In the majority of its international projects, Emaar is aiming to replicate its Dubai model of developing integrated lifestyle community developments which enable it to earn revenues both from the sale of properties and through the holding and management (including via its international joint ventures) of investment properties. Whilst the UAE accounts for the majority of Emaar's revenue (96 per cent. for the nine months to 30 September 2010, a 60 per cent. increase from the same period in 2009), Emaar intends to increase the proportion of revenue generated from its international operations by 2013.

Emaar anticipates that rental and other revenues from its Malls and Retail and Hospitality segments will grow as a proportion of its total revenues in the medium term. To date, the Malls and Retail segment has focused on operating Emaar's Dubai based shopping malls, including The Dubai Mall, Gold and Diamond Park, The Marina Mall and Souk Al Bahar. The Hospitality segment focuses on owning and managing hospitality and leisure assets (including hotels and resorts (including The Address Hotels and Resorts brand (See "*Hospitality – The Address Hotels and Resorts*")), golf resorts, serviced apartments, a polo and equestrian club, a yacht club, restaurants and health clubs) following completion of their development by Emaar. The Armani Hotels and Resorts brand is being developed by Emaar in collaboration with Giorgio Armani S.p.A. (see "*Hospitality – Armani Hotels and Resorts*"). Whilst Property Development accounts for the majority of Emaar's revenue (76 per cent. for the nine months to 30 September 2010), Emaar intends to further diversify its revenue base such that despite growth in revenue from Property Development in absolute terms, the share of revenue from stable and recurring income streams (being, predominantly income from the Malls and Retail and Hospitality segments) is maintained at current levels or grown up to 30 per cent. of total revenues.

Emaar anticipates that, as its developments are completed, its Malls and Retail and Hospitality segments will further mature into self-sustaining international companies from which Emaar will be able to realise value through initial public offerings once the relevant segment has reached an appropriate stage of development. It is Emaar's current intention to retain strategic and management control of each segment after any such public offering.

Emaar aims to increase shareholder value by efficient utilisation of its financial and physical assets. Emaar's project finance strategy is to finance through a combination of shareholders' equity, pre-selling of projects, debt financings, initial public offerings and strategic sales. Emaar aims to retain sufficient reserves and liquidity to ensure operational obligations are met on a timely basis. As at 30 September 2010, Emaar had U.S.$8.4 billion (approximately AED30.8 billion) in equity and reserves including retained earnings.

Business Model

The central elements of Emaar's business model are as follows:

- the creation of integrated lifestyle communities;
- the partnering with governments, government related entities and/or key local business partners; and
- the project development process.

Lifestyle Communities

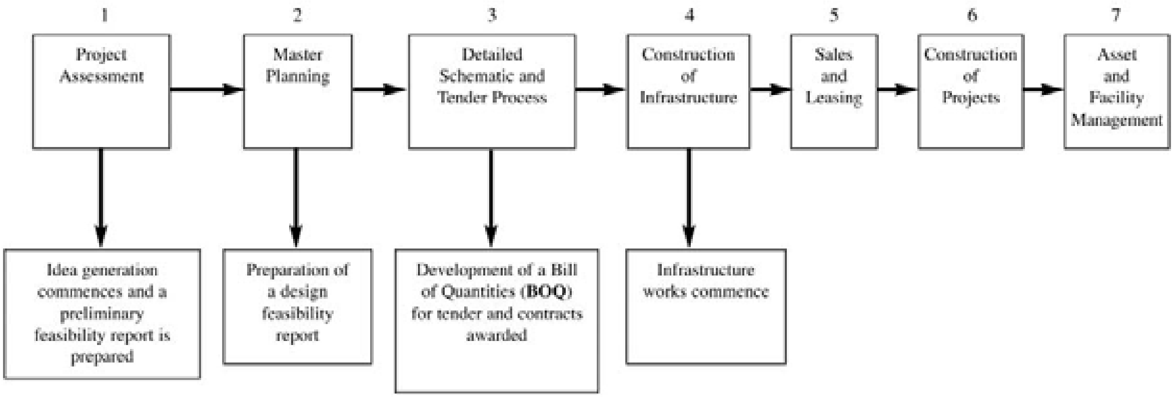
Emaar's business model is based on the creation of entire master planned lifestyle communities. Lifestyle communities refer to developments that are self contained so as to include not only residential accommodation but also a range of amenities for residents. These amenities include retail and restaurant facilities, recreational facilities, schools, medical centres and commerical centres. In addition, Emaar ensures through its collaboration with local developers that the infrastructure necessary to support these residential communities, such as roads, power, water and sewage, landscaping and open recreational spaces is in place.

Partnerships

For its international projects, where possible, Emaar seeks to co-ordinate such projects, directly or indirectly, with the government (or government related entities) of the particular country, state or district in which it is undertaking the development. In other instances, Emaar seeks to enter into partnerships or strategic alliances with local partners, who either provide Emaar or its subsidiaries with development rights to tracts of desirable land at attractive prices or contribute land as part of their equity participation in the joint venture. These partners typically have established relationships with government and government related entities and local suppliers of construction services or they themselves have construction capability. Additionally, they provide Emaar with regional know-how, assist with regulatory processes such as permits and authorisations and consequently expedite projects and assist in increasing Emaar's brand recognition (see "*Group Structure*" for further details).

Project Development Process

Emaar's development process involves the following steps:



Project Assessment

The first phase of any proposed project is the project assessment stage. This stage focuses on idea generation and assessment of the feasibility of the proposed project.

Following completion of the idea generation process relating to planning, location, concepts, buildings and design, focus is then directed to the assessment of a potential project. Before acquiring any land and undertaking any project, Emaar adheres to stringent processes to assess the returns of a proposed project. The four key criteria are (i) the projected investment rate of return exceeds the minimum levels prescribed by Emaar; (ii) the upfront capital investment will be low; (iii) appropriate zoning approvals are attainable and the proposed project will have a positive impact on the general development within the project region; and (iv) good legal title can be obtained.

If the above criteria are met, a dedicated team comprising employees from the legal, finance, business development and project departments is established to review the proposed project opportunity and preliminary due diligence is conducted. The due diligence assesses, among other things, zoning issues and the availability of current infrastructure and services and includes the generation of a preliminary feasibility report.

The preliminary feasibility report sets out in detail the project development phases; high level analysis of financials; an overview of the legal framework within the respective project region; market research studies; and a review of tax implications and funds repatriation. At this stage, various government and/or local parties are also approached with a basic framework of the proposed project. Where a partnering entity is identified, due diligence of its business is also undertaken. The preliminary due diligence report is then submitted to Emaar's senior management team, including the Group's Chairman and the appropriate Chief Executive Officer (either Dubai or International) (**CEO**) for their review and approval. Once the project is approved by Emaar's senior management team it is then presented to the Board of Directors (**Board**) for their approval to undertake a detailed feasibility study.

Upon approval from the Board, a Memorandum of Understanding (**MOU**) with an expression of interest is signed with the counterparty confirming interest in the development and obtaining exclusive rights to the development. External consultants are then appointed to carry out the detailed feasibility study. Board approvals are obtained to proceed with development based on the outcome of the detailed feasibility study including approval on, where applicable, the terms and conditions of any proposed joint venture agreement.

Master Planning

Master planning starts after the granting or acquisition of land, whether directly or through a joint venture agreement.

The master plan requires approval from Emaar's Chairman and a design review panel.

At the design phase, more detailed project and design feasibility studies are carried out for various development options and third party consultants are engaged for the design of the project. Consultation with all relevant parties, including supervisory bodies, designers, architects, road and traffic authorities and utility providers are carried out in order to establish the infrastructure requirements for the project. Based on this work, a detailed master plan for the development is prepared which includes the marketing strategy for the project.

The master plan sets out, amongst other things, the type, density, built-up area and timeline for completion of a project. Once the master plan is agreed, Emaar may sell certain development land and also act as developer or sub-contract the development of land retained by it (such development in all cases being undertaken in accordance with the applicable master plan).

Detailed Schematic and Tender Process

At the detailed schematic and tender process stage, a bill of quantities (**BOQ**) is undertaken which defines the overall scope of work, lists the materials required and details the nature and scope of activities to be carried out for executing a project. It also includes details of the budget estimates for the proposed project. The BOQ is then submitted to the appropriate CEO for approval.

Tenders or invitations to submit proposals for each development phase are then issued to potential contractors. Potential contractors are chosen based on their track record, their ability to complete the project and their relevant experience. The submitted bids are evaluated in detail, with particular attention paid to the skill set that Emaar requires for the proposed project and the pricing proposal. A tender report detailing the results of the process is prepared and submitted to the tender committee. The tender committee evaluates the tenders and approves the award of contracts. Where, for some reason, the proposed terms are above the delegated powers provided to the tender committee by the Board, the tender committee makes a recommendation to the Board and requests their approval. Once approval is received the contract is awarded and is typically issued on a fixed price BOQ basis (see "*Contractors and Suppliers*").

Construction of Infrastructure

Infrastructure works are commenced before any buildings are constructed. This process includes undertaking earth work, building utility networks (such as district cooling stations, laying relevant pipelines for water and sewerage and establishing the electrical and telecommunications networks) and building necessary roads. At this stage, Emaar will also liaise with the relevant utility providers.

Typically, the infrastructure is developed in accordance with the development requirements and accordingly, infrastructure plans can be amended based on actual sales patterns. In certain developments, where infrastructure is key to generate demand or generate premium (for instance the construction of a marina), certain infrastructure work may be fast tracked.

Sales and Leasing

At the sales and leasing stage, the marketing plan developed at the Master Planning stage in relation to sales and/or leasing is implemented. Typically, the marketing plan for residential sales will include advertising, branding and organising promotional events. Model villas are built and, in the case of apartments, a mock-up of the interior of the particular type of apartment being sold is set up. Emaar undertakes "perfect launches", which refers to launches when all infrastructure requirements for the development are finalised and where all the details of the master plan including the services which will be available in the project have been identified. On the launch date, customers are served on a first-come-first-served basis and must pay between 5 per cent. and 20 per cent. of the sale price of the property as a deposit, upon signing the purchase agreement. Contracts detailing, amongst other things, payment schedules, estimated service fees, apartment or villa plans and agreed designs are executed on the day. Thereafter, purchasers are required to make progressive payments on pre-determined dates over the period of construction and a final payment once construction is completed.

Typically, Emaar leases commercial developments (although in some instances, space in such developments is sold to third parties) and sells both development land and residential developments completed by it. In relation to its leasing arrangements. Emaar has adopted its own standard form lease contract for particular properties setting out details of rental periods, service charges, default provisions and other requirements. Where anchor tenants are identified (meaning those tenants identified as key businesses which lease large amounts of commercial space) non-standard form lease agreements may be negotiated. Emaar has set criteria for its commercial developments and therefore before a lease agreement is executed, various profile checks on the potential tenant are undertaken. Once an agreement is signed, each tenant receives a tenant guide related to the nature of his tenancy, such as a retail tenant guide or an office tenant guide.

Construction of Projects

Before tenders are awarded, a minimum threshold is normally set for pre-sales. This typically ranges between 50 per cent. and 60 per cent. of the units in a particular project (both in Dubai and internationally) and ensures that the project earmarked for sale is substantially self-funded through customer contributions towards the project. Once the pre-sales and leasing stage is concluded and tenders have been awarded, construction of the relevant properties commences. Any variance to the budget, timeline and scope of work is reported by a project control group (comprised of senior executives) to the appropriate CEO. The group meets with the appropriate CEO on a regular basis to ensure satisfactory development and progress of all projects. Responsibility for any significant development project is vested with the appropriate CEO.

Asset and Facility Management

Once the project is finished and delivered to the end users, the management responsibilities for the project are initially carried out by Emaar's asset management department.

Within the UAE, the Jointly Owned Property Law No. 27 of 2007 (**Strata Law**) and the directions (**Directions**) issued by RERA in relation to the same are now in effect and require the establishment of owners associations (**OAs**) for all jointly owned developments and that the management responsibilities of such developments be passed to the OAs. The OAs may appoint third parties to carry out various responsibilities on its behalf. For further information in relation to the Strata Law and the Directions see "*Overview of the United Arab Emirates – Legislation Governing Freehold Property – Law and directions relating to jointly owned properties*".

Land Bank and Development Properties

In the UAE, the Group had, as at 30 September 2010, approximately 20 million m^2 of land (amounting to approximately 7 per cent. of its total land bank) and internationally it had approximately 260 million m^2 of land (amounting to approximately 93 per cent. of its total land bank)[2]. Part of Emaar's land bank in the UAE (approximately 40 per cent.) has been gifted by the Government in accordance with the Government's strategy for diversifying and growing the economy of Dubai.

2 Figures reflect total land bank area of Emaar and its subsidiaries and associated companies and not Emaar's proportionate ownership of the same

A breakdown of the fair value of the development properties (including the cost of land) and the respective land areas as at 31 December 2009 (with the land areas as at 31 December 2009 and 30 September 2010 being the same) is shown in the table below.

Value of development properties as at 31 December 2009

Country	Fair value in AED millions*	% of total fair value	Cost in AED millions	% of total cost value	Land area in millions m²**	% of total land bank area
Subsidiaries						
UAE	27,481	54	20,436	66	13.9	5
India	2,935	6	73	0	2.07	1
KSA	3,219	6	1,570	5	4.76	2
Morocco	779	2	293	1	7.46	3
Egypt	9,361	19	4,210	14	15.22	5
Pakistan	1,400	3	523	2	4.48	2
Syria	1,202	2	392	1	0.3	0
Turkey	2,482	5	2,245	7	1.44	1
Lebanon	785	2	329	1	0.65	0
United States of America and Canada	911	2	1,003	3	0.11	0
Subsidiaries sub total	50,556	100	31,076	100	50.39	18
Associates						
UAE (Bawadi JV)					6.5	2
India (Emaar MGF)					43.83	16
KSA (Emaar Economic City)					168	60
Morocco JVs					7.86	3
Jordanian JV (Samarah Resort)					1.75	1
Associates sub total					227.95	82
Total	**50,556**	**100**	**31,076**	**100**	**278.34**	**100**

* *Fair value of land includes the entire land bank held by Emaar's subsidiaries. The fair value is stated as at 31 December 2009 and as such may have changed significantly between the date of valuation and the date of their Base Prospectus. Emaar conducts valuations of the land bank of its subsidiaries on an annual basis, however, the valuations for 31 December 2010 were not available as at the date of this Base Prospectus.*

** *Land areas include the entire land bank held by Emaar and its subsidiaries and associates and not Emaar's proportionate ownership of the same. Land areas are the same as at 31 December 2009 and 30 September 2010.*

*Note: Aside from the Boulder Hills Golf Course (gross leased area (**GLA**) 951,011 m²) and the Hyderabad International Convention Centre and Hotel (GLA 61,265 m²) in India, the land for phase two of the Tinja development (GLA 640,000 m²) in Morocco, the land for the Crescent Bay project in Karachi, Pakistan (GLA 437,059 m²) and the Emaar Residences at Fairmont Makkah, Saudi Arabia, in respect of which Emaar its subsidiaries or associates hold or have entered into contracts to acquire a leasehold interest, Emaar, its subsidiaries or associates hold or have entered into contracts to acquire freehold title to all its land bank.*

Valuations of the land comprised in the land bank have been undertaken by various independent surveyors. Details of these surveyors are listed below.

Country	Valuer	Contact Details
UAE	CB Richard Ellis Middle East	PO Box 500529 Dubai, United Arab Emirates
India	Subha Syndicate	1-1-164/7, Alexander Road Sinkunderabad, India
Kingdom of Saudi Arabia	Colliers International	Tecom Building No. 5, Dubai Internet City, PO Box 71591, Dubai, UAE
Morocco	Colliers International	Tecom Building No. 5, Dubai Internet City, PO Box 71591, Dubai, UAE
Egypt	Colliers International	Tecom Building No. 5, Dubai Internet City, PO Box 71591, Dubai, UAE
Pakistan	Indus Surveyors (Pvt) Ltd	Office No. 111, 1st Floor, Siddiq Trade Centre, 72 Main Gulberg, Lahore, Pakistan
Syria*	Expert Engineer Farouk Al Sabbagh	Office 197, 2nd Floor, Alkhuja Building, Al-Thawra Street, Damascus, Syria
Turkey	Colliers International	Tecom Building No. 5, Dubai Internet City, PO Box 71591, Dubai, UAE
Lebanon	KZ Architects	105, Mar Maroun Street, Horch Tabet, Sinel Fil, Lebanon
Canada	Burgess Cawley Sullivan and Associates	2nd floor, 602 West Hastings Street, Vancouver, BC V6B 1P2

* *Valuations in Syria were undertaken by an individual. Mr. Farouk Al Sabbagh is a civil engineer and has been accredited by the Justice Ministry in Syria certifying Mr. Al Sabbagh as a sworn valuator.*

Project Details

All projects by Emaar and its subsidiaries are undertaken on land owned or leased by Emaar or which Emaar has contracted to acquire or lease (excluding projects where Emaar is a part owner of the relevant development entity, in which case such entity typically owns the land or contracts to acquire the land). Where Emaar has leased or contracted to lease land for a project such lease is on a long-term and/or renewable basis. Emaar generally conducts its project development operations through its subsidiaries. The table below sets out each of Emaar's current developments by jurisdiction, the type of development, the year in which construction started or, where applicable, the pre-construction stage of the project, the construction completion date or, where construction is ongoing, the anticipated completion date and, in the case of developments involving the sale of freehold units, the percentage of such units sold to total units launched, in all cases as at 30 September 2010.

Further details of each of the projects listed in this table are set out below.

	Development Type	Stage of Development*		Freehold Units Sold % to total units launched
		Construction to commence/ Construction commenced	*Anticipated completion date/ Construction completed*	*(Where applicable)*
UAE – Wholly Owned				
Downtown Dubai Development				85%
Various Residential developments	Residential	Construction commenced in 2004	Anticipated completion date is 2017	
Various Commercial developments	Commercial	Construction commenced in 2004	Anticipated completion date is 2017	
Malls and Retail development	Mall, Retail and Leisure	Construction commenced in 2004	Anticipated completion date is 2017	
Hospitality development	Hotels	Construction commenced in 2004	Anticipated completion date is 2017	
Healthcare development	Healthcare facility	Construction commenced in 2007	Construction completed in 2009	
Dubai Marina				
Residential and Commercial development	Mixed-use	Construction commenced in 1999	Anticipated completion date is 2011	98%
Malls and Retail development	Mall and Retail	Construction commenced in 2006	Construction completed in 2008	
Leisure development	Marina	Construction commenced in 2006	Construction completed in 2010	
Arabian Ranches				
Residential development	Residential	Construction commenced in 2002	Anticipated completion date is 2011	98%
Retail and Leisure development	Retail and Leisure	Construction commenced in 2004	Construction completed in 2007	
Emirates Living				
Residential development	Residential	Construction commenced in 1999	Construction completed in 2010	99%
Retail and Leisure development	Retail and Leisure	Construction commenced in 2002	Construction completed in 2006	
L'Usailly	Mixed-use	Construction to commence in 2011**	Anticipated completion date is 2017	—
Gold and Diamond Park	Retail	Construction commenced in 1999	Construction completed in 2006	—
UAE – Non Wholly Owned				
Umm Al Quwain Marina	Mixed-use, Marina	Construction commenced in 2007	—***	94%
Bawadi Project				
Asmaran	Mixed-use	Construction commenced in 2008	—***	—
International – Wholly Owned				
Egypt				
Uptown Cairo	Mixed-use	Construction commenced in 2008	Anticipated completion date is 2017	82%
Marassi	Resort	Construction commenced in 2007	Anticipated completion date is 2016	82%
New Cairo City ("Mivida")	Residential	Construction commenced in 2008	Anticipated completion date is 2020	73%
Cairo Gate	Mixed-use	Currently in master planning phase	—	—
Turkey				
Tuscan Valley	Residential	Construction commenced in 2007	Anticipated completion date is 2016	67%
New Istanbul Development	Mixed-use	Currently in master planning phase	—	—
Morocco****				
Tinja	Mixed-use	Construction commenced in 2007	Anticipated completion date is 2018	41%
Saphira	Mixed-use	Currently in master planning phase	—	—
Oukaimeden	Mixed-use	Currently in master planning phase	—	—
United States of America				
Beverly West Residences	Residential	Construction commenced in 2007	Anticipated completion date is 2011	33%
Canada				
Wills Creek	Residential	Construction commenced in 2007	Anticipated completion date is 2011	56%
International – Non Wholly Owned				
Saudi Arabia				
King Abdullah Economic City				
Various Residential development – Phase 1	Residential	Construction commenced in 2006	Anticipated completion date is 2025	45%
Industrial Zone	Commercial	Currently in master planning phase	—	—
Sea Port	Commercial	Currently in master planning phase	—	—
Jeddah Gate	Mixed-use	Construction commenced in 2007	Anticipated completion date is 2018	57%
Al Khobbar Lakes	Residential	Construction commenced in 2008	Anticipated completion date is 2018	72%
India				
Boulder Hills	Mixed-use	Construction commenced in 2004	Anticipated completion date is 2012	62%
Mohali Hills	Mixed-use	Construction commenced in 2007	Anticipated completion date is 2012	78%
Gurgaon	Mixed-use	Construction commenced in 2007	Anticipated completion date is 2012	84%
Esplanade Chennai	Residential	Construction commenced in 2007	Anticipated completion date is 2012	60%
The Commonwealth Games Village	Residential	Construction commenced in 2008	Anticipated completion date is 2011	96%
Commerical and Retail Developments	Commerical and Retail	Construction commenced in 2008	—	—
Hotel Developments	Hotels	—	—	—

	Development Type	Stage of Development*		Freehold Units Sold % to total units launched
		Construction to commence/ Construction commenced	*Anticipated completion date/ Construction completed*	*(Where applicable)*
Pakistan				
Crescent Bay, Karachi	Mixed-use	Construction commenced in 2005*****	Anticipated completion date is 2018	60%
Canyon Views, Islamabad	Mixed-use	Construction commenced in 2007	Anticipated completion date is 2015	76%
Jordan				
Samarah, Dead Sea Resort	Mixed-use	Construction commenced in 2007	Anticipated completion date is 2018	46%
Lebanon				
Beit Misk	Residential	Construction commenced in 2009	Anticipated completion date is 2018	80%
Syria				
The Eighth Gate	Mixed-use	Construction commenced in 2008	Anticipated completion date is 2014	69%
Morocco				
Amelkis II	Residential and Hotels	Construction commenced in 2005	Anticipated completion date is 2015	78%
Amelkis III	Residential and Leisure	Construction commenced in 2006	Anticipated completion date is 2011	25%
Bahia Bay	Mixed-use	Construction commenced in 2007	Anticipated completion date is 2017	58%

Notes:

* Any of Emaar's projects that are at the master planning stage or under construction are subject to change and alteration.

** Subject to market conditions.

*** Project currently on hold pending development of revised master plan.

**** Emaar is currently reviewing certain project feasibilities for its Moroccan projects.

***** Crescent Bay Karachi – the land reclamation work commenced in 2005, infrastructure and project construction commenced in 2008.

Property Developments – UAE – Wholly Owned

Emaar's property development projects in Dubai have provided Emaar with the foundation for its rapid growth since 1997. With several ongoing and completed master planned developments, Dubai operations continue to play a pivotal role in the Group's growth. As at 30 September 2010, Emaar had delivered over 28,900 residential properties in the UAE together with various leisure, hospitality and commercial properties. Details of Emaar's current wholly owned developments within the UAE (including its flagship project, the Downtown Dubai Development) are described below.

Downtown Dubai Development

The Downtown Dubai Development (**Downtown Dubai Development**) is Emaar's flagship project being developed at a total cost of approximately U.S.$20 billion (approximately AED73 billion). The project is situated in downtown Dubai off the main highway (Sheikh Zayed Road) between Business Bay and the Dubai International Financial Centre (**DIFC**). It is a mixed-use 500 acre community combining commercial, residential, hotel, entertainment, shopping and leisure developments. Once completed, the complex will include the world's tallest structure, the Burj Khalifa, which stands at 828 metres, The Dubai Mall (one of the world's largest shopping malls) (both of which have already opened), an island community, nine luxury hotels with 2,000 rooms (including the first Armani Hotel which has also already opened), 2,000 serviced apartments, 4.5 million square feet (**sq ft**) of gross office space, 4.3 million sq ft of leasable retail space, several residential building towers and Emaar Boulevard, a development of four residential towers and a 3.5 km shopping strip. Construction on the Downtown Dubai Development began in 2004 and, subject to market conditions, is expected to be fully completed in 2017. To date, significant milestones including the opening of the Burj Khalifa, The Dubai Mall (see "*Emaar Malls*") and various hotels and residential areas have been achieved. Brief details of the key residential and commercial projects are set out below.

Burj Khalifa

The centrepiece of the Downtown Dubai Development is the Burj Khalifa. The Burj Khalifa is the world's tallest structure (at 828 metres), has the largest number of storeys of any building in the world (with more than 160) and has approximately 3.9 million sq ft of residential and commercial space, including the first Armani Hotel (see "*Hospitality*"). Construction of the Burj Khalifa commenced in September 2004 and the building was officially opened on 4 January 2010 at a total construction cost of approximately U.S.$2 billion (approximately AED7.3 billion (including the office annex building)). As at 30 September 2010, more than 80 per cent. of the units released to the public for sale had been sold.

The Residences and South Ridge

The Residences and South Ridge are complexes of nine and six modern high rise residential towers respectively, in the Downtown Dubai Development. The Residences include 1,234 freehold units made up of one to four bedroom luxury residential apartments, penthouses and podium villas whilst South Ridge includes 961 freehold units made up of one, two and three bedroom apartments and podium villas. Construction on the Residences was completed in phases between August 2006 and March 2007. As at 30 September 2010, approximately 99 per cent. of the freehold units in the development had been sold. Construction on South Ridge was completed in May 2008. As at 30 September 2010, approximately 97 per cent. of the freehold units in the development had been sold.

Old Town and Old Town Island

Old Town and Old Town Island contain low rise homes and mid rise residential towers. The complex comprises 1,992 freehold units made up of one to four bedroom apartments and villas. These homes are set in an approximately 3.7 million sq ft pedestrian area of market squares, alleyways and courtyards. The complex includes hotels, leisure facilities, shops and restaurants. Construction of Old Town and Old Town Island was completed in phases between January 2007 and September 2008. As at 30 September 2010, approximately 91 per cent. of the freehold units in the development had been sold.

Emaar Business Square

Emaar Business Square is a complex of six commercial and retail mid rise towers close to DIFC. The business hub has approximately 1.5 million sq ft of office and retail space. Construction on Emaar Business Square was completed in 2007. The first tenants took possession in 2007. Emaar has sold approximately 50 per cent. of Emaar Business Square and retained the remainder for its own use and leasing to third parties.

Emaar Boulevard

Emaar Boulevard consists of a 3.5km shopping strip and four residential towers, 8 Emaar Walk (a high rise residential tower) and The Lofts (three high rise residential towers) in the Downtown Dubai Development. 8 Emaar Walk contains 347 freehold units made up of studio, one and two bedroom residential apartments that were completed in July 2008. All of the freehold units in the development have been sold. The Lofts contain 670 freehold units that were completed in November 2009. As at 30 September 2010 approximately 62 per cent. of the freehold units in the development had been sold.

Burj Views

Burj Views is a residential complex consisting of three high rise towers overlooking the Burj Khalifa and the Dubai Fountain. Burj Views includes 736 freehold units made up of one to three bedroom residential apartments. Construction of Burj Views commenced in 2007 and was completed in July 2009. As at 30 September 2010, approximately 91 per cent. of the freehold units in the development had been sold.

Dubai Marina

Dubai Marina is one of the largest waterfront developments of its kind in the GCC region, with 8.5 kms of marine frontage, comprising approximately 200 high rise towers. It is divided into 10 districts, each developed as a distinct community. The mixed-use project (including those plots developed by Emaar and those sold by Emaar to third parties for development) has a total development area of 50 million sq ft, approximately 25 million sq ft of which will be a master planned waterfront development. Emaar has itself developed 30 towers, with the remaining towers having been developed by developers other than Emaar on serviced plots sold to those developers by Emaar.

Emaar's development at Dubai Marina includes over 4,700 residential units, one hotel with 244 rooms, serviced apartments with 90 rooms, 1 million sq ft of office space and 1.4 million sq ft of leasable retail space.

Details in relation to the Marina Mall are included in the "*Emaar Malls*" section and details in relation to The Address Dubai Marina (hotel and serviced apartments) and the Dubai Marina Yacht Club are included in the "*Hospitality*" section.

Dubai Marina was one of Emaar's first development projects and construction of phase one was completed in 2003. Construction of those parts of Dubai Marina that were to be developed by Emaar has been completed, with the exception of Marina Plaza which is expected to be completed by the first half of 2011. As at 30 September 2010, approximately 99 per cent. of the freehold units developed by Emaar had been sold.

Arabian Ranches

Arabian Ranches is an approximately 6.6 million m^2 master planned lifestyle community. Arabian Ranches has 4,210 freehold units made up of one and two storey single family homes ranging from 1,690 to 7,230 sq ft in size. The community includes the Desert Golf Course (see "*Hospitality – Golf Courses*"), a village community centre with 20 retail outlets providing a total of 110,039 sq ft of retail space and a school. In addition, Arabian Ranches includes the Dubai Polo and Equestrian Club which itself has over 70 townhouses known as "Polo Homes". The total cost of the development is approximately U.S.$2 billion (approximately AED7.4 billion). As at 30 September 2010, approximately 98 per cent. of the freehold units in the development released to the public for sale had been sold.

The final phase of Arabian Ranches (the Polo Homes) is expected to be completed during 2011.

Emirates Living

The Emirates Living development is based on the Emirates Hills master planned lifestyle community, which Emaar began constructing in 1999 and completed in 2009. This project has expanded from its original design and the Emirates Living development now includes six related communities: Emirates Hills, the Greens, the Views, the Lakes, the Meadows and the Springs, each of which is described in further detail below. The Emirates Living development includes three international schools as well as the Montgomerie golf course (see "*Hospitality – Golf Courses*").

Emirates Hills

Unlike most of its other master planned communities, Emaar initially sold plots in the Emirates Hills development, which allowed residents to design their own homes within certain design guidelines for the development. As at 30 September 2010, a total of 540 plots in Emirates Hills had been sold in this manner. In 2001, in order to encourage additional construction activity, Emaar began constructing homes and selling them to purchasers. As a result, in addition to individual plots sold by Emaar, Emirates Hills now includes 95 freehold units constructed by Emaar made up of three to six bedroom villas. Construction on Emirates Hills commenced in 1999 and was completed in 2004. As at 30 September 2010, approximately 97 per cent. of the freehold units developed by Emaar had been sold.

The Greens and the Views

The Greens is a complex of mid rise residential apartments located close to the Emirates Golf Club off the main highway, Sheikh Zayed Road, in Dubai. Adjacent to the Greens is the Views development consisting of mid and high rise apartments. The developments have 5,928 freehold units made up of studios and one to four bedroom apartments and include recreational facilities, a school, mosque and community centre. Construction on the Greens and the Views commenced in 2000 and was completed in 2010. As at 30 September 2010, approximately 99 per cent. of the freehold units in the development had been sold.

This development also includes Emaar Business Park, a complex of four commercial buildings and one car park building. Emaar has sold two of the buildings and retains the other two for its own use and leasing to third parties.

The Lakes

The Lakes is a residential community adjacent to Emirates Hills. It is made up of approximately 1,158 freehold units consisting of two to five bedroom villas and includes a community centre, parks and various recreational facilities. Construction of the development commenced in 2001 and was completed in 2009. As at 30 September 2010, approximately 99 per cent. of the freehold units in the development had been sold.

The Meadows

The Meadows is a residential community adjacent to Emirates Hills. It is made up of approximately 1,991 freehold units consisting of three to seven bedroom villas and various retail and recreational facilities. Construction commenced in 2002 and was completed in 2005. All of the freehold units in the development have been sold.

The Springs

The Springs is a residential community made up of 4,856 freehold units consisting of two to four bedroom townhouses and various retail and recreational facilities. Construction commenced in 2002 and was completed in 2005. All of the freehold units in the development have been sold.

L'Usailly

L'Usailly will be a residential community located in Jebel Ali, in close proximity to the site of the proposed Dubai International Airport City development. L'Usailly is currently in the master planning phase, however, the development is expected to be made up of apartments and villas spread over an area of approximately 4.5 million m^2. In addition, the development is expected to include a variety of retail and leisure amenities. Construction of infrastructure is expected, subject to market conditions, to commence in 2011 or 2012.

Property Developments – UAE – Non Wholly Owned

Umm Al Quwain Marina

Umm Al Quwain Marina is a planned waterfront community that will be spread over 8 million m^2 along the shores of Khor Al Beidah, a natural lagoon in the Emirate of Umm Al Quwain. There will be 23 km of waterfront in total and 450 acres of navigable water. Private mooring facilities for over 600 boats will be available. This project is currently on hold whilst the viability and master plan is reviewed to take into account current and anticipated market conditions.

Umm Al Quwain Marina is expected to have over 8,000 freehold units consisting of two and three bedroom homes. In addition, the development will include three hotels, parks and recreational areas, 150,694 sq ft of retail space, schools and community centres. Construction on the development commenced in 2007. As at 30 September 2010, 94 per cent. of the 277 freehold units released to the public for sale had been sold.

This project is being undertaken by Umm Al Quwain Marina LLC, a joint venture between Emaar Middle East LLC (which is 61 per cent. owned by Emaar and 39 per cent. owned by Al Oula, a Saudi Arabian Real Estate Company, and owns 62 per cent. of Umm Al Quwain Marina LLC), the Government of Umm Al Quwain (as to 20 per cent.) and Wetd Properties LLC (as to 18 per cent.).

Bawadi Project

This project is being undertaken by Emaar Bawadi LLC, a 50:50 joint venture between Emaar and Tatweer Dubai LLC (**Tatweer**). The land in respect of this project will be contributed to Emaar Bawadi LLC by Tatweer. Originally projected to have approximately 19,000 freehold units, nine hotels and over 5,000 serviced apartments as well as commercial and retail space, this project is currently on hold whilst the viability and master plan is reviewed to take into account current and anticipated market conditions.

Property Developments – International – Wholly Owned

Egypt

Emaar's developments in Egypt are undertaken by its wholly owned subsidiary, Emaar Misr for Development Company S.A.E. (**Emaar Misr**).

Uptown Cairo

Uptown Cairo is a master planned development located in the Mokkattam Hills, 200 metres above sea level with a planned development cost of approximately U.S.$1.98 billion (approximately AED7.3 billion). Spread over 4.5 million m^2, Uptown Cairo will feature residences, a commercial complex, schools, a mall, a medical centre, a mosque, hotels and leisure facilities and a golf course. The project will offer 3,828 residential units (with a mix of 1,100 villas and 2,728 apartments), 125,000 m^2 of retail space, 150,000 m^2 of commercial office space, 200 hotel rooms and 30 serviced apartments. Construction on the project commenced in 2008 and is expected to be completed in 2017 with phase one of the development (including 395 residential units) expected to be completed in the third quarter of 2011. As at 30 September 2010, approximately 92 per cent. of the total freehold units released to the public for sale had been sold.

Marassi

Marassi is a Mediterranean styled tourist resort on the north coast with a planned development cost of approximately U.S.$1.74 billion (approximately AED6.4 billion). Spread over 6.2 million m^2 of waterfront, the community will comprise seven distinct lifestyle districts. The development will include spas, retail space, a medical centre, hospitality and entertainment centres and will also have an 18 hole golf course and a marina. Marassi will have over 4,600 freehold residential units with a mix of villas, townhouses and apartments. Construction on the project commenced in 2007. The first homes were completed and handed over in 2010 and construction is expected to be completed in 2016. As at 30 September 2010, approximately 82 per cent. of the total freehold units released to the public for sale had been sold.

New Cairo City (Mivida)

Mivida is a 3.8 million m^2 Santa Barbara California inspired residential and mixed use development with a planned development cost of approximately U.S.$1 billion (approximately AED3.67 billion), located near the American University in Cairo, close to Cairo International Airport. Mivida will have 5,470 freehold residential units with a mix of villas, townhouses and apartments, over 148,000 m^2 of office space, an 18,500 m^2 medical centre, a hotel, shopping centres and a school. Construction on Mivida commenced in 2008 and Emaar expects the project to be completed in 2020. Multiple residential villages were launched in phase one known as Mivida Heights and as at 30 September 2010, 73 per cent. of the total freehold units released to the public for sale had been sold.

Emaar Misr has entered an agreement to purchase the land in respect of this development. To date Emaar Misr has paid the first of eight equal annual instalments of the purchase price. The total purchase price is approximately U.S.$260 million (approximately AED950 million). Title to the land will be transferred to Emaar Misr on full payment of the purchase price.

Cairo Gate

Cairo Gate will be located at the start of the Cairo to Alexandria road and is a mixed use community with a large shopping mall, outdoor shopping and entertainment facilities, an office park, hotels and residential units including villas, townhouses and apartments. The upscale development will spread over 670,000 m^2 and has a planned development cost of approximately U.S.$700 million (approximately AED2.6 billion). This project is currently at the master planning stage.

Turkey

Emaar's wholly owned subsidiary, Emaar Properties Gayrimenkul Gelistirme Anonim Sirketi (**Emaar Turkey**), is responsible for Emaar's Turkish developments as set out below.

Tuscan Valley

Tuscan Valley is a 1.7 million m^2 master planned community located at Büyükçekmece on the European side of Istanbul. It will include over 540 residential units including villas, townhouses and apartments, a shopping arcade and recreational spaces for residents. Construction commenced in 2007 and is anticipated to be completed by 2016. The first phase of homes in the community were handed over in 2009. As at 30 September 2010, approximately 67 per cent. of the total freehold units released to the public for sale had been sold.

New Istanbul Development

The New Istanbul Development is situated on 66,000 m^2 in Libadiye Camlica on the Asian side of Istanbul. The development is currently in the design stage and is expected to include residential, retail and commercial space together with leisure and entertainment components. This project is currently at the master planning stage and construction is expected to commence in the second quarter of 2011 and Emaar expects the development to be completed in 2016.

Morocco

Emaar's wholly owned subsidiaries, Tinja S.A, Emaar Saphira S.A. and Emaar Oukaimeden S.A. are undertaking three of Emaar's developments in Morocco as set out below. Emaar is also undertaking further developments in Morocco in joint venture with others (see "*Property Developments – International – Non Wholly Owned – Morocco*").

Tinja, Saphira, Oukaimeden

Emaar is developing three mixed use master planned lifestyle communities: Tinja, a 720,000 m^2 development located near the city of Tangiers on the Atlantic Coast with a planned development cost of U.S.$500 million (approximately AED1.8 billion); Saphira, an approximately U.S.$3.1 billion (approximately AED11.3 billion) (planned development cost) 1.34 million m^2 development located in the City of Rabat on the Atlantic Coast; and Oukaimeden, a residential development, located in the Atlas Mountains, 70 miles from the city of Marrakech.

All three communities are being developed pursuant to an MOU signed by Emaar and the Government of Morocco in 2006. Pursuant to such MOU, Emaar has agreed to purchase the land for these developments from the Government. Emaar plans to lease certain forest land from the Government adjacent to the development. The land for Saphira will be transferred to Emaar upon certain public equipment and infrastructure (including four schools, a medical centre, a trade school, public parks and related infrastructure) being developed and handed over to the Government. The land for the Oukaimeden development is to be paid for in accordance with an agreed payment schedule and, on completion of such payments, will be transferred to Emaar.

Tinja will comprise 1,200 freehold units, 150 hotel rooms and leisure facilities. Construction commenced in 2007 and is expected to be completed by 2018. As at 30 September 2010, 41 per cent. of the freehold units released to the public for sale had been sold. Saphira will comprise approximately 5,100 freehold units consisting of one to four bedroom villas and apartments. It will also include hotels, an office district and various retail facilities. Oukaimeden is still at the master planning stage. Certain project feasibilities for the Moroccan projects are currently being reviewed.

United States

Beverly West Residences

Beverly West Residences is a development of 35 high rise freehold residential units near Beverly Hills, Los Angeles with a planned development cost of approximately U.S.$270 million (approximately AED992 million). The development is being undertaken by Emaar LA Properties LLC, a wholly owned indirect subsidiary of Emaar. The units range in size up to 761 m^2 and benefit from amenities including a fitness centre, swimming pool, valet parking, housekeeping quarters and guest suites. Construction started in September 2007 and is expected to be completed by the end of 2011. As at 30 September 2010, approximately 33 per cent. of the total freehold units released to the public for sale had been sold.

Canada

Wills Creek

Wills Creek is a development of 108 freehold residential units located on 76,000 m^2 of land in South Surrey, British Columbia with a planned development cost of approximately U.S.$75 million (approximately AED275 million). The development is being undertaken by Emaar Properties (Canada) Ltd, a wholly owned subsidiary of Emaar. Construction started in September 2007 and is expected to be completed in the first quarter of 2012. As at 30 September 2010, approximately 56 per cent. of the total freehold units released to the public for sale had been sold.

Property Developments – International – Non Wholly Owned

Saudi Arabia

Emaar's primary development activities in Saudi Arabia are undertaken through its joint venture relationships. The King Abdullah Economic City development is being undertaken by Emaar The Economic City, a publicly listed company on the Saudi Arabian Stock Exchange (Tadawul) in which Emaar owns a non-controlling 30.59 per cent. stake; Jeddah Gate and Al Khobbar Lakes are being undertaken by Emaar Middle East LLC, a joint venture between Emaar (as to 61 per cent.) and Al Oula (as to 39 per cent.), a Saudi Arabian real estate company; and Emaar Residences at Fairmont Makkah is being undertaken by Manarat Al Manzel Lil Istithmar Al Aqary Al Mahdauda (**Manarat**), a joint venture between Emaar (as to 92.2 per cent.) and Al Oula (as to 7.8 per cent.). Further details of these projects are set out below.

*King Abdullah Economic City (***KAEC***)*

KAEC has a planned development cost of approximately U.S.$100 billion (approximately AED367 billion). The project is closely connected with Saudi Arabia's ongoing initiative to expand the domestic economy and is intended to function as a catalyst to attract foreign investment, global trade, commerce and industry. SAGIA, the body responsible for inward investments into Saudi Arabia, is the prime facilitator for KAEC.

The development will have 4.5 million m^2 of parks and waterways provided by 42 linear kms of canals, offering 75 kms of pedestrian promenade, seawater lagoons stretching over 11 kms and a 14 kms natural beach fronting the Red Sea. KAEC will have five yacht clubs that can berth more than 3,000 vessels in total.

The mixed use development will spread over 168 million m^2 on the Red Sea coast and has six key components – a sea port, industrial zone, central business district, educational zone, residential communities and a resort district. Construction commenced in 2006 and Emaar anticipates that construction of the whole development will be completed by 2025. To date, several residential units and commercial land plots with full services have been handed over and various infrastructure projects in the industrial zone have been completed.

As a shareholder in the development entity, Emaar The Economic City, Emaar provides assistance with the strategy for the development and the development entity.

Jeddah Gate

Jeddah Gate is a mixed use development located close to the centre of Jeddah along King Abdullah Road, one of the major thoroughfares to the Holy City of Makkah with a planned development cost of approximately U.S.$767 million (approximately AED2.8 billion).

The development will comprise 4,000 residential units, 230,000 m^2 of office space and 68,000 m^2 of retail space. Construction of Jeddah Gate commenced in 2007 and is expected to be completed by 2018. As at 30 September 2010, approximately 57 per cent. of the freehold units released to the public for sale had been sold.

Al Khobbar Lakes

Al Khobbar Lakes is a master planned gated lifestyle community located in close proximity to Al Khobbar City with a planned development cost of approximately U.S.$1.2 billion (approximately AED4.4 billion). Al Khobbar Lakes will ultimately include approximately 2,100 freehold units made up of villas in a series of neighbourhoods that will be centred around common community facilities and parks (including a 80,000 m^2 lake) and a retail centre (spread over 110,000 m^2), a grand mosque, 11 local mosques, two schools, two community centres and healthcare facilities.

The first phase of the project, Al Nada, was launched in May 2008 with a development value of approximately U.S.$186 million (approximately AED683 million) and has over 240 residential units and leisure amenities (including lakes, two mosques and a medical centre). As at 30 September 2010, approximately 43 per cent. of the freehold units released to the public for sale had been sold.

Emaar launched the second phase of the project, Al Ghadeer Village, in June 2008. The village is spread over an area of 230,000 m^2 featuring 244 residential units. As at 30 September 2010, approximately 72 per cent. of the freehold units released to the public for sale had been sold.

Construction on this project commenced in July 2008 and is expected to be completed by 2018.

Emaar Residences at Fairmont Makkah

Emaar Residences at Fairmont Makkah are serviced studios and one to three bedroom apartments located on floors 30 to 53 of the Makkah Clock Royal Tower at the Fairmont Hotel, the tallest tower in the Holy City of Makkah. The Makkah Clock Royal Tower is being developed by the Saudi Bin Laden Group and construction has commenced and is expected to be completed by the end of 2011. Due to restrictions on ownership of land in Makkah, space in the tower for the serviced residences is leased by Manarat from the Saudi Bin Laden Group and will be sub-leased to purchasers. The residences will range in size from 37 m^2 to 231 m^2.

India

In December 2005, Emaar, through its associate Emaar MGF Land Limited (**Emaar MGF**), announced India's largest foreign direct investment in the real estate sector with a capital outlay of approximately U.S.$500 million (approximately AED1.84 billion). Emaar MGF is a joint venture between Emaar (as to 45.33 per cent.) and MGF Developments Limited (as to 49.6 per cent.), one of India's largest real estate companies. Emaar MGF is currently in the process of undertaking an initial public offering on the Stock Exchanges in India which is anticipated to occur by the end of June 2011.

Emaar MGF is currently undertaking projects in Punjab, Delhi, Haryana, Tamil Nadu, Rajasthan, Madhya Pradesh and Andhra Pradesh. Emaar MGF currently has land reserves of over 495 million sq ft of which 98 per cent. is fully paid. The existing land reserves identified for development are expected to provide approximately 469 million sq ft of developable area for residential, retail and hospitality assets. The key projects are detailed below.

Boulder Hills

In 2004, Emaar entered into a 74-26 per cent. joint venture with Andhra Pradesh Industrial Infrastructure Corporation Ltd (**APIIC**), an agency of the government of Andhra Pradesh, to create Boulder Hills, a master planned lifestyle community and a convention centre in Hyderabad.

Boulder Hills will ultimately be made up of approximately 4,380 freehold residential units consisting of single family villas or plots and apartments, an 18 hole championship golf course, an approximately 4.4 million sq ft business park, a golf club and a country club and a five star boutique style hotel. Construction of the community commenced in 2004. As at 30 September 2010, approximately 62 per cent. of the freehold units in the development released to the public for sale had been sold. The construction work on this project is being undertaken by Emaar MGF.

Emaar is currently involved in a legal dispute with APIIC (see "*Risk Factors – Risks relating to Emaar – A legal dispute relating to APIIC's stake in a joint venture with Emaar may have an unfavourable outcome and negative reputational consequences for Emaar*"). This dispute is not considered material by Emaar and construction is continuing in relation to those parts of the project where construction has commenced and sales and marketing of those phases that have been launched continues. However, until resolution of the dispute, no new construction is being commenced and no new phases will be launched.

Mohali Hills

Emaar MGF is developing a 9.5 million sq ft master planned lifestyle residential community located in Mohali, Punjab. Mohali Hills consists of approximately 14,768 freehold residential units spread over four distinct communities: Mohali Hills; the Views; the Villas; and Central Plaza. Construction of Mohali Hills commenced in 2007 and is expected to be completed in 2012. As at 30 September 2010, approximately 78 per cent. of the freehold units in the development released to the public for sale had been sold.

Gurgaon

Emaar MGF is developing Palm Drive, Palm Springs, Palm Hills, Palm Terrace Select and Emerald Hills at Gurgaon, which combined will be a 12.41 million sq ft master planned lifestyle residential community, close to New Delhi. Palm Drive consists of three districts with approximately 1,387 freehold residential units. Construction commenced in 2008 and is expected to be completed in December 2012. As at 30 September 2010, approximately 95 per cent. of the total freehold units released to the public for sale had been sold.

Palm Springs will consist of approximately 310 freehold residential units made up of apartments and villas. Construction commenced in 2007 and is expected to be completed in March 2011. As at 30 September 2010, approximately 98 per cent. of the total freehold units released to the public for sale had been sold.

Emerald Hills consists of approximately 2,645 freehold residential units made up of apartments and villas. Construction commenced in 2010 and is expected to be completed in 2012. As at 30 September 2010, approximately 91 per cent. of the total freehold units released to the public for sale had been sold.

Palm Hills consists of approximately 1,462 freehold residential units made up of apartments. Construction commenced in 2010 and is expected to be completed in 2012. As at 30 September 2010, approximately 61 per cent. of the total freehold units released to the public for sale had been sold.

Palm Terraces Select consists of approximately 278 freehold residential apartments. Construction commenced in 2010 and is expected to be completed in 2012. As at 30 September 2010, approximately 69 per cent. of the total freehold units released to the public for sale had been sold.

Esplanade Chennai

Spread over 0.85 million sq ft of land, Esplanade Chennai is one of the largest housing developments within the jurisdiction of the Chennai Metropolitan Development Authority. The development is an integrated community with 596 freehold residential units consisting of apartments of up to approximately 1500 sq ft each. Construction on Esplanade Chennai commenced in 2007 and is expected to be completed in 2012. As at 30 September 2010, approximately 60 per cent. of the total freehold units in the development released to the public for sale had been sold.

The Commonwealth Games Village – Delhi

In July 2007, Emaar MGF was successful in winning the contract for the construction of 1,168 residential units within 27.2 acres of land comprising a built-up area of over 2.6 million sq ft, for the CGV.

CGV is located close to the central business district – Connaught Place in New Delhi. This project is Delhi's only purpose built, self contained premium residential community. Construction on the CGV began in 2008 and was completed in June 2010. As at 30 September 2010, approximately 96 per cent. of the total freehold units released to the public for sale had been sold. For further information in relation to the CGV and a dispute that has arisen with the Delhi Development Authority in relation to the same see "*Risk Factors – Risks relating to Emaar – There can be no assurance that following the transfer of The Commonwealth Games Village back to Emaar MGF, Emaar MGF will not need to spend materially more than originally envisaged to refurbish the properties in preparation for handover to customers*" and "*Risk Factors – Risks relating to Emaar – Negative publicity stemming from concerns relating to the readiness and fitness for purpose of the CGV*".

Commercial & Retail Development

Emaar MGF is developing the Palm Spring Plaza, a commercial and retail complex in Gurgaon, which will consist of 223 freehold units. Construction commenced in 2008 and is expected to be completed in October 2011. As at 30 September 2010, approximately 94 per cent. of the freehold units released to the public for sale had been sold.

Emaar MGF is developing the Palm Square, a commercial and retail complex in Gurgaon, which will consist of 260 freehold units. Construction commenced in 2008 and is expected to be completed in October 2011. As at 30 September 2010, approximately 92 per cent. of the freehold units released to the public for sale had been sold.

Emaar MGF is developing the Digital Greens, a commercial complex in Gurgaon. At present the project has two components under construction, consisting of 607 freehold units. Construction commenced in 2008 and is expected to be completed in December 2011. As at 30 September 2010, approximately 56 per cent. of the freehold units released to the public for sale had been sold.

Emaar MGF is also developing the Emerald Plaza, a commercial complex in Gurgaon, which will consist of 547 freehold units. Construction commenced in 2010 and is expected to be completed in 2012. All of the freehold units released to the public for sale had been sold.

Emaar MGF is developing the Central Plaza, a retail complex in Mohali Hills, which will consist of 286 freehold units. Construction commenced in 2008 and is expected to be completed in December 2011. As at 30 September 2010, approximately 91 per cent. of the freehold units released to the public for sale had been sold.

Hotel Development

Emaar MGF currently has two planned hotel projects with a total of approximately 387 rooms (over both hotels). The projects are Jasola, New Delhi and a Courtyard by Marriott at Amritsar. Construction on the projects has not yet commenced.

Emaar MGF has opened a five star hotel with 90 rooms in Jaipur. The hotel is operated by Fortune Park Hotels Limited, a subsidiary of ITC Limited.

Pakistan

Emaar is undertaking two developments in Pakistan through joint ventures between Emaar (as to 66.7 per cent.) and Giga Group Holding, an entity with operations in a number of industries (including construction, real estate investment, jewellery, gold refining and textiles) in the Middle East, Africa and Pakistan (as to 33.3 per cent.). Crescent Bay, Karachi is being undertaken by Emaar Giga Karachi Limited and Canyon Views, Islamabad is being undertaken by Emaar DHA Islamabad Limited.

Crescent Bay, Karachi

Crescent Bay is an approximately U.S.$2.7 billion (approximately AED9.9 billion) mixed used development located on 0.4 million m^2 of reclaimed land in Karachi's Defence Housing Authority (**DHA**) Phase 8 and in close proximity to the DHA golf course. Crescent Bay is a development made up of over 5,000 freehold residential units consisting of mid rise and high rise waterfront towers, a five star hotel, an approximately 65,000 m^2 shopping centre and twin office towers. Land reclamation work commenced in 2005 and construction on the project commenced at the end of 2008. The first residential tower is expected to be completed in 2012. As at 30 September 2010, approximately 60 per cent. of the total units released to the public for sale had been sold.

The land in respect of this development is sub-leased by Emaar Giga Karachi Limited from the Pakistan Defence Office Housing Authority for 97 years and is renewable for a further 99 years.

Canyon Views, Islamabad

Canyon Views is an approximately U.S.$360 million (approximately AED1.32 billion) master planned community including approximately 2,000 freehold residential units. The community will also include retail facilities, parks, recreational facilities and schools. Construction on Canyon Views commenced in 2007 and is expected to be completed in 2015. As at 30 September 2010, approximately 76 per cent. of the total freehold units released to the public for sale had been sold.

Morocco

Two of Emaar's developments in Morocco, Amelkis II and III and Bahia Bay, are being undertaken by Prestige Resorts and Orientis Invest respectively. These entities are both 50:50 joint ventures between Emaar and Onapar, part of the ONA Group, a leading Moroccan industrial and financial group.

Amelkis II and III

Construction on Amelkis II, an approximately 1.25 million m^2 master planned golfing community located on the outskirts of the city of Marrakech, commenced in 2005. Customers were offered plots of land on which they could design and build their own homes within certain constraints as well as a limited number of residential villas. The project includes 252 residential villa plots, 55 residential villas and two hotel plots. As at 30 September 2010, approximately 78 per cent. of the freehold units released to the public for sale had been sold.

In addition, development of Amelkis III, an expansion of Amelkis II, is planned. Amelkis III will comprise 294 residential villa plots, 375 residential villas, two hotels and an 18 hole championship golf course.

Bahia Bay

Bahia Bay is an approximately 5.3 million m^2 master planned lifestyle community located on the Atlantic coast approximately half way between the cities of Casablanca and Rabat. Bahia Bay will have over 2,500 freehold residential units consisting of villas, townhouses and low rise apartments. The project will cost approximately U.S.$1.2 billion (approximately AED4.4 billion) and will also include two hotels with approximately 700 rooms, an 18 hole championship golf course, leisure and retail facilities. Construction commenced in 2007 and is expected to be completed in 2018. As at 30 September 2010, approximately 58 per cent. of the freehold units released to the public for sale had been sold.

Jordan

Samarah Dead Sea Resort

The Dead Sea Touristic and Real Estate Investment Company, an entity in which Emaar has a 29.3 per cent. stake, is developing the Samarah Dead Sea Resort. The 1.8 million m^2 project is located on the Dead Sea, close to Amman.

The project will comprise over 1,300 residential apartments and villas, two hotels providing 635 rooms, an equestrian residential community with clubhouse and 75,000 m^2 of retail and leisure space. Construction of phase one began in 2008 and is expected to be completed by the end of 2010. The entire project is expected to be completed in 2018 at an approximate cost of U.S.$1.1 billion (approximately AED4 billion). As at 30 September 2010, approximately 46 per cent. of the freehold units released to the public for sale had been sold.

Syria

The Eighth Gate

The Eighth Gate is being undertaken by Emaar IGO, a 60:40 joint venture between Emaar and Invest Group Overseas Limited, an offshore investment and property development company. The Eighth Gate, one of the first master planned lifestyle communities in Syria, is located on 300,000 m^2 of land in Yafour, next to the Damascus city centre. The development will comprise four distinct zones: the Commercial Centre, Waterfront, Tourist Area and a "Build to Suit" area (within which Emaar IGO builds to customers' particular specifications). The Commercial Centre will house the

Damascus Stock Exchange and low rise commercial space, while the Waterfront will include furnished tourist apartments and a classical style piazza and the Tourist Area will consist of retail outlets. Construction on the Eighth Gate project commenced in 2008 and is expected to be completed in 2014 at an approximate cost of U.S.$500 million (approximately AED1.8 billion).

As of 30 September 2010, approximately 69 per cent. of the total freehold units released to the public for sale had been sold.

Lebanon

BeitMisk

BeitMisk is being undertaken by Renaissance Metn Holding Limited, a 65:35 joint venture between Emaar and Georges Abou Jaoude, a prominent Lebanese businessman. The 655,000 m^2 development is located approximately 20 kms from Beirut and will comprise over 2,200 freehold residential units and retail and leisure space.

Infrastructure for the development has been completed and building construction commenced in 2010 and is expected to be completed in 2018. As at 30 September 2010, approximately 80 per cent. of the total freehold units released to the public for sale had been sold.

Emaar Malls

Emaar Malls Group LLC (**Emaar Malls**), a wholly owned subsidiary of Emaar, is the shopping mall operating subsidiary of Emaar and focuses on creating retail environments that are tailored to the particular needs of the community they serve. Emaar Malls' revenues are derived from rents paid by tenants in its facilities. Details of Emaar Malls' key developments are set out below.

The Dubai Mall

The Dubai Mall, one of the largest malls in the world, is located in the heart of the Downtown Dubai Development. It opened in November 2008 with an internal floor area of 5.9 million sq ft. The Dubai Mall features more than 1,100 stores and over 120 food and beverage outlets spread over four levels. Anchor tenants in The Dubai Mall include Bloomingdales, Galeries Lafayette and Debenhams. Leisure and entertainment offerings in The Dubai Mall include one of the world's largest indoor aquariums featuring a 180 degree walk through tunnel and comprising the world's largest under water zoo. In addition, The Dubai Mall is home to Reel Cinemas (a 22 screen cineplex, the largest in Dubai), an Olympic sized ice rink, SEGA Republic (an indoor theme park developed in conjunction with SEGA Corporation), Kidzania® (a children's "edutainment" centre), undercover parking facilities for 14,000 vehicles and is adjoined by The Address Dubai Mall five star hotel (see "– *Hospitality – The Address Hotels and Resorts*"), described below. In the first nine months of 2010, The Dubai Mall had an average monthly footfall of 3.8 million people.

Gold and Diamond Park

The Gold and Diamond Park, a mixed-use development, opened in 2001 and comprises 90 retail outlets and 120 manufacturing units showcasing gold, diamonds and jewellery and commercial space for over 200 offices. The development has an outdoor courtyard and a selection of cafés and restaurants and is conveniently located on Sheikh Zayed Road. In the first nine months of 2010, the Gold and Diamond Park had an average monthly footfall of 102,000 people.

Dubai Marina Mall

Located at Dubai Marina, the Dubai Marina Mall opened in December 2008 with 160 stores. The Dubai Marina Mall includes shopping, entertainment and leisure facilities including Reel Cinemas (a 6 screen cineplex with premium facilities). Adjacent to Dubai Marina Mall is The Address Dubai Marina (see "– *Hospitality – The Address Hotels and Resorts*") and Gourmet Tower, a high end restaurant and entertainment venue. In the first nine months of 2010, the Dubai Marina Mall had an average monthly footfall of 251,000 people.

Souk Al Bahar

Souk Al Bahar is located on The Old Town Island in the Downtown Dubai Development, adjacent to Burj Khalifa and between The Address Downtown Dubai and The Palace Hotel. It opened in November 2007 and has over 100 stores and an extensive waterfront promenade featuring 22 restaurants and cafés. In the first nine months of 2010, Souk Al Bahar had an average monthly footfall of 275,000 people.

Various Community Retail Space/Complexes

Emaar Malls also manages approximately 80,000 m^2 of retail space located in various communities developed by Emaar such as Emirates Living, Arabian Ranches, Dubai Marina and Downtown Dubai. The retail outlets at these locations feature, among other things, supermarkets, restaurants, community centres and fitness clubs.

Areas under design and construction

Emaar, either through its subsidiary Emaar Malls or its subsidiaries and joint ventures internationally, has various other shopping areas under construction. Emaar Malls has provided consultancy services to entities in which Emaar holds a stake that are developing The Eighth Gate Mall in The Eighth Gate development in Syria (see "*Property Developments – International – Non Wholly Owned – Syria*") and various retail areas in King Abdullah Economic City in Saudi Arabia (see "*Property Developments – International – Non Wholly Owned – Saudi Arabia*"), both of which are currently under development. Emaar Malls is currently providing consultancy services to entities in which Emaar holds a stake that are intending to develop the New Istanbul Centre in the New Istanbul Development (see "*Property Developments – International – Wholly Owned – Turkey*") and the Uptown Cairo Mall in the Uptown Cairo development (see "*Property Developments – International – Wholly Owned – Egypt*"), both of which are in the design phase.

In addition, Emaar (through Emaar MGF) aims to be the first choice for real estate solutions for India's growing retail sector. Over the next three to five years it plans to develop the Mall of West Delhi in New Delhi, Mall of Lucknow in Uttar Pradesh, Mall of Hyderabad in Andhra Pradesh and Mall of Punjab in Chandigadh. Each of these retail facilities are currently in the early planning stages.

Emaar Retail

Emaar Retail LLC (**Emaar Retail**) is a wholly owned subsidiary of Emaar Malls, and contributes to Emaar's mall developments in key emerging markets across the Middle East, North Africa and the Indian subcontinent by creating leisure and retail facilities for inclusion in the malls in the various markets. Emaar Retail manages the business operations for The Dubai Mall's and Dubai Marina Mall's retail, leisure and entertainment brands including Dubai Aquarium & Underwater Zoo, Dubai Ice Rink, KidZania®, SEGA Republic and Reel Cinemas. Emaar Retail's revenues are derived from retail sales, admission fees and sale of advertising space at its leisure and retail facilities.

Hospitality

Emaar Hospitality Group LLC (**Emaar Hospitality**), a wholly owned subsidiary of Emaar, owns and manages Emaar's portfolio of leisure assets, including hotels, serviced residences, health clubs, golf clubs, fitness clubs, lifestyle dining facilities and a yacht club. These properties are either managed by Emaar's subsidiaries (for example, The Address Hotels and Resorts and Nuran Serviced Residences) or by leading third party operators on Emaar's behalf (such as Southern Sun Hotels for the Al Manzil and Qamardeen Hotels). Emaar Hospitality's revenues are derived from letting of rooms and conference facilities, club membership and visitor fees and restaurant and catering revenues. The key developments are described below.

The Address Hotels and Resorts

The Address Hotels and Resorts LLC (**The Address**), a wholly owned subsidiary of Emaar Hospitality, is a five star hotel brand that currently operates five hotels. The Address Downtown Dubai (opened in October 2008), The Address Dubai Mall (opened in September 2009), The Address Dubai Marina (opened in December 2009), The Address Montgomerie Dubai (opened in 2002 and re-branded in 2009) and The Palace – The Old Town (opened in September 2007) are all owned by Emaar and managed by The Address. The Address Downtown Dubai is a 63 storey five star hotel in Downtown Dubai overlooking the Burj Khalifa with 196 rooms; The Address Dubai Mall is connected to The Dubai Mall and contains 244 rooms; and The Address Dubai Marina is connected to the Dubai Marina Mall and contains 200 rooms. The Address Montgomerie Dubai is part of the Montgomerie Golf Club in Dubai and contains 21 rooms and The Palace – The Old Town is part of The Old Town development and contains 242 rooms. In the first nine months of 2010, The Address Downtown Dubai had an occupancy rate of 84 per cent., The Address Dubai Mall had an occupancy rate of 77 per cent., The Address Dubai Marina had an occupancy rate of 59 per cent., The Address Montgomerie Dubai had an occupancy rate of 54 per cent. and The Palace – The Old Town had an occupancy rate of 85 per cent.

Emaar plans to open additional The Address properties in key cities and tourist destinations in the MENA region, the Indian sub-continent, Asia, Europe and America over the next 10 years. To date, The Address has management contracts to operate hotels in Marrakech, Morocco, Languedoc-Roussillon, France and Budapest, Hungary.

In addition, The Address launched its first hotel property in Egypt – The Address, Uptown Cairo and in Turkey – The Address New Istanbul. Both hotels are anticipated to open in 2015.

Al Manzil and Qamardeen Hotels, Old Town, Downtown Dubai Development

Al Manzil and Qamardeen Hotels are two four star hotels operated by the South African hotel group Southern Sun Hotels, and are located within the Downtown Dubai Development. Al Manzil has 197 rooms, three meeting rooms to seat up to 130 people and a 12 seater boardroom. Qamardeen Hotel has 186 rooms including suites, queen and twin rooms and disabled friendly rooms. In the first nine months of 2010, Al Manzil and Qamardeen Hotels had occupancy rates of 75 per cent. and 69 per cent., respectively.

Nuran Serviced Residences

In 2006, Emaar launched Nuran Serviced Residences (**Nuran**), a serviced residence operator brand. Nuran serviced residences offer fully serviced residences for transient travellers and guests on extended stays for assignments and relocation. Nuran is currently managing two properties with a total of 318 rooms, Nuran Marina at Dubai Marina and Nuran Al Alka Residences at the Greens.

Hayya! Health Clubs

Hayya! is the health and fitness brand of Emaar with Hayya! clubs currently located within the Lakes, Meadows Village Town Centre and Old Town, Downtown Dubai Development.

Golf Courses

In some of its master planned community developments, Emaar has constructed, or will be constructing, 18 hole championship golf courses. In the UAE, The Montgomerie in Emirates Hills and the Desert Golf Course at Arabian Ranches are two examples. These golf courses were designed by Colin Montgomerie, one of the world's leading golfers, in association with Desmond Murrhead, renowned golf course architect and by Ian Baker-Finch in association with Nicklaus Design, respectively. The Montgomerie course is managed by a third party (Troon Golf) whilst the Arabian Ranches course is managed directly by Emaar Hospitality. The Uptown Cairo and Marassi projects in Egypt will feature golf courses to be managed by Emaar Hospitality.

Dubai Marina Yacht Club

The Dubai Marina Yacht Club is one of the largest private yacht clubs in the world with a purpose built clubhouse and four marinas spread over a 3.5 km man-made canal. The Dubai Marina Yacht Club also contains a range of dining options and conference facilities. The first two of four marinas opened in 2007 and 2008. Upon completion of the second two marinas, the Marina will be able to host over 500 yachts ranging from six to 36 metres in length.

Lifestyle Dining

Lifestyle Dining is an independent restaurant division of Emaar Hospitality. Lifestyle Dining has currently rolled-out two concepts being; Downtown Deli and Madeleine Café & Boulangerie, both located at The Dubai Mall, with other locations currently under development. Lifestyle Dining is also developing At.mosphere, the grill restaurant and bar located on the 122nd floor of Burj Khalifa, in the Downtown Dubai Development.

Armani Hotels and Resorts

Emaar Hotels and Resorts LLC (**Emaar Hotels and Resorts**), a wholly owned subsidiary of Emaar, has been established specifically to own, develop and operate the luxury Armani hotels being developed by Emaar in collaboration with Giorgio Armani S.p.A.

The first Armani Hotel was opened in April 2010 in the Burj Khalifa in the Downtown Dubai Development with 160 suites, restaurants and a spa covering 40,000 m^2, all designed by Giorgio Armani. In addition, the Burj Khalifa also contains the first Armani residential apartments. Further Armani hotels, resorts and residences are planned for Milan (hotel completion expected in 2011), Marrakech (resort completion expected in 2014) and Marassi, Egypt (residences completion expected in 2014). Pursuant to the agreement with Giorgio Armani S.p.A., Emaar Hotels and Resorts is also planning the establishment of Armani hotels, resorts and residences in other cities, including Paris, New York, Tokyo, Shanghai and London, over the next 10 years. Emaar Hotels and Resorts will be responsible for procuring the land, construction, management and operations and Armani will be responsible for the stylistic direction of the hotels and resorts which will incorporate Armani furnishings.

Financial Services

Amlak Finance

In April 2000, Emaar launched Amlak Finance as a wholly owned subsidiary to provide consumers with long-term financing when purchasing Emaar properties (a service not provided for at the time in Dubai). Following an IPO in January 2004, Emaar currently owns 48 per cent. of Amlak Finance. Amlak Finance was the first financial institution to offer mortgages in the UAE and has subsequently converted into an Islamic financial institution to offer *Sharia* (Islamic law) compliant home financing solutions.

The Federal Government of the UAE has announced that it is in discussions with the relevant authorities to potentially merge Amlak Finance with other entities and in conjunction with the steering committee formed by the UAE Ministry of Finance and Industry is evaluating various options to secure sustainable funding for Amlak Finance in order to enable it to meet its commitments. Accordingly, Amlak Finance has been suspended from trading on the DFM since November 2008 and remains suspended as at the date of this document. The market value of the shares Emaar held in Amlak as at the date of suspension was approximately AED736 million and Emaar is not in a position to assess the current value of the shares. The auditors' report on the audited consolidated financial statements of Emaar for the year ended 31 December 2009 and the review report on the interim condensed consolidated financial statements of Emaar for the nine month period ended 30 September 2010 both include an emphasis of matter for Emaar's investment in Amlak (see "*Risk Factors – Risks relating to Emaar – Amlak, an associated company of Emaar, may need to restructure its debt obligations which may expose Emaar to loan write offs and a decrease in value of its investment*").

Dubai Bank

In 2001, Emaar acquired Dubai Bank from the Government as a wholly owned subsidiary. In July 2005, Emaar sold approximately 70 per cent. of the shares of Dubai Bank to Dubai Financial LLC, a company wholly owned by the Government for approximately U.S.$162 million (approximately AED595 million). Emaar continues to hold the remaining 30 per cent. of Dubai Bank shares.

Emaar Financial Services

A subsidiary of Amlak Finance, Emaar Financial Services was incorporated as a limited liability company in February 2005. It was formed by Emaar and Amlak Finance and its principal activity is to provide investment research and analysis to investors in companies listed on the DFM and Abu Dhabi stock exchange. Emaar Financial Services previously provided brokerage services, however, it ceased to do so from 6 January 2011. Emaar has an indirect shareholding of 37.5 per cent. in Emaar Financial Services through Amlak Finance.

Other Material Subsidiaries and Associates

Emaar Utilities LLC (Emaar Utilities)

In December 2007, Emaar signed a 51:49 per cent. joint venture with United Kingdom (**UK**) based water and wastewater management company, United Utilities, to establish Emaar Utilities to undertake the utilities management of all Emaar projects in Dubai. Emaar Utilities focuses on enhancing customer service and promotes water conservation measures and sustainable environmental practices. It is currently engaged in servicing, sewerage treatment and waste water treatment activities.

Emrill Services LLC (Emrill Services)

Emrill Services was formed in 2002 as a 51:49 per cent. joint venture between Emaar and Carillion PLC, one of the UK's largest construction companies. Emrill Services was formed to provide facilities management services to Emaar and other property development companies in Dubai and throughout the MENA region and the Indian sub-continent. The services provided by Emrill Services include cleaning, security, pest control, waste management, mechanical, electrical and air conditioning maintenance and plumbing.

In November 2006, Emaar sold a 17.67 per cent. stake in Emrill Services to Al Futtaim Group for approximately U.S.$1.8 million (approximately AED6.5 million). As at the date of this Base Prospectus, Emaar holds 33.33 per cent. of the shares in Emrill Services.

Turner International Middle East Ltd

In July 2006, Emaar and Turner Corporation, a leading building services provider, announced their investment in a newly formed entity, Turner International Middle East Ltd (**Turner International ME**), to jointly tap regional growth opportunities. Emaar's stake in Turner International ME is 50 per cent. with Turner International Industries Inc. (**Turner**) and Turner management holding the remaining 50 per cent. Turner contributed its existing operating arm in the Middle East and became an equal shareholder in the new entity. Turner continues to own certain intellectual property rights and the exclusive rights to the Turner trademark, provides manpower support and training and participates in key decisions in respect of Turner International ME.

Turner International ME is headquartered in Dubai and focuses on project and construction management in the MENA region.

Hamptons International Holding Private Limited (Hamptons)

In 2006, Emaar acquired UK based Hamptons for U.S.$154 million (approximately AED565 million). Hamptons has a presence in Europe, the Far East, the Indian sub-continent and the MENA region with more than 85 branches.

In June 2010, Emaar sold the Hamptons business in Europe, the Far East and the Indian subcontinent to Countrywide Plc, one of the UK's largest estate agency and property services groups. Emaar countinues to own and operate the Hamptons business in the MENA region and uses the business as a means to market and sell units in its UAE and MENA region projects.

Emaar Industries and Investments Pvt. JSC (Emaar Industries and Investments)

Emaar Industries and Investments, a private joint stock company, was established in August 2005 to capitalise on the growth prospects of the technology and manufacturing sectors in the MENASA region. On incorporation, 50 per cent. of the shares of Emaar Industries and Investments were held by Emaar, 10 per cent. were held by Amlak Finance and the remaining shares were held by other investors throughout the GCC region. Emaar currently holds 40 per cent. of the shares in Emaar Industries and Investments having previously sold a 10 per cent. stake to Amlak Finance (who have subsequently sold the stake to Zabeel Investments).

Competition

Dubai and the UAE

Emaar currently competes in Dubai with other major Dubai based property development companies including:

- Nakheel PJSC (**Nakheel**) – a private joint stock company established in 2003. Its main developments include the Palm Islands, the Dubai Waterfront, International City and The World. As in the case of Emaar, Nakheel was gifted its land bank in Dubai by the Government. It has also developed a broad portfolio of projects in Dubai across a range of sectors – residential, commercial, retail and leisure. Nakheel currently operates under the umbrella of Dubai World, which manages various businesses on behalf of the Government. Nakheel (along with Dubai World) is currently in discussions with creditors in relation to restructuring Nakheel's debt obligations.
- Dubai Properties LLC (**Dubai Properties**) – a limited liability company established in 2004. It is part of the Dubai Holding Group (an umbrella organisation owned by the Government). Its main developments include Culture Village, Business Bay and the Jumeriah Beach Residences. As in the case of Emaar, the Dubai Holding Group was gifted its land bank in Dubai by the Government.
- Sama Dubai LLC (previously Dubai International Properties) (**Sama Dubai**) – a limited liability company established in 2004 and a member of the Dubai Holding Group. Some of the notable developments within its portfolio include The Lagoons and Dubai Towers in the UAE.

This competition principally takes the form of competing for purchasers of residential property, tenants in retail properties and guests in its resort and hotel developments. In the latter cases, Emaar also competes with other already established and to be established retail outlets and hotels. In addition, if Emaar undertakes other developments in Dubai, it may also need to compete for the land on which the developments are to be located.

Outside Dubai, Emaar has undertaken only limited property development activities in the UAE, its major such development being Umm Al Quwain Marina. To the extent that Emaar seeks to expand its activities within the rest of the UAE, Emaar anticipates that it will face competition from major property developers based in Dubai and the other Emirates, although such expansion is not its current focus (see "*Strategy*").

International

Emaar competes with other locally based and, to an extent, international property developers in each jurisdiction in which it carries on development activity. Emaar believes, however, that as a result of a number of factors it is well placed to face this competition (see "*Competitive Strengths*").

Contractors and Suppliers

Emaar enters into a variety of contractor and supplier contracts for the purposes of the design and construction of its projects. Emaar has a set of 'standard conditions of contract' which have been developed over a number of years.

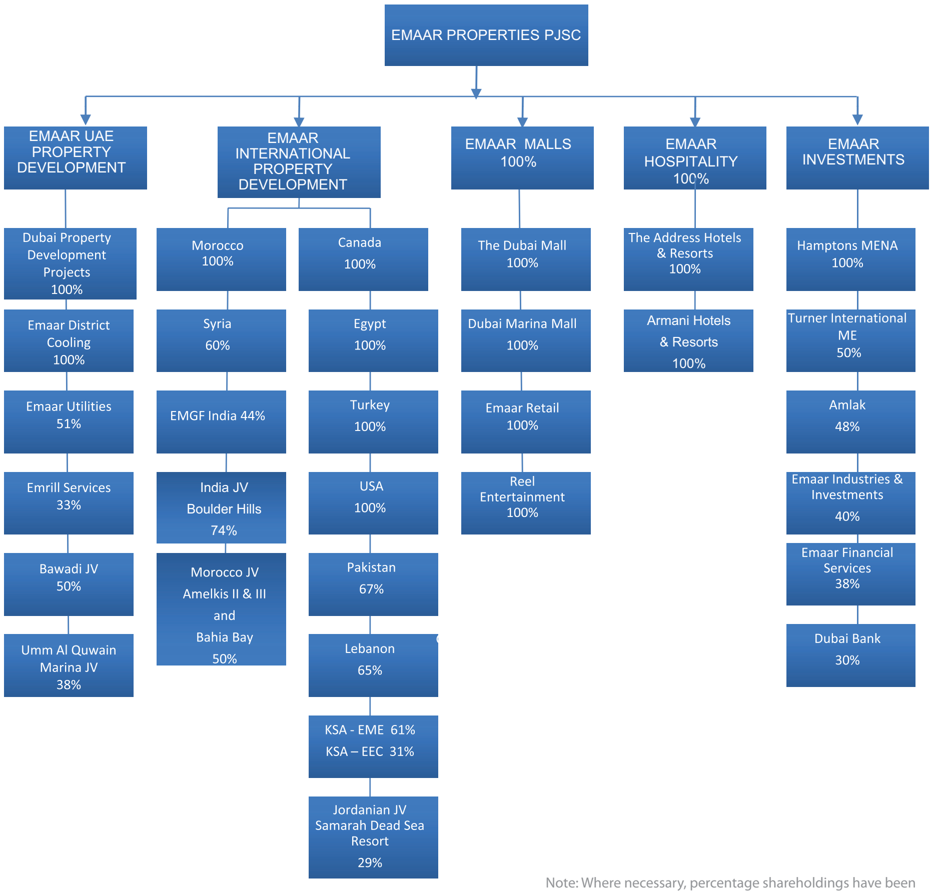
Emaar generally makes progress payments to its contractors. Contractors issue a progress payment certificate along with an invoice on completion of each defined stage of work under the contract. These are certified and approved by an external management consultant, the project director and by Emaar's executive management team which comprises the appropriate CEO, the Group Chief Financial Officer (**CFO**) and the Executive Director of Finance and Risk.

The final payment, including the retention (generally a 10 per cent. deduction from each progress payment), is only made to contractors after: (i) the contractor's notification of completion is received and verified; (ii) the final inspection by Emaar's consultants and project director to establish completion is finished; (iii) a taking over certificate (**TOC**) is issued, which allows some issues to be addressed and incomplete works to be carried out later within a defined time limit, and a defects liability certificate (**DLC**) is issued, which confirms a contractor's responsibility for defects identified within a defined period; and (iv) payment is approved by an external management consultant, the project director and by Emaar's executive management.

The retention amount due is then paid by Emaar within three months of the issuance of the TOC and DLC. The terms of Emaar's standard conditions of contract are based on those recommended by internationally recognised trade bodies such as the International Federation of Consulting Engineers, Joint Contracts Tribunal and the New Engineering Contract. These contracts are amended to take into account local law and conditions and project specific requirements.

Group Structure

Emaar has over 70 subsidiaries across 21 countries which have been established for the purpose of managing and maintaining individual project developments and to facilitate Emaar's expansion into international markets. In addition, Emaar has formed strategic partnerships with associated companies and entered into a number of joint ventures. Emaar's principal subsidiaries, joint ventures and associates are shown by business segment in the Group structure table below.



Note: Where necessary, percentage shareholdings have been rounded up.

Health and Safety

Emaar appoints a supervision consultant to monitor the progress of construction and the implementation of local municipality and international health and safety guidelines and regulations in each of its projects. The supervision consultant hires a health and safety officer and works with the project manager.

For each project, Emaar also appoints a project manager to inspect both the physical conditions on the site, such as personal protective equipment, work heights and confined spaces, and procedural issues such as certification, fire and first aid procedures and training registers. The Emaar project manager is empowered to give authority to the appointed health and safety officer to issue reports, stop work and impose fines should policies not be followed. The health and safety officer also tracks and reports monthly key performance indicators on the project such as number of workers, lost days, first aid and accidents. In some cases, where no health and safety officer is appointed by the supervision consultant Emaar hires an external health and safety consultant to perform this task and report directly to the Emaar project manager. Emaar always seeks to ensure compliance with all local municipality and international health and safety guidelines and regulations.

Environment

On 13 November 2007, Emaar was successfully accredited with the International Organisation for Standardisation (**ISO**) 14001:2004 certification for adherence to both quality and environmental management processes. With the ISO 14001:2004 certification, Emaar has underscored its commitment to the "green buildings" initiative of the Government to create energy efficient residential and commercial buildings that support development.

In 2006, Emaar formed a recycling initiative called Earth Watch. The Government is anticipated to launch a green initiative and a new 12 point plan that companies will be required to follow when applying for building regulation approvals via the Dubai Municipality. This has prompted the Emirates Green Building Council to set up a UAE LEED programme, and some 250 buildings are currently planning to comply with the certifications. Most of Emaar's projects are LEED compliant projects, which means they meet the Government's highest green building and performance measures. LEED Certification demonstrates that a building is environmentally responsible, profitable and a healthy place to live and work. There are both environmental and financial benefits attached with LEED compliant projects.

Insurance

Emaar requires its contractors to provide insurance cover including workman's compensation, motor vehicles insurance, insurance for plant and contractor's equipment and, if applicable, marine insurance for goods transported to each project.

Emaar purchases Contractors All Risks (**CAR**) insurance for each project during the construction phase. The policy covers the contractor and relevant sub-contractors as well as the principal for the full value of the contract. CAR insurance covers loss or damage to the contract works and the liability of the contractor/principal to third parties. The policy commences from the inception date of the contract and is valid until completion of construction and handing over of the project to Emaar. Once the project is handed over by the contractor, the CAR insurance expires. Subsequently it forms part of Emaar's assets and is insured under Emaar's Annual Property Insurance Program.

Emaar also has in place business interruption and loss of profit insurance. In addition, Emaar has purchased directors and officers liability insurance and requires all of its consultants to carry professional indemnity insurance according to the best available market standards.

Intellectual Property

Emaar has registered or applied for the registration of the trademarks and service marks of all of its current projects as well as the Emaar word and logo both in the UAE and, where appropriate, internationally. Emaar intends to file trade mark applications (if capable of registration) for any future projects as they occur.

Information Technology

Emaar seeks to ensure that its information technology (**IT**) systems and software meet the requirements of its business, are effectively maintained and are kept up to date. Emaar has an online document management system which is available 24 hours a day seven days a week. In addition, Emaar is expanding its current IT systems to offer customers online services such as an online payment facility for various charges. In the long term, Emaar aims to integrate all operating systems operated by each business segment and centralise its enterprise resource planning system. Emaar's in house IT team is responsible for IT support and maintenance.

Emaar has in place a disaster recovery system including back-ups which are collected daily and stored in an offsite data warehousing facility. Emaar's document management system is also intended to enable it to recover data in a disaster scenario as it can be remotely accessed through the internet.

Litigation

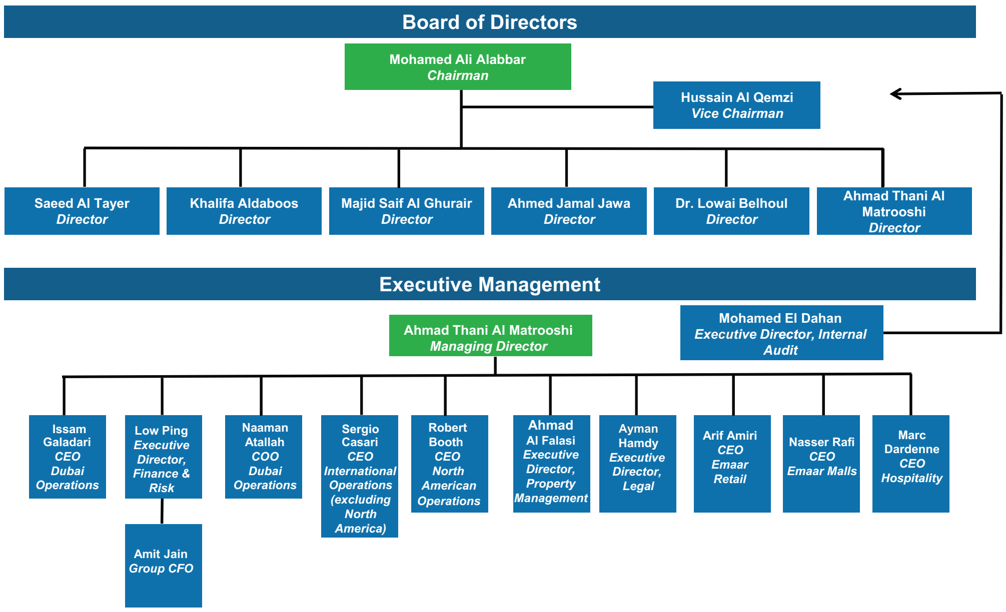
Neither the Issuer nor Emaar nor any of Emaar's other subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or Emaar are aware) in the 12 months preceding the date of this document which may have or have had in the recent past significant effects on the financial position or profitability of the Issuer or the Group.

ORGANISATION, DIRECTORS, MANAGEMENT AND EMPLOYEES

Organisation

The organisational structure of Emaar is set out below:

Directors and Management



Board of Directors

Certain members of the Board, their families and companies of which they are principal owners, or of which they are employees, have dealings with Emaar in the ordinary course of business. The transactions with such parties are made at arm's length and on substantially the same terms as those prevailing at the same time for comparable transactions with unrelated parties.

Except as disclosed in this paragraph, as at the date of this Base Prospectus, no member of the Board has any actual or potential conflict of interest between his duties to Emaar and his private interests and/or other duties. Each of the Directors of Emaar named in the table above entitled "Board of Directors" has outside interests in entities other than Emaar, including employment and/or directorships with third parties (as set out underneath their names in the paragraphs below). As the Directors of Emaar are involved in Emaar's decision making process and have knowledge of Emaar's products and services, including the commercial terms thereof, a potential conflict of interest may arise. However, Emaar has established robust internal procedures to deal with any such potential conflict, including the relevant Director being excluded from voting at board meetings on issues which relate to the relevant employer's and/or other connected entity's dealings with Emaar.

Under the Commercial Companies Law, all directors are liable to Emaar, its shareholders and third parties for any acts of fraud, abuse of powers, violation of laws, violation of its Memorandum and Articles of Association or for mismanagement.

The business address of each of the directors is Emaar Business Park, Building 3, Level 6, PO Box 9440, Dubai, UAE.

The members of the Board are as follows:

Name	Position
Mohamed Ali Alabbar	Chairman
Hussein Al Qemzi	Vice Chairman
Saeed Ahmad Al Tayer	Director
Khalifa Hassan Aldaboos	Director
Dr Lowai Mohamed Belhoul	Director
Majid Saif Al Ghurair	Director

Name	Position
Ahmed Jamal Jawa	Director
Ahmad Thani Al Matrooshi	Managing Director

Mohamed Ali Alabbar – Chairman

Mr Alabbar, an Executive Director, is a founding member of Emaar and has been its Chairman since its inception on 29 July 1997. He is also Chairman of the Executive Committee. Mr Alabbar is also the chairman of the Bahrain based Al Salam Bank, an Islamic bank with operations across the MENA region.

Mr Alabbar is a graduate in Finance and Business Administration from Seattle University and was awarded an honorary doctoral degree in Humanities from Seattle University in recognition of his notable achievements in business, economic development and public service in Dubai and throughout the Middle East region.

In particular, *FDi magazine*, published by the Financial Times Group, named Mr Alabbar as ''Middle East Personality of the Year'' in 2006 and *Arabian Business*, the leading regional business magazine, ranked him second in its 2009 list of *Power 100: The World's Most Influential Arabs*.

Hussein Al Qemzi – Vice Chairman

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

Mr Al Qemzi has over 28 years' experience working with leading banks in the UAE and currently holds the position of CEO at Noor Banking Group. He is currently on the board of the Emirates Institute for Banking and Financial Studies, Emirates Media Inc., Awqaf and Minor Affairs Foundation and the Dubai International Financial Centre (**DIFC**). Mr Al Qemzi was formerly CEO of Sharjah Islamic Bank and chief operating officer of the DIFC and credited with laying the ground for this financial centre.

Saeed Ahmad Al Tayer – Director

Mr Al Tayer, a Non-Executive Director, was appointed to the Board on 29 April 2009. He is a member of the Nomination and Remuneration Committee.

Mr Al Tayer previously worked in Jebel Ali Port and was part of the management group that started the Jebel Ali Free Trade Zone. He was later appointed the Director of Administration and served as Assistant Chairman and Deputy Managing Director.

Mr Al Tayer has also previously worked for the MAF (Majid Al Futtaim) Group as Vice President in charge of the development of shopping centres and Carrefour throughout the Middle East, Chairman of the group in Egypt and Group Vice President. Mr Al Tayer left the MAF Group to undertake his own business in 2005.

Khalifa Hassan Aldaboos – Director

Mr Aldaboos, a Non-Executive Director, was appointed to the Board on 29 April 2009. He is a member of the Audit Commitee.

In addition to the Board of Emaar, he also serves on the Board of Jeema Mineral Water; M'Sharie Venture Capital, a subsidiary of Dubai Investment Company; National Bonds Corporation; Emirates Investment and Development PSC and Emirates Rawabi.

Mr Aldaboos is the Investment Director for the Investment Corporation of Dubai, the investment arm of the Government of Dubai and the body responsible for managing the Emirate's assets. Mr Aldaboos was previously the Investment Director for the Department of Finance at His Highness the Ruler's Court of the Government of Dubai, overseeing strategic investments.

Mr Aldaboos holds a Bachelor of Science degree in Computer Information Systems and Management Science from Metropolitan State College in Denver.

Dr Lowai Mohamed Belhoul – Director

Dr Belhoul, a Non-Executive Director, was appointed to the Board on 8 March 2006. He is a member of the Audit Committee.

He is also currently the Director General of the Government of Dubai Legal Affairs Department, a director of the Government's Executive Council and a member of the Federal Legislative Committee responsible for reviewing draft Federal legislation. Dr Belhoul has also served on several high profile judicial committees formed by Orders of H.H. Sheikh Mohammed bin Rashid Al Maktoum.

Dr Belhoul graduated from UAE University in 1984 with a degree in law and holds a post-graduate certificate in International Business Legal Studies and completed a PhD in Law at Exeter University in 2000.

Majid Saif Al Ghurair – Director

Mr Al Ghurair, a Non-Executive Director, was appointed to the Board on 8 March 2006. He is Chairman of the Audit Committee.

Mr Al Ghurair also holds the position of CEO of the Al Ghurair Group of companies. He is currently the president of the BurJuman Centre and Reef Mall and managing director of Gulf Extrusions and Arabian Can Industry. In addition, Mr Al Ghurair is chairman of Shuaa Capital, Gulf Finance Corporation, Drake & Scull International and Dubai Wing; and a board member of Dubai Statistic Centre & Dubai Economic Council, National Cement Company, Mashreq Bank and RAK Bank.

He graduated in Accounting from Al Ain University.

Ahmed Jamal Jawa – Director

Mr Jawa, a Non-Executive Director, was appointed to the Board on 8 March 2006. He is Chairman of the Nomination and Remuneration Committee. He is also a member of the Executive Committee.

Mr Jawa is president, CEO and a board member of Starling Holding Ltd, a global investment group that deals with private equity and direct investments world-wide. Mr Jawa is also president of Contracting and Trading Company, a Saudi Arabian firm that oversees investment opportunities and options in the GCC region and the Middle East.

Mr Jawa was formerly Chairman of Disney – JAWA Enterprises (Middle East) Limited, which introduced a range of Walt Disney licensed products to the Middle East markets and previously served on the boards of the Novapark Swiss Hotel Group; Mirapolice, an entertainment company that builds theme parks in France; and Tricon Group, a United States based securities trading firm.

He graduated in Business Administration and has a Master of Business Administration from the University of San Francisco.

Ahmad Thani Al Matrooshi – Managing Director

Mr Al Matrooshi, an Executive Director, was appointed to the Board on 8 March 2006. As Managing Director at Emaar, Mr Al Matrooshi oversees the day to day operations of Emaar.

Mr Al Matrooshi is also a member of a number of organisations including Dubai Investment Park. Prior to joining Emaar, Mr Al Matrooshi held the position of CEO at the government run Dubai Development Board for almost a decade. Before this, he spent 14 years as Deputy Director of the Dubai Chamber of Commerce and Industry.

Mr Al Matrooshi holds a Bachelor of Arts in Public Administration and a Diploma in Property Management from the Northern Council for Further Education in the United Kingdom.

Executive Management

The business address of each member of Emaar's Executive Management is Emaar Business Park, Building 3, Level 6, PO Box 9440, Dubai, UAE.

The names and title of each member of Emaar's Executive Management are set out in the table below:

Name	Position
Issam Galadari	CEO, Emaar Dubai
Naaman Atallah	COO, Emaar Dubai
Sergio Casari	CEO, Emaar International
Amit Jain	Group CFO
Low Ping	Executive Director, Finance and Risk
Ayman Hamdy	Executive Director, Legal and Company Secretary

Name	Position
Mohamed El Dahan	Executive Director, Internal Audit
Ahmad Al Falasi	Executive Director, Property Development
Nasser Rafi	CEO, Emaar Malls
Arif Amiri	CEO, Emaar Retail
Marc Dardenne	CEO, Emaar Hospitality
Robert Booth	CEO, Emaar North America

As at the date of this Base Prospectus, there are no conflicts of interest between the private interests and other duties of the Executive Management listed above and their duties to Emaar.

Issam Galadari – CEO, Emaar Dubai

Mr Galadari joined Emaar in 2000 and has over 22 years of projects and development experience. Mr Galadari serves as a director on the Boards of Amlak Finance and Emaar Financial Services. He is also Chairman of Emrill Services.

He holds a Civil Engineering (Hons) degree and a Post Graduate Diploma in Structural Engineering. Mr Galadari is a member of several professional associations including the UAE Society of Engineers and the Institution of Civil Engineering in the United Kingdom.

Naaman Atallah – COO, Emaar Dubai

Mr Atallah joined Emaar in 2004. He has over 17 years of experience in real estate development and marketing. He is a member of the International and Middle East Councils of Shopping Centres.

Mr Atallah holds a Masters Degree in Business Administration and a Bachelors Degree in Civil Engineering.

Sergio Casari – CEO, Emaar International

Mr Casari joined Emaar International as Chief Executive Officer in 2009. He is responsible for strategic planning, design, construction, sales and marketing for Emaar's international operations. He has over 20 years experience in international development, project and construction management. He holds a Higher National Diploma in Design and Construction and has completed Executive Education in Management and International Marketing with The London Business School of Management and Templeton College in the United Kingdom as well as with Wharton University in the United States of America.

Amit Jain – Group CFO

Mr Jain joined Emaar in 2006. He has over 13 years of experience in banking, auditing and management consulting. He is a Chartered Accountant from the Institute of Chartered Accountants of India and a CFA Charter holder from the CFA Institute, United States of America.

Low Ping – Executive Director, Finance and Risk

Ms Ping joined Emaar as Executive Director of Finance and Risk in 2002 with over a decade of experience in finance. A certified Chartered Accountant, Ms Ping is a member of the Certified Public Accountants in Singapore. Ms Ping is currently responsible for risk management and corporate finance matters pertaining to the Group.

Ayman Hamdy – Executive Director, Legal and Company Secretary

Mr Hamdy joined Emaar in 2006 and was appointed Company Secretary in 2007. He has over 16 years of experience in international and corporate law. Mr Hamdy is a member of the Egyptian Bar Association, the Egyptian Association of Judges, the Egyptian Association of Public Prosecutors and the American Bar Association and is a fellow of the International Bar Association.

Mohamed El Dahan – Executive Director, Internal Audit

Mr El Dahan joined Emaar in 2005. He holds a Bachelors Degree in Commerce and Accounting from Ain Shams University, Cairo, Egypt. He is a Certified Public Accountant, Certified Internal Auditor and a Certified Fraud Examiner. Mr El Dahan has also completed the Advanced Management Program by the Institut Européen d'Administration des Affaires (INSEAD) near Paris, France.

Ahmad Al Falasi – Executive Director, Property Management

Mr Al Falasi joined Emaar in 2002 from the DFM where he was head of the Brokers Section. Having performed a number of different roles within the corporate services and property management divisions of the business, he was appointed Executive Director, Property Management in 2007. Mr Al Falasi holds a Bachelor degree in Business Administration with a Major in Economics from Eastern Washington University, United States of America.

Nasser Rafi – CEO, Emaar Malls

Mr Rafi joined Emaar in 2005 as Head of Information Technology, having worked in the IT sector for over seven years and is now Chief Executive Officer of Emaar Malls. He was previously the Managing Director of Hamptons International – Middle East. He holds a Masters Degree in Computer Science, with a focus on artificial intelligence and business intelligence software, and has extensive experience in enterprise resource planning.

Arif Amiri – CEO, Emaar Retail

Mr Amiri joined Emaar in 2006. He has more than a decade of experience in the banking sector. Mr Amiri holds a Bachelor's Degree in Aviation Business Administration from the Embry-Riddle Aeronautical University, Daytona Beach, United States of America and an Executive Management Diploma in Marketing Strategy and an Executive Diploma in Organisation Behaviour from the University of Cambridge, United Kingdom.

Marc Dardenne – CEO, Emaar Hospitality

Mr Dardenne joined Emaar in 2007 and has over 28 years of experience in the hospitality industry. He was previously Vice President and Area General Manager of The Ritz-Carlton Hotels in the Middle East. While at Emaar Hospitality, Mr Dardenne has won prestigious awards including the 'CEO of the Year 2009' from CEO Middle East. He holds a Diploma in Hotel Studies and an Executive MBA from Golden Gate University, United States of America.

Robert Booth – CEO, Emaar North America

Mr Booth joined Emaar in 2001 and is responsible for Emaar's operations in North America. He has over 16 years of experience in large scale master planned real estate projects. He has a post-graduate degree in Real Property Development and Planning and graduated in Political Science and Urban Studies. He is also a member of the Urban Land Institute.

Employees

As at 31 December 2010, Emaar and its subsidiaries (but excluding associates) had over 6,623 employees globally. The table below shows Emaar's approximate number of employees in Dubai as at 31 December in each of the years indicated:

Year	Number of employees
2006	1,269
2007	2,692
2008	4,057
2009	5,752

Emaar has instituted a range of employee benefits such as providing health insurance, a children's education allowance and discretionary annual bonuses.

Emaar recognises the importance of the calibre and the motivation of the individuals it employs. A performance management system has been implemented where Emaar's objectives are translated into measurable departmental and individual objectives that are regularly monitored and bi-annually appraised. Bonuses and rewards are linked with Key Performance Indicators.

Emaar has implemented a development plan for its staff through quality training and establishing and maintaining standards of professional conduct. Development of employees is carried out through in-house training but when specialist training is needed, local and internationally recognised external agencies are invited to partner with Emaar.

Corporate Governance

Emaar is committed to maintaining appropriate standards of corporate governance and Emaar complies with all legal and regulatory requirements relating to corporate governance. Emaar has further been working on bringing itself into full compliance with the requirements of the Code of Governance issued by Decree of the Ministry of Economy No. 518 of 2009, which came into force on 1 May 2010 (**Code of Governance**).

Emaar has established a framework of corporate governance policies, rules and practices which comply with the requirements of the Code of Governance and take into consideration international best practices as appropriate. The most significant features of that framework are set out hereunder.

Board of Directors

The Board consists of eight members. The majority of the Board is comprised of non-executive directors and two thirds of its members are independent. The Board meets at least six times per year, with one meeting held at least every two months.

The position of the Chairman and the Managing Director are held by separate individuals to ensure effective and clear supervision and accountability at the Board and Management levels.

There are currently three Board Committees: the Executive Committee, the Audit Committee (including Internal Control, a department supervised by the Audit Committee) and the Nomination and Remuneration Committee. Further details of each committee are set out below.

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 Executive Committee is made up of the Chairman and two non-executive directors:

(a) Mohamed Ali Alabbar (Chairman);

(b) Hussain Al Qemzi (Member); and

(c) Ahmad Jamal Jawa (Member).

The main 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 objectives 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;
- deciding on business matters which are of an unusual or extraordinary nature or which have strategic or significant impact (financial or otherwise) on the Group;
- overseeing the operation of the risk management system, including reviewing the adequacy of risk management practices for material risks, such as credit, market, project, legal, regulatory, compliance and operational risks; and
- performing such other functions and exercising powers and authorities as may from time to time be delegated to it by the Board.

Audit Committee

The Audit Committee is made up of three non-executive directors, two of whom have accounting or related financial management expertise and experience:

(a) Majid Saif Al Ghurair (Chairman);

(b) Dr Lowai Mohamed Belhoul (Member); and

(c) Khalifa Hassan Aldaboos (Member).

The main objective of the Audit Committee is to assist the Board in fulfilling its oversight and fiduciary responsibilities to the Group.

The Audit Commitee has responsibilities related to external audit, financial reports and internal control and risk management. The main objectives and responsibilities of the Audit Committee are as follows:

- overseeing and appraising the quality of the audit efforts of the Company's internal audit function and of its external auditors;
- assisting the Board in ensuring proper implementation of the governance rules as set out in applicable governance laws, regulations and internal policies and procedures;
- serving as an independent and objective party to review the integrity of the financial information presented by management to the shareholders, regulators and the general public;
- providing communication between the Board and the external and internal auditors;
- assisting the Board in evaluating the procedures for risk management; and
- ensuring compliance by the Company and its employees with the relevant laws, regulations and internal policies and procedures.

Internal Control

It is the policy of the Board to maintain and support a quality internal audit function carried out by the Internal Control Department which reports directly to the Board. The Internal Control Department is guided by its Charter which establishes the general authorisation from the Audit Committee to perform internal audit activities within a defined scope of work in accordance with the annual audit plan approved by the Audit Committee. The Charter also sets out the purpose, authority and responsibility of the Internal Control Department. It establishes the Internal Control Department's position within the Group, authorises access to records, personnel and physical properties relevant to the performance of engagements and defines the scope of work. The Audit Committee is responsible for supervising the Internal Control Department's day to day business.

The Internal Control Department's core responsibility is to review the effectiveness of the internal control systems within the Group. The Internal Control Department reviews and reports on all business processes and support functions within the Group, both in the UAE and internationally. Reports raised by the Internal Control Department are submitted to the Audit Committee and senior management, as well as to the Board. 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 Control Department.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is made up of three non-executive directors:

(a) Ahmad Jamal Jawa (Chairman);

(b) Saeed Ahmad Al Tayer (Member); and

(c) Hussain Al Qemzi (Member).

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

- regulation and supervision of procedures for nomination of Board members as per the applicable laws and identifying candidates, reviewing all nominations and making recommendations for appointments of committee members and senior management;
- reviewing the Board structure, size and composition to ensure that they comply with applicable laws and making recommendations to the Board with regards to any adjustments that are deemed necessary;
- determining the Company's needs of executive management and employees and the criteria for their election;
- ensuring that the criteria and methods applied in identifying candidates and reviewing nominations for appointments to the Board, committees and senior management are in accordance with applicable laws;
- ensuring the continuing independence of the members of the Board in accordance with applicable laws;
- issuing a human resources and training policy, supervising its implementation and reviewing the policy annually;

- issuing a remuneration policy comprising bonuses, benefits, incentives and salaries for Board members and employees and reviewing the policy annually in the best interests of the Group and its shareholders;
- ensuring as far as possible that the remuneration and compensation packages, in particular those of the senior management, take due account of the environment, circumstances and performance which are faced by the various business units in the markets and countries in which the Group operates; and
- administering the Share Option Scheme and any other share option schemes established from time to time for Group executives and directors.

OVERVIEW OF THE UNITED ARAB EMIRATES

Introduction

The UAE is a federation of seven Emirates made up of Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain, Fujairah and Ras Al Khaimah. Formerly known as the Trucial States, the Emirates were a British protectorate until they achieved independence in December 1971 and merged to form the UAE. H.H. Sheikh Khalifa bin Zayed Al-Nahyan, Ruler of Abu Dhabi, has been President of the UAE since November 2004 and H.H. Sheikh Mohammed bin Rashid Al Maktoum, Ruler of Dubai, has been the Prime Minister and Vice President of the UAE since January 2006. Each Emirate enjoys significant autonomy and has its own budget. The UAE's federal budget is funded by each Emirate in agreed amounts.

The UAE has one of the most liberal business environments in the Middle East focused around economic liberalisation and promoting the role of the private sector. There are currently no corporate taxes in most business sectors, other than oil-producing companies and foreign banks, no personal taxes and no exchange controls on the remittance of profits or repatriation of capital. Additionally, the UAE enjoys low tariffs and there are virtually no restrictions on foreign trade.

The UAE enjoys good relations with the other states in the GCC region. However, the UAE does have a longstanding territorial dispute with Iran over three islands in the Arabian (or Persian) Gulf.

Economy of the UAE

The UAE is the second largest economy in the GCC region after Saudi Arabia. Although it has a more diversified economy than most of the other countries in the GCC region, its wealth is still largely based on oil and gas. According to data gathered by the Organisation of the Petroleum Exporting Countries, as at 31 December 2009, the UAE had approximately 7.3 per cent. of the proven global oil reserves (giving it the sixth largest oil reserves in the world). The UAE's oil reserves generated 36.8 per cent. of the UAE's gross domestic product (**GDP**) in 2008 (according to the UAE Ministry of Economy) and approximately 35 per cent. of export earnings (including re-exports) in 2009 (according to the UAE Central Bank).

Based on International Monetary Fund data extracted from the World Economic Outlook (April 2010 and October 2010), real GDP growth in the UAE increased by 6.1 per cent. in 2007, 5.1 per cent. in 2008 and decreased by 2.5 per cent. in 2009. According to the same data, the UAE is expected to return to growth in 2010 by 2.4 per cent. and in 2011 by 3.2 per cent.

On 23 April 2010, Moody's Investors Service, Inc. reaffirmed the UAE's long-term credit rating of Aa2 with a stable outlook.

UAE Constitution

The original constitution of the UAE (the **Constitution**) was initially provisional and provided the legal framework for the federation. The Constitution was made permanent pursuant to a constitutional amendment in December 1996.

The Constitution apportions powers between the federal government (based in Abu Dhabi) and the governments of the constituent Emirates. The federal government is entrusted with the task of promulgating substantive legislation concerning and regulating the principal and central aspects of the UAE. The local governments of each Emirate are authorised to regulate local matters not confined to the federal government. Articles 120 and 121 of the Constitution specifically state that certain matters, such as foreign affairs, security and defence and public health must be governed by federal law. All other matters not specifically assigned to the exclusive jurisdiction of the federal government may be regulated by the local government of each Emirate.

The Constitution also states that the federation shall form a single economic and customs entity with free movement of capital and goods between the Emirates. The natural resources and wealth of each Emirate shall be considered to be the public property of the relevant Emirate.

Governance of the UAE

The governance of the UAE at the federal level is divided between the Federal Supreme Council (the **Supreme Council**), the Federal Council of Ministers (the **Cabinet**) and the Federal National Council. The Supreme Council is the highest federal governing body and consists of the rulers of the seven Emirates. The Supreme Council elects the President and the Vice President of the UAE from its own membership (for renewable five year terms). Decisions relating to substantive matters are decided by a majority vote of five Emirates, provided that the votes of both Dubai and Abu Dhabi are included in that majority, but matters which are purely procedural are decided by a simple majority vote. The Supreme Council is vested with legislative as well as executive powers and ratifies federal laws and decrees and sets federal policies.

The Cabinet is described in the Constitution as the executive authority of the UAE and is responsible for implementing policy decisions of the Supreme Council. The Constitution defines the responsibilities of the Cabinet, which include the issuing of regulations, the preparation of draft laws and the drawing up of the annual federal budget. The Federal National Council is a parliamentary body and has both a legislative and supervisory role under the Constitution. One of the main duties of the Federal National Council is to discuss the annual budget of the UAE. Although the Federal National Council can monitor and debate government policy, it has no veto or amendment power and cannot initiate any legislation by itself.

Legal and Court System

There are three primary sources or types of law in the UAE: (i) federal laws and decrees (applicable in all seven Emirates), (ii) local laws and decrees (i.e. laws and regulations enacted by the Emirates individually), and (iii) the *Sharia* (Islamic law). The secondary source of law is trade custom or practice. In the absence of federal legislation on areas specifically reserved to federal authority, the Ruler or local government of each Emirate will apply his or its own rules, regulations and practices.

The federal judiciary, whose independence is guaranteed under the Constitution, includes the Federal Supreme Court and Courts of First Instance. The Federal Supreme Court consists of five judges appointed by the Supreme Council. The judges decide on the constitutionality of federal laws and arbitrate on inter-Emirate disputes and disputes between the federal government and individual Emirates.

As is its right under the Constitution, Dubai, like the Emirates of Abu Dhabi and Ras Al Khaimah, has elected to maintain its own court system, separate from that of the federal judiciary, and the courts of Dubai have sole jurisdiction to hear cases brought in Dubai. Although both the federal and Dubai courts have a similar three tier structure (Court of First Instance, Court of Appeal and Court of Cassation/Supreme Court), Dubai has retained complete autonomy over its courts in all matters, including the appointment of judges. However, in accordance with the Constitution, the Dubai courts will first apply federal law where this exists and, in its absence, the laws of Dubai.

The Emirate of Dubai

Dubai is the second largest Emirate in the UAE, after the Emirate of Abu Dhabi, and is situated on the west coast of the UAE in the south western part of the Arabian (or Persian) Gulf. It covers an area of 3,885 square km and lies approximately at longitude 55 degrees east and latitude 25 degrees north. Except for a tiny enclave in the Hajar Mountains at Hatta, the Emirate of Dubai comprises one contiguous block of territory.

The population of Dubai was approximately 1.8 million as at 30 June 2010 according to the Dubai Statistics Centre, of which a significant portion is comprised of non-UAE nationals, mainly drawn from the Indian subcontinent, Europe and other Arab countries. According to the Dubai Statistics Centre, approximately 78 per cent. of this population is estimated to be male and 22 per cent. female, reflecting the large male expatriate workforce.

The Government of Dubai

The key entities in the structure of the Government of Dubai (the **Government**) are (i) the Ruler's Court, (ii) the Supreme Fiscal Committee and (iii) the Executive Council. The Dubai Department of Economic Development and the Dubai Department of Finance are administrative bodies. All five of these entities have distinct roles:

The Ruler's Court: Except in relation to applicable federal laws, His Highness the Ruler of Dubai is the sole legislator for the Emirate and all Dubai laws are passed by His Highness after drafts of the laws have been approved by the Ruler's Court in consultation with the Executive Council. All other matters that require the involvement of His Highness the Ruler of Dubai are channelled through the Ruler's Court.

Supreme Fiscal Committee: The Supreme Fiscal Committee was established in November 2007 to formulate the fiscal policies of the Government and to regulate Government borrowings. The Supreme Fiscal Committee is authorised to approve borrowings by the Government and Government-owned entities on behalf of the Government. The Supreme Fiscal Committee also aims to improve coordination between various Government entities and to enable Government entities to meet their respective development targets in a cost efficient manner.

Executive Council: The Executive Council seeks to ensure coordination amongst Government departments such as the courts, the police and health authorities. The Executive Council works with these departments to implement an overall strategy for the Government, whilst considering the requirements and strategies of each particular department. In addition, the Executive Council works with the Department of Finance to prepare an overall budget to fund the requirements of the various Government departments. In addition to this broad coordination role, the Executive Council also recommends new laws and regulations and is involved in the implementation of laws promulgated at both the Emirate and federal levels.

Department of Economic Development: The Department of Economic Development is a regulatory and administrative body responsible for the licensing and regulation of the business sector. All businesses operating in Dubai are required to be registered with and licensed by the Department of Economic Development. The Department of Economic Development also helps formulate Government policy in relation to economic planning and the promotion of Dubai as a business centre. The Department of Economic Development works closely with other relevant Government bodies such as the Ministry of Labour and RERA.

Department of Finance: The Department of Finance is the local ministry of finance and treasury for the Government. All revenues of the Government are collected within the Department of Finance and all Government authorities are funded through the Department of Finance. In addition, the Department of Finance also functions as an administrative office of the Supreme Finance Committee for executing and monitoring compliance with the Supreme Fiscal Committee's decisions.

The Economy of Dubai

According to the Dubai Statistics Centre Statistical Yearbook the wholesale and retail trade sector is the principal contributor to nominal GDP, accounting for approximately 39 per cent. of Dubai's nominal GDP in 2008.

Other significant economic sectors for Dubai are real estate and business services; manufacturing; construction; transport, storage and communications; and financial services. Each of these sectors has benefitted from the Government's policies aimed at improving the business and investment environment and positioning Dubai as a tourist destination, including specific high profile developments initiated by the Government and the establishment of a range of specialised free zones designed to attract new companies and investment. In addition, other factors supporting the Emirate's economic growth have included the availability of labour and land for real estate development, increased levels of liquidity and increasing consumer wealth in the GCC region and elsewhere, in part reflecting relatively high oil and gas prices, an appropriate legal and regulatory framework and good infrastructure.

Since the middle of 2008, as a result of the global financial crisis and sharp falls in international oil and gas prices, there have been significant declines in real estate sales prices and rental rates in both Dubai and the UAE as a whole as well as a slowdown in construction activity in the UAE.

Foreign Direct Investment and Free Zones

The Government has set up a number of free zones in Dubai to encourage foreign investment. Foreign corporate entities can freely operate in the free zones and free zone entities can be 100 per cent. foreign owned, unlike entities registered elsewhere in the UAE which require various degrees of local participation. There are no currency restrictions levied on the capital or the profits of free zone entities and 100 per cent. of their capital and/or profit can be repatriated.

The most prominent free zones in Dubai are the Jebel Ali Free Zone, the Dubai Technology and Media Free Zone, the Dubai International Financial Centre and the Dubai Airport Free Zone.

In addition, a number of sector-specific free zones for services and industry have been established, including Dubai Healthcare City, Dubai Textile City, the Dubai Multi Commodities Centre, Dubai Outsource Zone, Dubai Aid City, DuBiotech Free Zone, Dubai Silicon Oasis and Dubai Gold and Diamond Park.

Real Estate in Dubai

The Government began promoting land ownership in 1997 with the setup of the publicly listed companies of Emaar and Nakheel PJSC. In 1998, Emaar began work on the Dubai Marina development. Work on the Emirates Living community developments followed, which include the Springs, the Meadows, Emirates Hills, the Views and the Greens.

Before May 2002, non-GCC expatriates living in the UAE were only permitted to rent property, or hold a 99 year lease of certain properties.

A major property boom in Dubai occurred in May 2002, when H.H. General Sheikh Mohammed bin Rashid Al Maktoum issued a decree to allow foreigners to buy and own freehold property in selected areas of the city. All previously developed leasehold property was automatically transferred to freehold.

Legislation Governing Freehold Property

On 13 March 2006, the Government issued legislation permitting foreign ownership of properties in designated areas of Dubai. The Dubai Real Estate Registration Law No.7 of 2006 (the **Registration Law**) allows UAE and GCC citizens to own freehold property anywhere within Dubai and non-GCC expatriates and foreigners to own property on a freehold or leasehold basis in designated areas within Dubai.

The Registration Law stipulates that freehold (with the exception of land in designated areas) is limited to UAE and GCC citizens and companies wholly owned by them, as well as public shareholding companies. It also stipulates the setting up of a property registration office at the Dubai Lands and Properties Department. This office is responsible for documenting property rights and their amendments.

RERA and Escrow Accounts

Law No. (8) of 2007 concerning guarantee accounts of real estate developments in the Emirate of Dubai (the **Escrow Law**) was introduced on 28 June 2007 and, together with the associated regulations, governs the way in which purchase price instalments paid by purchasers of "off plan" developments are dealt with. Under the Escrow Law, developers are required to set up escrow accounts for each development and purchasers will pay their requisite purchase price instalments directly into the relevant escrow account. The escrow account will be managed by a financial institution approved by RERA. An escrow agent, also approved by RERA, will govern when a developer will be permitted to make withdrawals from the escrow account. Essentially, money will only be permitted to be drawn down when certain specified construction milestones are met in accordance with the relevant legislation and any relevant escrow agreement. The release of monies from the escrow account is subject to a requirement to retain five per cent. of the total funds in the escrow account for one year following the date upon which the units sold in the development are registered in the names of the buyers to address any remedial works required in that period. Developers are permitted to use up to five per cent. of the value of the project for "soft costs" associated with the development such as advertising, brokers' fees and other disbursements. RERA oversees the operation of the escrow accounts and has the ability to carry out audits to ensure that the escrow account holds the requisite amount of funds based on the relevant stage of the development, the money paid by the purchasers and the construction costs incurred by the developer. If there are not sufficient funds, RERA can require the developer to top up the escrow account. All sub-developers who contract with Emaar for the purchase of plots are required to comply with the Escrow Law.

Interim Real Estate Register

The introduction of Law No. (13) regulating the Interim Real Estate Register in the Emirate of Dubai in August 2008 (**Law No. 13**) created a register to record all off plan sales of real estate units (the **Interim Register**). Within a 60 day period following the publication of Law No. 13 (60 days from 31 August 2008), developers were required to register all off plan sales in the Interim Register. The law sets out that any sales or other dispositions will be void if not recorded in the Interim Register.

Law No. 13 also provides, amongst other things:

(a) that a developer is not permitted to commence selling units for a project until it has taken possession of the relevant development land;

(b) that all fees payable upon a transfer or other disposition of units must be paid to the Dubai Land Department and developers are only permitted to collect limited "administration fees" upon such disposition; and

(c) that developers are no longer permitted to claim an increase in the purchase price of units if after completion of a development, the units turn out to have a larger area than originally set out in the contract. Where the net area of a unit is more than five per cent. smaller than specified in the contract, the developer is required to compensate the purchaser. The compensation payable will be calculated on the basis of the purchase price for the relevant unit.

Compensation on Termination

Article 11 of Law No. 13 (as amended by Law No. (9) of 2009 (**Law No. 9**)) sets out the procedure that must be followed in the event that the developer wishes to terminate an off-plan sales agreement by reason of purchaser default and the compensation that a developer may obtain in such circumstances. Law No. 13 was amended in April 2009 by Law No. 9 which, amongst other things, revised the proportion of the purchase price instalments that a developer is permitted to retain following a purchaser default, namely:

(a) where at least 80 per cent. of construction is completed the developer is entitled to retain all monies paid by the purchaser to date and the developer can request that the purchaser settle any balance of the outstanding purchase price. If the purchaser cannot do so, the property can be auctioned to settle the outstanding monies;

(b) where the developer has completed construction of at least 60 per cent. of the project, the developer may terminate the contract and retain 40 per cent. of the purchase price stated in the contract;

(c) where construction has commenced but less than 60 per cent. of the project has been completed, the developer may terminate the contract and retain 25 per cent. of the purchase price stated in the contract; and

(d) where construction has not yet commenced for reasons beyond the developer's control, and there is no negligence on the developer's part, the developer may terminate the contract and retain an amount equal to 30 per cent. of the monies paid by the purchaser.

For the purpose of paragraphs (b) and (c) above, the developer must refund any amounts due to the purchasers within one year of the termination of the contract or within 60 days from the date of resale of the property.

In addition, Law No. 9 provides RERA with the ability to cancel projects if it considers it appropriate having considered a project's viability. In such case, the developer is obliged to return all the money paid by purchasers.

Law and directions relating to jointly owned properties

The directions (the **Directions**) supplementing Law No. 27 of 2007 concerning jointly owned properties (the **Strata Law**) were issued by RERA and became effective on 13 April 2010. Any property which is divided up into units intended for separate ownership and which has areas which are used by more than one owner will constitute a jointly owned property. The Strata Law sets out the framework for granting purchasers of individual units in a building freehold ownership rights to their units together with ownership of a proportionate share of the common areas in the building. The law also provides for an owners' association (which is a legal entity in its own right) to manage and operate the common areas of the building. The owners' association is responsible for, amongst other things, the collection of the service charges (including those from developers who have unsold units in the development) required to maintain and operate the common areas. Each unit owner will be a member of the owners' association and will have a right to vote on decisions taken by the association. The Directions provide a standard form constitution which sets out the rules governing the owners' association.

Whilst the introduction of the Strata Law provided an overview as to how jointly owned properties would be governed in Dubai, further guidance was always anticipated and required to enable vertical, horizontal and/or volumetric sub-division of properties. Although the Directions have not been issued in the form of a law, they are binding and set out a number of mandatory requirements which developers must comply with before they will be able to sell or continue selling units in their developments. A principal feature of the strata title regime is that developers will be required to disclose detailed information to purchasers about developments before signing contracts to sell units to third parties.

One of the key documents for the jointly owned property structure is the jointly owned property declaration (**JOPD**). Any application to the Dubai Land Department to register a sale of a unit in a development which has been sub-divided for sale as individual units will need to be accompanied by a JOPD setting out details relating to the development and, in particular, details as to how the common areas in the relevant building will be managed. A JOPD is required for each separate plot of land in a development (which includes volumetric plots within the same building) and will be provided to a purchaser as part of the developer's "Disclosure Statement" requirements with other key documents detailing the management and operation of the development (see "*Risk Factors – Risk Factors relating to Emaar – If Emaar or its subsidiaries, as developers, do not satisfy the relevant disclosure requirements pursuant to the recently implemented directions supplementing the law relating to jointly owned properties, sales between third party purchasers and Emaar or its subsidiaries, as applicable, may be held to be void*").

If a developer fails to satisfy the full "Disclosure Statement" requirements under the Directions, the relevant sale contract to which the failure relates may be held to be void.

The Dubai Strategic Plan 2015

The Dubai Strategic Plan 2015 (**DSP**) was announced by H.H. General Sheikh Mohammad Bin Rashid Al Maktoum on 3 February 2007 to address increasing rents, inflation and road congestion.

The DSP sets out a strategic approach to develop Dubai's most dynamic economic sectors including the livelihood and social condition of all residents, including both UAE nationals and/or expatriates. The most significant aspect of the DSP is that five areas have been identified where reform is considered necessary to accord with the times and targets of the future. These are: economic development; social development; infrastructure, land and environment; safety, security and justice; and public sector excellence.

It is understood that, as a result of the global economic crisis, the Dubai government is currently re-assessing the stated aims of the DSP in the area of economic development. It is understood that the stated aims of the DSP in all other areas remain unchanged.

The future strategic growth of Dubai is based on six key "building blocks" which include tourism, trade, transportation and finance. The development of these "building blocks" will be strategically supported by seven horizontal growth enablers, which will be addressed in parallel. These are human capital, productivity, innovation, cost of living and doing business, quality of life, economic policy and institutional framework, and laws and regulations.

In terms of infrastructure, land and the environment, the DSP covers four main areas - urban planning; energy, electricity and water; roads and transportation and the environment. It will target sustainable development and seek to provide a balanced infrastructure that includes all aspects of development, while protecting the environment.

An integrated roads and transportation system will be constructed to facilitate movement and improve safety. This will include greater use of public transport, reduced use of private cars, increased road network and transportation system capacity, the use of modern technology to make the transport system more efficient, demand management and more effective management of accidents and emergencies. The DSP also highlights the efforts already being made to improve road safety by enforcing safety audits, developing and implementing safety standards and influencing driver behaviour through awareness, stricter regulations and effective enforcement.

Recent Developments in the Dubai Real Estate, Retail and Hotel Markets

The information set out below derives from research published by Jones Lang LaSalle (Dubai, Abu Dhabi, Riyadh Market Overviews – May 2010 and on.point – Dubai City Profile – October 2010).

Residential sector

According to Jones Lang LaSalle, data from the Dubai Land Department reveals a 51 per cent. decrease in transactional volume in the third quarter of 2010 compared to the third quarter of 2009. The asking prices for villas have continued to decline, while the average asking price for apartments improved slightly in the third quarter of 2010. Jones Lang LaSalle report that the gap between asking and achieved price continued to decrease to around 10 per cent. for the third quarter of 2010, representing a narrower band than the first quarter of 2010 when it stood at around 15 per cent., which provides an indication that the market is stabilising. Average asking prices for both villas and apartments have fallen an average of 55 per cent. since the third quarter of 2008 and are currently at AED884 per square foot. Achieved sales prices are down by approximately 46 per cent. for the same period to around AED807 per square foot. Achieved sales prices have declined on average by around 9 per cent. from the second quarter of 2010. Jones Lang LaSalle expects further downward pressure on prices for the rest of the year due to an additional supply of residential units entering the market. Prices are not expected to recover before the second half of 2011 at the earliest.

The average rent for a typical two bedroom apartment in selected residential areas remained virtually the same in the third quarter of 2010, compared to a 22 per cent. decline in the second quarter of 2010. Average apartment and villa rents declined by an average of 9 per cent. from the third quarter of 2009 to the third quarter of 2010.

Office sector

According to Jones Lang LaSalle, confidence in the Dubai market is returning at a cautionary pace. Although demand has recently increased, average rent prices have continued to decrease across the Dubai market during the third quarter of 2010.

Prime rents outside the DIFC stand at around AED190 per square foot per annum, a drop of 27 per cent. year on year.

The Dubai market is becoming increasingly fragmented. This distinction is increasingly apparent in the large gap in vacancies, with the vacancy rate in the Central Business District (**CBD**) registering 14 per cent. in the third quarter of 2010, compared to a market average of 40 per cent. for non-CBD buildings. Jones Lang LaSalle expects rent prices to continue to decline in the coming year due to supply outstripping demand.

Retail sector

According to Jones Lang LaSalle, retail sales experienced a drop of around 30 per cent. in 2009. 2010 is proving to be a more stable year in terms of retail spending, with total sales expected to increase between 3 to 5 per cent. on an annual basis. A common theme in the Dubai retail market is retailers relocating to the strongest trading locations within shopping malls or to stronger performing shopping malls, which has resulted in continued demand for prime retail locations and less prime locations experiencing difficulties attracting tenants. Estimated rental values (**ERV**) declined over the first half of the year by over 20 per cent. to around AED210 per square foot. ERVs remained unchanged over the third quarter of 2010.

According to Jones Lang LaSalle, the majority of the major malls (excluding Mall of the Emirates) are now experiencing higher vacancies averaging around 20 per cent. Although vacancies have significantly risen in major malls over 2010, the lease rates have not yet adjusted to these new levels and, therefore, lease rates are expected to undergo a further decline in 2011.

Hotel sector

According to Jones Lang LaSalle, Dubai offered around 42,400 hotel rooms as at January 2010 with the figure increasing to around 46,800 in the third quarter of 2010 due to the opening of new hotels, such as Meydan (Jumeirah), Armani Burj Khalifa, Sofitel Jumeirah Beach and the Pullman at the Mall of the Emirates. Jones Lang LaSalle estimates that quality hotel supply will grow at an average rate of approximately 13 per cent. over the next two years.

Occupancy rates in the Dubai hotel market remained stable, ranging between 82 to 85 per cent. between 2004 and 2007 before registering a decline in 2008 (79 per cent.) and in 2009 (72 per cent.)

due, in part, to the increased number of hotel rooms available over such periods. Hotel occupancy is performing better in 2010 compared to 2009 with year-to-date occupancies for July 2010 of 72 per cent., compared to 68 per cent. for the same period in 2009.

Room rates in Dubai showed significant increases until 2008, reaching U.S.$310 in 2008. 2009 witnessed a significant decline of approximately 25 per cent., with room rates dropping to U.S.$234. The decline has continued in 2010 with the average room rates dropping to U.S.$218, 8.3 per cent. lower than in the same period in 2009. The decrease can be attributed to an increase in room supply coinciding with a period of reduced demand due to the global economic slowdown.

Jones Lang LaSalle expects hotel demand to increase in 2010 with recent published statistics from the Department of Tourism Commerce and Commerce Marketing suggesting growth of 9 per cent. over the first half of 2010. However, this increase in demand is likely to be offset by continued strong increase in supply. Therefore, occupancies and room rates are expected to remain at/or around their current levels over the next one to two years.

Recent Developments in the Indian Real Estate and Retail Markets

The information set out below has been derived from research published by CRISIL (Research Report, "Housing Shortage", July 31, 2009) and Cushman & Wakefield (Cushman & Wakefield Report: Survival to revival, Indian Realty Sector on the path to recovery, 2009).

Residential sector

Demand in the Indian residential segment has consistently outpaced supply as a result of India's favourable demographics, which has led to a housing shortage. This mismatch in supply and demand is expected to continue in coming years. According to Cushman & Wakefield, the residential demand for India's seven major cities is estimated to be 4.5 million units by 2013. Of the total expected demand across India, 43 per cent. is likely to be generated in Tier I cities, such as Bangalore, Mumbai and the National Capital Region. Mumbai is expected to witness the highest cumulative demand of 1.6 million units by 2013. Hyderabad and Bangalore are projected to have the highest compounded annual growth of 14 per cent. in the next five years.

Office sector

The unprecedented growth in the industry and services sectors in India during 2005 to 2008 led to high demand for office space across cities, resulting in high absorption rates and increased rents in several micro-markets. This demand was largely driven by banking, financial services and insurance companies as well as Information Technology (**IT**) and Information Technology Enabled Services (**ITES**) companies; two of the most prominent office space occupiers in India. However, due to the global economic slowdown, IT and ITES companies have had to curtail their expansion more recently.

Retail sector

According to Cushman & Wakefield, the growth of an organised retail segment is expected to be driven by demographic factors, increasing disposable incomes, the increased purchasing power of the growing middle class and consumerist aspirations, in addition to macro policy decisions, such as allowing foreign direct investment in single brand retailing and cash-and-carry formats. Although real estate development in the retail sector is relatively new in India, both domestic and foreign investors have aggressively invested in this sector in recent years. However, the effects of the global economic crisis have had an impact on real estate demand and prices in the Indian retail segment.

Recent Developments in the Saudi Arabian Real Estate Market

The information set out below derives from research published by Jones Lang LaSalle (June 2010) and CB Richard Ellis (MarketView – Kingdom of Saudi Arabia – H1 2010).

Residential sector

According to Jones Lang LaSalle, the Saudi Arabian real estate sector is suffering from a shortage of housing units. It is predicted that demand for new housing will continue, steered by the growing local population. In the Jeddah residential property market in particular, there has been an improvement in consumer confidence and more demand for rental apartments. As a result, although the overall market declined in the first half of 2010, some locations did experience rental growth. It is expected that the residential sector will be the first to recover.

According to CB Richard Ellis, despite growing demand for housing, the ongoing and well documented failure to address the legal requirements of Saudi Arabia's mortgage sector has resulted in a slowdown in both lending and construction. The shortage of housing and increasing land costs have forced housing costs up over the last 12 months despite the lack of available finance.

Recent Developments in the Egyptian Real Estate Market

The information set out below derives from research published by Business Monitor International (Egypt Real Estate Report Q4 2010), Oxford Business Group (The Report, Egypt, 2010) and Jones Lang LaSalle (on.point – Cairo City Profile – December 2009).

Residential sector

According to Oxford Business Group, the Egyptian census of 2006 revealed an estimated national housing shortfall of 6 million units meaning that demand for residential units remains strong. According to Jones Lang LaSalle, there is a strong demand base and a significantly under-leveraged residential property market in Cairo. There is major undersupply in the middle and affordable housing sectors. The high-end sector is approaching saturation point. There was no significant price decline witnessed in the primary market in 2009.

Office sector

According to Business Monitor International, in the third quarter of 2010, Egypt was in the early stage of a real estate boom. In the five cities where information was gathered (Cairo, Alexandria, Sixth of October City, New Cairo and Giza), rents and capital values have increased up to the third quarter of 2010 in the office and retail sectors. It also predicted that there should be a double digit increase in rentals in the office and retail sectors.

According to Jones Lang LaSalle, the Cairo Grade A office market is expected to remain strong in 2010. Given there will be no major influx of new rental supply, occupancy rates are anticipated to remain close to 100 per cent. Monthly rent prices are likely to increase in the Grade A market. There is also a sizeable level of demand for Grade B and C office space in Greater Cairo.

Recent Developments in the Turkish Real Estate Market

The information set out below derives from research published by Business Monitor International (Turkey Real Estate Report, Q4 2010) and DTZ (Market research & sale strategy report – August 2010).

Residential sector

Business Monitor International has reported that, due to the restrained lending policies of banks and consequently under-geared households, distress selling of property by over-extended investors and developers is far less likely in Turkey than it is in other countries. In addition, it is predicted that Turkey will sustain significantly higher growth rates during the period from 2011 to 2014 compared against many countries in the European Union.

Office sector

According to Business Monitor International, rental rates in the office sector have been rising rapidly in the office sector over the course of 2010 and are predicted to remain steady going forward.

SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the principal Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the principal Transaction Documents. Copies of the Transaction Documents will be available for inspection at the offices of the Principal Paying Agent (as defined in the Conditions).

The Master Trust Deed, as supplemented by each Supplemental Trust Deed

The Master Trust Deed will be entered into on or around 18 January 2011 between the Issuer, the Trustee, Emaar and the Delegate and will be governed by English law. A Supplemental Trust Deed between the same parties will be entered into on the Issue Date of each Series of Trust Certificates and will also be governed by English law.

Upon issue of the Global Trust Certificate initially representing the Trust Certificates of any Series, the Master Trust Deed and the relevant Supplemental Trust Deed shall together constitute the trust over the relevant Trust Assets declared by the Trustee in relation to such Series.

The Trust Assets in respect of each Series of Trust Certificates comprise (unless otherwise specified in the relevant Supplemental Trust Deed), *inter alia*, the Issuer's rights, title, interest and benefit in, to and under the Relevant Lease Assets, its rights, title, interest and benefit, present and future, in, to and under the Transaction Documents (other than in relation to any representations given to Emaar Sukuk Limited by Emaar pursuant to any of the Transaction Documents) and any amounts standing to the credit of the relevant Transaction Account.

Each Trust Deed will specify that, on or after the relevant Maturity Date or, as the case may be, Dissolution Date of a Series of Trust Certificates, the rights of recourse in respect of Trust Certificates shall be limited to the amounts from time to time available and comprising the relevant Trust Assets of that Series, subject to the priority of payments set out in the Trust Deed, the relevant Trust Certificates and the Conditions. The Certificateholders have no claim or recourse against the Issuer or the Trustee in respect of any amount which is or remains unsatisfied and any unsatisfied amounts will be extinguished.

Pursuant to the Trust Deed, the Trustee will, in relation to each Series of Trust Certificates, *inter alia*:

(a) hold the relevant Trust Assets on trust absolutely for the Certificateholders as beneficial tenants in common *pro rata* according to the face amount of Certificates held by each Certificateholder; and

(b) act as trustee in respect of such Trust Assets, distribute the income from such Trust Assets and perform its duties in accordance with the provisions of the Trust Deed.

In the Trust Deed, the Trustee will irrevocably and unconditionally appoint the Delegate to exercise certain of the present and future duties, powers, authorities and discretions vested in the Trustee by the relevant provisions of the Trust Deed (including but not limited to the authority to request instructions from any Certificateholders and the power to make any determinations to be made under the Trust Deed). The appointment of such delegate by the Trustee is intended to be in the interests of the Certificateholders and does not affect the Trustee's continuing role and obligations as trustee.

In each Trust Deed the Delegate will undertake that, *inter alia*:

(a) it may or shall (subject to being indemnified and/or secured and/or prefunded to its satisfaction) upon being directed to do so by the Certificateholders enforce the obligations of Emaar under the Trust Deed, the Purchase Undertaking and any other Transaction Document to which Emaar is a party; and

(b) following the occurrence of a Dissolution Event in respect of any Series of Trust Certificates and subject to Condition 15, it shall (subject to being indemnified and/or secured and/or prefunded to its satisfaction) (i) promptly notify the Certificateholders of the occurrence of such Dissolution Event, and (ii) take all such steps as are necessary to enforce the obligations of Emaar under the Trust Deed, the Purchase Undertaking and any other Transaction Document to which Emaar is a party.

A non-interest bearing Transaction Account will be established in respect of each Series of Trust Certificates. Monies received in the Transaction Account in respect of each Series will, *inter alia*, comprise (i) payments from the Lessee under the Lease Agreement (see "*Summary of the Principal Transaction Documents – Lease Agreement*" below) and (iii) the Exercise Price received from Emaar under the relevant Sale Agreement (see "*Summary of the Principal Transaction Documents – Purchase Undertaking*" and "*Summary of the Principal Transaction Documents – Sale Undertaking*" below). The Master Trust Deed provides that all monies credited to the Transaction Account in respect of each Series will be applied in the order of priority set out in Condition 5.2.

Purchase Agreement

The Master Purchase Agreement will be entered into on or around 18 January 2011 between Emaar Sukuk Limited (in its capacity as Trustee and Purchaser) and Emaar (in its capacity as Seller) and will be governed by the laws of Dubai and, to the extent applicable in Dubai, the federal laws of the UAE. A Supplemental Purchase Agreement between the same parties will be entered into on the Issue Date of each Series of Trust Certificates and will also be governed by the laws of Dubai and, to the extent applicable in Dubai, the federal laws of the UAE.

Pursuant to the Purchase Agreement, the Seller will sell to the Purchaser, and the Purchaser will buy from the Seller, title to the Relevant Lease Assets, free and clear of any encumbrance or other rights of third parties. The purchase price of the Relevant Lease Assets will be an equivalent amount to the proceeds of the issue of the relevant Series of Trust Certificates. The Relevant Lease Assets will comprise on the Issue Date those assets described in the Schedule to the Supplemental Purchase Agreement, a copy of which is set out in the Annex to the applicable Final Terms.

Lease Agreement

The Master Lease Agreement will be entered into on or around 18 January 2011 between Emaar Sukuk Limited (in its capacity as Trustee and as Lessor) and Emaar (in its capacity as Lessee) and will be governed by the laws of Dubai and, to the extent applicable in Dubai, the federal laws of the UAE. A Supplemental Lease Agreement between the same parties will be entered into on the Issue Date of each Series of Trust Certificates and will also be governed by the laws of Dubai and, to the extent applicable in Dubai, the federal laws of the UAE.

Pursuant to the Lease Agreement, the Lessor will lease to the Lessee, and the Lessee will lease from the Lessor, the Relevant Lease Assets during renewable Rental Periods commencing on the Lease Commencement Date (each such expression having the meaning given to it in the relevant Supplemental Lease Agreement) and extending to the Maturity Date of the relevant Series of Trust Certificates.

The Lessee will agree to use the Relevant Lease Assets at its own risk. Accordingly, the Lessee shall from the date of the Lease Agreement bear the entire risk of loss of or damage to the Relevant Lease Assets or any part thereof arising from the usage or operation thereof by the Lessee to the extent that such loss or damage has resulted from the Lessee's negligence, default, or breach of its obligations under the Lease Agreement. In addition, the Lessor shall not be liable (and the Lessee will waive any claim or right, howsoever arising, to the contrary) for any indirect, consequential or other losses, howsoever arising, in connection with the Lessee's use or operation of the Relevant Lease Assets.

Under the Master Lease Agreement, the Lessee has agreed to be responsible, at its own cost and expense, for the performance of all Ordinary Maintenance and Repair (as defined in the Master Lease Agreement) required for any Relevant Lease Assets. The Lessor shall be responsible for (i) the performance of all Major Maintenance and Structural Repair (as defined in the Master Lease Agreement), (ii) the payment of any proprietorship or other relevant taxes and (iii) insuring any Relevant Lease Assets, and the Lessee has acknowledged that the Lessor may procure that the Servicing Agent, in accordance with the terms and conditions set out in the Servicing Agency Agreement, shall perform, or shall procure the performance of, Major Maintenance and Structural Repair on behalf of the Lessor, the payment of such taxes and the insurance of such Relevant Lease Assets.

All payments by the Lessee to the Lessor under a Lease Agreement shall be paid in full without any deduction or withholding for or on account of any tax unless required by law and without set-off (save as provided in the Servicing Agency Agreement) or counterclaim of any kind and, in the event that there is any deduction or withholding, the Lessee will agree under the relevant Supplemental Lease Agreement to pay all additional amounts as will result in the receipt by the Lessor of such net amounts as would have been received by it if no deduction or withholding had been made. The payment obligations of the Lessee under a Lease Agreement are and will be direct, unconditional, unsecured and general obligations of the Lessee and shall rank at least *pari passu* with all other unsecured, unsubordinated and general obligations of the Lessee.

The Rentals payable in respect of each Rental Period under a Lease Agreement will equal the Periodic Distribution Amounts payable on the Periodic Distribution Dates for the relevant Series of Trust Certificates and will be payable on the same dates as Periodic Distribution Amounts for such Series are payable or any earlier date on which the lease of the Lease Assets is terminated in accordance with the terms of the Lease Agreement.

Under the Master Lease Agreement, Emaar has undertaken that it shall not, and it shall procure that no Material Subsidiary will, create or permit to subsist any Security upon the whole or any part of its present or future assets or revenues (including uncalled capital) to secure any of its Indebtedness or any Guarantee of Indebtedness given by it, other than Permitted Security, without at the same time or prior thereto securing equally and rateably therewith its obligations under the Purchase Undertaking, the Master Lease Agreement and the Master Trust Deed or providing such other Security for those obligations as may be approved by the holders of the Trust Certificates by an Extraordinary Resolution.

In addition, Emaar has undertaken that, unless otherwise specified in the relevant Supplemental Lease Agreement, it shall:

(a) ensure that its Consolidated Tangible Assets are not at any time during any Measurement Period less than U.S.$6,000,000,000;

(b) ensure that the ratio of Consolidated Total Net Indebtedness at the end of each Measurement Period to Total Equity at the end of such Measurement Period does not exceed a ratio of 0.6:1;

(c) ensure that the ratio of Consolidated Total Net Indebtedness at the end of each Measurement Period to Consolidated EBITDA for each such Measurement Period does not exceed a ratio of 3.5:1; and

(d) ensure that the ratio of Consolidated EBITDA for each Measurement Period to Consolidated Net Finance Charges Payable for each such Measurement Period is not less than a ratio of 2.5:1.

For these purposes, unless otherwise specified in the relevant Supplemental Lease Agreement:

(a) an accounting term used in this provision is to be construed in accordance with the principles applied in connection with the most recently produced audited consolidated financial statements or interim condensed consolidated financial statements, as the case may be, of Emaar;

(b) compliance with this provision shall be assessed by reference to the most recently produced audited consolidated financial statements or interim consolidated financial statements, as the case may be, of Emaar;

(c) the reference to audited consolidated financial statements or consolidated interim financial statements of Emaar being produced shall be a reference to (i) in the case of audited consolidated financial statements, such financial statements having been audited by Emaar's external auditors and authorised for issue by or on behalf of the board of directors of Emaar and (ii) in the case of consolidated interim financial statements, such financial statements having been reviewed by Emaar's external auditors and authorised for issue by or on behalf of the board of directors of Emaar;

(d) any amount in a currency other than U.S.$ is to be taken into account at its U.S.$ equivalent calculated on the basis of:

    (i) the Principal Paying Agent's spot rate of exchange for the purchase of the relevant currency in the London foreign exchange market with U.S.$ at or about 11:00 a.m. (London time) on the day the relevant amount falls to be calculated; or

    (ii) if the amount is to be calculated on the last day of a financial period of Emaar, the relevant rates of exchange used by Emaar in, or in connection with, its financial statements for that period; and

(e) no item must be credited or deducted more than once in any calculation under this provision.

In addition, Emaar has agreed that each of the following events or circumstances shall constitute an **Emaar Event**:

(a) default is made by Emaar in the payment of any rental amount under the Lease Agreement, any excercise price under the Purchase Undertaking or the Sale Undertaking, or, if Condition 11.4 is specified in the applicable Final Terms as being applicable, any amounts payable under clauses 5.2(l) and 5.3 of the Servicing Agency Agreement as the case may be, and the default continues for a period of at least 7 days in the case of any payment of excercise price or the amounts payable under the Servicing Agency Agreement or at least 14 days in the case of any payment of rental amount; or

(b) Emaar fails to perform or observe any of its other obligations under the Lease Agreement (other than clause 5.3 of the Master Lease Agreement, as the same may be amended in the relevant Supplemental Lease Agreement), the Purchase Undertaking or the Trust Deed and (except in any case where, in the opinion of the Delegate, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by the Delegate on Emaar of written notice requiring the same to be remedied; or

(c) Emaar fails to perform or observe any of its obligations under clause 5.3 of the Master Lease Agreement, as the same may be amended in the relevant Supplemental Lease Agreement; or

(d) (i) any Indebtedness of Emaar or any Material Subsidiary is not paid when due or (as the case may be) within any originally applicable grace period, (ii) any such Indebtedness becomes due and payable prior to its stated maturity by reason of default (however described) or (iii) Emaar or any Material Subsidiary fails to pay when due or (as the case may be) within any originally applicable grace period any amount payable by it under any Guarantee of any Indebtedness, provided that each such event shall not constitute an Emaar Event unless the aggregate amount of all such Indebtedness, either alone or when aggregated with all other Indebtedness in respect of which such an event shall have occurred and be continuing, shall be more than U.S.$25,000,000 (or its equivalent in any other currency or currencies); or

(e) one or more judgments or orders for the payment of any sum in excess of U.S.$15,000,000 is rendered against Emaar or any Material Subsidiary and continues unsatisfied, unstayed and unappealed for a period of 30 days after the date thereof (or, if appealed, the appeal is unsuccessful and thereafter the judgment continues unsatisfied and unstayed for a period of 30 days); or

(f) any order is made by any competent court or resolution passed for the winding up or dissolution of Emaar or any Material Subsidiary, save in connection with a Permitted Reorganisation; or

(g) Emaar or any Material Subsidiary ceases or threatens to cease to carry on all or substantially all of its business, save in connection with a Permitted Reorganisation, or Emaar or any Material Subsidiary stops or threatens to stop payment of, or is unable to, or admits its inability to, pay its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

(h) (i) any court or other formal proceedings are initiated under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in each case against or in relation to Emaar or any Material Subsidiary or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of Emaar, or all or substantially all of the undertaking or assets of such Material Subsidiary; and/or (ii) an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of Emaar, or all or substantially all of the undertaking or assets of any Material Subsdiary, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against any of the same and (iii) any such event as is mentioned in (i) or (ii) above (other than the appointment of an administrator) is not discharged within 30 days; or

(i) Emaar or any Material Subsidiary initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors) save in connection with a Permitted Reorganisation; or

(j) any event occurs which under the laws of the United Arab Emirates or any Emirate therein or any other jurisdiction has an analogous effect to any of the events referred to in paragraphs (f) to (i) above; or

(k) at any time it is or becomes unlawful for Emaar to perform or comply with any or all of its obligations under or in respect of any Transaction Document to which it is a party or any of the obligations of Emaar thereunder are not or cease to be legal, valid, binding or enforceable; or

(l) by or under the authority of any government (i) the management of Emaar or any of Emaar's Material Subsidiaries is wholly or substantially displaced or the authority of Emaar or any of Emaar's Material Subsidiaries in the conduct of its business is wholly or substantially curtailed or (ii) all or a majority of the issued share capital of Emaar or any of Emaar's Material Subsidiaries or the whole or a substantial part of Emaar's, or all or substantially all of such Material Subsidiary's revenues or assets are seized, nationalised, expropriated or compulsorily acquired,

provided however, that in the case of the happening of any of the events described in paragraphs (b) or (other than the winding up or dissolution of Emaar) (e) to (l), inclusive above, the Delegate shall have certified in writing to Emaar that such event is, in its opinion, materially prejudicial to the interests of the holders of the Trust Certificates.

For the purposes of the above provisions:

Capital Stock means, with respect to any person, any and all shares, participations or other equivalents (howsoever designated, whether voting or non-voting) or such person's equity, including any preferred stock of such person, whether now outstanding or issued after the date hereof including, without limitation, all series or classes of such Capital Stock;

Consolidated Cash and Cash Equivalents means, at any time:

(a) cash in hand or on deposit with any acceptable bank;

(b) certificates of deposit, maturing within one year after the relevant date of calculation, issued by an acceptable bank;

(c) any investment in marketable obligations issued or guaranteed by (i) the government of the United States of America or the United Kingdom or by an instrumentality or agency of the government of the United States of America or the United Kingdom having an equivalent credit rating or (ii) the Government of the United Arab Emirates or the Government of Dubai or the Government of Abu Dhabi, provided in the case of (ii) such obligations have a maturity of less than one year;

(d) open market commercial paper:

  (i) for which a recognised trading market exists;

  (ii) issued in the United States of America or the United Kingdom;

  (iii) which matures within one year after the relevant date of calculation; and

  (iv) which has a credit rating of either A-1 by Standard & Poor's or Fitch or P-1 by Moody's or if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term debt obligations, an equivalent rating;

(e) Sterling bills of exchange eligible for rediscount at the Bank of England and accepted by an acceptable bank in each case, to which any member of the Group is beneficially entitled at that time and which is capable of being applied against Consolidated Total Indebtedness. An acceptable bank for this purpose is a commercial bank or trust company which has a rating of BBB minus- or higher by Standard & Poor's or Fitch or Baa3 or higher by Moody's or a comparable rating from a nationally recognised credit rating agency for its long-term obligations;

Consolidated EBITDA means the consolidated net pre-taxation profits of the Group for a Measurement Period as adjusted by:

(a) adding back Consolidated Net Finance Charges Payable;

(b) taking no account of any exceptional or extraordinary item;

(c) adding back any amount attributable to minority interests; (d) adding back depreciation and amortisation; and

(e) taking no account of any revaluation of an asset or any loss or gain over book value arising on the disposal of an asset (otherwise than the ordinary course of trading) by a member of the Group during the Measurement Period,

and:

(i) including the net pre-taxation profits of a member of the Group or business or assets acquired during that Measurement Period for the part of that Measurement Period when it was not a member of the Group and/or the business or assets were not owned by a member of the Group; but

(ii) excluding the net pre-taxation profits attributable to any member of the Group or to any business or assets sold during that Measurement Period;

Consolidated Finance Charges Payable means all Finance Charges (but excluding Finance Charges on trade payables) incurred by the Group during a Measurement Period;

Consolidated Finance Charges Receivable means all financing charges received or receivable by the Group during a Measurement Period;

Consolidated Net Finance Charges Payable means Consolidated Finance Charges Payable less Consolidated Finance Charges Receivable during the relevant Measurement Period;

Consolidated Tangible Assets means the consolidated total assets of Emaar and its Subsidiaries, after deducting any intangible assets (including without limitation goodwill and goodwill arising out of consolidation) of Emaar and its Subsidiaries, in each case on a consolidated basis and in accordance with IFRS as applied to the most recently available consolidated audited financial statements or consolidated interim financial statements, as the case may be, of Emaar;

Consolidated Total Indebtedness means, in respect of the Group, at any time the aggregate of the following:

(a) the outstanding principal amount of any monies borrowed but excluding all trade payables (as defined in the most recently available audited consolidated financial statements or consolidated interim financial statements, as the case may be, of Emaar);

(b) the outstanding principal amount of any bond, note, debenture, loan stock or other similar instrument;

(c) the capitalised element of indebtedness under a finance or capital lease;

(d) the outstanding principal amount of all monies owing in connection with the sale or discounting of receivables (otherwise than on a non-recourse basis);

(e) the outstanding principal amount of any indebtedness arising from any deferred payment agreements arranged primarily as a method of raising finance or financing the acquisition of an asset;

(f) any fixed or minimum premium payable on the repayment or redemption of any instrument referred to in paragraph (b) above;

(g) the outstanding principal amount of any indebtedness arising in connection with any other transaction (including any forward sale or purchase agreement and whether in connection with any Islamic financing arrangements or otherwise) which has the commercial effect of a borrowing; and

(h) the outstanding principal amount of any indebtedness of any person of a type referred to in paragraphs (a) to (g) above which is the subject of a guarantee, indemnity or similar assurance against financial loss given by a member of the Group;

Consolidated Total Net Indebtedness means at any time Consolidated Total Indebtedness less Consolidated Cash and Cash Equivalents;

Finance Charges means, for any Measurement Period, the aggregate amount of the accrued interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments in respect of Financial Indebtedness (whether, in each case, paid or payable by any member of the Group (calculated on a consolidated basis)) in respect of that Measurement Period;

Financial Indebtedness means any indebtedness for or in respect of:

(a) monies borrowed;

(b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS, be treated as a finance or capital lease;

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;

(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);

(h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution excluding any performance bonds;

(i) any amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind the entry into this agreement is to raise finance;

(j) any obligations incurred in respect of any Islamic financing arrangements; and

(k) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) above;

Fitch means Fitch Ratings Ltd;

Group means Emaar and its Subsidiaries taken as a whole;

Guarantee means, in relation to any Indebtedness of any person, any obligation of another person to pay such Indebtedness following demand or claim on that person, including (without limitation):

(a) any obligation to purchase such Indebtedness;

(b) any obligation to extend financing, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;

(c) any indemnity against the consequences of a default in the payment of such Indebtedness; and

(d) any other agreement to be responsible for such Indebtedness;

IFRS means International Financial Reporting Standards;

Indebtedness means any indebtedness in respect of any person on any date (and without duplication) for or in respect of:

(a) any Financial Indebtedness of such person;

(b) the amount of any liability of such person to pay the deferred and unpaid purchase price of property, assets or services, which purchase price is due more than 30 days after the earlier of the date of placing such property in service or taking delivery and title thereof or the completion of such services;

(c) the principal component or liquidation preference of all obligations of such person with respect to the redemption, repayment or other repurchase of any preferred stock; and

(d) all indebtedness of any other person secured by Security granted by such person on any of its assets (the value of which, for these purposes, shall be determined by reference to the balance sheet in respect of the latest half year period of the person providing the Security), whether or not such indebtedness is assumed by such person;

Material Subsidiary means at any time a Subsidiary of Emaar:

(a) whose gross revenues (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of Emaar and its Subsidiaries relate, are equal to) not less than 10 per cent. of the consolidated gross revenues of Emaar, or, as the case may be, consolidated total assets, of Emaar and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of Emaar and its Subsidiaries taken as a whole, provided that in the case of a Subsidiary of Emaar acquired after the end of the financial period to which the then latest audited consolidated accounts of Emaar and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of Emaar and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by Emaar;

(b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of Emaar which immediately prior to such transfer is a Material Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this subparagraph (b) on the date on which the consolidated accounts of Emaar and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or

(c) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of Emaar and its Subsidiaries relate, generate gross revenues equal to) not less than 10 per cent. of the consolidated gross revenues of Emaar, or represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated total assets of Emaar and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a) above, provided that the transferor Subsidiary (if a Material Subsidiary) shall upon such transfer forthwith cease to be a Material Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate gross revenues equal to) not less than 10 per cent. of the consolidated gross revenues of Emaar, or its assets represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated total assets of Emaar and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a) above, and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this subparagraph (c) on the date on which the consolidated accounts of Emaar and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition,

all as more particularly defined in the Trust Deed.

Any report signed by two authorised signatories of Emaar whether or not addressed to the Trustee or the Delegate that in their opinion a Subsidiary of Emaar is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary may be relied upon by the Trustee and the Delegate without further enquiry or evidence and, if relied upon by the Trustee or the Delegate, shall, in the absence of manifest error or an error which is, in the opinion of the Delegate proven, be conclusive and binding on all parties;

Measurement Period means a period of 12 months ending on the last day of the most recently completed financial quarter of Emaar;

Moody's means Moody's Investors Service, Inc.;

Permitted Reorganisation means

(a) any disposal by any Subsidiary of Emaar of all or substantially all of its business, undertaking or assets to Emaar or any other wholly owned Subsidiary of Emaar;

(b) any amalgamation, consolidation or merger of a Subsidiary with any other Subsidiary of Emaar; or

(c) any amalgamation, consolidation, restructuring, merger or reorganisation on terms previously approved by the Delegate or by the Certificateholders by an Extraordinary Resolution;

Permitted Security means:

(a) any Security existing on 18 January 2011;

(b) any Security created or outstanding with the approval of the Certificateholders by an Extraordinary Resolution;

(c) any Security arising by operation of law and in the ordinary course of trading;

(d) any Security granted by a Subsidiary in favour of the Lessee;

(e) any Security granted by a non-UAE incorporated Material Subsidiary other than any Security securing (i) indebtedness of the types described in paragraphs (c) and (j) of the definition of Financial Indebtedness above (but, in the case of (j), only to the extent such Islamic financing arrangements involve the issue of trust certificates or any similar instrument) and (ii) any guarantee or indemnity for any such indebtedness;

(f) any Security on assets or property existing at the time the Lessee or any Subsidiary acquired such assets or property provided that such Security was not created in contemplation of such acquisition and does not extend to other assets or property (other than proceeds of such acquired assets or property), provided that the maximum amount of Indebtedness thereafter secured by such Security does not exceed the purchase price of such property or the Indebtedness incurred solely for the purpose of financing the acquisition of such property;

(g) any Security securing Indebtedness of any person and/or its Subsidiaries existing at the time that such person is merged into or consolidated with the Lessee or a Subsidiary provided that such Security was not created in contemplation of such merger or consolidation and does not extend to any other assets or property of the Lessee or any Subsidiary;

(h) any Security created or permitted to be outstanding by the Lessee or any Subsidiary in respect of any Project Finance Indebtedness or any Securitisation Indebtedness;

(i) any other Security provided that the aggregate outstanding amount secured by that Security and any other Security permitted to be created and in effect under this clause does not, at any time, exceed 8 per cent. of the consolidated total assets of the Lessee as shown in the Relevant Accounts; and

(j) any renewal of or substitution for any Security permitted by any of the preceding subclauses (a) through (i), provided that with respect to any such Security incurred pursuant to this sub-clause (j), the principal amount secured has not increased and the Security has not been extended to any additional property (other than the proceeds of such property);

Project Finance Indebtedness means any Financial Indebtedness issued, borrowed or raised by the Lessee or any of its Subsidiaries to finance the ownership, acquisition, development and/or operation of an asset or project where there is no recourse whatsoever for repayment thereof other than:

(a) recourse solely to the property, income, assets or revenues from such asset or project (including insurance proceeds); and/or

(b) recourse, for the purpose only of enabling amounts to be claimed in respect of such Financial Indebtedness, over such asset or project or the income, cash flow or other proceeds deriving therefrom, provided that the extent of such recourse is limited solely to the amount of any recoveries made on any such enforcement;

Relevant Accounts means, at any time, the most recently publicly available audited consolidated audited or interim condensed consolidated financial statements of the Lessee prepared in accordance with IFRS;

Securitisation Indebtedness means any Financial Indebtedness issued, borrowed or raised by the Lessee or any of its Subsidiaries in connection with any securitisation (Islamic or otherwise) of existing or future assets or revenues, provided that:

(a) any Security given by the Lessee or any Subsidiary in connection therewith is limited solely to the assets and/or revenues which are the subject of the securitisation;

(b) each person participating in such securitisation expressly agrees to limit its recourse to the assets and/or revenues so securitised as the principal source of repayment for the money advanced or payment of any other liability); and

(c) there is no other recourse to the Lessee or any Subsidiary in respect of any default by any person under the securitisation;

Security means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof, any sale with recourse against the seller or any affiliate of the seller, or any agreement to give any security interest) securing any obligation of any person;

Standard & Poor's means Standard & Poor's Rating Services, a division of the McGraw-Hill Companies Inc.;

Subsidiary means in relation to any company or corporation, a company or corporation:

(a) which is controlled, directly or indirectly, by the first mentioned company or corporation;

(b) more than half of the Capital Stock of which is beneficially owned, directly or indirectly by the first mentioned company or corporation; or

(c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation,

and for this purpose a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body; and

Total Equity means the share capital of the Group for the time being issued and paid up or credited as paid up; and the aggregate of the amounts standing to the credit of the consolidated capital and revenue reserves (including share premium account, statutory reserves and profit and loss account but excluding hedging reserves) of the Group.

Purchase Undertaking

The Purchase Undertaking will be executed on or around 18 January 2011 by the Obligor as a deed and will be governed by English law.

The Obligor will irrevocably undertake in favour of the Issuer, the Trustee and the Delegate to purchase all of Emaar Sukuk Limited's rights, benefits and entitlements in and to the Relevant Lease Assets for each Series of Trust Certificates on the relevant Maturity Date or, if earlier, on the Dissolution Date of the relevant Series of Trust Certificates. The price payable by the Obligor shall be equal to the outstanding face amount of the relevant Series of Trust Certificates plus any accrued but unpaid Periodic Distribution Amounts (if any) on such date plus an amount equal to any Servicing Agency Expenses in respect of which an appropriate rental payment has not been made in accordance with the relevant Lease Agreement plus any other amounts payable on redemption of the relevant Series of Trust Certificates as specified in the applicable Final Terms.

The specific terms applicable to each such sale will be confirmed in a Sale Agreement, to be executed by Emaar Sukuk Limited and the Obligor on the Dissolution Date or, as the case may be, the Maturity Date of the relevant Series of Trust Certificates. The form of each such Sale Agreement is scheduled to the Purchase Undertaking.

The Obligor will agree in the Purchase Undertaking that all payments by it under the Purchase Undertaking will be made without any deduction or withholding for or on account of tax unless required by law and without set-off (save as provided below) or counterclaim and, in the event that there is any deduction, withholding, set-off (save as provided below) or counterclaim, the Obligor shall pay all additional amounts as will result in the receipt by Emaar Sukuk Limited of such net amounts as would have been received by it if no withholding, deduction, set-off or counterclaim had been made.

The amount equal to the Servicing Agency Expenses to be paid by Emaar as part of the price payable pursuant to the Purchase Undertaking and any Services Charge Amount to be paid by Emaar Sukuk Limited in its capacity as Lessor under the Servicing Agency Agreement which has not been paid by way of a rental payment under the relevant Supplemental Lease Agreement shall be set off against one another.

The payment obligations of the Obligor under the Purchase Undertaking are and will be direct, unconditional, unsecured and general obligations of the Obligor and shall rank at least *pari passu* with all other unsecured, unsubordinated and general obligations of the Obligor.

Sale Undertaking

The Sale Undertaking will be executed on or around 18 January 2011 by Emaar Sukuk Limited as Trustee as a deed in favour of Emaar and will be governed by English law.

Pursuant to the Sale Undertaking, subject to the Issuer being entitled to redeem the relevant Series of Trust Certificates pursuant to Condition 11.2 or 11.3, Emaar may, by exercising its option under the Sale Undertaking and serving notice on Emaar Sukuk Limited no later than 45 days prior to the relevant Dissolution Date, oblige the Trustee to sell all the Trustee's rights, benefits and entitlements in and to the Relevant Lease Assets on the relevant Dissolution Date. The price payable by Emaar will be an amount equal to the outstanding face amount of the relevant Series of Trust Certificates plus an amount equal to any Servicing Agency Expenses in respect of which an appropriate rental payment has not been made in accordance with the relevant Lease Agreement plus any other amounts payable on redemption of the relevant Series of Trust Certificates as specified in the applicable Final Terms.

The Sale Undertaking will provide that the price payable pursuant to the exercise of the Sale Undertaking will be made without any deduction or withholding for or on account of tax unless required by law and without set-off (save as provided below) or counterclaim and, in the event that there is any deduction, withholding, set-off (save as provided below) or counterclaim, Emaar shall pay all additional amounts as will result in the receipt by Emaar Sukuk Limited of such net amounts as would have been received by it if no withholding, deduction, set-off or counterclaim had been made.

The amount equal to the Servicing Agency Expenses to be paid by Emaar as part of the price payable pursuant to the exercise of the Sale Undertaking and any Services Charge Amount to be paid by Emaar Sukuk Limited in its capacity as Lessor under the Servicing Agency Agreement which has not been paid by way of a rental payment under the relevant Supplemental Lease Agreement shall be set off against one another.

In addition, under the terms of the Sale Undertaking, if at any time Emaar wishes to cancel any Trust Certificates purchased pursuant to Condition 12.1, Emaar may, by exercising its option under the Sale Undertaking (by serving an Exercise Notice on Emaar Sukuk Limited) oblige Emaar Sukuk Limited to transfer all of Emaar Sukuk Limited's rights, benefits and entitlements in and to the Cancelled Lease Assets to Emaar in consideration for which the Trust Certificates shall be cancelled. The transfer of the Cancelled Lease Assets will take effect by Emaar and Emaar Sukuk Limited entering into a Sale Agreement (in the form scheduled to the Sale Undertaking). Following the entry into such Sale Agreement, Emaar Sukuk Limited shall cancel the relevant Trust Certificates identified for cancellation in the Exercise Notice on the Cancellation Date (which shall be a Periodic Distribution Date).

Servicing Agency Agreement

The Servicing Agency Agreement will be entered into on 18 January 2011 by the Lessor and Emaar, as Servicing Agent, and will be governed by English law.

Pursuant to the Servicing Agency Agreement, the Servicing Agent will be responsible on behalf of the Lessor for the carrying out of all Major Maintenance and Structural Repair (as defined in the Master Lease Agreement), the payment of proprietorship taxes levied or imposed on the Lease Assets and for effecting all appropriate insurances in respect of the Lease Assets.

Notwithstanding the appointment of the Servicing Agent, the Lessee shall, at its own cost and expense, be responsible for the performance of all Ordinary Maintenance and Repair required for the Lease Assets.

An amount equal to (i) the Servicing Agency Expenses to be paid by the Servicing Agent (as lessee) to the Lessor as (or as part of any) Rental under the Lease or, as the case may be, as (or as part of any) Exercise Price under the Purchase Undertaking or the Sale Undertaking and (ii) the Services Charge Amount to be paid by the Lessor to the Servicing Agent under the Servicing Agency Agreement, shall be set off against one another.

Substitution Undertaking

The Substitution Undertaking will be executed on or around 18 January 2011 by Emaar Sukuk Limited as Trustee as a deed and will be governed by English law.

Pursuant to the Substitution Undertaking, the Trustee has granted to Emaar the right to require the Trustee to sell the Substituted Assets to it in exchange for New Assets of a value which is equal to or greater than the value of the Substituted Assets. The substitution of the Substituted Assets with the New Assets will become effective on the Substitution Date (as specified in the Substitution Notice to be delivered by the Lessee in accordance with the Substitution Undertaking) by the Trustee and the Lessee entering into a substitution sale agreement and the relevant new Supplemental Lease Agreement being executed in the manner provided for in the Substitution Notice. Each substitution sale agreement will (i) effect the transfer of ownership rights in the Substituted Assets from the Trustee to the Lessee and (ii) effect the transfer of rights in the New Assets from the Lessee to the Trustee and the Substitution Notice will provide that the New Assets and any Relevant Lease Assets not replaced will be leased to Emaar under the new Supplemental Lease Agreement.

Costs Undertaking

The Costs Undertaking will be entered into on or about 18 January 2011 by Emaar and will be governed by English law. Pursuant to the Costs Undertaking, Emaar will undertake to pay certain fees and expenses of, and indemnify against certain losses of, among others, the Trustee, the Delegate, the Principal Paying Agent, the Transfer Agent, the Calculation Agent and the Registrar.

TAXATION

General

The following is a general description of certain UAE, Cayman Islands and European Union tax considerations relating to the Trust Certificates. It does not purport to be a complete analysis of all tax considerations relating to the Trust Certificates, whether in those jurisdictions or elsewhere. Prospective purchasers of Trust Certificates should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Trust Certificates and receiving payments under the Trust Certificates and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

United Arab Emirates

The following summary of the anticipated tax treatment in the UAE in relation to the payments on the Trust Certificates is based on the taxation law and practice in force at the date of this Base Prospectus, and does not constitute legal or tax advice. Prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change. Prospective investors should consult their own professional advisers on the implications of subscribing for, buying, holding, selling, redeeming or disposing of Trust Certificates and the receipt of any payments in respect of any Periodic Distribution Amounts and distributions (whether or not on a winding-up) with respect to such Trust Certificates under the laws of the jurisdictions in which they may be liable to taxation.

There is currently in force in Dubai legislation establishing a general corporate taxation regime (the Dubai Income Tax Decree 1969 (as amended)). The regime is, however, not enforced save in respect of companies active in the hydrocarbon industry, some related service industries and branches of foreign banks operating in the UAE. It is not known whether the legislation will or will not be enforced more generally or within other industry sectors in the future. Under current legislation, there is no requirement for withholding or deduction for or on account of UAE or Dubai taxation in respect of payments on debt securities (including Periodic Distribution Amounts or Dissolution Amounts in relation to the Trust Certificates). In the event of the imposition of any such withholding, the Issuer has undertaken to gross-up any payments subject as described under Condition 13.

The Constitution of the UAE specifically reserves to the Federal Government of the UAE having the right to raise taxes on a federal basis for purposes of funding its budget. It is not known whether this right will be exercised in the future.

The UAE has entered into "Double Taxation Arrangements" with certain other countries, but these are not extensive in number.

Cayman Islands

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Trust Certificates. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances and does not consider tax consequences other than those arising under Cayman Islands law.

Under existing Cayman Islands laws, payments on the Trust Certificates will not be subject to taxation in the Cayman Islands and no withholding will be required on the payments to any holder of the Trust Certificates, nor will gains derived from the disposal of the Trust Certificates be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance or gift tax.

The Issuer has obtained an undertaking from the Governor in Cabinet of the Cayman Islands, pursuant to the Tax Concessions Law (1999 Revision) of the Cayman Islands, that for a period of 20 years from the date of grant of that undertaking no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Issuer or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations which is in the nature of estate duty or inheritance tax shall be payable on or in respect of the shares, debentures or other obligations (which includes the Trust Certificates) of the Issuer or by way of the withholding in whole or part of any relevant payment. No capital or stamp duties are levied in the Cayman Islands on the issue, transfer or redemption of Trust Certificates. However, an instrument transferring title to such Trust Certificates, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty. An annual registration fee is payable by the Trustee to the Cayman Islands Registrar of Companies which is calculated by reference to the nominal amount of its authorised capital. At current rates, this annual registration fee is approximately U.S.$732. The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the **Directive**), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income, which may include Periodic Distribution Amounts) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement (the **Programme Agreement**) dated on or around 18 January 2011, agreed with the Issuer and Emaar a basis upon which they or any of them may from time to time agree to purchase Trust Certificates. Any such agreement will extend to those matters stated under "*Terms and Conditions of the Trust Certificates*". In the Programme Agreement, each of the Issuer and Emaar has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Trust Certificates under the Programme.

United States

The Trust Certificates have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Each Dealer has represented and agreed that it has offered and sold any Trust Certificates, and will offer and sell any Trust Certificates (a) as part of their distribution at any time and (b) otherwise until 40 days after the completion of the distribution of all Trust Certificates of the Series of which such Trust Certificates are a part as determined and certified as provided below, only in accordance with Rule 903 of Regulation S under the Securities Act. Each Dealer who purchases Trust Certificates of a Series (or in the case of a sale of a Series of Trust Certificates issued to or through more than one Dealer, each of such Dealers as to the Trust Certificates of such Series to be purchased by or through it or, in the case of a syndicated issue, the relevant Lead Manager) shall determine and certify to the Principal Paying Agent the completion of the distribution of the Trust Certificates of such Series. On the basis of such notification or notifications, the Principal Paying Agent has agreed to notify such Dealer/Lead Manager of the end of the distribution compliance period with respect to such Series. Each Dealer has also agreed that, at or prior to confirmation of sale of Trust Certificates, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Trust Certificates from it during the distribution compliance period a confirmation or notice to substantially the following effect:

> "The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Securities as determined and certified by the relevant Dealer, in the case of a non-syndicated issue, or the Lead Manager, in the case of a syndicated issue, and except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

Terms used in this sub-section have the meanings given to them by Regulation S.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Trust Certificate, and it and they have complied and will comply with the offering restrictions requirement of Regulation S.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Trust Certificates which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Trust Certificates to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Trust Certificates referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Trust Certificates to the public** in relation to any Trust Certificates in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Trust Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Trust Certificates, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Trust Certificates which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Trust Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Trust Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Trust Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or Emaar; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Trust Certificates in, from or otherwise involving the United Kingdom.

Cayman Islands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make any offer or invitation to the public in the Cayman Islands to subscribe for any Trust Certificates.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Trust Certificates to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

(a) an "Exempt Offer" in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (the **DFSA**); and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Trust Certificates other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**) and any rules made under the SFO; or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Trust Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to any Trust Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the SFO and any rules made under the SFO.

Malaysia

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that;

(a) this Base Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia under the Capital Markets and Services Act 2007 of Malaysia; and

(b) accordingly, the Trust Certificates have not been and will not be offered, sold or delivered, and no invitation to subscribe for or purchase the Trust Certificates have been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons or in categories falling within Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b), and Schedule 8 (or Section 257(3) of the Capital Markets and Services Act 2007 of Malaysia, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals including approval from the Controller of Foreign Exchange to purchase the Trust Certificates. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Dealers is responsible for any invitation, offer, sale or purchase of the Trust Certificates as aforesaid without the necessary approvals being in place.

Saudi Arabia

Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a **Saudi Investor**) who acquires Trust Certificates pursuant to an offering should note that the offer of Trust Certificates is a private placement under either Article 9 (paragraph a, No.2) or Article 9 (paragraph a, No.3) (as specified in the applicable Final Terms) of the "Offer of Securities Regulations" as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 (the **KSA Regulations**).

The offer of Trust Certificates shall not therefore constitute a "public offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 17 of the KSA Regulations. Any Saudi person who has acquired Trust Certificates pursuant to a private placement may not offer or sell those Trust Certificates to any person unless the offer or sale is made through an authorised person appropriately licensed by the Saudi Arabian Capital Market Authority and: (a) the Trust Certificates are offered or sold to a "Sophisticated Investor" (as defined in Article 10 of the KSA Regulations); (b) the price to be paid for the Trust Certificates in any one transaction is equal to or exceeds Saudi Riyal 1 million or an equivalent amount; or (c) the offer or sale is otherwise in compliance with Article 17 of the KSA Regulations.

Singapore

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the **Securities and Futures Act**). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell any Trust Certificates or cause such Trust Certificates to be made the subject of an invitation for subscription or purchase, nor will it circulate or distribute this Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Trust Certificates, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (ii) to a relevant person, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (iii) pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

United Arab Emirates (excluding Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Trust Certificates to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the information contained in this Base Prospectus does not constitute a public offer of securities in the United Arab Emirates in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 (as amended)) or otherwise and is not intended to be a public offer and the information contained in this Base Prospectus is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the United Arab Emirates.

General

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Trust Certificates or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Trust Certificates under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, Emaar and any other Dealer shall have any responsibility therefor.

None of the Issuer, Emaar and any of the Dealers represents that Trust Certificates may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

With regard to each Series, the relevant Dealer will be required to comply with any additional restrictions agreed between the Issuer, Emaar and the relevant Dealer and set out in the applicable Final Terms.

GENERAL INFORMATION

Authorisation

The establishment of the Programme was duly authorised by a resolution of the Board of Directors of the Issuer dated 20 November 2008 and by the Board of Directors of Emaar dated 24 November 2008. The update of the Programme has been duly authorised by a resolution of the Board of Directors of the Issuer dated 14 January 2011 and the Board of Directors of Emaar dated 18 January 2011. The issue of Trust Certificates will be authorised from time to time by each of the Boards of Directors of the Issuer and Emaar respectively.

Listing of Trust Certificates

It is expected that each Series of Trust Certificates which is to be admitted to the Official List and to trading on the London Stock Exchange's regulated market will be admitted separately as and when issued, subject only to the issue of a Global Trust Certificate initially representing the Trust Certificates of such Series. Application has been made to the UK Listing Authority for Trust Certificates issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Trust Certificates to be admitted to trading on the London Stock Exchange's regulated market. The listing of the Programme in respect of Trust Certificates is expected to be granted on or before 24 January 2011.

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London:

(a) the Memorandum and Articles of Association of the Issuer and of Emaar;

(b) the consolidated audited financial statements of Emaar in respect of the financial years ended 31 December 2008 and 31 December 2009. Emaar currently prepares audited consolidated accounts on an annual basis;

(c) the most recently published annual audited consolidated annual financial statements of Emaar and the most recently published unaudited reviewed condensed consolidated interim financial statements (if any) of Emaar in each case together with any audit or review reports prepared in connection therewith. Emaar currently prepares unaudited reviewed condensed consolidated interim accounts on a quarterly basis;

(d) the Programme Agreement, the Master Trust Deed, the Master Purchase Agreement, the Master Lease Agreement, the Agency Agreement, the Purchase Undertaking, the Sale Undertaking, the Substitution Undertaking and the forms of the Global Trust Certificate and the Trust Certificates in definitive form;

(e) each Supplemental Trust Deed, Supplemental Purchase Agreement and Supplemental Lease Agreement in relation to Trust Certificates which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system;

(f) a copy of this Base Prospectus;

(g) any future offering circulars, prospectuses, information memoranda and supplements including Final Terms (save that a Final Terms relating to a Trust Certificate which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Trust Certificate and such holder must produce evidence satisfactory to the Issuer and the Principal Paying Agent as to its holding of Trust Certificates and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference; and

(h) in the case of each issue of Trust Certificates which is listed on the London Stock Exchange subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

Clearing Systems

The Trust Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common

Code and ISIN for each Series of Trust Certificates allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Trust Certificates are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brusssels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Significant or Material Change

There has been no significant change in the financial or trading position of Emaar and its subsidiaries since 30 September 2010 and there has been no material adverse change in the financial position or prospects of Emaar and its subsidiaries since 31 December 2009.

There has been no significant change in the financial or trading position of the Issuer and no material adverse change in the financial position or prospects of the Issuer, in each case, since the date of its incorporation.

Litigation

Neither the Issuer nor Emaar (including any of its subsidiaries) is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or Emaar is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or Emaar (including any of its subsidiaries).

Auditors

The Issuer is not required by Cayman Islands law, and does not intend, to publish audited financial statements or appoint any auditors.

The auditors of Emaar are Ernst & Young, who have audited Emaar's accounts, without qualification, in accordance with IFRS for each of the two financial years ended on 31 December 2008 and 2009. The auditors of Emaar have no material interest in Emaar.

Dealers transacting with Emaar

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/ or commercial banking transactions with, and may perform services for, Emaar (and its affiliates) in the ordinary course of business.

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Emaar Properties PJSC and Subsidiaries

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2010

Ernst & Young

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF EMAAR PROPERTIES PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Emaar Properties PJSC (the "Company") and its subsidiaries (the "Group") which comprise the interim consolidated statement of financial position as at 30 September 2010 and the related interim consolidated statements of income and comprehensive income for the three-month and nine-month periods then ended, the related statements of cash flows and changes in equity for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Emphasis of matter

(i) We draw attention to note 21 to the interim condensed consolidated financial statements. The Company is involved in arbitration proceedings with another party resulting from a claim made by the other party in respect of a conditional joint venture agreement in the Kingdom of Saudi Arabia. In the opinion of the Company's management and its legal advisors, the claim is without merit and the Company has good arguments to refute substantially this claim. The outcome of the dispute is however uncertain and therefore it is not possible to determine the impact of this matter on the interim condensed consolidated financial statements. Our conclusion is not qualified in respect of this matter.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF EMAAR PROPERTIES PJSC (continued)

Emphasis of matter (continued)

(ii) We also draw attention to notes 14 (ii) and 14 (iii) to the interim condensed consolidated financial statements regarding the Group's investment in Amlak Finance PJSC. Our conclusion is not qualified in respect of this matter.

Ernst & Young

Signed by
Farrukh Seer
Partner
For Ernst & Young
Registration No. 491
Dubai, United Arab Emirates
9 November 2010

INTERIM CONSOLIDATED INCOME STATEMENT
For the period ended 30 September 2010 (Unaudited) ***(US $1.00 = AED 3.673)***

	Notes	*Nine month period ended* **30 September 2010 AED'000**	*Nine month period ended* *30 September 2009 AED'000*	*Three month period ended* **30 September 2010 AED'000**	*Three month period ended* *30 September 2009 AED'000*
CONTINUING OPERATIONS					
Revenue	4	**8,320,378**	5,429,496	**2,781,831**	1,948,641
Cost of revenue	4	**(4,966,237)**	(2,753,093)	**(1,751,496)**	(851,873)
GROSS PROFIT		**3,354,141**	2,676,403	**1,030,335**	1,096,768
Other operating income		**301,894**	357,498	**60,886**	141,809
Selling, general and administrative expenses	5	**(1,395,499)**	(1,367,660)	**(445,956)**	(457,640)
Other operating expenses		**(199,780)**	(208,984)	**(49,764)**	(77,420)
Finance costs		**(282,065)**	(172,105)	**(127,037)**	(61,613)
Finance income	6	**198,616**	290,387	**71,224**	67,235
Other income	15	**468,658**	70,711	**162,625**	40,764
Share of results of associated companies		**(234,937)**	(293,338)	**(95,255)**	(107,317)
Impairment of assets		**-**	(30,686)	**-**	-
Loss on disposal of subsidiaries	7	**(52,522)**	-	**-**	-
PROFIT BEFORE TAX		**2,158,506**	1,322,226	**607,058**	642,586
Income tax credit/ (expense)		**1,171**	10,135	**(2,185)**	(6,705)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**2,159,677**	1,332,361	**604,873**	635,881
DISCONTINUED OPERATIONS					
Loss from discontinued operations		**-**	(1,761,919)	**-**	-
NET PROFIT/ (LOSS) FOR THE PERIOD		**2,159,677**	(429,558)	**604,873**	635,881
ATTRIBUTABLE TO:					
Owners of the parent		**2,174,798**	(392,802)	**612,282**	654,707
Non-controlling interests		**(15,121)**	(36,756)	**(7,409)**	(18,826)
		2,159,677	(429,558)	**604,873**	635,881
Earnings per share attributable to the owners of the parent:					
Total operations					
- basic and diluted earnings per share		**0.36**	(0.07)	**0.10**	0.11
Continuing operations					
- basic and diluted earnings per share		**0.36**	0.22	**0.10**	0.11
Discontinued operations					
- basic and diluted earnings per share		**-**	(0.29)	**-**	-

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2010 (Unaudited) ***(US $1.00 = AED 3.673)***

		Nine month period ended		*Three month period ended*	
		30 September 2010 AED'000	*30 September 2009 AED'000*	***30 September 2010 AED'000***	*30 September 2009 AED'000*
Net profit/ (loss) for the period		**2,159,677**	(429,558)	**604,873**	635,881
Other comprehensive income / (loss):					
(Decrease)/increase in hedging reserve	18	**(218)**	277	**-**	592
(Decrease)/increase in unrealised gains/ (losses) reserve	18	**(152,411)**	218,398	**85,797**	142,336
Realised loss on disposal of financial asset at fair value through other comprehensive income		**(32,432)**	-	**(7,432)**	-
Increase/ (decrease) in foreign currency translation reserve		**133,340**	(20,412)	**199,743**	(38,449)
Other comprehensive (loss)/ income for the period		**(51,721)**	198,263	**278,108**	104,479
Total comprehensive income/ (loss) for the period		**2,107,956**	(231,295)	**882,981**	740,360
ATTRIBUTABLE TO:					
Owners of the parent		**2,126,180**	(199,076)	**886,644**	757,687
Non-controlling interests		**(18,224)**	(32,219)	**(3,663)**	(17,327)
		2,107,956	(231,295)	**882,981**	740,360

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2010 *(US $1.00 = AED 3.673)*

	Notes	*30 September 2010 AED'000 (Unaudited)*	*31 December 2009 AED'000 (Audited)*
ASSETS			
Bank balances and cash	8	**3,568,203**	2,266,835
Trade receivables	9	**1,011,627**	981,354
Other receivables, deposits and prepayments	10	**3,064,335**	3,211,297
Development properties	11	**28,827,966**	31,075,718
Securities	12	**776,419**	936,661
Loans to associates	13	**2,265,888**	2,005,146
Investments in associates	14	**7,928,534**	7,860,604
Property, plant and equipment		**7,318,342**	6,821,705
Investment properties	15	**8,125,979**	8,546,087
Goodwill	7	**46,066**	439,391
TOTAL ASSETS		**62,933,359**	64,144,798
LIABILITIES AND EQUITY			
LIABILITIES			
Advances from customers		**12,186,852**	15,888,064
Trade and other payables	16	**8,600,074**	9,545,382
Interest-bearing loans and borrowings	17	**9,932,559**	8,625,104
Retentions payable		**1,165,828**	1,160,306
Provision for employees' end-of-service benefits		**56,917**	46,934
TOTAL LIABILITIES		**31,942,230**	35,265,790
EQUITY			
Equity attributable to owners of the parent company			
Share capital		**6,091,239**	6,091,239
Treasury shares		**-**	(1,113)
Employees' performance share program		**(1,684)**	(1,684)
Reserves	18	**14,694,843**	14,711,373
Retained earnings		**10,019,867**	7,877,501
		30,804,265	28,677,316
Non-controlling interests		**186,864**	201,692
TOTAL EQUITY		**30,991,129**	28,879,008
TOTAL LIABILITIES AND EQUITY		**62,933,359**	64,144,798

The interim condensed consolidated financial statements were authorised for issue on 9 November 2010 by:

Chairman

Director

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2010 (Unaudited) *(US $1.00 = AED 3.673)*

	Notes	*30 September 2010 AED'000*	*30 September 2009 AED'000*
CONTINUING OPERATIONS			
OPERATING ACTIVITIES			
Profit before tax		**2,158,506**	1,322,226
Adjustments for:			
Share of results of associated companies		**234,937**	293,338
Depreciation	5	**532,667**	458,768
Provision for employees' end-of-service benefits, net		**9,983**	5,209
(Gain)/loss on disposal of property, plant and equipment		**(19,438)**	142
Gain on disposal of investment property	15	**(358,960)**	-
Loss on disposal of subsidiaries		**52,522**	-
Impairment of assets		**-**	30,686
Finance cost		**282,065**	172,105
Finance income		**(198,616)**	(290,387)
Cash from operations before working capital changes:		**2,693,666**	1,992,087
Trade receivables		**(117,789)**	62,565
Other receivables, deposits and prepayments		**173,464**	84,840
Development properties, net		**2,128,629**	(2,826,255)
Advances from customers, net		**(3,701,212)**	(796,433)
Trade and other payables		**(870,779)**	(227,381)
Retentions payable		**5,522**	75,507
Income tax, net		**3,154**	(4,586)
Net cash from/ (used in) operating activities		**314,655**	(1,639,656)
INVESTING ACTIVITIES			
Purchase of securities		**(5,818)**	(12,543)
Proceeds from disposal of securities		**12,894**	-
Proceeds from disposal of subsidiaries		**403,483**	-
Finance income received		**146,351**	134,018
Additional investments and loans to associates, net		**(438,253)**	(637,656)
Amounts incurred on investment properties		**(3,518)**	(26,104)
Purchase of property, plant and equipment		**(738,206)**	(1,515,412)
Proceeds from sale of property, plant and equipment		**49,799**	4,946
Proceeds from sale of investment property, net	15	**530,178**	-
Deposits under lien or maturing after three months	8	**(978,577)**	(292,068)
Net cash used in investing activities		**(1,021,667)**	(2,344,819)
FINANCING ACTIVITIES			
Dividend paid		**(874)**	(3,452)
Interest-bearing loans and borrowings	17	**2,210,164**	1,260,714
Repayment of interest bearing loans and borrowings	17	**(871,189)**	(540,592)
Funds invested by non-controlling interests, net		**3,239**	(43,854)
Payment of finance cost		**(304,436)**	(159,992)
Net cash from financing activities		**1,036,904**	512,824
NET CASH FROM/ (USED IN) CONTINUING OPERATIONS		**329,892**	(3,471,651)
DISCONTINUED OPERATIONS			
Net cash used in discontinued operations		**-**	(113,043)
INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		**329,892**	(3,584,694)
Net foreign exchange difference		**(7,101)**	11,159
Cash and cash equivalents at the beginning of the period	8	**1,860,158**	5,175,223
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8	**2,182,949**	1,601,688

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 30 September 2010 (Unaudited)

(US $1.00 = AED 3.673)

	Attributable to owners 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*	*Non controlling interests AED'000*	*Total equity AED'000*
Balance at 1 January 2010 (audited)	**6,091,239**	**(1,113)**	**(1,684)**	**14,711,373**	**7,877,501**	**28,677,316**	**201,692**	**28,879,008**
Profit/ (loss) for the period	-	-	-	-	2,174,798	2,174,798	(15,121)	2,159,677
Other comprehensive loss for the period	-	-	-	(16,186)	(32,432)	(48,618)	(3,103)	(51,721)
Total comprehensive (loss)/ income for the period	-	-	-	**(16,186)**	**2,142,366**	**2,126,180**	**(18,224)**	**2,107,956**
Sales of treasury shares	-	1,113	-	(344)	-	769	-	769
Movement in non-controlling interests, net	-	-	-	-	-	-	3,396	3,396
Balance at 30 September 2010	**6,091,239**	-	**(1,684)**	**14,694,843**	**10,019,867**	**30,804,265**	**186,864**	**30,991,129**

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2010 (Unaudited) ***(US $1.00 = AED 3.673)***

	Attributable to owners 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*	*Non controlling interests AED'000*	*Total equity AED'000*
Balance at 1 January 2009 (audited)	**6,091,239**	**(1,113)**	**(1,684)**	**14,431,863**	**15,480,448**	**36,000,753**	**561,601**	**36,562,354**
Effect of changes in accounting policy	-	-	-	-	(7,894,220)	(7,894,220)	(67,249)	(7,961,469)
Balance at 1 January 2009 (restated)	**6,091,239**	**(1,113)**	**(1,684)**	**14,431,863**	**7,586,228**	**28,106,533**	**494,352**	**28,600,885**
Loss for the period	-	-	-	-	(392,802)	(392,802)	(36,756)	(429,558)
Other comprehensive income for the period	-	-	-	193,726	-	193,726	4,537	198,263
Total comprehensive income/ (loss) for the period	-	-	-	**193,726**	**(392,802)**	**(199,076)**	**(32,219)**	**(231,295)**
Write down of non-controlling interest of a subsidiary	-	-	-	-	-	-	(278,079)	(278,079)
Movement in non-controlling interests, net	-	-	-	-	-	-	(48,749)	(48,749)
Balance at 30 September 2009	**6,091,239**	**(1,113)**	**(1,684)**	**14,625,589**	**7,193,426**	**27,907,457**	**135,305**	**28,042,762**

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

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 for 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 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 investments in providers of financial services.

On 29 September 2010, the Company announced the placement and final terms relating to the offering of AED 1,837 million (USD 500 million) of Convertible Notes ("Notes") maturing in 2015 by a newly formed wholly owned subsidiary and guaranteed by the Company. The Notes will be listed on the Luxembourg Euro MTF market. The issue of Notes was approved by the shareholders at an Extraordinary General Meeting ("EGM") held on 8 November 2010.

On 30 September 2010, Emaar MGF Land Limited ("EMGF"), an associate of the Company, domiciled in India, filed its Draft Red Herring Prospectus ("DRHP") with Securities and Exchange Board of India ("SEBI") to enter the capital market with an initial public offer ("IPO") of AED 1,310 million (Indian Rupees 16,000 million).

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting and applicable requirements of United Arab Emirates law.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2009. In addition, results for the nine month period ended 30 September 2010 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2010.

The interim condensed consolidated financial statements have been prepared in United Arab Emirates Dirhams (AED), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousand except where otherwise indicated. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for derivative financial instruments and financial assets at fair value through other comprehensive income that have been measured at fair value.

Basis of consolidation

Subsidiary Companies
The interim condensed consolidated financial statements comprise the interim financial statements of Emaar Properties PJSC and its subsidiaries drawn up to 30 September 2010. The financial statements of the subsidiaries are prepared for the same reporting period 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 and liabilities 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.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the interim consolidated income statement, interim consolidated statement of comprehensive income and within equity in the interim consolidated statement of financial position, separately from parent shareholders' equity. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

Associated Companies
Associated companies are companies in which the Group has significant influence, but not control, over the financial and operating policies. In the interim condensed 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 interim consolidated statement of financial position at cost, plus post acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The interim consolidated income statement reflects the Group's share of the results of its associates.

2.2 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 interim condensed consolidated 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.

Estimation uncertainty

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 recoverable amount of the non financial assets by reference to the cash-generating unit to which the non financial asset is allocated. Estimating the recoverable amount is by reference to the higher of fair value less costs to sell and 'value in use'. A value in use calculation requires the Group 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 values of those cash flows.

Impairment of accounts receivable
An estimate of the collectible amount of trade receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Useful lives of property, plant and equipment
The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Taxes
The Group is subject to income and capital gains taxes in numerous jurisdictions. Significant judgment is required to determine the total provision for current and deferred taxes.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies
The accounting polices used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2009, except for the adoption of new standards and interpretations effective for an annual period beginning on or after 1 January 2010, noted below.

IFRS 2 Share-based Payment (Revised)
The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. The Group adopted this amendment as of 1 January 2010. It did not have an impact on the financial position or performance of the Group.

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)
The Group applied the revised standards from 1 January 2010. IFRS 3 (Revised) introduced significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to gains or losses. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

The changes by IFRS 3 (Revised) and IAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group, as the Group has not entered into any such hedges.

IFRIC 17 Distribution of Non-cash Assets to Owners
This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation had no effect on the financial position nor performance of the Group.

Improvements to IFRSs (issued May 2008)
In May 2008, the Board issued its first omnibus of amendments to its standards. All amendments issued are effective as at 31 December 2009, apart from the following:

IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations:* clarifies when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. The amendment is applied prospectively and had no impact on the financial position nor financial performance of the Group.

Improvements to IFRSs (issued April 2009)
In April 2009, the Board issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

IAS 7 *Statement of Cash Flows*: Explicitly states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment did not have any impact on the financial position or performance of the Group.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Improvements to IFRSs (issued April 2009) (continued)
IAS 36 *Impairment of Assets*: The amendment clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment has no impact on the Group as the annual impairment test is performed before aggregation.

Improvements to IFRSs (issued in May 2010)

The IASB issued Improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after either 1 July 2010 or 1 January 2011. The amendments listed below, are considered to have a reasonable possible impact on the Group:

IFRS 3 Business Combinations
IFRS 7 Financial Instruments: Disclosures
IAS 1 Presentation of Financial Statements
IAS 27 Consolidated and Separate Financial Statements
IFRIC 13 Customer Loyalty Programmes

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

IFRS 2 *Share-based Payment*
IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
IAS 1 *Presentation of Financial Statements*
IAS 17 *Leases*
IAS 38 *Intangible Assets*
IAS 39 *Financial Instruments: Recognition and Measurement*
IFRIC 9 *Reassessment of Embedded Derivatives*
IFRIC 16 *Hedge of a Net Investment in a Foreign Operation*

The Group has not early adopted any other standard, interpretation or amendment except IFRS 9 that was issued but is not yet effective.

Selected accounting policies
In accordance with the requirement of Securities Authority and Commodities (Circular dated 12-10-2008) certain significant accounting policies from Group's financial statements as of 31 December 2009 are reproduced below:

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
The Group recognises revenue when it is probable that the economic benefits from the sale will flow to the Group, the revenue and costs can be measured reliably and the risks and rewards of ownership of the property have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

In jurisdictions where the Group transfers risks and rewards of ownership of the property in its entirety at a single point of time, revenue and the associated costs are recognised at that point of time. Although this trigger is determined by reference to the sales contract and the relevant local laws, and so may differ from transaction to transaction, in general the Group determines the point of recognition to be the time at which the buyer takes possession of the property.

In jurisdictions where the Group transfers to the buyer control and the significant risks and reward of ownership of the work in progress in its current state as the work progresses, revenues and related costs of development are recognised on a progressive basis using the percentage of completion method.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Lease to buy scheme
Sales under the lease to buy scheme are accounted for 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 reporting date.

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.

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. Cost includes:

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

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

The cost of development properties recognised in consolidated income statement on sale is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments
The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts. Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates derivatives as hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability.

Hedge accounting
The Group designates certain hedging instruments, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Fair value hedges
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the consolidated statement of comprehensive income relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to the consolidated income statement from that date.

Cash flow hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement, and is included in the 'other gains and losses' line item. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in the consolidated income statement, in the same line of the consolidated statement of comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated income statement. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the consolidated income statement.

Financial assets
All financial assets are recognised and derecognised on trade date when the purchase or sale of a financial asset is made under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at cost, plus transaction costs, except for those financial assets classified as at fair value through other comprehensive income or profit or loss, which are initially measured at fair value. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)
The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date. If quoted market prices are not available, reference can also be made to broker or dealer price quotations.

The fair value of floating rate and overnight deposits with credit institutions is their carrying value. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

Classification of financial assets
For the purposes of classifying financial assets an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer (under IAS 32 Financial Instruments: Presentation) except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are 'debt instruments'.

Equity investments
For subsequent measurements, all financial assets that are equity investments are measured at fair value either through other comprehensive income or through profit or loss. This is an irrevocable choice that the Group has made on early adoption of IFRS 9 – Phase 1 or will make on subsequent acquisition of equity investments unless the equity investments are held for trading, in which case, they must be measured at fair value through profit or loss. Gain or loss on disposal of equity investments is not recycled. Dividend income for all equity investments are recorded through the consolidated income statement.

Debt instruments
Debt instruments are also measured at fair value through profit or loss unless they are classified at amortised cost. They are classified at amortised cost only if:

- the asset is held within a business model whose objective is to hold the asset to collect the contractual cash flows; and
- the contractual terms of the debt instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

Foreign exchange gains and losses
The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange component forms part of its fair value gain or loss. For financial assets classified as at fair value through profit or loss, the foreign exchange component is recognised in the consolidated income statement. For financial assets designated at fair value through other comprehensive income any foreign exchange component is recognised in the consolidated statement of comprehensive income. For foreign currency denominated debt instruments classified at amortised cost, the foreign exchange gains and losses are determined based on the amortised cost of the asset and are recognised in the 'other gains and losses' line item in the consolidated statement of comprehensive income.

Derecognition of financial assets
A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired,
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement,
- The Group has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)
Derecognition of financial assets (continued)
When the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group assesses at each statement of financial position 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.

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through income statement.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the consideration transferred over the Group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the income statement.

After 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 that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit 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 of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

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.

3 SEGMENT INFORMATION

Business Segments:
For management purposes, the Group is organised into three major segments, namely, real estate (develop and sells condominiums, villas, commercial units and plots of land), leasing and related activities (develop, lease and manage malls, retail, commercial and residential space) and hospitality (develop, own and/or manage hotels, service apartments and leisure activities). Other segments include businesses that individually do not meet the criteria for a reportable segment as per IFRS 8. These businesses are property management services, education, healthcare and investments in providers of financial services.

Revenue from sources other than property sales, leasing activities and hospitality are included in other operating income.

3 SEGMENT INFORMATION (continued)

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.

Business Segments:
The following tables represent revenue and profit information regarding business segments for the nine month and three month periods ended 30 September 2010 and 2009 and certain asset and liability information as at 30 September 2010 and 31 December 2009.

Nine month period ended 30 September 2010:

	Real estate AED'000	*Leasing and related activities AED'000*	*Hospitality AED'000*	*Others AED'000*	*Total AED'000*
Revenue					
Revenue from external customers	6,309,989	1,340,016	670,373	-	8,320,378
Total revenue	6,309,989	1,340,016	670,373	-	8,320,378
Results					
Profit for the period before income tax, finance costs, finance income, share of results of associated companies, loss on disposal of subsidiaries and impairment of assets	1,954,46	631,941	(39,761)	(17,232)	2,529,414

	Real estate AED'000	*Leasing and related activities AED'000*	*Hospitality AED'000*	*Others AED'000*	*Total AED'000*
Other segment information					
Capital expenditure (property, plant and equipment and investment property)	70,994	69,462	557,630	43,638	741,724
Depreciation (property, plant and equipment and investment property)	88,995	288,067	112,735	42,870	532,667

Three month period ended 30 September 2010:

	Real estate AED'000	*Leasing and related activities AED'000*	*Hospitality AED'000*	*Others AED'000*	*Total AED'000*
Revenue					
Revenue from external customers	2,149,235	435,739	196,857	-	2,781,831
Total revenue	2,149,235	435,739	196,857	-	2,781,831

3 SEGMENT INFORMATION (continued)

Business Segments (continued):

	Real estate AED'000	***Leasing and related activities AED'000***	***Hospitality AED'000***	***Others AED'000***	***Total AED'000***
Results					
Profit for the period before income tax, finance costs, finance income, share of results of associated companies, loss on disposal of subsidiaries and impairment of assets	**627,063**	**184,968**	**(50,631)**	**(3,274)**	**758,126**
Assets and liabilities (At 30 September 2010)					
Segment assets	**45,312,516**	**9,481,770**	**4,772,050**	**3,367,023**	**62,933,359**
Segment liabilities	**27,936,620**	**3,135,307**	**738,673**	**131,630**	**31,942,230**

Nine month period ended 30 September 2009:

	Real estate AED'000	*Leasing and related activities AED'000*	*Hospitality AED'000*	*Others AED'000*	*Total AED'000*
Revenue					
Revenue from external customers	3,890,349	1,092,136	447,011	-	5,429,496
Total revenue	3,890,349	1,092,136	447,011	-	5,429,496
Results					
Profit for the period before income tax, finance costs, finance income, share of results of associated companies, loss on disposal of subsidiaries and impairment of assets	1,063,342	533,357	(8,099)	(60,632)	1,527,968

	Real estate AED'000	*Leasing and related activities AED'000*	*Hospitality AED'000*	*Others AED'000*	*Total AED'000*
Other segment information					
Capital expenditure (property, plant and equipment and investment property)	392,071	299,792	684,005	165,648	1,541,516
Depreciation (property, plant and equipment and investment property)	91,673	260,328	59,190	47,577	458,768

3 SEGMENT INFORMATION (continued)

Business Segments (continued):

Three month period ended 30 September 2009:

	Real estate AED'000	*Leasing and related activities AED'000*	*Hospitality AED'000*	*Others AED'000*	*Total AED'000*
Revenue					
Revenue from external customers	1,446,366	371,415	130,860	-	1,948,641
Total revenue	1,446,366	371,415	130,860	-	1,948,641
Results					
Profit for the period before income tax, finance costs, finance income, share of results of associated companies, loss on disposal of subsidiaries and impairment of assets	590,930	179,672	(20,322)	(5,999)	744,281
Assets and liabilities (At 31 December 2009)					
Segment assets	45,507,612	10,136,977	4,381,708	4,118,501	64,144,798
Segment liabilities	32,352,400	1,782,574	859,826	270,990	35,265,790

Geographic Segments:
The following tables represent revenue and profit information regarding geographic segments for the nine month and three month period ended 30 September 2010 and 2009 and certain asset and liability information as at 30 September 2010 and 31 December 2009.

Nine month period ended 30 September 2010:

	Domestic AED'000	***International AED'000***	***Total AED'000***
Revenue			
Revenue from external customers	**8,011,919**	**308,459**	**8,320,378**
Total revenue	**8,011,919**	**308,459**	**8,320,378**

3 SEGMENT INFORMATION (continued)

Geographic Segments: (continued)

	Domestic AED'000	***International AED'000***	***Total AED'000***
Other Segment Information			
Capital expenditure (property, plant and equipment and investment property)	**681,801**	**59,923**	**741,724**
Three month period ended 30 September 2010:			
Revenue			
Revenue from external customers	**2,673,954**	**107,877**	**2,781,831**
Total revenue	**2,673,954**	**107,877**	**2,781,831**
Assets			
(At 30 September 2010)			
Segment assets	**38,520,831**	**16,483,994**	**55,004,825**
Investments in associates	**2,119,570**	**5,808,964**	**7,928,534**
Total assets	**40,640,401**	**22,292,958**	**62,933,359**

Nine month period ended 30 September 2009:

	Domestic AED'000	*International AED'000*	*Total AED'000*
Revenue			
Revenue from external customers	5,013,203	416,293	5,429,496
Total revenue	5,013,203	416,293	5,429,496
Other Segment Information			
Capital expenditure (property, plant and equipment and investment property)	1,478,096	63,420	1,541,516

Three month period ended 30 September 2009:

	Domestic AED'000	*International AED'000*	*Total AED'000*
Revenue			
Revenue from external customers	1,883,241	65,400	1,948,641
Total revenue	1,883,241	65,400	1,948,641
Assets			
(At 31 December 2009)			
Segment assets	40,814,181	15,470,013	56,284,194
Investments in associates	2,175,987	5,684,617	7,860,604
Total assets	42,990,168	21,154,630	64,144,798

4 REVENUE AND COST OF REVENUE

	Nine month period ended		*Three month period ended*	
	30 September 2010 AED'000	*30 September 2009 AED'000*	***30 September 2010 AED'000***	*30 September 2009 AED'000*
Revenue				
Revenue from property sales:				
Sale of condominiums	**5,104,814**	2,777,689	**1,337,843**	887,107
Sale of commercial space and villas	**1,179,516**	978,520	**811,392**	476,366
Sale of plots of land	**25,659**	134,140	**-**	82,893
Revenue from hospitality	**670,373**	447,011	**196,857**	130,860
Rental income from leased properties and related income	**1,340,016**	1,092,136	**435,739**	371,415
	8,320,378	5,429,496	**2,781,831**	1,948,641
Cost of revenue				
Cost of revenue of property sales:				
Cost of condominiums	**3,569,014**	1,823,590	**980,386**	574,023
Cost of commercial space and villas	**651,977**	449,512	**509,706**	120,690
Cost of plots of land	**8,598**	6,989	**-**	3,491
Operating cost of hospitality	**448,501**	274,976	**151,042**	89,861
Operating cost of leased properties	**288,147**	198,026	**110,362**	63,808
	4,966,237	2,753,093	**1,751,496**	851,873

5 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Nine month period ended		*Three month period ended*	
	30 September 2010 AED'000	*30 September 2009 AED'000*	***30 September 2010 AED'000***	*30 September 2009 AED'000*
Payroll and related expenses	**288,927**	371,100	**83,426**	125,669
Sales and marketing expenses	**146,637**	150,322	**55,203**	42,544
Depreciation of property, plant and equipment	**298,995**	224,147	**104,234**	79,375
Depreciation of investment properties	**233,672**	234,621	**77,316**	78,396
Property management expenses	**98,444**	46,519	**30,151**	15,424
Land registration fees	**36,900**	42,479	**13,983**	14,167
Pre-operating expenses	**48,422**	29,156	**9,257**	14,628
Other expenses	**243,502**	269,316	**72,386**	87,437
	1,395,499	1,367,660	**445,956**	457,640

6 FINANCE INCOME

	Nine month period ended		Three month period ended	
	30 September 2010 AED'000	*30 September 2009 AED'000*	***30 September 2010 AED'000***	*30 September 2009 AED'000*
Finance income on fixed deposits with banks	**43,544**	141,648	**18,616**	21,453
Other finance income	**155,072**	148,739	**52,608**	45,782
	198,616	290,387	**71,224**	67,235

7 LOSS ON DISPOSAL OF SUBSIDIARIES

Disposal of Hamptons Group Limited

On 24 August 2006 (the acquisition date), the Group acquired 100% of the voting shares of Hamptons Group Limited ("HGL"), an estate agency and property services consultant, an unlisted limited liability company, headquartered in London, United Kingdom (UK), for a purchase consideration of AED 560,882 thousands (GBP 82,000 thousands). On the acquisition date, the Group had recorded a goodwill amounting to AED 427,724 thousands.

Since acquisition, the Group expanded the Hamptons' estate agency and property services portfolio to Middle East and North Africa (MENA) region by commencing operations in UAE, Egypt and Morocco and further consolidated the existing Hamptons operations in Oman under the MENA region.

On 16 June 2010, the Group entered into an agreement (the "agreement") to transfer its rights to operate the Hamptons' international operations in UK, Europe and Asia by way of transfer of its shareholding in HGL to Countrywide, a UK's largest estate agency and property services Group, with effect from 1 June 2010 at a consideration of AED 428,066 thousands (GBP 77,572 thousands).

Under the terms of the agreement, The Group will continue to operate Hamptons' estate agency and property services in the MENA region where it has existing or prospective businesses, while Countrywide will own the rights to operate Hamptons' international business in the UK, Europe and Asia.

On the date of the agreement, the Group had allocated the goodwill amount of AED 427,724 thousand to the cash generating units of both Hamptons' international operations and MENA region. An amount of AED 381,658 thousands was allocated to Hamptons' international operations and AED 46,066 thousands to MENA region.

The operating results of HGL prior to the disposal were as follows:

	Period from 1 January 2010 to 31 May 2010 AED'000
Other operating income	**126,381**
Selling, general and administrative expenses	**(57,705)**
Other operating expenses	**(60,561)**
Net interest income	**325**
PROFIT BEFORE TAX	**8,440**
Income tax expense	**(437)**
NET PROFIT FOR THE PERIOD	**8,003**

7 LOSS ON DISPOSAL OF SUBSIDIARIES (continued)

The following table summarises the carrying value of net assets and the loss on disposal of Hamptons international operations.

	31 May 2010 AED'000
Assets	
Bank balances and cash	27,960
Trade receivables	87,046
Other receivables, deposits and prepayments	19,631
Property, plant and equipment	48,852
Goodwill	381,658
Total assets	565,147
Liabilities	
Trade and other payables	83,649
Interest-bearing loans and borrowings	31,520
Foreign exchange translation reserve	(16,142)
Non-controlling interest	(406)
Total liabilities	98,621
Net assets disposed of	466,526
Less: sales proceeds on disposal of subsidiary	428,066
Loss on disposal of subsidiary	38,460

Disposal of Raffles Campus Pte Ltd
During the period, the Group has recorded a net loss of AED 14,062 thousands including the write off of goodwill amounting to AED 11,667 thousands upon disposal of 100% shareholding in its subsidiary Raffles Campus Pte. Ltd., owning and managing education business in Singapore, Vietnam and Hong Kong.

8 BANK BALANCES AND CASH

	30 September 2010 AED'000	*31 December 2009 AED'000 (Audited)*
Cash in hand	5,510	7,508
Current and call deposit accounts	644,957	722,458
Fixed deposits maturing within three months	1,532,482	1,130,192
Cash and cash equivalents	2,182,949	1,860,158
Deposits under lien (note 17 and 21)	438,928	387,557
Fixed deposits maturing after three months	946,326	19,120
	3,568,203	2,266,835

8 BANK BALANCES AND CASH (continued)

	30 September 2010 AED'000	*31 December 2009 AED'000 (Audited)*
Bank balances and cash located:-		
Within UAE	**2,953,499**	1,777,815
Outside UAE	**614,704**	489,020
	3,568,203	2,266,835
Bank balances and cash denominated in following currencies:-		
United Arab Dirham (AED)	**2,953,499**	1,777,815
United States Dollar (USD)	**218,900**	42,398
Egyptian Pound (EGP)	**229,922**	251,014
Moroccan Dirham (MAD)	**46,209**	7,850
Other currencies	**119,673**	187,758
	3,568,203	2,266,835

9 TRADE RECEIVABLES

	30 September 2010 AED'000	*31 December 2009 AED'000 (Audited)*
Amounts receivable within 12 months	**802,291**	749,563
Amounts receivable after 12 months	**209,336**	231,791
	1,011,627	981,354

The above trade receivables include AED 341,525 thousands (31 December 2009: AED 414,162 thousands) relating to sale of properties where the amounts are payable in instalments and these instalments are accrued but not yet due under agreed credit terms.

10 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 September 2010 AED'000	*31 December 2009 AED'000 (Audited)*
Advances to contractors and others	**739,138**	1,029,460
Advances for acquisition of leasehold interest	**1,234,612**	1,234,612
Prepayments	**85,165**	114,930
Receivables from service companies	**119,949**	137,001
Deposits for acquisition of land	**81,112**	89,215
Value added tax recoverable	**189,978**	164,419
Accrued interest and other income	**9,437**	33,549
Recoverable from non-controlling interests	**46,705**	14,414
Other deposits and receivables	**558,239**	393,697
	3,064,335	3,211,297

11 DEVELOPMENT PROPERTIES

	30 September 2010 AED'000
Balance at the beginning of the period	**31,075,718**
Add: cost incurred during the period	**2,100,960**
Less: cost transferred to cost of revenue during the period	**(4,229,589)**
Less: transfer to property, plant and equipment during the period	**(119,123)**
Balance at the end of the period	**28,827,966**

	30 September 2010 AED'000	*31 December 2009 AED'000 (Audited)*
Development properties located:		
Within UAE	**17,288,037**	20,440,293
Outside UAE	**11,539,929**	10,635,425
	28,827,966	31,075,718

12 SECURITIES

	30 September 2010 AED'000	*31 December 2009 AED'000 (Audited)*
Financial assets at fair value through other comprehensive income	**776,419**	936,661
Securities located:		
Within UAE	**739,867**	906,042
Outside UAE	**36,552**	30,619
	776,419	936,661

13 LOANS TO ASSOCIATES

	30 September 2010 AED'000	*31 December 2009 AED'000 (Audited)*
Amlak Finance PJSC (i)	**772,631**	875,580
Emaar MGF Land Limited and their related parties (ii)	**1,301,116**	460,131
Golden Ace Pte Ltd	**137,435**	608,286
Amelkis Resorts SA	**33,234**	33,234
Other associates	**21,472**	27,915
	2,265,888	2,005,146

13 LOANS TO ASSOCIATES (continued)

(i) The amount owed by Amlak Finance PJSC ("Amlak") includes AED 533,683 thousands relating to a credit facility extended to Amlak in the normal course of business for settlement of installment payments relating to sale of properties, where customers have availed of a financing facility from Amlak. An amount of AED 146,235 thousands was received from Amlak during the period ended 30 September 2010 (31 December 2009: AED 196,615 thousands). The Group's management believes that the loan due from Amlak is fully recoverable (also refer note 14).

(ii) During the period, the Group paid an amount of AED 759,243 thousands to the lenders towards part settlement of the Fully Convertible Debenture (FCD) including the associated cost relating to the Group's associate, Emaar MGF Land Limited (EMGF), against which the Group had provided a corporate guarantee. As per the regulatory requirement of India, the redemption of FCD's can only be made through accumulated profit/reserves. In the absence of adequate accumulated profits/reserves, EMGF could not redeem these FCD's on the due date.

EMGF is in the process of entering the capital market in India through initial public offering (IPO). The Group has made the above settlement in the interim and this amount is repayable to the Group by EMGF through the proceeds of its forthcoming IPO. The other promoter group of EMGF has indemnified to the extent 50% for any non recovery of such amount advanced by the Group resulting from the transaction and the Group currently holds certain shares of the other promoter group held in EMGF as a security for such indemnification. The Group also gains rights to increase its shareholding in EMGF, if the amount paid relating to aforementioned FCDs is not repaid within a reasonable period of time.

14 INVESTMENTS IN ASSOCIATES

	30 September 2010 AED'000	*31 December 2009 AED'000 (Audited)*
Emaar MGF Land Limited (i)	**3,111,752**	2,901,579
Emaar the Economic City (Saudi Joint Stock Company) – quoted	**2,242,489**	2,348,919
Amlak Finance PJSC (Amlak) – quoted (ii) & (iii)	**930,525**	944,418
Dubai Banking Group PJSC	**353,116**	429,653
Emaar Bawadi LLC	**383,868**	359,398
Turner International Middle East Ltd	**257,037**	225,364
Emaar Industries and Investment (Pvt) JSC	**184,486**	198,384
Dead Sea Company for Tourist and Real Estate Investment	**137,586**	137,502
Emrill Services LLC	**16,188**	14,601
Emaar Financial Services LLC	**2,621**	6,468
Other associates	**308,866**	294,318
	7,928,534	7,860,604

14 INVESTMENTS IN ASSOCIATES (continued)

(i) On 29 March 2006, the Group entered into an option agreement (the "agreement") with an investment bank (the "investor"). The agreement provided the right to the investor to require the Group to buy back all shares purchased by the investor in one of the Group's associate companies, in the event of an Initial Public Offering ("IPO") of the associate not occurring within 39 months of the date of purchase of shares of the associate, which was subsequently extended until 30 June 2010 under an agreement dated 29 September 2009.

Since the IPO had not occurred at 30 June 2010, the Group paid an amount of USD 55,832 thousands (AED 205,072 thousands) to buy back all the shares initially purchased by the investor in 2006 together with the associated costs in accordance with the agreement. Subsequent to the reporting date, the other promoter group transferred additional shares in the associated company to the group which was calculated based on 50% the value of the shares acquired from the investor and an estimate of the share value for the IPO purpose.

(ii) The Governmental Committee for Amlak's affairs continues to explore the possibilities of a merger and balance sheet restructuring of Amlak. This has entailed a full review and assessment of Amlak's business operations and liquidity position and providing guidance to the Amlak's management and regulators where necessary with a view to making recommendations to the UAE Government on Amlak's long term stability, liquidity, assets and liabilities management requirements. Trading in the Amlak's shares on the Dubai Financial Market has been suspended until the Governmental Committee finalises its recommendations. The Group's management is not in a position to assess its investment for any impairment pending the recommendations from the Governmental Committee.

(iii) The auditors have issued a qualified conclusion on the interim condensed consolidated financial statements of Amlak as of 30 September 2010 with respect to valuation of investment properties and advances for investment properties amounting to AED 3,160,201 thousands and AED 779,315s thousand respectively. Management of Amlak believe that property prices have generally declined since these assets were acquired but are unable to quantify the amount of decline in view of the limited number of transactions currently taking place in the market and accordingly continued to carry such assets at their acquisition cost.

15 INVESTMENT PROPERTIES

During the period, the Group has sold some of its commercial buildings included in investment properties for a net consideration of AED 530,178 thousands having a carrying value of AED 171,218 thousands. The resulting gain is included in other income.

16 TRADE AND OTHER PAYABLES

	30 September 2010 AED'000	*31 December 2009 AED'000 (Audited)*
Project contract cost accruals	**4,603,737**	5,485,910
Other payables and accruals	**1,880,486**	1,852,346
Trade payables	**1,130,718**	1,214,591
Payable to non-controlling interests	**891,503**	901,185
Dividends payable	**76,383**	77,257
Income tax payable	**17,247**	14,093
	8,600,074	9,545,382

17 INTEREST-BEARING LOANS AND BORROWINGS

	30 September 2010 AED'000
Balance at the beginning of the period	**8,625,104**
Borrowings drawn down during the period	**2,210,164**
Borrowings repaid during the period	**(871,189)**
Borrowing relating to subsidiaries disposed (note 7)	**(31,520)**
Balance at the end of the period	**9,932,559**

	30 September 2010 AED'000	*31 December 2009 AED'000 (Audited)*
Maturing within 12 months	**4,775,674**	4,499,761
Maturing after 12 months	**5,156,885**	4,125,343
Balance at the end of the period/ year	**9,932,559**	8,625,104
The above represent balances due:		
Within UAE	**5,816,700**	4,726,826
Outside UAE	**4,115,859**	3,898,278
	9,932,559	8,625,104

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

Secured

- Indian Rupees (INR) 1,195,000 thousands (AED 97,847 thousands) loan from financial institutions, secured by way of first charge on certain immovable properties and receivables in India, carries interest at bench mark rate plus 5.75% per annum. This loan is payable in quarterly instalments and fully repayable by 2016.

- Canadian Dollar (CAD) 17,396 thousands (AED 62,107 thousands) loan from financial institution, secured against real estate owned by the Group in Canada, carries interest at prime rate plus 3.75% per annum and fully repayable in 2011.

- CAD 6,018 thousands (AED 21,485 thousands) loan from financial institution, secured against real estate owned by the Group in Canada, carries interest at 9.50% per annum and fully repayable in 2011.

- USD 303,000 thousands (AED 1,112,919 thousands) loan from commercial bank, secured against real estate owned by Group in Turkey, carries interest at USD LIBOR plus 4.10% per annum and is repayable in December 2010. The bank issuing stand by letter of credit facility has lien on certain cash collateral amounting to AED 367,300 thousands (note 8).

- USD 50,000 thousands (AED 183,650 thousands) loan from commercial bank, secured against real estate owned by Group in Turkey, carries interest at 4.10% per annum and is repayable in 2011.

- USD 50,000 thousands (AED 183,650 thousands) loan from commercial bank, secured against real estate owned by Group in Turkey, carries interest at USD LIBOR plus 4.95% per annum and is repayable in December 2010.

17 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Secured (continued)

- USD 60,000 thousands (AED 220,380 thousands) loan from commercial bank, secured against certain real estate owned by Group in Turkey and a bank guarantee, carries interest at 3.20% per annum and is repayable in 2011.

- USD 60,000 thousands (AED 220,380 thousands) loan from commercial bank, secured against certain real estate owned by Group in Turkey and a bank guarantee, carries interest at 3.90% per annum and is repayable in 2011.

- USD 6,822 thousands (AED 25,057 thousands) loan from commercial bank, secured against certain real estate owned by Group in United Arab Emirates (UAE), carries interest at 2.41% per annum and is repayable in 2011.

- USD 15,921 thousands (AED 58,478 thousands) of funding facility from financial institutions, secured against real estate owned by Group in United States of America (USA), carries interest rate at USD LIBOR plus 7.50% per annum fully repayable in December 2010.

- USD 300,000 thousands (AED 1,101,900 thousands) loan from commercial bank, secured against certain real estate owned by Group in United Arab Emirates (UAE), carries interest rate at USD LIBOR plus 4.75% per annum and fully repayable in 2013.

- USD 43,175 thousands (AED 158,581 thousands) loan from commercial bank, secured against certain assets owned by Group in United Arab Emirates (UAE), carries interest rate at USD LIBOR plus 4.50% per annum and fully repayable by 2012.

- Pakistani Rupee (PKR) 777,638 thousands (AED 33,353 thousands) loan from commercial bank, secured against receivables from projects in Pakistan, carries interest rate at KIBOR plus 2% per annum and is fully repayable in 2011. The bank has lien on certain cash collateral amounting to AED 7,350 thousands (note 7).

- Lebanese Pound (LBP) 63,680,987 thousands (AED 157,292 thousands) long term loan from commercial bank, secured against certain assets in Lebanon and carries interest rate at benchmark rate plus 1% per annum.

Unsecured

- AED 150,000 thousands of short term loan from commercial bank carries interest rate at EIBOR plus 5% per annum and fully repayable by 2011.

- AED 200,000 thousands of short term loan from commercial bank carries interest rate at FDR plus 1% per annum and fully repayable by 2011.

- AED 275,000 thousands of short term loan from commercial bank carries interest rate at 8.25% per annum and fully repayable by 2011.

- AED 125,000 thousands of short term loan from commercial bank carries interest rate at 7.75% per annum and fully repayable in 2011.

- AED 89,900 thousands of short term loan from commercial bank carries interest rate at 6% per annum and fully repayable in 2011.

- AED 18,263 thousands long term loan from commercial bank carries interest rate at 7.50% per annum.

- USD 80,000 thousands (AED 293,840 thousands) loan from financial institutions in the USA, carries interest at US$ LIBOR plus 0.60% per annum and fully repayable by 2011.

- PKR 1,975,120 thousands (AED 84,713 thousands) loan from commercial banks, bearing interest at KIBOR plus 2.25% per annum and fully repayable in 2010.

- PKR 724,801 thousands (AED 31,087 thousands) loan from commercial banks, bearing interest at KIBOR plus 2.25% per annum and fully repayable in 2011.

17 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Unsecured (continued)

- PKR 1,494,662 thousands (AED 64,106 thousands) loan from commercial banks, bearing interest at KIBOR plus 2.25% per annum and fully repayable by 2011.

- PKR 761,737 thousands (AED 32,671 thousands) loan from commercial banks, bearing interest at KIBOR plus 2.50% per annum and fully repayable by 2011.

- 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 2% per annum.

- Egyptian Pound (EGP) 732,692 thousands (AED 619,575 thousands) of funding facilities from commercial banks, carries interest at rates at 11% to 13.5% per annum.

- USD 20,000 thousands (AED 73,460 thousands) loan from commercial bank, carries interest at USD LIBOR plus 6% per annum and is repayable in 2010.

- Saudi Riyal (SAR) 200,000 thousands (AED 196,000 thousands) of funding facility from commercial bank carrying interest at SAIBOR plus 3% per annum and repayable in instalments from October 2010 to 2012.

- Moroccan Dirham (MAD) 80,000 thousands (AED 35,976 thousands) of short term loan from commercial bank carrying interest at 52 weeks treasury bond rate plus 1.15% per annum and repayable by 2011.

- USD 69,526 thousands (AED 255,371 thousands) of funding facility from commercial bank carries interest rate at 4% to 6% per annum and is repayable in 2011.

- USD 13,133 thousands (AED 48,236 thousands) of funding facility from commercial bank carries interest rate at LIBOR plus 4.50% per annum and is repayable in December 2010.

- AED 29,282 thousands of funding facility from commercial bank carries interest rate at LIBOR plus 5% per annum and is repayable in 2010.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 September 2010 (Unaudited)

18 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*
Balance at 1 January 2010 (audited)	**13,808,707**	**4,004**	**2,490,377**	**218**	**(1,396,082)**	**(195,851)**	**14,711,373**
Decrease in unrealised reserve	-	-	-	(218)	(152,411)	-	(152,629)
Decrease in capital reserve	-	(344)	-	-	-	-	(344)
Increase in foreign currency translation reserve	-	-	-	-	-	136,443	136,443
Net (expense)/ income recognised directly in equity	-	(344)	-	(218)	(152,411)	136,443	(16,530)
Balance at 30 September 2010	**13,808,707**	**3,660**	**2,490,377**	**-**	**(1,548,493)**	**(59,408)**	**14,694,843**
Balance at 1 January 2009 (audited)	**13,808,707**	**4,004**	**2,457,645**	**546**	**(1,439,282)**	**(399,757)**	**14,431,863**
Increase in unrealised reserve	-	-	-	277	218,398	-	218,675
Decrease in foreign currency translation reserve	-	-	-	-	-	(24,949)	(24,949)
Net income/ (expense) recognised directly in equity	-	-	-	277	218,398	(24,949)	193,726
Balance at 30 September 2009	**13,808,707**	**4,004**	**2,457,645**	**823**	**(1,220,884)**	**(424,706)**	**14,625,589**

19 DIVIDENDS

No dividend was approved by the shareholders of the Company for the year 2009 at the Annual General Meeting of the Company held on 29 April 2010.

20 TRANSACTIONS WITH RELATED PARTIES

For the purpose of these interim condensed consolidated 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.

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

	Nine month period ended 30 September	
	2010	*2009*
	AED'000	*AED'000*
Shareholders:		
Revenue from sale of commercial properties	**295,535**	-
Associates:		
Net income on deposits / investments from Dubai Banking Group PJSC	**1,280**	15,405
Islamic finance income from Amlak Finance PJSC	**26,295**	36,427
Interest income earned on loan to Golden Ace Pte Ltd	**36,214**	17,495
Interest income earned on loan to Emaar MGF Land Limited and their related parties	**63,994**	44,573
Directors' and their related parties:		
Rental income from leased properties and related income	**16,170**	3,122
Other related parties:		
Islamic finance income from Al Salam Bank, Bahrain	**2,207**	4,433
Islamic finance income from Noor Islamic Bank PJSC	**1,275**	15,087

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

	30 September 2010	*31 December 2009*
	AED'000	*AED'000 (Audited)*
Associates:		
Fixed deposits with Dubai Bank PJSC	**30,379**	50,000
Directors and their related parties:		
Bank balances and cash with Noor Islamic Bank PJSC, net	**10,179**	24,821
Trade receivables	**300,671**	282,528
Other receivables, deposits and prepayments	**105,293**	101,438
Interest-bearing loans and borrowing from Noor Islamic Bank PJSC	**89,900**	-

The above trade receivables include AED 70,338 thousands (31 December 2009: AED 140,675 thousands) relating to sale of properties where the amounts are payable in installments and these installments are accrued but not yet due.

20 TRANSACTIONS WITH RELATED PARTIES (continued)

	30 September 2010 AED'000	*31 December 2009 AED'000 (Audited)*
Other related parties:		
Securities:		
Investment in Al Salaam Bank, Sudan	**5,588**	8,997
Investment in Al Salaam Bank, Bahrain	**34,950**	51,524
Investment in Al Salaam Bank, Algeria	**20,202**	20,202

21 CONTINGENCIES AND COMMITMENTS

Guarantees

The Group has the following guarantees outstanding as at 30 September 2010:

1. Loans taken by an associated company from commercial banks amounting to AED 108,270 thousands (31 December 2009: AED 110,694 thousands) are guaranteed by the Group.

2. Loans taken by an associated company from commercial banks amounting to AED 824,474 thousands (31 December 2009: AED 1,414,839 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. A cash collateral amounting to AED 64,278 thousands (31 December 2009: nil) has been given to a bank against loan provided to a related party of an associated company (note 8).

3. Loans taken by an associated company from commercial banks amounting to AED 110,190 thousands (31 December 2009: AED nil) are guaranteed by the Group.

4. The Group has issued a financial guarantee of AED 4,490 thousands (31 December 2009: AED 6,839 thousands) as a security for the letter of guarantee issued by a commercial bank for the performance of its contractual obligations.

5. The Group has provided a financial guarantee of AED 5,000 thousands (31 December 2009: 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.

6. The Group has provided a financial guarantee of AED 1,847 thousands (31 December 2009: AED 1,847 thousands) as a security to Dubai Customs for importing goods.

7. The Group has provided a corporate guarantee of AED 110,190 thousands (31 December 2009: 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.

Commitments

At 30 September 2010, the Group had commitments of AED 8,162,422 thousands (31 December 2009: AED 9,180,026 thousands) including project commitments of AED 8,068,223 thousands (31 December 2009: AED 9,074,091 thousands). This represents the value of contracts issued as of 30 September 2010 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.

21 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:

	30 September 2010 AED'000	*31 December 2009 AED'000*
Within one year	**548,501**	515,555
After one year but not more than five years	**605,360**	309,936
	1,153,861	825,491

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:

	30 September 2010 AED'000	*31 December 2009 AED'000*
Within one year	**1,074,357**	1,048,647
After one year but not more than five years	**1,205,362**	1,919,316
More than five years	**347,339**	401,085
	2,627,058	3,369,048

Legal claim
The Company was involved in arbitration proceedings with Jadawel International Company (the "Claimant") with regard to a conditional joint venture agreement in the Kingdom of Saudi Arabia. The conditions of such agreement never materialised. Arbitrators have 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 (BOG). The BOG unexpectedly reversed the arbitration award and issued a ruling directing the Company to pay USD 228,000 thousands (AED 837,444 thousands) to the Claimant and to deliver share certificates representing 18,610,000 shares in the Company (after share split) along with the profits realised by these shares from the date of signing of the joint venture agreement, being 28 December 2003. The Company is also directed by the said ruling to pay the arbitrator fees amounting to SAR 45,000 thousands (AED 44,074 thousands). All other items of relief claimed by the parties are dismissed by the BOG. The Company has filed an appeal against the ruling of the BOG on 26 August 2009 to the Appellant Chamber for commercial cases requesting revocation of the BOG judgement and ratification of the Arbitration Award. In the opinion of the Company's management and its legal advisors, the claim is without merit and the Company has good arguments to refute substantially this claim.

21 CONTINGENCIES AND COMMITMENTS (continued)

Contingent liabilities
On 5 April 2006, the Company entered into an option agreement (the "agreement") with various parties (the "investors"). The agreement provided the right to the investors to require the Company to buy back the shares purchased by the investors in one of the Group's associate companies within 39 months from the date of purchase of the shares.

Subsequently on 29 September 2009, the Company entered into agreements with the investors whereby the Company agreed to use its voting and other rights in the associate to ensure that the associate achieves the listing of its equity shares on or before 31 March 2010 at a price which is not less than the average investment price of the investors. It was also agreed that in case the shares are issued in the IPO at a price lower than the average investment price of the investors, the Company shall be liable to compensate the investor for the difference between the average investment price and the price at which the shares are issued in the IPO.

The IPO could not be concluded within the aforementioned timeframe. Since these shares were initially purchased by the investors at a valuation which is much higher than the current estimate of share value for the purpose of IPO, the Company entered into agreements on 29 September 2010 with the investors for extension of the option agreement till 30 June 2011. As per the terms of the agreement, the Company and other promoter group subsequent to the reporting date transferred certain additional shares in equal proportions calculated considering the estimated share value for the purpose of IPO and initial investment cost.

Emaar Properties PJSC and Subsidiaries

Consolidated Financial Statements
31 December 2009

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EMAAR PROPERTIES PJSC AND ITS SUBSIDIARIES

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 statement of financial position as at 31 December 2009, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows 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 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

ERNST & YOUNG

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EMAAR PROPERTIES PJSC AND ITS SUBSIDIARIES (continued)

Emphasis of matter

(i) Without qualifying our opinion we draw attention to note 29 to the financial statements. The Company is involved in arbitration proceedings with another party resulting from a claim made by the other party in respect of a conditional joint venture agreement in the Kingdom of Saudi Arabia. In the opinion of the Company's management and its legal advisors, the claim is without merit and the Company has good arguments to refute substantially this claim. The outcome of the dispute is however uncertain and therefore it is not possible to determine the impact of this matter on the financial statements.

(ii) Furthermore, without qualifying our opinion we draw attention to note 15 to the financial statements. As at 31 December 2009, the Group has an investment in Amlak Finance PJSC ("Amlak") with a carrying amount of AED 944 million. The Federal Government of the UAE has announced that it is in discussions with the relevant authorities to potentially merge Amlak with other entities and in conjunction with the steering committee formed by the UAE Ministry of Finance and Industry is evaluating various options to secure sustainable funding for Amlak in order to enable it to meet its commitments. The Group's management is not in a position to assess its investment for any impairment pending the outcome of recommendations from the steering committee.

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.

Ernst & Young

Signed by
Edward B. Quinlan (Registration No. 93)
Partner
For Ernst & Young
Dubai, United Arab Emirates
23 March 2010

Emaar Properties PJSC and its Subsidiaries

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2009 *(US $1.00 = AED 3.673)*

	Notes	2009 AED'000	2008 AED'000 (Restated)
CONTINUING OPERATIONS			
Revenue	4	**8,413,262**	10,717,111
Cost of revenue	4	**(4,313,806)**	(5,487,355)
GROSS PROFIT		**4,099,456**	5,229,756
Other operating income		**519,816**	531,423
Selling, general and administrative expenses	5	**(1,911,865)**	(1,904,738)
Other operating expenses		**(287,579)**	(362,511)
Finance costs		**(216,687)**	(75,405)
Finance income	6	**355,733**	421,622
Other income		**83,026**	240,109
Share of results of associated companies	15	**(534,469)**	108,622
Impairment of assets		**(79,677)**	-
PROFIT BEFORE TAX		**2,027,754**	4,188,878
Income tax credit	8	**23,541**	2,569
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**2,051,295**	4,191,447
DISCONTINUED OPERATIONS			
Loss from discontinued operations	7	**(1,761,919)**	(4,067,890)
NET PROFIT FOR THE YEAR		**289,376**	123,557
ATTRIBUTABLE TO:			
Equity holders of the parent		**327,315**	165,586
Non-controlling interest		**(37,939)**	(42,029)
		289,376	123,557
Earnings per share attributable to the equity holders of the parent:			
Total operations			
- basic and diluted earnings per share	28	**AED 0.05**	AED 0.03
Continuing operations			
- basic and diluted earnings per share	28	**AED 0.34**	AED 0.70
Discontinued operations			
- basic and diluted earnings per share	28	**AED (0.29)**	AED (0.67)

The attached notes 1 to 33 form part of these consolidated financial statements.

Emaar Properties PJSC and its Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2009 *(US $1.00 = AED 3.673)*

	Notes	2009 AED'000	2008 AED'000 (Restated)
Net profit for the year		**289,376**	123,557
Other comprehensive income/ (loss):			
Decrease in hedging reserve	26	**(328)**	(5,538)
Increase/ (decrease) in unrealised reserve	26	**43,200**	(1,491,960)
Increase/ (decrease) in foreign currency translation reserve		**210,410**	(896,062)
Other comprehensive income/ (loss) for the year		**253,282**	(2,393,560)
Total comprehensive income/ (loss) for the year		**542,658**	(2,270,003)
ATTRIBUTABLE TO:			
Equity holders of the parent		**574,093**	(2,202,860)
Non-controlling interest		**(31,435)**	(67,143)
		542,658	(2,270,003)

The attached notes 1 to 33 form part of these consolidated financial statements.

Emaar Properties PJSC and its Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2009

(US $1.00 = AED 3.673)

	Notes	2009 AED'000	2008 AED'000 (Restated)	2007 AED'000 (Restated)
ASSETS				
Bank balances and cash	9	**2,266,835**	5,392,986	4,726,616
Trade receivables	10	**981,354**	1,058,354	1,263,695
Other receivables, deposits and prepayments	11	**3,211,297**	3,510,821	2,705,232
Development properties	12	**31,075,718**	26,799,447	22,302,917
Securities	13	**936,661**	867,122	4,560,642
Loans to associates	14	**2,005,146**	1,636,086	537,829
Investments in associates	15	**7,860,604**	8,313,770	8,845,282
Property, plant and equipment	16	**6,821,705**	5,414,196	7,433,222
Investment properties	17	**8,546,087**	13,248,196	5,635,573
Goodwill	19	**439,391**	439,391	2,961,968
TOTAL ASSETS		**64,144,798**	66,680,369	60,972,976
LIABILITIES AND EQUITY				
LIABILITIES				
Advances from customers	20	**15,888,064**	18,109,424	14,093,599
Trade and other payables	21	**9,545,382**	9,680,254	5,918,899
Interest-bearing loans and borrowings	22	**8,625,104**	9,174,165	7,703,753
Retentions payable	23	**1,160,306**	1,078,549	1,054,560
Provision for employees' end-of-service benefits	24	**46,934**	37,092	18,394
TOTAL LIABILITIES		**35,265,790**	38,079,484	28,789,205
EQUITY				
Equity attributable to equity holders of the parent company				
Share capital	25	**6,091,239**	6,091,239	6,091,239
Treasury shares	25	**(1,113)**	(1,113)	-
Employees' performance share program		**(1,684)**	(1,684)	(1,446)
Reserves	26	**14,711,373**	14,431,863	16,494,778
Retained earnings		**7,877,501**	7,586,228	8,946,974
		28,677,316	28,106,533	31,531,545
Non-controlling interest		**201,692**	494,352	652,226
TOTAL EQUITY		**28,879,008**	28,600,885	32,183,771
TOTAL LIABILITIES AND EQUITY		**64,144,798**	66,680,369	60,972,976

The consolidated financial statements were authorised for issue on 23 March 2010 by:

Chairman

Director

The attached notes 1 to 33 form part of these consolidated financial statements.

Emaar Properties PJSC and its Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2009

(US $1.00 = AED 3.673)

	Notes	2009 AED'000	2008 AED'000 (Restated)
CONTINUING OPERATIONS			
OPERATING ACTIVITIES			
Profit before tax		**2,027,754**	4,188,878
Adjustments for:			
Share of results of associated companies	15	**534,469**	(108,622)
Depreciation	5	**635,712**	294,633
Provision for employees' end-of-service benefits, net	24	**9,842**	18,698
Loss on disposal of property, plant and equipment		**1,033**	2,995
Cost of share based payments	24	**-**	757
Gain on disposal of securities		**-**	(29,307)
Provision for doubtful debts/ write off	5	**94,484**	-
Impairment of assets		**79,677**	-
Cash from operations before working capital changes:		**3,382,971**	4,368,032
Trade receivables		**18,461**	161,642
Other receivables, deposits and prepayments		**74,984**	(867,738)
Development properties, net		**(3,019,744)**	(5,823,921)
Advances from customers, net		**(2,221,360)**	4,015,825
Trade and other payables		**53,751**	4,258,885
Retentions payable	23	**81,757**	23,989
Income tax, net	8	**(2,998)**	(4,464)
Net cash (used in)/ from operating activities		**(1,632,178)**	6,132,250
INVESTING ACTIVITIES			
Purchase of securities		**(12,543)**	(298,605)
Proceeds from disposal of securities		**-**	2,640,582
Deposit in escrow account for acquisition of additional shares in subsidiary	18	**-**	(23,665)
Consideration for additional shares/ acquisition of subsidiary net of cash and cash equivalents acquired	18	**-**	(162,435)
Additional investments and loans to associates, net		**(635,121)**	(1,227,310)
Amounts incurred on investment properties	17	**(132,153)**	(149,026)
Purchase of property, plant and equipment	16	**(1,733,810)**	(5,839,820)
Proceeds from sale of property, plant and equipment		**6,420**	2,821
Purchase of treasury shares	25	**-**	(1,113)
Deposits under lien or maturing after three months	9	**(283,053)**	2,377,174
Net cash used in investing activities		**(2,790,260)**	(2,681,397)
FINANCING ACTIVITIES			
Dividend paid		**(3,567)**	(1,198,845)
Interest-bearing loans and borrowings	22	**2,004,542**	2,802,400
Repayment of interest bearing loans and borrowings	22	**(808,620)**	(537,160)
Funds invested by non-controlling interest, net		**17,211**	92,373
Received on vesting of share options	24	**-**	1,462
Net cash from financing activities		**1,209,566**	1,160,230
NET CASH (USED IN)/ FROM CONTINUING OPERATIONS		**(3,212,872)**	4,611,083
DISCONTINUED OPERATIONS			
Net cash used in discontinued operations	7	**(113,043)**	(1,537,199)
(DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		**(3,325,915)**	3,073,884
Net foreign exchange difference		**10,850**	(30,340)
Cash and cash equivalents at the beginning of the period	9	**5,175,223**	2,131,679
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	9	**1,860,158**	5,175,223

The attached notes 1 to 33 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2009 *(US $1.00 = AED 3.673)*

	Share capital AED'000	Treasury shares AED'000	Employees' performance share program AED'000	Reserves AED'000	Retained earnings AED'000	Total AED'000	Non controlling interest AED'000	Total equity AED'000
	Attributable to equity holders of the parent							
Balance at 1 January 2008 (audited)	**6,091,239**	**-**	**(1,446)**	**16,494,778**	**13,951,469**	**36,536,040**	**652,226**	**37,188,266**
Effect of change in accounting policy	-	-	-	-	(5,004,495)	(5,004,495)	-	(5,004,495)
Balance at 1 January 2008 (restated)	**6,091,239**	**-**	**(1,446)**	**16,494,778**	**8,946,974**	**31,531,545**	**652,226**	**32,183,771**
Profit for the year	-	-	-	-	165,586	165,586	(42,029)	123,557
Other comprehensive loss for the year	-	-	-	(2,368,446)	-	(2,368,446)	(25,114)	(2,393,560)
Total comprehensive income/ (loss) for the period	**-**	**-**	**-**	**(2,368,446)**	**165,586**	**(2,202,860)**	**(67,143)**	**(2,270,003)**
Transfer to reserves (note 26)	-	-	-	305,531	(305,531)	-	-	-
Dividends – 2007	-	-	-	-	(1,218,248)	(1,218,248)	-	(1,218,248)
Board meetings allowance	-	-	-	-	(3,310)	(3,310)	-	(3,310)
Share based payments	-	-	-	-	757	757	-	757
Shares allocated to employees' performance share program	-	-	(1,700)	-	-	(1,700)	-	(1,700)
Issuance of shares under employees' performance share program (note 24)	-	-	1,462	-	-	1,462	-	1,462
Purchase of treasury shares (note 25)	-	(1,113)	-	-	-	(1,113)	-	(1,113)
Movement in non-controlling interest, net	-	-	-	-	-	-	(90,731)	(90,731)
Balance at 31 December 2008 (restated)	**6,091,239**	**(1,113)**	**(1,684)**	**14,431,863**	**7,586,228**	**28,106,533**	**494,352**	**28,600,885**

The attached notes 1 to 33 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2009 *(US $1.00 = AED 3.673)*

	Share capital AED'000	Treasury shares AED'000	Employees' performance share program AED'000	Reserves AED'000	Retained earnings AED'000	Total AED'000	Non controlling interest AED'000	Total equity AED'000
	Attributable to equity holders of the parent							
Balance at 1 January 2009 (audited)	**6,091,239**	**(1,113)**	**(1,684)**	**14,431,863**	**15,480,448**	**36,000,753**	**561,601**	**36,562,354**
Effect of change in accounting policy (note 2.2)	-	-	-	-	(7,894,220)	(7,894,220)	(67,249)	(7,961,469)
Balance at 1 January 2009 (restated)	**6,091,239**	**(1,113)**	**(1,684)**	**14,431,863**	**7,586,228**	**28,106,533**	**494,352**	**28,600,885**
Profit for the year	-	-	-	-	327,315	327,315	(37,939)	289,376
Other comprehensive income for the year	-	-	-	246,778	-	246,778	6,504	253,282
Total comprehensive income/ (loss) for the year	**-**	**-**	**-**	**246,778**	**327,315**	**574,093**	**(31,435)**	**542,658**
Transfer to reserves (note 26)	-	-	-	32,732	(32,732)	-	-	-
Board meetings allowance	-	-	-	-	(3,310)	(3,310)	-	(3,310)
Write down of non-controlling interest of a subsidiary (note 7)	-	-	-	-	-	-	(278,079)	(278,079)
Movement in non-controlling interest, net	-	-	-	-	-	-	16,854	16,854
Balance at 31 December 2009	**6,091,239**	**(1,113)**	**(1,684)**	**14,711,373**	**7,877,501**	**28,677,316**	**201,692**	**28,879,008**

The attached notes 1 to 33 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2009

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.

On 27 June 2009, the Company announced that Emaar Properties PJSC and Dubai Holdings LLC (Dubai Holdings) are in progressive discussion with regards to their intention of combining the real estate activities of the Company and the real estate subsidiaries (Dubai Properties LLC, Sama Dubai LLC and Tatweer LLC) of Dubai Holdings. Subsequently on 9 December 2009, the Board of Directors of the Company decided not to proceed with the proposed merger as it was not economically viable in the current economic climate.

On 29 September 2009, Emaar MGF Land Limited ("EMGF"), an associate of the Company domiciled in India, filed its Draft Red Herring Prospectus ("DRHP") with Securities and Exchange Board of India ("SEBI") to enter the capital market with an initial public offer ("IPO") of AED 2,763 million (Indian Rupees 35,000 million). EMGF have received the final observations to its DRHP from SEBI on 18 February 2010.

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ("IASB") 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 have been prepared on a historical cost basis except for derivative financial instruments and financial assets fair value through other comprehensive income that have been measured at fair value.

Basis of consolidation

Subsidiary Companies
The consolidated financial statements comprise the financial statements of Emaar Properties PJSC and its subsidiaries as at 31 December 2009. 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.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position, separately from parent shareholders' equity. Acquisitions of non-controlling 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 consolidated statement of financial position at cost, plus post acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The consolidated income statement reflects the Group's share of the results of its associates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2009

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards and interpretations as of 1 January 2009 and early adoption of IFRS 9, noted below. Except for the impact of IFRIC 15 and the early adoption of IFRS 9, adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group.

IFRS 2 Share-based Payment - Vesting Conditions and Cancellations
The IASB issued an amendment to IFRS 2 which clarifies the definition of vesting conditions and prescribes the treatment for an award that is cancelled. The Group adopted this amendment as of 1 January 2009. It did not have an impact on the financial position or performance of the Group.

The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. The Group adopted this amendment as of 1 January 2009. It did not have an impact on the financial position or performance of the Group.

IFRS 7 Financial Instruments: Disclosures
The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures of the Group are presented in note 13. The liquidity risk disclosures of the Group are not significantly impacted by the amendments and are presented in note 31. The Group has elected not to provide comparative for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

IFRS 8 Operating Segments
This standard requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. Adoption of this standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified under IAS 14 Segment Reporting.

IFRS 9 Financial Instruments (phase 1)
The Group has early adopted IFRS 9 *Financial Instruments (IFRS 9)* in 2009 in advance of its effective date. The Group has chosen 31 December 2009 as its date of initial application (i.e. the date on which the Group has assessed its existing financial assets) as this is the first reporting period end since the first phase of IFRS 9 was issued on 12 November 2009.

Phase 1 of IFRS 9 specifies how an entity should classify and measure its financial assets. It requires all financial assets to be classified in their entirety on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are measured either at amortised cost or fair value. Debt instruments are measured at amortised cost using effective interest rate method only if (i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group has elected to designate debt instruments at the amortised cost after initial measurement. Only financial assets that are classified and measured at amortised cost are tested for impairment.

Investments in equity instruments are designated by the Group as at fair value through other comprehensive income. If the equity instrument is designated as at fair value through other comprehensive income, all gains and losses, except for dividend income recognised in accordance with IAS 18 Revenue, are recognised in the consolidated statement of comprehensive income and are not subsequently reclassified to the consolidated income statement.

The management has reviewed and assessed all of the Group's existing financial assets as at the date of initial application of IFRS 9. As a result:

- the Group's investments in debt instruments meeting the required criteria are measured at amortised cost;
- the Group's equity investments not held for trading have been designated as at fair value through other comprehensive income.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

IFRS 9 Financial Instruments (phase 1) (continued)
The Group has applied the new standard from 1 January 2009 and reclassified with effect from 1 January 2009 all available for sale securities that were still held at 31 December 2009 as fair value through other comprehensive income. Restatement of comparative figures has not been performed following adoption of this standard as it is not required for early adoption of IFRS 9. If IFRS 9 had not been adopted in 2009, the impact of impairment losses on available for sale investments held as of 31 December 2009 would have been to reduce the profit for the year by AED 109 million and to increase the other comprehensive income for the year by the same amount. Earnings per share would have been AED 0.04 per share. There is no impact on total comprehensive income or equity following the adoption of IFRS 9.

IAS 1 Presentation of Financial Statements (Revised)
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, companies have an option to continue presenting a 'traditional' income statement complemented by a second statement, the statement of comprehensive income (SOCI), or to present a single statement, also named 'statement of comprehensive income', that includes both elements. The Group has taken the option of presenting an income statement complemented by the statement of comprehensive income.

IAS 1 has also introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised standard has required the presentation of a third comparative period in statement of financial position at 1 January 2008 due to the retrospective application of IFRIC 15.

IAS 23 Borrowing Costs
A revised IAS 23 Borrowing Costs was issued in March 2007, and becomes effective for financial years beginning on or after 1 January 2009. The standard has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Group accounting policy was already in accordance with this revised standard.

IAS 32 Financial Instruments: Presentation and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation
The standards have been amended to allow a limited scope exception for puttable financial instruments to be classified as equity if they fulfill a number of specified criteria. The adoption of these amendments did not have any impact on the financial position or performance of the Group.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group.

IAS 40 Investment Property (Amended)
IAS 40 has been amended to bring within its scope investment property under construction. Consequently such property is measured at fair value when completed investment properties are measured at fair value. However, the adoption of this amendment did not have any impact on the financial position of the Group as it uses cost model for measuring its investment properties.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement
These amendments to IFRIC 9 require an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. IAS 39 now states that if an embedded derivative cannot be reliably measured, the entire hybrid instrument must remain classified as at fair value through profit or loss.

IFRIC 13 Customer Loyalty Programmes
IFRIC 13 requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted. The Group does not engage in such transactions.

IFRIC 15 Agreements for the Construction of Real Estate
IFRIC 15 Agreements for the Construction of Real Estate was issued in July 2008 and become effective for annual financial years beginning on or after 1 January 2009. 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. The Group has reviewed the impact of IFRIC 15 in each of the jurisdictions in which it operates and using the guidelines of the interpretation, the Group has determined the appropriate accounting policy for revenue recognition in each jurisdiction.

The impact of the application of the new accounting policy is that in some jurisdictions, transactions which in the past recognised revenue progressively through the construction period will now not have revenue recognised until the time of handover to the buyer.

Accordingly the comparative figures have been restated and adjusted the opening balance of retained earnings as required by IAS 8 Accounting policies, changes in accounting estimates and errors and IFRIC 15. The effects of the change in accounting policy are given below:

Income statement

Year ended 31 December 2008

	As previously reported AED'000	*Increase/ (decrease) AED'000*	*Restated AED'000*
Continuing operation:			
Revenue	14,823,912	(4,106,801)	10,717,111
Cost of revenue	(6,849,281)	1,361,926	(5,487,355)
Other operating income	537,062	(5,639)	531,423
Share of results of associated companies	315,082	(206,460)	108,622
Non-controlling interest	23,042	(67,249)	(44,207)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2009

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)
***IFRIC 15 Agreements for the Construction of Real Estate* (continued)**

Statement of financial position

At 31 December 2008	***As previously reported AED'000***	***Increase/ (decrease) AED'000***	***Restated AED'000***
Assets			
Trade receivables	2,047,678	(989,324)	1,058,354
Other receivables, deposits and prepayments	3,665,732	(154,911)	3,510,821
Development properties	19,177,852	7,621,595	26,799,447
Loans to associates	1,655,400	(19,314)	1,636,086
Investment in associates	8,782,245	(468,475)	8,313,770
Liabilities			
Advances from customers	4,072,537	14,036,887	18,109,424
Trade and other payables	9,766,101	(85,847)	9,680,254
Equity			
Retained earnings	15,480,448	(7,894,220)	7,586,228
Non-controlling interest	561,601	(67,249)	494,352

IFRIC 16 Hedges of a Net Investment in a Foreign Operation
The interpretation is to be applied prospectively. IFRIC 16 provides guidance on the accounting for a hedge of a net investment. As such it provides guidance on identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment, where within the group the hedging instruments can be held in the hedge of a net investment and how an entity should determine the amount of foreign currency gain or loss, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment. The Group has elected to recycle the gain or loss that arises from the direct method of consolidation, which is the method the Group uses to complete its consolidation. As the Group did not dispose off any net investment, it has had no impact on the financial position or performance of the Group.

IFRIC 18 Transfer of Assets from Customers
The interpretation is to be applied prospectively. IFRIC 18 interpretation provide the guidance on how to account for items of property, plant and equipment by recipients which have been received from customers, or cash that is received and used to acquire or construct specific assets. It concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer. The entity must identify the services delivered and allocate the consideration received to each identifiable service, with the credit recognised as revenue in accordance with IAS 18 Revenue. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group.

Improvements to IFRSs
In May 2008 and April 2009 the IASB issued its first omnibus of amendments to its standards, primarily with a view to remove inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

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 statement of financial position. This did not result in any re-classification of financial instruments.

IAS 7 Statement of Cash Flows
Explicitly states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment will impact the presentation in the statement of cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2009

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)
Improvements to IFRSs (continued)

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.

IAS 18 Revenue
The IASB has added guidance (which accompanies the standard) to determine whether an entity is acting as a principal or as an agent. The features to consider are whether the entity:

- has primary responsibility for providing the goods or service
- has inventory risk
- has discretion in establishing prices
- bears the credit risk

The Group has assessed its revenue arrangements against these criteria and concluded that it is acting as principal in all arrangements. The revenue recognition accounting policy has been updated accordingly.

IAS 20 Accounting for Government Grants and Disclosures of Government Assistance
Loans granted with no or low interest will not be exempt from the requirement to impute interest. Interest is to be imputed on loans granted with below-market interest rates. This amendment did not impact the Group.

IAS 23 Borrowing Cost
The definition of borrowing costs is revised to consolidate the two types of items that are considered components of 'borrowing costs' into one - the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39. The Group has amended its accounting policy accordingly which did not result in any change in its financial position.

IAS 36 Impairment of Asset
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 had no immediate impact on the consolidated financial statements of the Group because the recoverable amount of its cash generating units 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.

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Taxes
The Group is subject to income and capital gains taxes in numerous jurisdictions. Significant judgement is required to determine the total provision for current and deferred taxes.

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

Valuation of investment properties
The Group hires the services of third party valuers to obtain estimates of the market value of investment properties for the purposes of their impairment review and disclosures in the consolidated 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 recoverable amount of the non financial assets by reference to the cash-generating unit to which the non financial asset is allocated. Estimating the recoverable amount is by reference to the higher of fair value less costs to sell and 'value in use'. A value in use calculation requires the Group 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 values of those cash flows.

Impairment of accounts receivable
An estimate of the collectible amount of trade receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Useful lives of property, plant and equipment
The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Cost to complete the projects
The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include the cost of providing infrastructure activities, potential claims by sub contractors and the cost of meeting other contractual obligations to the customers.

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
The Group recognises revenue when it is probable that the economic benefits from the sale will flow to the Group, the revenue and costs can be measured reliably and the risks and rewards of ownership of the property have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

In jurisdictions where the Group transfers risks and rewards of ownership of the property in its entirety at a single point of time, revenue and the associated costs are recognised at that point of time. Although this trigger is determined by reference to the sales contract and the relevant local laws, and so may differ from transaction to transaction, in general the Group determines the point of recognition to be the time at which the buyer takes possession of the property.

In jurisdictions where the Group transfers to the buyer control and the significant risks and reward of ownership of the work in progress in its current state as the work progresses, revenues and related costs of development are recognised on a progressive basis using the percentage of completion method.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (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 reporting date.

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 consolidated income statement 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 reporting 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 reporting 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 reporting 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.

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 statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Financial assets
All financial assets are recognised and derecognised on trade date when the purchase or sale of a financial asset is made under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at cost, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date. If quoted market prices are not available, reference can also be made to broker or dealer price quotations.

The fair value of floating rate and overnight deposits with credit institutions is their carrying value. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

Classification of financial assets
For the purposes of classifying financial assets an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer (under IAS 32 Financial Instruments: Presentation) except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are 'debt instruments'.

Equity investments
For subsequent measurements, all financial assets that are equity investments are measured at fair value either through Other Comprehensive Income (OCI) or through profit or loss. This is an irrevocable choice that the Group has made on early adoption of IFRS 9 – Phase 1 or will make on subsequent acquisition of equity investments unless the equity investments are held for trading, in which case, they must be measured at fair value through profit or loss.

Gain or loss on disposal of equity investments is not recycled.

Dividend income for all equity investments are recorded through the consolidated income statement.

Debt instruments
Debt instruments are also measured at fair value through profit or loss unless they are classified at amortised cost. They are classified at amortised cost only if:

i. the asset is held within a business model whose objective is to hold the asset to collect the contractual cash flows; and
ii. the contractual terms of the debt instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Foreign exchange gains and losses
The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange component forms part of its fair value gain or loss. For financial assets classified as at fair value through profit or loss, the foreign exchange component is recognised in the consolidated income statement. For financial assets designated as at fair value through other comprehensive income any foreign exchange component is recognised in the consolidated statement of comprehensive income. For foreign currency denominated debt instruments classified at amortised cost, the foreign exchange gains and losses are determined based on the amortised cost of the asset and are recognised in the 'other gains and losses' line item in the consolidated statement of comprehensive income.

Derecognition of financial assets
A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired,
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement,
- The Group has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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. Cost includes:

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

Non refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when the related revenue is recognised.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

The cost of development properties recognised in consolidated income statement on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

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

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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 centers	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
Leisure, entertainment & other assets	2 - 25 years

No depreciation is charged on capital work in progress. The useful lives 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 consolidated 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 reporting 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2009

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 consolidated 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 reporting 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 consolidated 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 statement of financial position 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 IFRS 8 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 off, the goodwill associated with the operation disposed off 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.

Goodwill is tested for impairment annually (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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2009

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments
The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts. Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates derivatives as hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability.

Hedge accounting
The Group designates certain hedging instruments, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Fair value hedges
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the consolidated statement of comprehensive income relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to the consolidated income statement from that date.

Cash flow hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement, and is included in the 'other gains and losses' line item. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in the consolidated income statement, in the same line of the consolidated statement of comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated income statement. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the consolidated income statement.

Impairment of financial assets
The Group assesses at each reporting 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2009

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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, are 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 reporting date. All differences are taken to consolidated income statement. 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 reporting 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 the consolidated statement of comprehensive income. On disposal of an entity, the deferred cumulative amount recognised in equity relating to that entity is recognised in the consolidated 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.

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 dividends are paid on these shares.

2.5 NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The IASB and IFRIC have issued a number of standards and interpretations with an effective date after the date of these financial statements. The management has set out below only those which may have a material impact on the financial statements in future periods.

IFRS 3 (Revised) Business Combinations and IAS 27 (Amended) Consolidated and Separate Financial Statements
The revised standards are effective prospectively for business combinations affected in financial periods beginning on or after 1 July 2009. IFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

IAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) to be accounted for as an equity transaction. Therefore, such a transaction would no longer give rise to goodwill, nor give rise to a gain or loss.

IAS 17 Leases – amendment
This amendment is effective for financial periods beginning on or after 1 January 2010. This amendment deletes much of the existing wording in the standard to the effect all leases of land (where title does not pass) were operating leases. The amendment requires that in determining whether the lease of land (either separately or in combination with other property) is an operating or a finance lease, the same criteria are applied as for any other asset. This may have the impact in the future that more leases of land will be treated as finance leases rather than operating leases.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
This amendment was issued in July 2008 and is effective for financial years beginning on or after 1 July 2009. The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations.

3 SEGMENT INFORMATION

Business segments:
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 retail, residential and commercial leasing activities. Other segments include businesses that individually do not meet the criteria for a reportable segment as per IFRS 8. These businesses are property management services, education, healthcare, hospitality and investment in providers of financial services.

Income from sources other than the real estate segment and hospitality 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.

Business segments
The following table represents revenue and profit information and certain asset and liability information regarding business segments for the years ended 31 December 2009 and 2008.

2009:	*Real estate AED'000*	*Others AED'000*	*Eliminations AED'000*	*Total AED'000*
Revenue				
Revenue from external customers	7,759,369	667,155	(13,262)	8,413,262
Total revenue	7,759,369	667,155	(13,262)	8,413,262
Results				
Profit for the year before impairment of assets, income tax, finance costs, finance income, share of results of associated companies	2,573,623	(56,247)	(14,522)	2,502,854
Assets and liabilities				
Segment assets	60,475,682	9,965,633	(6,296,517)	64,144,798
Segment liabilities	35,038,541	5,687,519	(5,460,270)	35,265,790
Other Segment Information				
Capital expenditure (property, plant and equipment)	610,007	1,123,803	-	1,733,810
Depreciation (property, plant and equipment)	164,264	157,936	-	322,200

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3 SEGMENT INFORMATION (continued)

Business segments (continued)

2008 (restated):

	Real estate AED'000	*Others AED'000*	*Eliminations AED'000*	*Total AED'000*
Revenue				
Revenue from external customers	10,145,285	576,950	(5,124)	10,717,111
Total revenue	10,145,285	576,950	(5,124)	10,717,111
Results				
Profit for the year before impairment of assets, income tax, finance costs, finance income, share of results of associated companies	3,856,406	(119,725)	(2,642)	3,734,039
Assets and liabilities				
Segment assets	62,197,116	9,203,522	(4,720,269)	66,680,369
Segment liabilities	37,818,036	4,382,967	(4,121,519)	38,079,484
Other Segment Information				
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

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 2009 and 2008.

2009:

	Domestic AED'000	*International AED'000*	*Total AED'000*
Revenue			
Revenue from external customers	7,775,828	637,434	8,413,262
Total revenue	7,775,828	637,434	8,413,262
Assets			
Segment assets	40,814,181	15,470,013	56,284,194
Investment in associates	2,175,987	5,684,617	7,860,604
Total assets	42,990,168	21,154,630	64,144,798
Other Segment Information			
Capital expenditure (property, plant and equipment)	1,583,963	149,847	1,733,810

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2009

3 SEGMENT INFORMATION (continued)

Geographic segments (continued)

2008 (restated):

	Domestic AED'000	*International AED'000*	*Total AED'000*
Revenue			
Revenue from external customers	10,623,202	93,909	10,717,111
Total revenue	10,623,202	93,909	10,717,111
Assets			
Segment assets	41,191,333	17,175,266	58,366,599
Investment in associates	2,552,415	5,761,355	8,313,770
Total assets	43,743,748	22,936,621	66,680,369
Other Segment Information			
Capital expenditure (property, plant and equipment)	5,471,970	376,218	5,848,188

4 REVENUE AND COST OF REVENUE

	2009 AED'000	*2008 AED'000 (Restated)*
Revenue		
Revenue from property sales:		
Sale of condominiums	**4,312,397**	6,052,642
Sale of villas	**1,728,705**	2,511,140
Sale of plots of land	**135,194**	612,726
Sale of commercial and others	**59,910**	464,696
Revenue from hospitality	**667,155**	576,949
Rental income from leased properties and related income	**1,509,901**	498,958
	8,413,262	10,717,111
Cost of revenue		
Cost of revenue of property sales:		
Cost of condominiums	**2,802,559**	3,868,877
Cost of villas	**753,680**	904,973
Cost of plots of land	**8,957**	24,621
Cost of commercial and others	**32,786**	144,337
Operating cost of hospitality	**447,732**	366,653
Operating cost of leased properties	**268,092**	177,894
	4,313,806	5,487,355

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2009

5 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2009 AED'000	*2008 AED'000*
Payroll and related expenses	**453,536**	600,625
Sales and marketing expenses	**188,844**	379,547
Depreciation of property, plant and equipment (note 16)	**322,200**	208,996
Depreciation of investment properties (note 17)	**313,512**	85,637
Property management expenses	**66,926**	70,671
Land registration fees	**72,498**	96,930
Provision for doubtful debts/ write off	**94,484**	-
Pre-operating expenses	**51,737**	69,462
Other expenses	**348,128**	392,870
	1,911,865	1,904,738

6 FINANCE INCOME

	2009 AED'000	*2008 AED'000*
Finance income on fixed deposits with banks	**156,815**	253,829
Other finance income	**198,918**	167,793
	355,733	421,622

7 DISCONTINUED OPERATIONS

On 19 February 2009, the Group's US subsidiary, WL Homes LLC along with its affiliates, filed Chapter 11 petitions in the US Bankruptcy Court for the District of Delaware. The Chapter 11 process allows reorganisation of the company's debts and the continuation of operations during the reorganisation process. On 5 June 2009 the bankruptcy court had ordered the conversion from reorganisation under Chapter 11 to liquidation under Chapter 7 due to the restructuring plan not being acceptable to unsecured creditors. As a result, the carrying values of the net assets relating to WL Homes LLC were fully written off during the year.

The results for the year from discontinued operations and the carrying value of the net assets written off relating to WL Homes LLC as at 31 December 2009 were as follows:-

	2009 AED'000	*2008 AED'000*
Revenue	**5,637**	1,191,221
Cost of revenue	**(28,337)**	(2,354,494)
Gross loss for the year	**(22,700)**	(1,163,273)
Selling, general and administrative expenses	**(45,768)**	(377,859)
Net finance cost	**(220)**	(5,360)
Other income	**7,089**	51,617
Share of results of associated companies (note 15)	**(3,544)**	(50,438)
Impairment of Goodwill	**-**	(2,522,577)
Net loss for the year	**(65,143)**	(4,067,890)

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At 31 December 2009

7 DISCONTINUED OPERATIONS (continued)

Net assets written off

	2009 AED'000	*2008 AED'000*
Assets		
Bank balances and cash	**94,139**	-
Other receivables, deposits and prepayments	**177,370**	-
Development properties	**3,284,004**	-
Investments in associates	**296,382**	-
Property, plant and equipment	**7,647**	-
Total assets	**3,859,542**	-
Liabilities		
Trade and other payables	**177,924**	-
Interest-bearing loans and borrowings	**1,706,763**	-
Non controlling interest	**278,079**	-
Total liabilities	**2,162,766**	-
Net assets written off	**(1,696,776)**	-
Net loss from discontinued operations	**(1,761,919)**	(4,067,890)
ATTRIBUTABLE TO:		
Equity holders of the parent	**(1,762,655)**	(4,070,068)
Non-controlling interest	**736**	2,178
	(1,761,919)	(4,067,890)
Earnings per share attributable to equity holders:		
- basic and diluted earnings per share	**AED (0.29)**	AED (0.67)

The cash flow statement of the discontinued operations is as follows:

	2009 AED'000	*2008 AED'000*
Cash used in operating activities	**(117,946)**	(599,982)
Cash from/ (used in) investing activities	**43,482**	(106,071)
Cash used in financing activities	**(38,579)**	(831,146)
Net cash used in discontinued operations	**(113,043)**	(1,537,199)

The Group has established a new subsidiary company EJL Homes LLC ("EJL") in United States of America (USA). The EJL's registered office is at Delaware, USA. The principal activity of EJL is property investment and development. EJL has acquired certain assets and liabilities of WL Homes LLC.

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8 INCOME TAX

	2009 *AED'000*	*2008* *AED'000*
Income statement:		
Current income tax expense	**(233)**	(5,626)
Deferred income tax	**23,774**	8,195
	23,541	2,569
Current liabilities:		
Balance at 1 January	**17,091**	21,555
For the year	**233**	5,626
Paid during the year	**(3,231)**	(10,090)
Balance at 31 December	**14,093**	17,091

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.

	2009 *AED'000*	*2008* *AED'000* *(Restated)*
The relationship between the tax expense and the accounting profit can be explained as follows:		
Accounting profit before tax	**265,835**	120,988
Effect of higher tax rates in other jurisdictions	**(233)**	(5,626)
Effective income tax rate	**0.09%**	4.65%

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

9 BANK BALANCES AND CASH

	2009 *AED'000*	*2008* *AED'000*
Cash in hand	**7,508**	5,041
Current and call deposit accounts	**722,458**	987,688
Fixed deposits maturing within three months	**1,130,192**	4,182,494
Cash and cash equivalents	**1,860,158**	5,175,223
Deposits under lien (note 22)	**387,557**	-
Fixed deposits maturing after three months	**19,120**	217,763
	2,266,835	5,392,986
Bank balances and cash located:		
Within UAE	**1,777,815**	4,511,892
Outside UAE	**489,020**	881,094
	2,266,835	5,392,986

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9 BANK BALANCES AND CASH (continued)

Bank balances and cash denominated in following currencies:

	2009 *AED'000*	*2008* *AED'000*
United Arab Dirham (AED)	**1,777,815**	4,511,892
United States Dollar (USD)	**42,398**	304,707
Egyptian Pound (EGP)	**251,014**	203,788
Moroccan Dirham (MAD)	**7,850**	99,413
Other currencies	**187,758**	273,186
	2,266,835	5,392,986

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 1% and 5% per annum (2008: between 6% and 8% per annum).

10 TRADE RECEIVABLES

	2009 *AED'000*	*2008* *AED'000* *(Restated)*	*2007* *AED'000* *(Restated)*
Amounts receivable within 12 months, net	**749,563**	637,914	898,020
Amounts receivable after 12 months, net	**231,791**	420,440	365,675
	981,354	1,058,354	1,263,695

Trade receivables include AED 414,162 thousands (2008: AED 865,413 thousands, 2007: AED 909,303 thousands) relating to sale of properties where the amounts are payable in installments and these installments are accrued but not yet due under the agreed credit terms.

The above trade receivables are net off AED 58,539 thousands (2008: nil, 2007: nil) relating to provision for doubtful debts.

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

			Past due but not impaired			
	Total *AED'000*	*Neither past due nor impaired* *AED'000*	*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*
2009	**981,354**	**480,114**	**186,390**	**66,826**	**61,692**	**186,332**
2008 (Restated)	1,058,354	865,413	111,325	30,334	12,372	38,910
2007 (Restated)	1,263,695	1,095,174	117,447	13,358	4,947	32,769

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11 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2009 **AED'000**	2008 AED'000 (Restated)	2007 AED'000
Advances to contractors and others	**1,029,460**	1,209,716	1,034,137
Advances for acquisition of leasehold interests	**1,234,612**	1,028,924	823,201
Prepayments	**114,930**	174,442	179,549
Receivables from service companies	**137,001**	172,653	42,754
Deposits for acquisition of land and subsidiary	**89,215**	121,963	101,400
Value added tax recoverable	**164,419**	119,664	-
Accrued interest and other income	**33,549**	67,025	80,936
Recoverable from non controlling interest	**14,414**	28,855	36,876
Other deposits and receivables	**393,697**	587,579	406,379
	3,211,297	3,510,821	2,705,232

12 DEVELOPMENT PROPERTIES

	2009 **AED'000**	2008 AED'000 (Restated)	2007 AED'000 (Restated)
Balance at the beginning of the year	**26,799,447**	22,302,917	13,441,087
Add: cost incurred during the year	**6,726,854**	11,793,832	14,496,968
Add: transfer from investment property (note 17)	**4,520,750**	-	1,875,000
Less: cost transferred to cost of revenue during the year	**(3,626,319)**	(7,297,302)	(7,510,138)
Less: impairment of development properties (refer note below)	**(61,010)**	-	-
Less: write down of development properties relating to discontinued operations (note 7)	**(3,284,004)**	-	-
Balance at the end of the year	**31,075,718**	26,799,447	22,302,917
Development properties located:			
Within UAE	**20,440,293**	14,487,581	11,714,857
Outside UAE	**10,635,425**	12,311,866	10,588,060
	31,075,718	26,799,447	22,302,917

Management of the Group has assessed its development properties for impairment as at 31 December 2009. Based on the review, the Group has provided an impairment loss of AED 61,010 thousands (2008: nil, 2007: nil) relating to initial cost incurred on certain abandoned international projects and excess of carrying value over the realisable value of certain development properties.

The fair value of the development properties is determined by the Group based on valuations carried out by independent valuers. The fair value of the development properties is determined by reference to the discounted net cash flow, which depict the residual value of the group in development properties net of amount collected from sales and the cost incurred to date. Accordingly, the fair value of development properties is arrived at AED 35,231,714 thousands (2008: AED 42,275,446 thousands).

For the purpose of comparison of fair value to the carrying value of development properties, which comprise of the cost incurred to date for the projects under construction and unsold inventory, the realised value from sale of the properties under construction is added to the above stated fair value.

The fair value of the development properties including the realised value from sale of properties under construction of AED 15,323,922 thousands (2008: AED 16,912,611 thousands) is AED 50,555,636 thousands (2008: AED 59,188,057 thousands) compared to the carrying value of AED 31,075,718 thousands (2008: AED 26,799,447 thousands).

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13 SECURITIES

	2009 **AED'000**	2008 AED'000
Financial assets at fair value through other comprehensive income	**936,661**	867,122
Securities located:		
Within UAE	**906,042**	844,668
Outside UAE	**30,619**	22,454
	936,661	867,122

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	2009 ***AED'000***	***Level 1*** ***AED'000***	***Level 2*** ***AED'000***	***Level 3*** ***AED'000***
Financial assets at fair value through other comprehensive income	936,661	107,270	496,246	333,145

Financial assets at fair value through other comprehensive income include fund investments managed by an external fund manager. Equity investments are in quoted, unquoted and index linked securities.

14 LOANS TO ASSOCIATES

	2009 **AED'000**	2008 AED'000 (Restated)	2007 AED'000 (Restated)
Amlak Finance PJSC (i)	**875,580**	932,904	248,667
Emaar MGF Land Limited and their related parties (ii)	**460,131**	397,597	-
Golden Ace Pte Ltd (iii)	**608,286**	132,425	116,276
Prestige Resorts SA	**-**	70,000	70,000
Amelkis Resorts SA	**33,234**	54,569	54,563
Other associates	**27,915**	48,591	48,323
	2,005,146	1,636,086	537,829

(i) The amount owed by Amlak Finance PJSC ("Amlak") is unsecured and earns an average return ranging from 3% to 4.5% per annum (2008: average return ranging from 3% to 7% per annum).

The above loan includes AED 634,025 thousands relates to the credit facility extended to Amlak in the normal course of business for settlement of instalment payments relating to sale of properties, where customers have availed financing facility from Amlak. An amount of AED 196,615 thousands was received from Amlak during the year ended 31 December 2009. The Group's management believes that the loan due from Amlak is fully recoverable (also refer note 15 (ii)).

(ii) The amounts owed by Emaar MGF Land Limited and their related parties are unsecured and earns a compound return of 15% per annum (2008: 10% per annum).

(iii) The amount owed by Golden Ace Pte Ltd is unsecured and earns a return ranging from 5.03% to 11.20% per annum (2008: 6.36% per annum).

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15 INVESTMENTS IN ASSOCIATES

	2009 AED'000	*2008 AED'000 (Restated)*	*2007 AED'000 (Restated)*
Carrying value of investment in:			
Emaar MGF Land Limited	**2,901,579**	2,745,198	3,592,632
Emaar The Economic City (Saudi Joint Stock Company) – quoted (i)	**2,348,919**	2,486,278	2,536,543
Amlak Finance PJSC – quoted (ii)	**944,418**	1,113,598	1,036,386
Dubai Banking Group PJSC (iii)	**429,653**	762,284	764,179
Emaar Bawadi LLC	**359,398**	253,593	-
Turner International Middle East Ltd	**225,364**	226,038	220,741
Emaar Industries and Investment (Pvt) JSC	**198,384**	179,479	145,479
Dead Sea Company for Tourist and Real Estate Investment	**137,502**	137,836	136,864
Emrill Services LLC	**14,601**	11,244	7,113
Emaar Financial Services LLC	**6,468**	6,179	43,299
Other associates	**294,318**	392,043	362,046
	7,860,604	8,313,770	8,845,282

(i) The market value of the shares held in Emaar The Economic City (quoted on the Saudi Stock Exchange – Tadawul) as at 31 December 2009 was AED 2,487,775 thousands (2008: AED 2,319,957 thousands, 2007: AED 5,740,134 thousands).

(ii) On 23 November 2008, the UAE Ministry of Finance announced that it has started the official procedure to merge Amlak Finance PJSC ("Amlak") and Tamweel PJSC ("Tamweel"), 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 was suspended pending merger. On 4 February 2009, the Ministry of Finance has formed a Steering Committee with the aim to review merger of Amlak and Tamweel and recommend possible ways the two companies can go forward. The Steering Committee in connection with the proposed merger is evaluating various options to secure sustainable funding in order to enable Amlak to continue to meet its commitments. The Steering Committee is expected to give its recommendation to the government on the restructuring plan in near future. The Group's management is not in a position to assess its investments for any impairment pending the recommendations from the Steering Committee. The market value of the shares held in Amlak (quoted on Dubai Financial Market) at the date of suspension of trading was AED 735,677 thousands (2008: AED 735,677 thousands, 2007: AED 3,700,024 thousands).

(iii) During the year 2007, Dubai Banking Group PJSC ("DBG"), an associate of the Company, invested in convertible bonds of Shuaa Capital PSC ("Shuaa"), convertible into shares at conversion price of AED 6 per share upon maturity of the bond (which was originally 31 October 2008 and extended upto 31 October 2009). Subsequently in July 2009 through a settlement agreement between DBG and Shuaa, the conversion price and number of shares were adjusted to AED 2.91 per share providing 48% voting rights to DBG in Shuaa. Based on the revised conversion price in comparison with then prevailing market price of Shuaa, DBG has recorded an impairment of AED 514,000 thousands in respect of their investment in Shuaa. Accordingly, the Group has recorded its share of impairment of AED 154,200 thousands for its 30% interest in DBG.

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15 INVESTMENTS IN ASSOCIATES (continued)

The Group has the following ownership interest in its significant associates:

	Country of incorporation	*Ownership 2009*	*Ownership 2008*
Emaar MGF Land Limited	India	**43.86%**	43.33%
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 Banking Group PJSC	UAE	**30.00%**	30.00%
Emaar Industries and Investments (Pvt) JSC	UAE	**40.00%**	40.00%
Emaar Financial Services LLC	UAE	**37.50%**	37.50%
Emrill Services LLC	UAE	**33.33%**	33.33%
Prestige Resorts SA	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	UAE	**50.00%**	50.00%
Dead Sea Company for Tourist and Real Estate Investment	Jordan	**29.33%**	29.33%

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

	2009 AED'000	*2008 AED'000 (Restated)*	*2007 AED'000 (Restated)*
Group's share in assets and liabilities of its associates:			
Current assets	**17,797,314**	12,194,378	8,788,969
Non-current assets	**5,850,908**	12,862,725	7,345,845
Total assets	**23,648,222**	25,057,103	16,134,814
Current liabilities	**14,140,088**	15,250,358	7,616,782
Non-current liabilities	**3,242,446**	2,938,930	1,978,475
Total liabilities	**17,382,534**	18,189,288	9,595,257
Net assets	**6,265,688**	6,867,815	6,539,557
Goodwill	**1,594,916**	1,445,955	1,445,955
Investment in preference shares	**-**	-	859,770
	7,860,604	8,313,770	8,845,282
Share of associates' revenues and results:			
Revenues	**1,795,209**	1,587,543	1,540,828
Results:			
Continuing operations	**(534,469)**	108,622	169,628
Discontinued operation (refer note 7)	**(3,544)**	(50,438)	(29,296)
	(538,013)	58,184	140,332

16 PROPERTY, PLANT AND EQUIPMENT (continued)

	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*	*Leisure, entertainment and other assets AED'000*	*Capital work-in- progress AED'000*	*Total AED'000*
Cost:									
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 17)	-	-	-	-	-	-	-	(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)
At 31 December 2008	**52,662**	**2,167,033**	**171,633**	**453,712**	**25,760**	**379,837**	**274,143**	**2,368,396**	**5,893,176**
Accumulated depreciation/ impairment:									
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)
At 31 December 2008	**20,814**	**186,977**	**72,989**	**71,856**	**10,855**	**108,811**	**6,678**	**-**	**478,980**
Net carrying amount:									
At 31 December 2008	**31,848**	**1,980,056**	**98,644**	**381,856**	**14,905**	**271,026**	**267,465**	**2,368,396**	**5,414,196**

16 PROPERTY, PLANT AND EQUIPMENT

	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*	*Leisure, entertainment and other assets AED'000*	*Capital work-in- progress AED'000*	*Total AED'000*
Cost:									
At 1 January 2009	**52,662**	**2,167,033**	**171,633**	**453,712**	**25,760**	**379,837**	**274,143**	**2,368,396**	**5,893,176**
Additions	9,585	113,030	64,360	186,684	15,062	1,469	138,791	1,204,829	1,733,810
Transfers	-	1,201,005	1,008	83,044	-	11,940	453,563	(1,750,560)	-
Disposals	(4,035)	(2,711)	(560)	(3)	(1,245)	(2,767)	(703)	-	(12,024)
Impairment/ write off (refer note below)	(21,999)	-	(6,293)	-	-	(8,557)	-	-	(36,849)
Foreign currency translation differences	6,793	6,509	3,808	2,560	106	1,913	(920)	7,201	27,970
At 31 December 2009	**43,006**	**3,484,866**	**233,956**	**725,997**	**39,683**	**383,835**	**864,874**	**1,829,866**	**7,606,083**
Accumulated depreciation/impairment:									
At 1 January 2009	**20,814**	**186,977**	**72,989**	**71,856**	**10,855**	**108,811**	**6,678**	**-**	**478,980**
Depreciation charge for the year	12,258	94,219	74,713	51,928	11,102	38,774	39,661	-	322,655
Disposals	(2,006)	(118)	(287)	-	(725)	(897)	(538)	-	(4,571)
Impairment/ write off (refer note below)	(8,974)	-	(8,933)	-	-	(5,518)	-	-	(23,425)
Foreign currency translation differences	3,299	1,112	2,703	1,226	169	2,431	(201)	-	10,739
At 31 December 2009	**25,391**	**282,190**	**141,185**	**125,010**	**21,401**	**143,601**	**45,600**	**-**	**784,378**
Net carrying amount:									
At 31 December 2009	**17,615**	**3,202,676**	**92,771**	**600,987**	**18,282**	**240,234**	**819,274**	**1,829,866**	**6,821,705**

During the year ended 31 December 2009, an amount of AED 18,607 thousands (2008: AED 123,667 thousands) was capitalised as cost of borrowings for the construction of these assets.

At 31 December 2009, the fair value of revenue generating assets is AED 5,163,394 thousands (2008: AED 4,228,028 thousands) compared with a carrying value of AED 4,157,918 thousands (2008: AED 2,582,492 thousands).

During the current year the Group has written off property, plant and equipment related to WL Homes LLC having net book value of AED 7,647 thousands. In addition, the Group had also impaired certain assets located in United Kingdom having net book value of AED 5,777 thousands.

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16 PROPERTY, PLANT AND EQUIPMENT (continued)

The depreciation charge for the year is allocated as follows:

	2009 AED'000	*2008 AED'000*
Continuing operations	**322,200**	208,996
Discontinued operation	**455**	6,415
	322,655	215,411

17 INVESTMENT PROPERTIES

	Land AED'000	*Buildings AED'000*	*Furniture and fixtures AED'000*	*Total AED'000*
Cost				
At 1st January 2009	**4,548,847**	**8,821,662**	**3,606**	**13,374,115**
Additions	-	132,153	-	132,153
Transfers to development properties (note 12)	(4,520,750)	-	-	(4,520,750)
At 31 December 2009	**28,097**	**8,953,815**	**3,606**	**8,985,518**
Accumulated depreciation:				
At 1 January 2009	**-**	**122,613**	**3,306**	**125,919**
Depreciation charge for the year	-	313,417	95	313,512
At 31 December 2009	**-**	**436,030**	**3,401**	**439,431**
Net carrying amount:				
At 31 December 2009	**28,097**	**8,517,785**	**205**	**8,546,087**

	Land AED'000	*Buildings AED'000*	*Furniture and fixtures AED'000*	*Total AED'000*
Cost:				
At 1 January 2008	4,548,847	1,123,402	3,606	5,675,855
Additions	-	149,026	-	149,026
Transfers from property, plant and equipments (note 16)	-	7,549,234	-	7,549,234
At 31 December 2008	4,548,847	8,821,662	3,606	13,374,115
Accumulated depreciation:				
At 1 January 2008	-	37,076	3,206	40,282
Depreciation charge for the year	-	85,537	100	85,637
At 31 December 2008	-	122,613	3,306	125,919
Net carrying amount:				
At 31 December 2008	4,548,847	8,699,049	300	13,248,196

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17 INVESTMENT PROPERTIES (continued)

During the year ended 31 December 2009, the cost relating to plot of land at L'Usailly, UAE amounting to AED 4,520,750 thousands was transferred from investment properties to development properties upon commencement of development.

The fair value of investment properties is AED 14,981,486 thousands (2008: AED 24,701,919 thousands) compared with a carrying value of AED 8,546,087 thousands (2008: AED 13,248,196 thousands).

Investment properties represent Group's interest in land and buildings situated within United Arab Emirates.

18 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:

	Recognised on acquisition AED'000	***Carrying value AED'000***
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 equipment	**5,452**	**5,452**
	2,272,959	**2,174,819**
Trade and other payables	**176,151**	**176,151**
Interest-bearing loans and borrowings	**1,631,558**	**1,631,558**
	1,807,709	**1,807,709**
Net assets acquired	**465,250**	**367,110**
Less: interest held by the Group prior to acquisition	**(279,150)**	
Total acquisition cost	**186,100**	

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

Cash outflow on acquisition:

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

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

19 GOODWILL

	2009 AED'000	2008 AED'000
Balance at 1 January	**439,391**	2,961,968
Impaired during the year (i)	**-**	(2,522,577)
Balance at 31 December	**439,391**	439,391

(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 had 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 had decided to write down the entire goodwill of AED 2,522,577 thousands recorded at the time of acquisition. Subsequently, during the year ended 31 December 2009 the Group has written down its entire net investment in WL Homes LLC (refer note 7).

(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.

20 ADVANCES FROM CUSTOMERS

	2009 AED'000	2008 AED'000 (Restated)	2007 AED'000 (Restated)
Balance at 1 January	**18,109,424**	14,093,599	8,573,883
Add: amount collected during the year	**5,530,384**	15,347,208	18,452,827
Less: revenue recognised during the year	**(7,751,744)**	(11,331,383)	(12,933,111)
Balance at 31 December	**15,888,064**	18,109,424	14,093,599

21 TRADE AND OTHER PAYABLES

	2009 AED'000	2008 AED'000 (Restated)	2007 AED'000
Project contract cost accruals	**5,485,910**	5,523,867	2,799,037
Other payables and accruals	**1,852,346**	1,871,271	1,706,598
Trade payables	**1,214,591**	1,295,644	502,271
Payable to non controlling interest	**901,185**	891,556	828,016
Dividends payable	**77,257**	80,825	61,422
Income tax payable (note 8)	**14,093**	17,091	21,555
	9,545,382	9,680,254	5,918,899

22 INTEREST-BEARING LOANS AND BORROWINGS

	2009 AED'000	2008 AED'000
Balance at 1 January	**9,174,165**	7,703,753
Borrowings drawn down during the year	**2,004,542**	2,802,400
Borrowings repaid during the year	**(808,620)**	(537,160)
Net borrowings during the year relating to discontinued operations	**(38,220)**	(794,828)
Write down of borrowing relating to discontinued operations (refer note 7)	**(1,706,763)**	-
Balance at 31 December	**8,625,104**	9,174,165
Maturing within 12 months	**4,499,761**	4,563,896
Maturing after 12 months	**4,125,343**	4,610,269
Balance at the end of the year	**8,625,104**	9,174,165
The above represent balances due:		
Within UAE	**4,726,826**	3,911,693
Outside UAE	**3,898,278**	5,262,472
	8,625,104	9,174,165

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

Secured

- Indian Rupees (INR) 1,287,501 thousands (AED 101,655 thousands) loan from financial institutions, secured by way of first charge on certain immovable properties and receivables in India, carries interest at bench mark rate plus 3.33% per annum. This loan is payable in quarterly installments and fully repayable by 2016.

- United States Dollar (USD) 13,073 thousands (AED 48,018 thousands) loan from commercial bank, secured against real estate owned by Group in Turkey, carries interest at US$ LIBOR plus 1.20% per annum. Loan is fully repayable by 2010.

- Canadian Dollar (CAD) 21,184 thousands (AED 74,218 thousands) loan from financial institution, secured against real estate owned by the Group in Canada, carries interest at Prime Rate plus 5.75% per annum and fully repayable by 2010.

- Canadian Dollar (CAD) 4,515 thousands (AED 15,819 thousands) loan from financial institution, secured against real estate owned by the Group in Canada, carries interest at 9.50% per annum and fully repayable by 2010.

22 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Secured (continued)

- Great British Pound (GBP) 4,700 thousands (AED 27,886 thousands) loan from financial institution, secured against Group's specific lease hold properties, carries interest at bank's base rate plus 1.50% per annum.

- USD 303,000 thousands (AED 1,112,919 thousands) loan from commercial bank, secured against real estate owned by Group in Turkey, carries interest at US$ LIBOR plus 4.75% per annum and is repayable in 2010. The bank issuing stand by letter of credit facility has lien on certain cash collateral amounting to AED 387,557 thousands (note 9).

- USD 22,559 thousands (AED 82,859 thousands) of funding facility from financial institutions, secured against real estate owned by Group in United States of America (USA), carries interest rate at US$ LIBOR plus 7.50% per annum fully repayable in 2010.

- USD 60,000 thousands (AED 220,380 thousands) loan from commercial bank, secure against certain assets owned by Group in United Arab Emirates (UAE) carries interest rate at bank's base rate plus 4% per annum and fully repayable by 2011.

- Pakistani Rupee (PKR) 776,758 thousands (AED 33,874 thousands) loan from commercial bank, secure against receivables from projects in Pakistan and carries interest rate at KIBOR plus 2% per annum.

- Lebanese Pound (LBP) 38,441,250 thousands (AED 93,976 thousands) long term loan from commercial bank, secured against certain assets in Lebanon and carries interest rate at benchmark rate plus 1% per annum and fully repayable by 2011.

Unsecured

- AED 150,000 thousands of short term loan from commercial bank carries interest rate at EIBOR plus 5% per annum and fully repayable by 2010.

- AED 200,000 thousands of short term loan from commercial bank carries interest rate at FDR plus 1% per annum and fully repayable by 2010.

- AED 350,000 thousands of short term loan from commercial bank carries interest rate at 8.25% per annum and fully repayable by 2010.

- AED 125,000 thousands of short term loan from commercial bank carries interest rate at 6.50% per annum and fully repayable by 2010.

- AED 8,446 thousands long term loan from commercial bank carries interest rate at 7.50% per annum and fully repayable by 2013.

- USD 80,000 thousands (AED 293,840 thousands) loan from financial institutions in the USA, carries interest at US LIBOR plus 0.60% per annum and fully repayable by 2010.

- Pakistani Rupee (PKR) 4,024,654 thousands (AED 175,513 thousands) loan from commercial bank, bearing interest at KIBOR plus 2.50% per annum.

- 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 2% per annum.

- Egyptian Pound (EGP) 1,021,493 thousands (AED 684,012 thousands) of funding facilities from commercial banks, carries interest at rates at 11% to 13.5% per annum.

- USD 50,000 thousands (AED 183,650 thousands) loan from commercial bank, carries interest at 8.75% per annum and is repayable in 2010.

- USD 48,000 thousands (AED 176,304 thousands) loan from commercial bank, carries interest at US$ LIBOR plus 3.15% per annum and is repayable in 2010.

22 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Unsecured (continued)

- USD 50,000 thousands (AED 183,650 thousands) loan from commercial bank, carries interest at US$ LIBOR plus 4.95% per annum and is repayable in 2010.

- USD 20,000 thousands (AED 73,460 thousands) loan from commercial bank, carries interest at US$ LIBOR plus 6% per annum and is repayable in 2010.

- Saudi Riyal (SAR) 200,000 thousands (AED 196,000 thousands) of funding facility from commercial bank carrying interest at SAIBOR plus 2% per annum and fully repayable by 2010.

- Indian Rupees (INR) 67,000 thousands (AED 5,290 thousands) of funding facility from commercial bank carrying interest at 9.50% per annum and fully repayable by 2010.

- Moroccan Dirham (MAD) 80,000 thousands (AED 37,351 thousands) of short term loan from commercial bank carrying interest at 52 weeks treasury bond rate plus 1.15% per annum.

- USD 81,128 thousands (AED 297,984 thousands) of funding facility from commercial bank carries interest rate at 3.50% to 4.70% per annum.

23 RETENTIONS PAYABLE

	2009 AED'000	*2008 AED'000*
Retentions payable within 12 months	**798,900**	474,694
Retentions payable after 12 months	**361,406**	603,855
	1,160,306	1,078,549

24 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.

	2009		*2008*	
	No.	**WAEP**	No.	WAEP
Outstanding at 1 January	**59,743**	**AED 1.00**	1,446,049	AED 1.00
Granted during the year	-	-	75,749	AED 1.00
Exercised during the year	-	-	(1,462,055)	AED 1.00
Outstanding at 31 December	**59,743**	**AED 1.00**	59,743	AED 1.00

The weighted average fair value of options granted during the year was AED nil per share (2008: AED 10 per share).

24 EMPLOYEE BENEFITS (continued)

Employee Performance Share Programme (continued)
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 nil (2008: AED 757 thousands).

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

	2009 AED'000	*2008 AED'000*
Balance at 1 January	**37,092**	18,394
Provided during the year	**21,293**	25,526
Paid during the year	**(11,451)**	(6,828)
Balance at 31 December	**46,934**	37,092

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.

25 SHARE CAPITAL

	2009 AED'000	*2008 AED'000*
Authorised capital – 6,096,325,000 shares of AED 1 each (31 December 2008: 6,096,325,000 shares of AED 1 each)	**6,096,325**	6,096,325
Issued and fully paid-up – 6,091,238,503 shares of AED 1 each (31 December 2008 - 6,091,238,503 shares of AED 1 each)	**6,091,239**	6,091,239

During the year ended 31 December 2008, the Company obtained the necessary regulatory approvals to undertake a share buy-back program and a total of 200 thousand shares were purchased from the market at an average price of AED 5.57 per share amounting to AED 1,113 thousands.

26 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*
Balance at 1 January 2008	**13,808,707**	**4,004**	**2,152,114**	**6,084**	**52,678**	**471,191**	**16,494,778**
Decrease in unrealized 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
Balance at 1 January 2009	**13,808,707**	**4,004**	**2,457,645**	**546**	**(1,439,282)**	**(399,757)**	**14,431,863**
(Decrease)/ increase in unrealised reserve	-	-	-	(328)	43,200	-	42,872
Increase in foreign currency translation reserve	-	-	-	-	-	203,906	203,906
Net income and expense recognised directly in equity	-	-	-	(328)	43,200	203,906	246,778
Net movement during the year	-	-	32,732	-	-	-	32,732
Balance at 31 December 2009	**13,808,707**	**4,004**	**2,490,377**	**218**	**(1,396,082)**	**(195,851)**	**14,711,373**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2009

26 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 financial assets fair value through other comprehensive income.

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 and associates.

27 DIVIDENDS

The Board of Directors of the Company has proposed not to pay dividend for the year ended 2009 (No dividend was paid for the year ended 2008).

28 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit/ (loss) 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:

	2009 AED'000	*2008 AED'000 (Restated)*
Earnings:		
Total operations		
- Net profit for the year attributable to equity holders of the parent	**327,315**	165,586
Continuing operations		
- Net profit for the year attributable to equity holders of the parent	**2,089,970**	4,235,654
Discontinued operations		
- Net loss for the year attributable to equity holders of the parent (note 7)	**(1,762,655)**	(4,070,068)
Shares (in thousands):		
Weighted average number of shares outstanding for calculating basic and diluted EPS	**6,091,239**	6,091,239

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2009

28 EARNINGS PER SHARE (continued)

	2009	*2008 (Restated)*
Earnings per share:		
Total operations		
- Basic and diluted earnings per share	**AED 0.05**	AED 0.03
Continuing operations		
- Basic and diluted earnings per share	**AED 0.34**	AED 0.70
Discontinued operations		
- Basic and diluted earnings per share	**AED (0.29)**	AED (0.67)

29 CONTINGENCIES AND COMMITMENTS

Guarantees
The Group has the following guarantees outstanding as at 31 December 2009:

1. Loans taken by an associated company from commercial banks amounting to AED 110,694 thousands (2008: AED 111,032 thousands) are guaranteed by the Group.
2. Loans taken by an associated company from commercial banks amounting to AED 1,414,839 thousands (2008: AED 1,352,130 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.
3. The Group has issued a financial guarantee of AED 79,776 thousands (2008: AED 79,865 thousands) as a security for the letter of guarantee issued by a commercial bank for the performance of its contractual obligations.
4. The Group has issued a financial guarantee of AED 6,839 thousands (2008: AED 6,676 thousands) as a security for the letter of guarantee issued by a commercial bank for the performance of its contractual obligations.
5. The Group has provided a financial guarantee of AED 5,000 thousands (2008: 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.
6. The Group has provided a financial guarantee of AED 1,847 thousands (2008: nil) as a security to Dubai Customs for importing goods.
7. The Group has provided a corporate guarantee of AED 110,190 thousands (2008: 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.

Commitments
At 31 December 2009, the Group had commitments of AED 9,180,026 thousands (2008: AED 17,705,411 thousands) including project commitments of AED 9,074,091 thousands (2008: AED 16,110,055 thousands). This represents the value of contracts issued as of 31 December 2009 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 un-provided 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.

29 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:

	2009 ***AED'000***	*2008* *AED'000*
Within one year	**515,555**	867,124
After one year but not more than five years	**309,936**	75,869
	825,491	942,993

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:

	2009 ***AED'000***	*2008* *AED'000*
Within one year	**1,048,647**	746,719
After one year but not more than five years	**1,919,316**	3,136,220
More than five years	**401,085**	287,148
	3,369,048	4,170,087

Legal claim
The Company was involved in arbitration proceedings with Jadawel International Company (the "Claimant") with regard to a conditional joint venture agreement in the Kingdom of Saudi Arabia. The conditions of such agreement never materialised. Arbitrators have 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 (BOG). The BOG unexpectedly reversed the arbitration award and issued a ruling directing the Company to pay USD 228,000 thousands (AED 837,444 thousands) to the Claimant and to deliver share certificates representing 18,610,000 shares in the Company (after share split) along with the profits realised by these shares from the date of signing of the joint venture agreement, being 28 December 2003. The Company is also directed by the said ruling to pay the arbitrator fees amounting to SAR 45,000 thousands (AED 44,074 thousands). All other items of relief claimed by the parties are dismissed by the BOG. The Company has filed an appeal against the ruling of the BOG on 26 August 2009 to the Appellant Chamber for commercial cases requesting revocation of the BOG judgement and ratification of the Arbitration Award. In the opinion of the Company's management and its legal advisors, the claim is without merit and the Company has good arguments to refute substantially this claim.

29 CONTINGENCIES AND COMMITMENTS (continued)

Contingent liabilities

(i) On 29 March 2006, the Company entered into an option agreement (the "agreement") with an investment bank (the "investor"). The agreement provided the right to the investor to require the Company to buy back all shares purchased by the investor in one of the Group's associate companies, in the event of an Initial Public Offering ("IPO") of the associate not occurring within 39 months of the date of purchase of shares of the associate. An IPO did not occur within the above defined period.

Subsequently on 29 September 2009, the Company and the investor entered into an agreement, whereby the Company has provided promissory notes aggregating to USD 61 million (AED 224 million) to the investor (being the purchase price of the shares of the associate purchased by the investor and the associated costs) and agreed to use all reasonable endeavors to conclude an Initial Public Offering by 30 June 2010. Accordingly, on 29 September 2009, the associate filed Draft Red Herring Prospectus ("DRHP") with SEBI seeking approval for IPO. The shares purchased by the investor are also offered for sale in the DRHP of the proposed IPO.

According to the terms of the agreement, the investor is entitled to demand payments in respect of all or any of the promissory notes in the event that an IPO does not occur by 30 June 2010 and the equivalent shares purchased by the investor would be transferred to the Company. In the event the IPO occurs and the net proceeds from the sale of shares in the IPO is lesser than the purchase price of the shares, the investor can demand payment of the promissory note for the difference between the net proceeds from the sales of shares and the purchase price of these shares.

Therefore, the Group's liability is contingent and dependent upon the outcome of an IPO of the associate not happening before 30 June 2010.

(ii) The Company also entered into option agreements with various parties (the "Investors"), whereby the Company agreed to use its voting and other rights in the associate to ensure that the Company achieves the listing of associate's equity shares on or before 31 March 2010 at a price which is not less than the average investment price. If the shares in IPO are issued at a price less than the average investment price, the Company shall be liable to pay the investors a compensation amount which shall be equal to the difference between the average investment price and the price at which the shares are issued for listing multiplied by the number of shares held by each investor.

The maximum contingent exposure of the Company is AED 220 million as per the options agreements, in the event of non occurrence of IPO or if the IPO price is lower than the original purchase price of the shares by the investors.

30 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.

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:

	2009 ***AED'000***	*2008* *AED'000*
Associates:		
Net interest income on deposits / investments from Dubai Banking Group PJSC	**15,411**	17,331
Islamic finance income from Amlak Finance PJSC	**49,830**	33,206
Interest income earned on loan to Golden Ace Pte Ltd	**29,959**	16,128
Interest income earned on loan to Emaar MGF Land Limited and their related parties	**61,233**	16,944
Directors' and their related parties		
Sale of plot of land	**-**	351,687
Other related parties:		
Islamic finance income from Al Salam Bank, Bahrain	**4,433**	5,000
Islamic finance income from Al Salam Bank, Sudan	**1,147**	1,152

The members of the board of directors received board meetings allowance totaling AED 4,300 thousands (2008: AED 3,881 thousands).

30 TRANSACTIONS WITH RELATED PARTIES (continued)

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

	2009 AED'000	2008 AED'000
Associates:		
Fixed deposits with Dubai Banking Group PJSC	**50,000**	699,001
Directors and their related parties:		
Trade receivables	**281,350**	281,350
Other receivables, deposits and prepayments	**101,438**	2,799

The above trade receivables include AED 140,675 thousands (31 December 2008: AED 281,350 thousands) relating to sale of properties where the amounts are payable in installments and these installments are accrued but not yet due.

	2009 AED'000	2008 AED'000
Other related parties:		
Investment in Al Salaam Bank, Sudan	**7,577**	7,735
Investment in Al Salaam Bank, Bahrain	**41,037**	38,301
Investment in Al Salaam Bank, Algeria	**20,202**	20,202

The Company through its subsidiary, Emirates Property Holdings Limited has acquired the debt provided to Golden Ace Pte Ltd by its lenders with principal outstanding amounting to USD 122,587 thousands (AED 450,262 thousands). At the time acquisition of the loan, the related collateral of the loan representing 61% of Golden Ace Pte Ltd's investment in RSH Limited was also transferred to Emirates Property Holding Limited by the lenders.

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

	2009 AED'000	2008 AED'000
Short-term benefits	**131,304**	311,567
Employees' end of service benefits	**5,928**	19,926
	137,232	331,493

At 31 December 2009, the number of directors and other members of key management personnel were 193 (31 December 2008: 234).

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview
The Group has exposure to the following risks from its use of financial instruments:

a) Credit risk,
b) Market risk, and
c) Liquidity risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Senior Group management are responsible for developing and monitoring the Group's risk management policies and report regularly to the Board of Directors on their activities.

The Group's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management policies in others. The Group's risk management policies (both formal and informal) are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Group's principal financial liabilities, other than derivatives, comprise bank borrowings, overdrafts and trade payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as 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.

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

a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk principally from its receivables from customers, other receivables and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. The Group earns its revenues from a large number of customers spread across different geographical segments. However, geographically 90 percent (2008: 95 percent) of the Group's trade receivables are based in Middle East and North Africa.

The Group has entered into contracts for the sale of residential and commercial units and plots of land 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.

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

a) Credit risk (continued)

Trade and other receivables (continued)
The Group establishes an allowance for impairment at each reporting date that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Financial instruments and cash deposits
With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, financial assets at fair value through other comprehensive income 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.

Credit risk from balances with banks and financial institutions is managed by Group's treasury in accordance with the Group's policy. The Group limits its exposure to credit risk by only placing balances with international banks and local banks of good repute. Given the profile of its bankers, management does not expect any counterparty to fail to meet its obligations.

Guarantees
The Group's policy is to provide financial guarantees only to its subsidiaries and certain associates. For details of guarantees outstanding at the reporting date refer note 29.

b) Market risk

Market risk is the risk that changes in market prices, such as currency risk, interest rate risk and equity prices will affect the Group's income or the value of its holdings of financial instruments. Financial instruments affected by market risk include loans and borrowings, deposits, financial assets at fair value through other comprehensive income and derivative financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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 years 2009 and 2008 the Group's policy that no trading in derivatives shall be undertaken.

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

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

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b) Market risk (continued)

Exposure to interest rate risk (continued)
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.

	2009		*2008*	
	Change in basis points	***Sensitivity of interest income/expense AED'000***	*Change in basis points*	*Sensitivity of interest income/expense AED'000*
Financial asset	**± 100**	**2,408**	± 100	2,442
Financial liability	**± 100**	**(79,369)**	± 100	(91,742)

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 AED or currencies pegged to the AED 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 14. Interest rates on loans from financial institutions are disclosed in note 22.

Exposure to foreign currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's significant monetary assets and liabilities denominated in foreign currencies are either in USD or in currencies pegged to USD. As the AED is currently pegged to the USD, balances in USD and other currencies pegged against US Dollars are not considered to represent significant currency risk.

However, the Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's net investments in those subsidiaries and associates where functional currencies are denominated in a different currency from the Group's functional currency. The foreign currency exchange differences arising upon consolidation of these entities for the purpose of preparation of the Group consolidated financial statements are recorded in the consolidated statement of change in equity through consolidated other comprehensive income.

The table below indicates the sensitivity analysis of change in foreign exchange rates of these currencies and their impact on other comprehensive income:

	2009		*2008*	
Currency	***Change in currency rate in %***	***Effect on equity AED'000***	*Change in currency rate in %*	*Effect on equity AED'000*
GBP	**±10**	**5,844**	±10	5,212
INR	**±10**	**342,472**	±10	315,996
Other currencies not pegged to US Dollar	**±10**	**35,959**	±10	29,043

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2009

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b) Market risk (continued)

Exposure to 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. Equity price risk arises from equity instrument held as fair value through other comprehensive income held by the Group. Management of the Group monitors equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed by qualified fund managers as well as on an individual basis. All buy and sell decisions related to portfolio managed on an individual basis are approved by the Board of Directors. The primary goal of the Group's investment strategy is to maximise investment returns.

The effect on equity (as a result of a change in the fair value of equity instruments held as fair value through other comprehensive income at 31 December 2009) due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

	2009		*2008*	
	Change in equity price %	***Effect on equity AED'000***	*Change in equity price %*	*Effect on equity AED'000*
Quoted investments	**±10%**	**53,572**	±10%	35,956

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. trade receivables, other financial assets) and projected cash flows from operations.

The cash flows, funding requirements and liquidity of Group companies are monitored on a centralised basis, under the control of Group Treasury. The objective of this centralised system is to optimise the efficiency and effectiveness of the management of the Group's capital resources. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank borrowings and finance leases 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.

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

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

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***
As at 31 December 2009						
Due to banks	40,531	2,241,445	2,613,274	4,192,448	72,441	9,160,139
Retention payable	-	143,588	655,312	361,406	-	1,160,306
Payable to non-controlling interest	-	-	-	901,185	-	901,185
Dividend payable	77,257	-	-	-	-	77,257
Other liabilities	83,642	3,264,095	2,115,684	1,534,274	175,398	7,173,093
Total undiscounted financial liabilities	**201,430**	**5,649,128**	**5,384,270**	**6,989,313**	**247,839**	**18,471,980**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2009

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

c) Liquidity risk (continued)

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***
As at 31 December 2008 (Restated)						
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 non-controlling interest	-	-	-	891,556	-	891,556
Dividend payable	80,825	-	-	-	-	80,825
Other liabilities	42,782	2,161,019	2,217,931	2,582,346	189,086	7,193,164
Total undiscounted financial liabilities	379,246	4,104,903	5,802,998	8,861,576	229,063	19,377,786

d) Capital management

The Group policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The primary objective of the Group's capital management strategy is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio 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 2009, Groups' gearing ratio is 18% (31 December 2008: 12%). The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

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

There were no changes in the Group's approach to capital management during the year.

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

32 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 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.

33 HEDGING ACTIVITIES

Cash flow hedges

At 31 December 2009, 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 5,312 thousands (2008: AED 60,007 thousands)

	2009		*2008*	
	Assets AED' 000	***Liabilities AED' 000***	*Assets AED' 000*	*Liabilities AED' 000*
Forward exchange contracts				
Fair value	**219**	**-**	546	-

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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.

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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.

Ernst & Young

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

Dubai, United Arab Emirates
17 February 2009

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)
GROSS PROFIT		**6,811,358**	7,053,765
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)**	-
PROFIT BEFORE TAX		**3,077,962**	6,550,812
Income tax credit/ (expense)	7	**2,569**	(14,454)
PROFIT FOR THE YEAR		**3,080,531**	6,536,358
ATTRIBUTABLE TO:			
Equity holders of the parent		**3,055,311**	6,575,314
Minority interest		**25,220**	(38,956)
		3,080,531	6,536,358
Earnings per share attributable to the equity holders of the parent:			
- basic and diluted earnings per share	26	**AED 0.50**	AED 1.08

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*
ASSETS			
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
TOTAL ASSETS		**60,690,798**	54,790,875
LIABILITIES AND EQUITY			
LIABILITIES			
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
TOTAL LIABILITIES		**24,128,444**	17,602,609
EQUITY			
Equity attributable to equity holders of the parent company			
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
		36,000,753	36,536,040
Minority interest		**561,601**	652,226
TOTAL EQUITY		**36,562,354**	37,188,266
TOTAL LIABILITIES AND EQUITY		**60,690,798**	54,790,875

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 STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2008 **(US $1.00 = AED 3.673)**

	Attributable to equity holders of the Parent						Minority interest	Total equity
	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*
Balance at 1 January 2008	**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
Total income and expense for the year	**-**	**-**	**-**	**(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)
Balance at 31 December 2008	**6,091,239**	**(1,113)**	**(1,684)**	**14,431,863**	**15,480,448**	**36,000,753**	**561,601**	**36,562,354**

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

	Notes	**(US $1.00 = AED 3.673)** **2008 AED'000**	*2007 AED'000*
OPERATING ACTIVITIES			
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
INVESTING ACTIVITIES			
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)
FINANCING ACTIVITIES			
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
INCREASE IN CASH AND CASH EQUIVALENTS		**3,073,884**	875,029
Net foreign exchange differences		**(30,340)**	7,494
Cash and cash equivalents at 1 January	8	**2,131,679**	1,249,156
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	8	**5,175,223**	2,131,679

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*
Balance at 1 January 2007	**6,075,553**	**-**	**(2,927)**	**14,669,084**	**9,237,022**	**29,978,732**	**565,928**	**30,544,660**
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
Total income and expense for the year	**-**	**-**	**-**	**1,105,419**	**6,575,314**	**7,680,733**	**(11,648)**	**7,669,085**
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)
Balance at 31 December 2007	**6,091,239**	**-**	**(1,446)**	**16,494,778**	**13,951,469**	**36,536,040**	**652,226**	**37,188,266**

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.

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.

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.

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.

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.

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.

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
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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.

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 earning 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.

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.

2008

	Real estate AED'000	*Others AED'000*	*Eliminations AED'000*	*Total AED'000*
Revenue				
Revenue from external customers	15,443,308	576,949	(5,124)	16,015,133
Total revenue	**15,443,308**	**576,949**	**(5,124)**	**16,015,133**
Results				
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
Assets and liabilities				
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
Other segment information				
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

2007 (restated):

	Real estate AED'000	*Others AED'000*	*Eliminations AED'000*	*Total AED'000*
Revenue				
Revenue from external customers	17,565,895	302,777	-	17,868,672
Total revenue	17,565,895	302,777	-	17,868,672
Results				
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
Assets and liabilities				
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
Other segment information				
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

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*
Revenue			
Revenue from external customers	13,926,334	2,088,799	16,015,133
Total revenue	13,926,334	2,088,799	16,015,133
Assets			
Segment assets	35,460,931	16,447,622	51,908,553
Investment in associates	2,552,415	6,229,830	8,782,245
Total assets	**38,013,346**	**22,677,452**	**60,690,798**
Other segment information			
Capital expenditure (property, plant and equipment)	5,471,970	376,218	5,848,188

2007 (restated)

	Domestic AED'000	*International AED'000*	*Total AED'000*
Revenue			
Revenue from external customers	14,278,224	3,590,448	17,868,672
Total revenue	14,278,224	3,590,448	17,868,672
Assets			
Segment assets	28,392,470	17,291,108	45,683,578
Investment in associates	2,219,696	6,887,601	9,107,297
Total assets	**30,612,166**	**24,178,709**	**54,790,875**
Other segment information			
Capital expenditure (Property, plant and equipment)	3,491,746	204,251	3,695,997

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)*
Revenue		
Revenue from property sales:		
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
Revenue from hospitality	**576,949**	302,777
Rental income from leased properties and related income	**498,958**	279,408
	16,015,133	17,868,672
Cost of revenue		
Cost of revenue of property sales:		
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)
Operating cost of hospitality	**366,653**	174,677
Operating cost of leased properties	**177,894**	36,778
	9,203,775	10,814,907

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
	2,282,597	2,118,590

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
	427,957	395,916

7 INCOME TAX

	2008 AED'000	2007 AED'000
Income statement:		
Current income tax expenses	**(5,626)**	(14,454)
Deferred income tax	**8,195**	-
	2,569	(14,454)
Current liabilities:		
Balance at 1 January	**21,555**	55,677
Current year	**5,626**	14,454
Less: paid during the year	**(10,090)**	(48,576)
Balance at 31 December	**17,091**	21,555

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	**0.2%**	0.2%

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
Cash and cash equivalents	**5,175,223**	2,131,679
Fixed deposits maturing after three months	**217,763**	2,594,937
	5,392,986	4,726,616

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2008

8 BANK BALANCES AND CASH (continued)

	2008	2007
Bank balances and cash located:-		
Within UAE	**4,511,892**	3,849,981
Outside UAE	**881,094**	876,635
	5,392,986	4,726,616
Bank balances and cash denominates in following currencies:-		
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
	5,392,986	4,726,616

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
	2,047,678	928,476

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

			Past due but not impaired			
	Total AED'000	Neither past due nor impaired AED'000	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

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
	3,665,732	2,705,232

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	**19,177,852**	16,194,020

Development properties located:-

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

12 SECURITIES

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

Securities located:-

Within UAE	**844,668**	4,123,377
Outside UAE	**22,454**	437,265
	867,122	4,560,642

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.

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
	1,655,400	537,829

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
	8,782,245	9,107,297

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).

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

15 PROPERTY, PLANT AND EQUIPMENT

	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*
Cost:									
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)
At 31 December 2008	**52,662**	**2,167,033**	**171,633**	**453,712**	**25,760**	**379,837**	**274,143**	**2,368,396**	**5,893,176**
Accumulated depreciation/ impairment:									
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)
At 31 December 2008	**20,814**	**186,977**	**72,989**	**71,856**	**10,855**	**108,811**	**6,678**	**-**	**478,980**
Net carrying amount:									
At 31 December 2008	**31,848**	**1,980,056**	**98,644**	**381,856**	**14,905**	**271,026**	**267,465**	**2,368,396**	**5,414,196**

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

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15 PROPERTY, PLANT AND EQUIPMENT (continued)

	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*
Cost:									
At 1 January 2007	76,601	822,610	71,388	137,695	12,258	154,559	3,003	3,167,631	4,445,745
Reclassification	(44,984)	44,984	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	378	-	1,407	325	-	-	2,110
Additions	23,852	239,304	34,634	28,288	7,909	122,948	-	3,239,062	3,695,997
Transfers	-	339,428	-	341,734	-	-	-	(681,162)	-
Disposals	(5,927)	(76,354)	(5,128)	(71,359)	(1,219)	(3,836)	-	-	(163,823)
Transfer to investment properties (note 16)	-	-	-	-	-	-	-	(251,000)	(251,000)
Foreign currency translation differences	697	19,545	656	7,836	119	6,459	-	5,161	40,473
At 31 December 2007	**50,239**	**1,389,517**	**101,928**	**444,194**	**20,474**	**280,455**	**3,003**	**5,479,692**	**7,769,502**
Accumulated depreciation/ impairment:									
At 1 January 2007	6,092	165,941	34,516	7,371	6,040	40,027	1,199	-	261,186
Reclassification/transfers	(571)	571	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	62	-	245	49	-	-	356
Depreciation charge for the year	11,239	56,417	20,690	29,365	3,887	33,309	751	-	155,658
Disposals	(1,946)	(76,354)	(3,629)	-	(642)	(3,053)	-	-	(85,624)
Foreign currency translation differences	89	1,309	263	1,545	60	1,438	-	-	4,704
At 31 December 2007	**14,903**	**147,884**	**51,902**	**38,281**	**9,590**	**71,770**	**1,950**	**-**	**336,280**
Net carrying amount:									
At 31 December 2007	**35,336**	**1,241,633**	**50,026**	**405,913**	**10,884**	**208,685**	**1,053**	**5,479,692**	**7,433,222**

EMAAR Properties PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2008

16 INVESTMENT PROPERTIES

	Land AED'000	*Buildings AED'000*	*Furniture and fixtures AED'000*	*Total AED'000*
Cost:				
At 1 January 2008	4,548,847	1,123,402	3,606	5,675,855
Additions	-	149,026	-	149,026
Transfers from property, plant and equipments (note 15)	-	7,549,234	-	7,549,234
At 31 December 2008	**4,548,847**	**8,821,662**	**3,606**	**13,374,115**
Accumulated depreciation/ impairment:				
At 1 January 2008	-	37,076	3,206	40,282
Depreciation charge for the year	-	85,537	100	85,637
At 31 December 2008	**-**	**122,613**	**3,306**	**125,919**
Net carrying amount:				
At 31 December 2008	**4,548,847**	**8,699,049**	**300**	**13,248,196**

	Land AED'000	*Buildings AED'000*	*Furniture and fixtures AED'000*	*Total AED'000*
Cost:				
At 1 January 2007	6,512,100	814,756	3,548	7,330,404
Additions	-	179,628	58	179,686
Disposals	-	(87,275)	-	(87,275)
Transfers	(1,963,253)	(34,707)	-	(1,997,960)
Transfers from property, plant and equipments (note 15)	-	251,000	-	251,000
At 31 December 2007	**4,548,847**	**1,123,402**	**3,606**	**5,675,855**
Accumulated depreciation/ impairment:				
At 1 January 2007	291,076	65,775	3,045	359,896
Depreciation charge for the year	-	25,139	161	25,300
Disposals	-	(9,622)	-	(9,622)
Transfers	-	(44,216)	-	(44,216)
Reversal of impairment	(291,076)	-	-	(291,076)
At 31 December 2007	**-**	**37,076**	**3,206**	**40,282**
Net carrying amount:				
At 31 December 2007	**4,548,847**	**1,086,326**	**400**	**5,635,573**

The fair value of investment properties is AED 24,701,919 thousands (2007: AED 11,501,223 thousands) compared with a carrying value of AED 13,248,196 thousands (2007: AED 5,635,573 thousands).

Investment properties represent company's interest in land and buildings situated within United Arab Emirates.

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:

	Recognised on acquisition AED'000	*Carrying value AED'000*
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
	2,272,959	2,174,819
Trade and other payables	**176,151**	176,151
Interest-bearing loans and borrowings	**1,631,558**	1,631,558
	1,807,709	1,807,709
Net assets acquired	**465,250**	367,110
Less: interest held by the Group prior to acquisition	**(279,150)**	
Total acquisition cost	**186,100**	

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

Cash outflow on acquisition:	*2008 AED'000*
Cash paid to minority interest holders	**(162,435)**
Deposit in escrow account	**(23,665)**
Net cash outflows	**(186,100)**

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

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:

	Recognised on acquisition AED'000	*Carrying value AED'000*
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
	3,132,884	2,584,120
Trade and other payables	**1,619,474**	1,619,474
Interest-bearing loans and borrowings	**730,675**	730,675
	2,350,149	2,350,149
Net assets acquired	**782,735**	233,971
Less: interest held as an associate by the Group prior to acquisition	**(261,207)**	
Total acquisition cost	**521,528**	

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

Cash outflow on acquisition:	*2007 AED'000*
Net cash acquired with the subsidiary	**272,035**
Acquisition cost paid in cash	**(521,528)**
Net cash outflow	**(249,493)**

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	**439,391**	2,961,968

(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
	13,838,638	8,825,902

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	**9,174,165**	7,703,753
Maturing within 12 months	**4,563,896**	1,563,471
Maturing after 12 months	**4,610,269**	6,140,282
Balance at 31 December	**9,174,165**	7,703,753
The above represent balances due:		
Within UAE	**3,911,693**	4,011,693
Outside UAE	**5,262,472**	3,692,060
	9,174,165	7,703,753

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%.

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
	1,078,549	1,054,560

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	59,743	**AED 1.00**	1,446,049	AED 1.00

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)
Balance at 31 December	**37,092**	18,394

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)	**6,096,325**	6,096,325
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)	**6,091,239**	6,091,239

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.

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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*
Balance at 1 January 2007	**13,745,963**	**4,004**	**1,494,583**	**-**	**(583,782)**	**8,316**	**14,669,084**
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
Balance at 1 January 2008	**13,808,707**	**4,004**	**2,152,114**	**6,084**	**52,678**	**471,191**	**16,494,778**
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
Balance at 31 December 2008	**13,808,707**	**4,004**	**2,457,645**	**546**	**(1,439,282)**	**(399,757)**	**14,431,863**

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

27 CONTINGENCIES AND COMMITMENTS

Guarantees

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

1. 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.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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.

7. 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.

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:-

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

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:-

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

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.

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*
Associates:		
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**	-
Directors' and their related parties		
Sale of plot of land	**351,687**	-
Other related parties:		
Islamic finance income from Al Salam Bank, Bahrain	**5,000**	-
Islamic finance income from Al Salam Bank, Sudan	**1,152**	6,437

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*
Associates:		
Fixed deposits with Dubai Bank PJSC	**699,001**	130,000
Other related parties:		
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

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
	331,493	333,980

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

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*	
	Change in basis points	***Sensitivity of interest income/(expense) AED'000***	*Change in basis points*	*Sensitivity of net interest income/(expense) AED'000*
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.

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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.

	2008		*2007*	
Currency	***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.

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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***
As at 31 December 2008						
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
Total undiscounted financial liabilities	**379,246**	**4,122,073**	**5,837,336**	**8,895,915**	**229,063**	**19,463,633**
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
Total undiscounted financial liabilities	871,654	1,601,947	3,026,113	10,325,613	219,932	16,045,259

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.

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*	
	Assets AED' 000	***Liabilities AED' 000***	*Assets AED' 000*	*Liabilities AED' 000*
Forward exchange contracts				
Fair value	**546**	**-**	6,084	-

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.

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