

# DAMAC

Corporate Governance Report 2017

# DAMAC

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**CORPORATE GOVERNANCE REPORT OF  
DAMAC PROPERTIES DUBAI CO PJSC  
For 2017**

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## Corporate Governance Report 2017

### Introduction:

DAMAC Properties Dubai PJSC, (“DAMAC” or “the Company”) acknowledges the importance of good governance and follows the corporate governance best practices in compliance with the Resolution no. 7/RM of 2017 concerning governance rules and corporate discipline standards (“Corporate Governance Code”) issued by the Securities and Commodities Authority (“SCA”) and the federal law no 2 of 2015 regarding the commercial companies (Companies Law/ UAE Companies Law).

This report addresses the corporate governance framework at DAMAC, in accordance with the Corporate Governance Code and SCA’s standards.

### 1 Corporate Governance Practice

DAMAC’s corporate governance Manual (Corporate Governance Manual) has been set by the Board of Directors (“Board”) in line with the Company’s commitment to maintain high international standards of corporate governance best practice to protect the interest of all shareholders, and its belief that effective corporate governance is fundamental to the success of the business.

The Board is committed to achieve the highest standards of corporate governance, corporate responsibility and risk management in directing and controlling the business. DAMAC has adopted a Corporate Governance Manual, which details the corporate governance and policies that regulates and forms the basis of DAMAC’s governance policies.

DAMAC Corporate Governance Manual describes the role and duties of the Board’s Chairman and executive management and specifies the powers of the Board and supervision of the company’s internal systems and controls, monitoring it’s performance and efficiency.

#### In particular the DAMAC Corporate Governance Manual:

- a) Addresses the principles and practices of governance and aims to guide the Board members/ executive management and establish a formal Corporate Governance structure & practices;
- b) Addresses the structure and process established to oversee, direct and manage the business and affairs to achieve financial stability and enhance shareholders value;
- c) Highlights the responsibilities of the Board and the Management in directing DAMAC to function in accordance with DAMAC’s Corporate Governance Manual.
- d) Details the policies that are to be followed without distinction or exception and employee is made personally accountable for fulfilling his/ her responsibilities to comply with the Governance Manual.

In order to achieve the above objectives, and to ensure compliance with the Corporate Governance Code issued by SCA, DAMAC Corporate Governance Manual covers the following:

- 1 Board Structure and the matters related to the Board of Directors
- 2 Board committees
- 3 External auditors
- 4 Internal control system

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- 5 Conflict of interest & transactions with related parties
- 6 Company's Disclosure obligations
- 7 Shareholder rights
- 8 DAMAC share dealing policy
- 9 DAMAC whistle blowing policy
- 10 DAMAC corporate social responsibility policy
- 11 Percentage of Emiratization
- 12 The projects and Innovative Initiatives

The Board is ultimately responsible for ensuring that the Company complies with the legal and regulatory obligations, the Memorandum and Articles of Association of the Company and the duties towards shareholders. The Corporate Governance process is implemented by the management and independently monitored for effectiveness by the Board and assisted by the following Board committees:

1. Audit Compliance and Risk Committee ("ACR Committee")
2. Nomination and Remuneration Committee ("NRC Committee")

In addition to the above mentioned committee(s), the Board is assisted by external and internal auditors, and Company officers and employees including General Manager & Group Chief Financial Officer, Compliance Officer, Risk Officer and other members of the Management.

## **2 Director's dealings in DAMAC Securities:**

The Company has adopted a policy on Company's shares dealing ("DAMAC Share Dealing Policy"), which sets out the requirements for dealing in Company's shares by all directors, executive management and employees of DAMAC and prohibits dealing or trading in securities issued by the company based on undisclosed confidential information or in violation of the law.

The purpose of this policy is to educate the directors, executive management and employees on the legality of dealing in the company's shares either directly, indirectly or through collecting unpublished price-sensitive information related to share prices, such as:

- Annual and interim financial results of the Company before they are made public;
- Information about Company's forecasts and trading prospects;
- Dividends that Directors propose to declare and any changes to the dividends policy;
- Corporate restructuring programs;
- Any other information that the company's management may determine to be price-sensitive information;
- Set out the consequences of failure to adhere to this policy;

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During the closed periods, Directors, Executive Management and other employees are not allowed to deal directly or indirectly in shares of the Company irrespective of whether or not they are in possession of unpublished price-sensitive information.

The closed periods generally commence ten (10) days prior to the announcement of any price-sensitive information or Fifteen (15) days prior to the end of each financial quarter, half year or year; and continues until the formal disclosure of the significant information or publication of financial statements, as applicable, to market.

All closed periods are notified to all employees through internal communication channels and employees are advised not to deal in the Company's shares during closed period.

The Board and the individual directors as well as the company management understand their obligations with respect to the disclosure requirement in connection with their dealings in DAMAC securities and are compliant with all requirements set by SCA and DFM.

All Board members have confirmed that neither they nor their first degree relatives have traded in the Company's securities during the year 2017.

### 3 Board of Directors

#### A. Statement of Board of Directors Structure

The Board of Directors of the Company consists of seven members according to the below table. The Chairman is a UAE national and the majority of the members are non-executive and independent in consistency with the Corporate Governance Code.

Name	Board Position (Executive, non-executive Independent)	Experience (Years)	Qualifications	Tenure with DAMAC as Board Member from the date of first election	Memberships/ positions in any other Joint Stock companies in UAE	Positions in any other important regulatory, governmental or commercial locations
Mr. Hussain Sajwani	Chairman (Non-executive Independent)	35	Bachelor of Arts degree in Economics, University of Washington, United States	40 Months		Chairman of: - Al Anwar Ceramic Tiles Co. SAOG, Muscat - Al Jazeera Services SAOG
Mr. Farooq Arjomand	Vice Chairman & Non-Executive Independent	32	- Business Administration (B.B.A.) from Seattle Pacific University, United States	40 Months	Board Member of Amlak Finance PJSC	None
Mr. Sufyan Al Khatib	Non-executive affiliated Member		- Bachelor of Arts in Business Administration (B.B.A) from	6 Months	None	None

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			University of Jordan			
<b>Mr. Adil Taqi</b>	Executive Member	23	- Bachelor of Science in Mathematics-with-Engineering from University of Nottingham, UK; and - Executive MBA from IMD, Switzerland	40 Months	None	Deputy Chairman: - Al Anwar Ceramic Tiles Co. SAOG, Board Member of: - Al Jazeera Services SAOG
<b>Prof. John Wright</b>	Non-Executive Independent	45	- Associate & fellow of the Chartered Institute of Bankers in Scotland; and - Fellow member of Chartered Institute of Bankers, Ireland	40 Months	None	Board Member of: - Rasmala PLC - Muscat Electricity Distribution Company, Oman - Bank of NT Butterfield and Son Ltd, Bermuda - Boomer Industries Limited, Northern Ireland - XM International Limited, Edinburgh Scotland - Qube GB Ltd , Scotland - Abbotsford Trust Scotland - Dhofar Insurance Company, Sultanate of Oman
<b>Mr. Nabil AlYousuf</b>	Non-Executive Independent	25	MBA – United State of America	18 Months	None	None
<b>Mr. Yahya Nooruddin</b>	Non-Executive Independent	22	- Degree in Marine Engineering; and - Master degree in Law	40 Months (from 28 August 2014)	None	- CEO, t'azur Company b.s.c., Bahrain - Chairman, Bahrain Insurance Association, Bahrain. - Board & Executive Committee Member of Ibn Al-Nafees Hospital, Bahrain - Committee Member of Bahrain Chamber of Commerce & Industry, Banking & Insurance Sector – Bahrain. - Board Member & Chairman of Audit & Risk Committee, Saudi Venture Capital Bank, KSA

**The brief profile of each of the Board members is provided hereinafter:**

**Hussain Sajwani - Chairman**

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Hussain Sajwani, a UAE national, is the founder and Chairman of global property development company DAMAC Properties.

He graduated from the University of Washington, he started his career as a Contracts Manager in GASCO, a subsidiary of ADNOC (Abu Dhabi National Oil Company). After a short period, he established his own business. In 1982, he started his own catering venture.

From modest beginnings, the catering division has grown and achieved one success after another. Today, it is a market leader managing more than 200 projects and serving over 150,000 meals daily in a number of markets including the Middle East, Africa and the CIS. In addition to servicing construction campsites, army camps, educational institution, 5-star hotels and onshore/offshore locations, the division specializes in providing ancillary services like camp managements, housing of workers, maintenance and manpower supply.

Sajwani was also one of the pioneers of the property market expansion in Dubai. In the mid-90's, he built several hotels to accommodate the growing influx of people coming to the emirate to do business and trade. In 2002, he identified the market opportunity and established DAMAC Properties, which was grown to be the one of the largest property development company in the Middle East.

Sajwani's know-how and expertise in the field of property development from marketing, sales, legal, finance, and administration is one of the key drivers of the company's success and today has several prestigious projects in key global cities such as Dubai, Abu Dhabi, Doha, Amman, Beirut, Jeddah, Riyadh and London.

DAMAC Properties, which has nearly 2,000 employees, is a publicly-listed company with shares traded in Dubai Financial Market. The company has one of the best track records in the luxury property development market and to date has delivered over 20,230 homes with a development portfolio of over 44,000 units at various stages of progress and planning.

As a leading brand in the market of luxurious property development, DAMAC Properties cooperates with high-profile fashion and lifestyle brands worldwide to bring new and exciting living concepts to the market. Projects include a Tiger Woods designed golf course which will be managed by The Trump Organization, luxury apartments with interiors by Italian fashion-houses Versace and Fendi, luxury villas styled by Bugatti, and uniquely conceptualised Paramount Hotels & Resorts to deliver serviced living at its most opulent.

In October 2011, DAMAC Properties launched its hospitality division 'DAMAC Maison' which will provide bespoke services to residents in more than 15,000 serviced hotel rooms and hotel apartments. This will position the company as one of the largest Hotel Apartment operators and developers in the region.

The extraordinary growth of DAMAC can be attributed to the vision and entrepreneurial skills of Sajwani. Listed among the 100 most globally influential Arabs, he has proven capability to transfer business vision into corporate reality and to provide leadership that is necessary to maintain continuity and growth.

As an astute businessman and investor, Sajwani also has a proven track record of successful forays in the global equity and capital markets. He currently holds investment portfolios of securities in a number of regional and global markets.

DICO Investments Co LLC is his flagship investment company. This company focuses on investments in private equities, mergers, and acquisitions and holds majority and minority holdings in publically

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traded companies and is always looking for value propositions in the global and regional investment sphere.

Other areas of business interests for Sajwani are in the world of trading such as Al Amana Building Materials, based in Oman that represents world-famous names like Villeroy & Boch, Grohe and Dorn Bracht, to name a few. Another business interest in this field in his portfolio is Al Anwar Ceramic Tiles Co., which is the first and one of only two tile manufacturer in the nation.

Another key investment initiative for Sajwani regionally is Al Jazeira Services, listed on the Muscat Securities Market with a capitalisation of over US\$ 110 million. The company was listed in 1997 and since then has produced impressive results in changing market conditions.

Sajwani has also previously served as a member of several boards including the Majan University College in Muscat Oman, Al Ahlia Insurance in Bahrain, JUNO Online in New York and Emirates Takaful Company in Abu Dhabi.

### **Farooq Arjomand - Vice Chairman (Non-Executive Independent Member)**

Mr. Arjomand received his Bachelor of Business Administration (B.B.A.) from Seattle Pacific University in the United States in 1984. Mr. Arjomand started his career as a banker at HSBC in 1985 and gained extensive experience of private banking, corporate finance, trade services and investment banking. Mr. Arjomand founded the Arjomand group of companies in 2000. The group conducts various activities including real estate, manufacturing, trade, financial activities and aviation across the GCC, Asia, Europe and the US.

### **Sufyan Al Khatib – Non-executive affiliated member**

Mr. Al Khatib has more than 37 years of experience in hospitality and restaurants sector in the Middle East region. He obtained his Bachelor of Business Administration (B.B.A.) from University of Jordan in 1980.

Mr. Al Khatib has previously served since 1989 as a group manager of International Logistics Services LLC which specialized in providing the comprehensive solutions in relation to the engineering services, procurement, construction, supplying services and customers support in a number of sectors including oil and gas sector, hospitality, the educational institutions and others. As a holder of his position, he supervised the strategies of business development and operational processes of the group in the Middle East and North Africa region (MENA), his duties included also achieving sustainable profit.

Before he is appointed in this position in DAMAC Group, Al Khatib occupied several leadership positions in a group of supply companies in Kingdom of Saudi Arabia as he was responsible for sales and marketing activities, widening the sales networks, achieving sales revenues targets and managing the operations related to the regional projects.

Al Khatib is currently appointed as a chairman of SAK INVESTMENTS LLC

### **Adil Taqi - Executive Member, managing director and Group Chief Finance Officer**

Mr. Taqi graduated with a Bachelor of Science in Mathematics-with-Engineering in 1993 from the University of Nottingham in the UK and received an executive MBA in 2004 from IMD in Switzerland. Mr. Taqi is also an associate and member of the Chartered Institute of

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Management Accountants in the UK. His experience covers both emerging and developed markets including the MENA region and the United Kingdom. In addition to being the Group Chief Finance Officer, Mr. Taqi heads up the Business Development Team managing all of DAMAC's real estate investments. Prior to joining DAMAC in 2006, Mr. Taqi held various senior management roles in Omani banks and financial institutions. Mr. Taqi is currently on the board of a number of high profile private and public companies in the MENA region including Al Anwar Ceramics Tiles Company SAOG and Al Jazeera Services Co. SAOG.

### **Professor John Wright - (Non-Executive Independent Member)**

Professor Wright was educated at Daniel Stewarts College, Edinburgh. Professor Wright is an associate and fellow of the Chartered Institute of Bankers in Scotland and a fellow of the Chartered Institute of Bankers in Ireland. Professor Wright's career in commercial banking spans over 44 years and includes assignments in the UK, India, Sri Lanka, West Africa, Canada, Hong Kong and the United States. Prior to Professor Wright's retirement in 2001 he held positions as: Chief Executive and Director of Clydesdale Bank PLC and Yorkshire Bank PLC; chief executive and Chief General Manager of Gulf Bank KSC, Kuwait; Chief Executive and Director of Northern Bank Limited, Belfast and Northern Bank Limited, Dublin as well as a director and Chief Executive Officer of the Oman International Bank. Currently, Professor Wright holds the position of a Non-Executive Director (including the roles of Chairman and Chair of Audit Committee) across a number of industries, including banking, retail, manufacturing, information technology and trusts, including amongst others, roles with Rasmala PLC, N.T. Butterfield & Son Limited, Boomer Industries Limited and XM International Associates Limited. Professor Wright is also a visiting professor at Heriot-Watt University Business School.

### **Nabil AlYousuf - (Non-Executive Independent Member)**

Mr. Nabil Alyousuf, an investor and entrepreneur, is the Chairman of Nabil Alyousuf & Associates, and a partner in "Al Jal Capital", a UAE-based private equity firm. He is also the Chairman of Sadara, the largest real estate developer in southern Iraq, and Chief Executive Officer of the International Advisory Group (IAG). He sits on several NGO boards.

Previously, Mr. Alyousuf was Director General of The Executive Office of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President, the Prime Minister and Ruler of Dubai. He led the development of Dubai Strategy 2015; established the Dubai School of Government; and was in charge of the Dubai Government Excellence Program.

In 2010, Mr. Alyousuf was chosen as a Young Global Leader by the World Economic Forum. He holds a Master of Business Administration degree from the University of Strathclyde, a Master of Science in Operations Research from Georgia Institute of Technology and a Bachelor of Science in Industrial Engineering from The University of Arizona.

### **Yahya Nooruddin - (Non-Executive Independent Member)**

Mr. Nooruddin has over 23 years of experience in local and regional financial markets with a proven track record of building organizations and leading them to the forefront of their



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respective industries. Mr. Nooruddin holds academic and professional degrees in the areas of marine engineering and law.

Mr. Nooruddin is currently the Chief Executive Officer of t'azur Insurance Company, which provides Family and General Takaful products for individuals and businesses. Prior to joining t'azur Insurance Company, Mr. Nooruddin served 12 years as Chief Executive Officer of Al Ahlia Insurance Company. Mr. Nooruddin was appointed as assistant general manager of Bahrain Kuwait Insurance Company B.S.C. He obtained a Master in law and a certificate in marine engineering.

### **B. Statement of women representation in the board of directors.**

The Company does not have woman representation at the Board Level, however at the organizational level the Company does have fair amount of women representation.

### **C. Reasons behind Non Women Representation in the Board**

In 2017, during new director's election and after opening the door for election of new directors for the Board, four women applied for membership of the board. In the election session held on 14/06/2017 no woman has obtained the sufficient percentage to be a Board member.

### **D. Remuneration of the board of directors:**

According to the Corporate Governance Manual of the Company, the remuneration of Board members shall be a percentage of net profit not exceeding 10% of the net profits. Moreover, the Company may pay ancillary expenses or fees or a monthly salary in the amount fixed by the Board to any member, if such a member works in any committee, exerts special efforts or undertakes additional duties for the Company beyond his/her normal duties as a member of the Board of the Company. In all cases, the remuneration of Board members may not exceed ten percent (10%) of net profits, having deducted all the Depreciations and reserves and an allocation of a dividend of at least five percent (5%) of capital to shareholders. The Board members did not receive any remuneration for the year 2016. And there is no proposal prepared by the Board to be submitted in the annual general assembly regarding remuneration distribution on members of Board of Directors.

The Directors receive a fixed salary towards their role as committee member:

Ser.	Name			
		Committee name	Allowance value (AED)	Number of meetings
1	Mr. Farooq Arjomand	Audit, Risk and Compliance Committee / Nomination & Remuneration Committee	300,000	3
2	Mr. Yahya Nooruddin	Audit, Risk and	299,450	6

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		Compliance Committee / Nomination & Remuneration Committee		
3	Mr. John Wright	Audit, Risk and Compliance Committee	402,108	5
4	Mr. Nabil AlYousuf	Nomination & Remuneration Committee	300,000	1

**E. Number of board of directors meetings held during the financial year 2017, their dates of holding, with the personal attendance record of all directors and statement of the members who attended by proxy are as follows:**

Name	Meeting 1	Meeting 2	Meeting 3	Meeting 4	Meeting 5	Meeting 6	Meeting 7
	13-Feb-2017	16 Apr- 2017	14-May- 2017	22-July- 2017	13-Aug- 2017	17-Oct- 2017	09-Nov- 2017
Mr. Hussain Sajwani	Attended by proxy	Circular resolution	Circular resolution	Attended	Circular resolution	Attended	Attended
Mr. Farooq Arjomand	Attended	Circular resolution	Circular resolution	Attended	Circular resolution	Attended	Attended
Mr. Adil Taqi	Attended	Circular resolution	Circular resolution	Attended	Circular resolution	Attended	Attended
Mr. John Wright	Absent	Circular resolution	Circular resolution	Attended by proxy	Circular resolution	Attended by proxy	Attended
Mr. Nabil AlYousuf	Attended	Circular resolution	Circular resolution	Attended	Circular resolution	Attended	Attended
Mr. Yahya Nooruddin	Attended	Circular resolution	Circular resolution	Attended by proxy	Circular resolution	Attended	Attended
Mr. Ziad El Chaar	Attended	Circular resolution	Independent				
Mr. Sufyan Al Khatib				Attended	Circular resolution	Attended	Attended

**F. Duties & competencies assigned to executive management based on authorization from the board of directors given to the management with determination of period and validity of the authorization.**

Pursuant to the Articles of Association of the Company, and by virtue of various resolutions, the Board of Directors have delegated to the Audit Compliance and Risk Committee; and Nomination and Remuneration Committee; the General Manager; and other officers, the authority to conduct the business of the Company and to carry out all acts, reasonably necessary to fulfill the company's objectives.

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In Particular, the General Manager holds a special Power of Attorney dated 21st April, 2015 signed by the Chairman, wherein the following administrative and executive powers have been delegated to General Manager to manage the business and affairs of the Company, including but not limiting the following functions:

- To carry out all such acts, deeds and things on behalf of the Company for any matter related to the Company in the United Arab Emirates or abroad within the given authority
- To sign, complete, make amendments, submit, discuss and receive all documentation as may be desirable, necessary or expedient for the process of registering, renewing, amending the license of the Company and/or opening branches within the United Arab Emirates and/or any of its branches within the United Arab Emirates;
- To open, manage, operate and close any and all bank accounts inside and/or outside the United Arab Emirates, with power to execute all banking documents, deposit cash, sign and collect cheques, draft statement, accounts, bills, notices and other financial instrument;
- To deal with all currencies, cheques and all other negotiable instruments;
- To represent the Company in all claims brought before all kinds of courts and all courts level and arbitration panels and to collect and receive all the Company debts and to provide receipts thereof;
- To deal with all the company business and transaction, including the right to purchase, lease or otherwise acquire movable and immovable property and to sell, mortgage, lease or dispose of any movable or immovable property belonging to the Company;
- To negotiate and enter into all contracts, sign all agreements and documents relating to the business of the Company and to take all steps necessary to execute, perform and fulfill the terms and conditions of any agreements, contracts;
- To negotiate, sign and implement in the name of the Company guarantees for third party obligation or counter guarantees;
- To execute the Company's polices as approved by the Board of Directors and administer all office work related to the business of the Company;
- To make all decisions relating to the marketing and pricing of the products and services of the Company;
- To employ, appoint, terminate services of the staff of the Company defining their roles and duties and determine their terms of services and their wages, salaries and gratuities;
- To appoint or terminate lawyers, accountants and other advisors and consultants for the Company, define their scope of work and negotiate and finalize their fees and other terms of engagement;
- To appoint lawyers in order to represent the Company in courts, arbitration or any other alternate dispute resolution forum to commence proceedings, to plead, to enforce and undertake all actions concerning any of the aforesaid matters;
- To prepare, sign, execute and file all necessary applications, petitions, forms or documents and/or perform all official matters and formalities required and/or appear and represent the Company before the Government, the Ruler's office, the courts of the United Arab Emirates, the notary publics, the various Ministries including but not limited to the Ministry of

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Economy, the Municipalities, the Economic Departments, the Chamber of Commerce and Industry, the Customs and Immigration Departments, the Labour Department, Police Departments, Prosecution Department, Ports and Customs, and all other government and semi-government authorities or departments, all Companies Establishments, all individuals and private companies within the United Arab Emirates.

Mr. Sajwani and Mr. Al Khatib were assigned to perform a number of special duties to help the company in projects and business development inside and outside the country.

### **G. Statement of related party transactions (stakeholders) with showing the nature of relationship and type of dealing.**

Reviewing the Corporate Governance Code and the Company's transactions during the financial year 2017, DAMAC Properties Dubai (PJSC) did not execute any related party transactions.

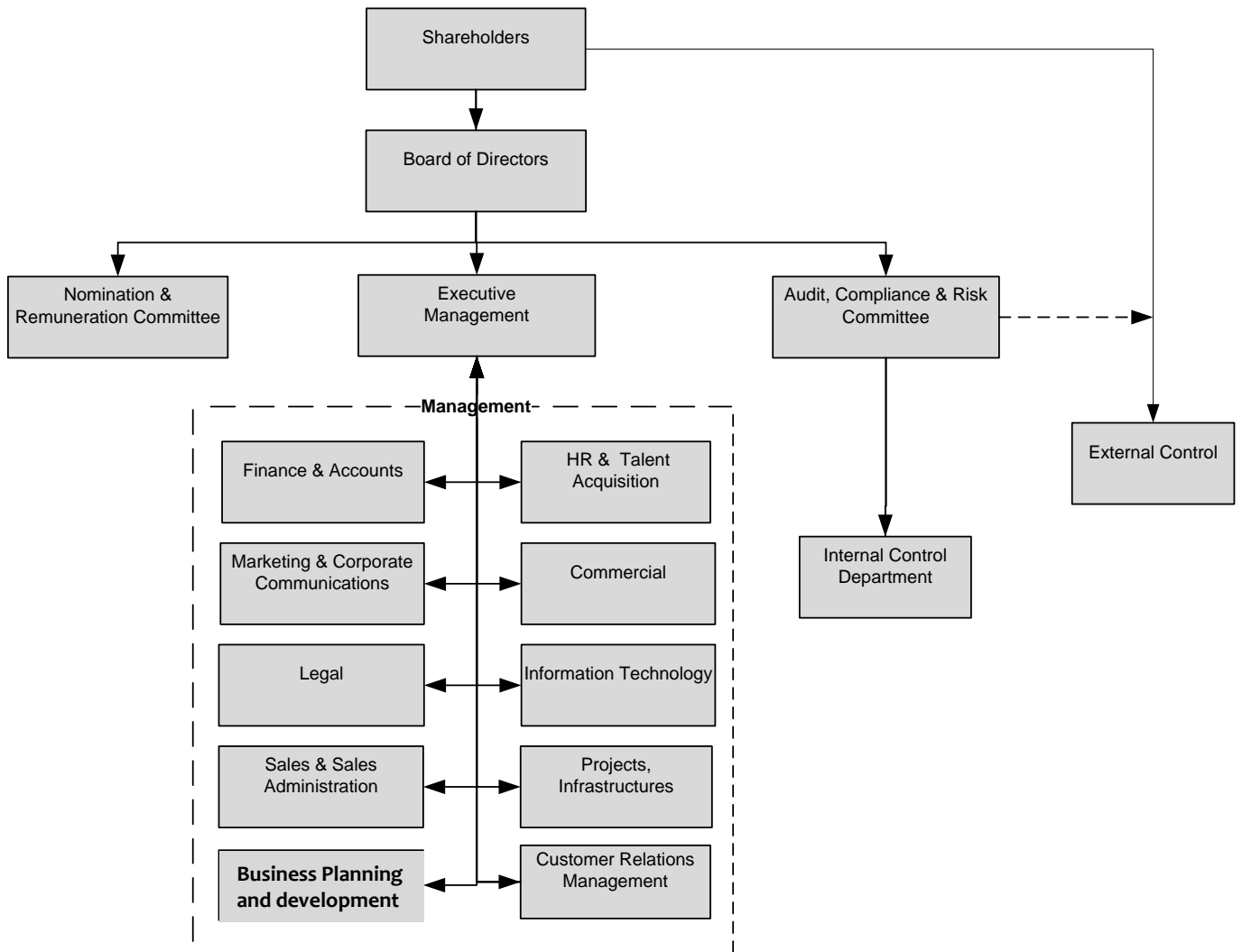
### **H. Organizational structure of the company which includes at least first and second degree provided that it shall include the general manger and/or the chief executive officer, deputy general manager and the manager who work in the company such as the chief financial officer**

The Organizational structure is provided hereunder:

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## DAMAC Properties Dubai PJSC Organizational Structure



**I. Detailed statement of the senior executive employees in the first and second degree as mentioned in the organizational structure of the company, their jobs, dates of their appointment, total salaries, remunerations paid to them according to the following table:**

Mr. Adil Taqi is the General Manager and CFO of the Company, who has obtained a Bachelor of Science in Mathematics-with-Engineering from the University of Nottingham, UK and received an

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executive MBA from IMD in Switzerland. Mr. Taqi is also an associate and member of the Chartered Institute of Management Accountants in the UK.

The below table details the senior executive management salaries and remunerations in the company:

S.N	Designation	Appointment Date	Salary and allowances for the year 2017 (in AED)	Bonuses for the year 2017 (in AED)	Other cash/ in kind Bonuses for the year 2017 or Payable in the future
1	GROUP CFO	18 Mar 2012	3,600,00	-	-
2	SENIOR VICE PRESIDENT-HR	01 Sep 2003	1,560,000	240,000	100,000
3	SENIOR VICE PRESIDENT-CORPORATE COMMUNICATION /MARKETING	17 Oct 2007	1,240,000	80,000	100,000
4	SENIOR VICE PRESIDENT-BUSINESS PLANNING	30 Dec 2013	1,440,000	240,000	400,000
5	SENIOR VICE PRESIDENT-PROJECTS	11 Sep 2011	1,200,000	150,000	200,000
6	SENIOR VICE PRESIDENT-SALES	01 Oct 2002	1,080,000	-	-
7	VICE PRESIDENT-LEGAL	22 May 2016	1,680,000	120,000	-
8	SENIOR VICE PRESIDENT-COMMERCIAL	03 Dec 2006	1,290,000	240,000	-
9	VICE PRESIDENT - INFORMATION TECHNOLOGY	15 Feb 2004	1,020,000	60,000	-
10	SENIOR VICE PRESIDENT FINANCE	02 May 2013	840,000	40,000	-
11	SENIOR VICE PRESIDENT CUSTOMERS RELATION MANGMENT	16 Sep 2012	1,260,000	180,000	-

#### 4. EXTERNAL AUDITOR

Deloitte and Touché (Middle East), one of the big four audit firms worldwide is DAMAC's external auditor. Deloitte and Touché (Middle East) is a well known institution in the services of auditing, taxes, deals, and consultancy across the globe.

Details in respect of the External Auditor have been provided as under:

<b>Name of the Auditing Office</b>	<b>Deloitte &amp; Touche (Middle East)</b>
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No. of years spent as an external auditors of the Company	4 years
Total Auditing fees of the Financial Statement of 2017	AED 745,000 /-
Fees and cost of the other special services other than auditing of the financial statement of 2017	N.A.
Details and nature of the other provided services	N.A.
Statement of the other services performed by the external auditors other than the company auditors during 2017	Not applicable
Statement of other services performed by <b>other external auditors</b> other than the company auditors during 2017 (if any) if there is no other auditors, then this shall be mentioned expressly	N.A.

### 5. AUDIT COMMITTEE

#### A. Member's names of Audit Committee, its competency and duties assigned to it.

The Board of Directors has approved the formation of an Audit Committee on 21<sup>st</sup> April 2015, in compliance of the Corporate Governance Manual and same was renamed on 31<sup>st</sup> December 2015 as the Audit, Compliance and Risk Committee (“**ACR Committee**”). The ACR Committee is comprised of the following Board Members.

S.N.	Name	Role	Capacity
1.	Mr. John Wright	Chairman	Non-executive/Independent Director
2.	Mr. Farooq Arjomand	Member	Non-executive/Independent Director
3.	Mr. Yahya Nooruddin	Member	Non-executive/Independent Director

**The main duties of the ACR Committee include (but not limited to) the following in respect of which the Committee shall:**

- a) Develop and apply the policy for appointment of the external auditors and make a report to the Board to set forth the issues in respect of which an action shall be adopted together with recommendations on necessary to-be-adopted steps;
- b) Follow up and oversee the independence and objectivity of the external auditor and hold discussions with the external auditors on the nature, scope and efficiency of auditing pursuant to approved audit standards;
- c) Oversee the integrity of and review the Company's financial statements and annual, semiannual and quarterly reports in the course of its operations during the year and shall, in particular, focus on:
  - 1 Any changes in accounting policies and practices;
  - 2 Highlighting matters that are subject to the management's judgment;
  - 3 Material amendments emerging out of auditing;

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- 4 Assumption of the Company's going concern;
  - 5 Adherence to the accounting criteria set by the Authority; and
  - 6 Adherence to listing and disclosure rules as well as other financial reporting legal requirements;
- d) Coordinate with the Board, the executive management and the financial manager or the manager assuming the same duties in the Company in order to duly fulfill its duties. The Committee shall hold a meeting with the Company's external auditor at least once per annum;
  - e) Consider any outstanding unconventional issues that are or have to be reflected in these reports and accounts and shall pay necessary attention to any issues raised by the financial manager of the Company, the manager assuming the same duties, the Compliance Officer, the Risk Officer or the external Auditor;
  - f) Review the Company's financial control, internal control and risk management systems;
  - g) Lay down the scope of and review the findings and suggestions of the Compliance Officer and suggest appropriate corrective measures to the management of the Company;
  - h) Lay down the scope of and review the findings and suggestions of the Risk Officer and suggest appropriate corrective measures to the management of the Company;
  - i) Discuss the overall internal control system with management and make sure that it fulfills its duty to develop an effective internal control system;
  - j) Consider findings of main investigations into internal control issues to be assigned thereto by the Board or at the initiative of the Committee upon the approval of the Board;
  - k) Ensure coordination between internal and external auditors, ensure availability of necessary resources for internal audit body, review and control the efficiency of this body;
  - l) Review the Company's financial and accounting policies and procedures;
  - m) Review the mission and action plan of the external auditor and any material inquiries raised by the auditor to the management in respect of accounting records, financial accounts or control systems, respond thereto and approve the same;
  - n) Make sure that the Board responds on a timely basis to inquiries and material issues raised in the external auditor's mission;
  - o) Develop rules that enable the employees of the Company to secretly report any potential violations in financial reports, internal control or other issues and adequate steps to conduct independent, fair investigations into these violations;
  - p) Oversee the scope of the Company's compliance with its code of conduct and conflict of interest by the Board members and management of the Company;
  - q) Ensure application of rules of operation in connection with their duties and powers assigned thereto by the Board.
  - r) Make a report to the Board on the issues set in this clause; and
  - s) Consider any other issues as the Board may determine.

The ACR Committee convened five times during 2015, minutes of the meeting are being recorded and approved. The Chairman of the ACR Committee periodically presents his reports on the



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outcome of the ACR Committee at the subsequent Board meeting held after each ACR Committee meeting and provides recommendations on periodic financials and other matters.

### **B- Number of meetings held by audit committee during the year and their dates to discuss the issues related to the financial statements and any other issues and statement of the personal attendance record of the members in the meetings held.**

Name	Meeting 1	Meeting 2	Meeting 3	Meeting 4	Meeting 5
	09/02/2017	10/05/2017	10/08/2017	17/10/2017	09/11/2017
Mr. John Wright	√	√	√	√	√
Mr. Farooq Arjomand	√	X	X	√	X
Mr. Yahya Nooruddin	√	√	√	√	√

### **6- NOMINATION AND REMUNERATION COMMITTEE (“N& R Committee”):**

#### **a) Names of the members of nomination and remuneration committee, their competencies and duties assigned to them.**

The Board of Directors has constituted the Nomination & Remuneration Committee in compliance with the Corporate Governance Manual. The N&R Committee is comprised of the following Board Members.

S.N.	Name	Role	Capacity
1.	Mr. Farooq Arjomand	Chairman	Non-executive/Independent Director
2.	Mr. Nabil AlYousuf	Member	Non-executive/Independent Director
3.	Mr. Yahya Nooruddin	Member	Non-executive/Independent Director

The Board of Directors has resolved to establish a committee of the Board known as the Nomination and Remuneration Committee.

The main duties of the N& R Committee include (but not limited to) the following:

1. Verification of ongoing independence of Independent Board Members.
2. Formulation and annual review of the policy on granting remunerations, benefits, incentives and salaries to Board members and employees of the Company and the committee shall verify that remunerations and benefits granted to the senior executive management of the Company are reasonable and in line with the Company's performance.
3. Determination of the Company's needs for qualified staff at the level of the senior executive management and employees and the basis of their selection.
4. Formulation, supervision of application and annual review of the Company's human resources and training policy.

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5. Organization and follow-up of procedures of nomination to the membership of the Board in line with applicable laws and regulations as well as this Resolution.
6. A policy for nomination for the Board membership shall be developed with the objective to observe diversity of genders in the Board formation and encouraging females to nominate for the Board membership of the Company.
7. Arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

### b) Statement of number of meetings held by the committee during the financial year, their dates of holding and the personal attendance record of all committee's members.

Name	Attendance of the meeting held on
	9 Feb 2017
Mr. Farooq Arjomand	√
Mr. Yahya Nooruddin	√
Mr. Nabil AlYousuf	√

### 7- Insiders Committee

As part of the Company internal policies, names as members of Insider Committee were suggested to be responsible for following up and the suggestion will be submitted in the first next session of board of directors.

### 8- INTERNAL CONTROL SYSTEMS

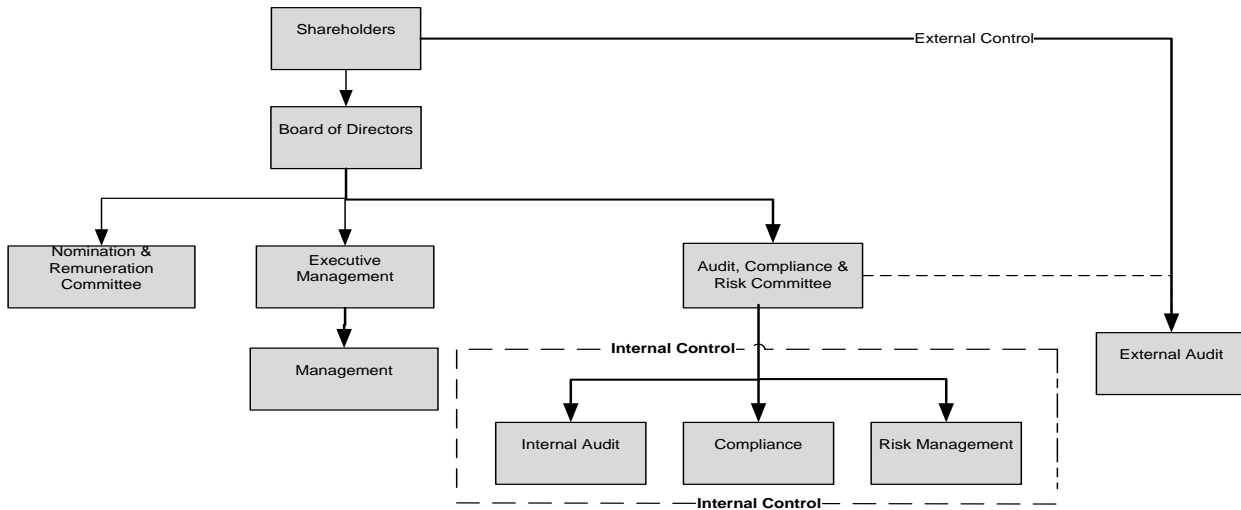
The Board of Directors acknowledges that it is responsible towards the shareholders for creating and delivering sustainable value through the management of the businesses hence the Board of Directors has an overall responsibility for ensuring that executive management designs and implements an effective Internal Control System which provides assurance of effective and efficient operations, accurate financial reporting and compliance with applicable laws and regulations.

The ACR Committee is delegated by the Board of Directors to oversee the internal control systems and update the Board periodically on the resourcing, testing, and effectiveness of internal controls in the Company.

The Internal Control Structure System established in DAMAC is as under:

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On 14/01/2018 Mr. Dharmendra Panwar was appointed as Head of Internal Audit, who is a Chartered Accountant (CA) – India and Certified Internal Auditor (CIA) – USA. Mr. Panwar has no executive role in the Company.

The Internal Control System helps the Company to achieve its purposes by following a regulated methodology aimed at assessing and improving the efficiency of risk management and processes of control and Corporate Governance.

In case of any major control deficiency in audit findings, the Internal Audit department reports issues to the Audit Compliance and Risk Committee of the Board of Directors.

The Audit Compliance and Risk Committee takes the necessary actions to handle all such cases; the Committee requests the Company’s Management to provide necessary disclosure and implement the necessary procedures to mitigate any potential risks.

### 9- Details regarding violations committed during the financial year, their reasons, how to handle them and avoid their reoccurrence in the future.

During the year 2017, the Company was not under any fines or restrictions by Securities and Commodities Authority or any legal authority, regarding any issue related to capital market. Furthermore, no matters of non-compliance under the Corporate Governance Code were observed.

### 10- Statement of cash and in kind Contributions provided by the company during 2017 to develop the local society and preserve the environment (in case of lack of contributions, it is necessary to mention that the company did not provide any contributions)

During 2017, DAMAC agreed to provide cash contribution amounting to AED 9,750,000, nine million and seven hundred fifty thousand dirham through HUSSAIN SAJWANI DAMAC

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FOUNDATION - in favor of “One Million Arab Coders Initiative”, one of the initiatives of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President, the Prime Minister and Ruler of Dubai, which is affiliated to Dubai Future Foundation. The mentioned contribution will be paid for a set number of payments during the next coming three years.

### 11- GENERAL INFORMATION

#### A. statement of Price of the DAMAC’s Shares (closing price, highest price and the lowest price) at the end of each month during the financial year 2017

2017	DAMAC Share			Month End Closing Prices		
	High Price (AED )	Low Price (AED)	Volume Traded (shares)	DAMAC Share (AED)	DFM General Index	DFM Real Estate and Construction Index
January	2.72	2.53	98,807,302	2.70	3,642.85	7,357.56
February	2.95	2.70	169,553,746	2.94	3,630.34	7,243.48
March	2.79	2.70	62,489,159	2.82	3,480.43	7,062.47
April	2.91	2.48	61,014,417	2.52	3,414.93	6,892.48
May	2.99	2.48	244,632,289	2.99	3,339.37	6,822.27
June	3.19	2.77	61,668,363	3.16	3,392.00	7,193.97
July	4.57	3.14	151,877,165	4.00	3,633.18	7,818.94
August	4.14	3.71	60,946,038	4.04	3,637.55	7,893.10
September	4.14	3.71	31,170,747	3.80	3,563.99	7,666.48
October	4.03	3.74	46,745,138	3.95	3,635.87	7,707.03
November	3.95	3.35	50,285,312	3.45	3,420.17	6,968.48
December	3.47	3.27	51,794,461	3.30	3,370.07	6,719.75

*Source: Bloomberg, Dubai Financial Market*

*\* Close price for the prices according to the close price for each last day of trading of the related month*

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### B. Chart of the comparative performance of the company share with General Index and Company's Sector Index during 2017



	31 Dec 2015	28 Dec 2017	Percentage of Change %
DAMAC share price	2.53	3.30	30.4%
DFM General Index	3,530.88	3,370.07	-4.6%
DFM Real Estate & Construction Index	7,164.40	6,719.75	-6.2%

\* Source: Bloomberg

### C. Statement of the shareholders allocation as on 31/12/2017 (Individual, Corporations, Governments) classified as per their nationalities (GCC, Arab and foreigner) :

Shareholder's classification	Shareholding				Percentage
	INDIVIDUALS	CORPORATIONS	GOVERNMENTS	Total Shares	
UAE	45,792,145	3,474,530,609	111,389	3,520,434,143	58.2%
GCC	2,660,642	237,368,412	0	240,029,054	4.0%
ARAB	10,373,547	6,675,861	0	17,047,408	0.3%
FOREIGN	7,658,454	2,243,405,744	21,423,197	2,272,487,395	37.6%
<b>Total</b>	<b>66,484,788</b>	<b>5,961,980,626</b>	<b>21,534,586</b>	<b>6,050,000,000</b>	<b>100.0%</b>
Percentage	<i>1.10%</i>	<i>98.55%</i>	<i>0.356%</i>	<i>100.00%</i>	

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### D. Statement of the shareholders holding 5% or more of corporate capital as on 31 December 2017 according to the following table:

S.N.	Shareholder	Nationality	Number of Shares	Percentage %
1.	Data Mark Investments Company LLC	UAE	559,625,000	9.25%
2.	Business Pioneers Investment Co L.L.C	UAE	559,625,000	9.25%

### E. Distribution of the Shareholding as on 31 December 2017 according to the following table:

S.N.	Share(s) Ownership	Number of Shareholders	Number of Owned Shares	% of owned shares of capital
1.	Less than 50,000	622	8,780,132	0.15%
2.	From 50,000 to less than 500,000	413	70,748,517	1.17%
3.	From 500,000 to less than 5,000,000	129	192,517,466	3.18%
4.	More than 5,000,000	40	5,777,953,885	95.50%
	<b>Total</b>	<b>1204</b>	<b>6,050,000,000</b>	<b>100.00%</b>

### F. Investor relation

DAMAC's in-house Investor Relations team is responsible for handling all interactions and correspondences with shareholders, analysts, investors and potential investors as well as other capital markets community members. This includes analyst and investor roadshows, attending investor conferences across the globe, along with financial public relations.

During 2017, Mr. Omar Abu Shaaban contacted the investors in his capacity as a Head of Investor Relation in the Corporate.

All data related to disclosure, dividends, financial reports, corporate governance, annual financial report and other information related to the shares are available on <https://www.damacproperties.com/en/onvestor-relatoins>. For suggestion and complains investor may contact the investor relation team on

Phone : +971 4373 1342

Fax : 971 4373 2335

Email : [investor.relation@damacgroup.com](mailto:investor.relation@damacgroup.com)

### G. Special resolutions for the year 2017

During 2017, the general assembly issued resolution to allow Board of Directors to provide the involuntary contributions in accordance with the legal controls related to the expenses limit of this item.

### H. Performance Highlights 2017

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### Jan

- Beginning of handing over the luxury apartments with elegant and exclusive interiors by Versace Home in the project “DAMAC TOWER” IN Beirut
- Offering a group of luxury “Boutique” villas in “AKOYA” and “AKOYA OXYGEN”

### February

- Opening “Trump International Golf Club, Dubai” at DAMAC Hills Community
- Tiger Woods made a field round in a Golf Club designed by him within the project of DAMAC Properties “AKOYA OXYGEN”.
- Three hotels of DAMAC Maison won the distinction certificates for the year 2016 from “TripAdvisor”

### March

- DAMAC Properties granted 121 contracts amounting to 1.4 billion dirham during the first two months of 2017 for its various projects.
- Granting a contract amounting to 200 million dirham for the main works in “Merano Tower” project.
- Showing villas designed by Fendi in “DAMAC Hills”
- Launched first modern “Hajar” villas in Dubai
- Real Estate Mortgage Department in DAMAC provided facilities for the residential financing amounting to 600 million AED.

### April

- Launching new residential units in “Aykon City” viewing Dubai Canal Walk.
- Granting a contract amounting to 58.4 million dirham for the main structural works in a group of villas within “Akoya Oxygen” project
- 85% of “DAMAC Towers by Paramount Hotels and Resorts” was accomplished.
- “DAMAC Hills” won award of “the best main developmental real estate project” in “Gulf Real Estate Awards”.
- Showing new “Kenda” villas at “Okya Oxygen”.
- Achieving more than 180 million safe working hours within our projects in Dubai.

### May

- Launching “Aknan” villas at “Akoya Oxygen”.
- DAMAC honoured 250 of its real estate brokers who have the most distinguished performance in the first event of its kind in Dubai
- Launching “Burj DAMAC Seaviews” project consisting of 31 floors in Qatar
- Launching Casablanca Villas, furnished luxury villas provided with integrated services

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- Granting a contract amounting to 40 million dirham for roads and infrastructure in the residential Vardon community within “AKOYA Oxygen” project.
- Launching “Townhome EVO”.
- DAMAC joined Morgan Stanley Capital International (MSCI)

### June

- Launching “Aurum” villas with guarantee to provide one Kilogram of gold upon purchasing each villa.
- Partnership agreement amounting to one billion dollar was signed to implement water front development project of Port Sultan Qaboos Muscat Sultanate of Oman.

### July

- Strategic partnership agreement with “Amlak Finance” to provide exclusive investment opportunities to our customers.
- Launching residential Golf Vita Damac Hills

### August

- A contract amounting to AED 268 million granted to Arabtec Construction LLC to build 1, 296 villas in ‘AKOYA Oxygen’
- A leading partnership agreement concluded with Roberto Cavalli to offer Just Cavalli villas at “Akoya Oxygen”.

### September

- DAMAC received five awards at the Africa and Arabia Property Awards 2017: the two projects “DAMAC Hills” and “AYCON CITY” within the winning projects due to they distinguished by exceptional and architectural styles and designs.
- Opening Damac Maison Royale The Distinction Hotel in the heart of “Dubai Down Town”.

### October

- Damac Properties tops the Forbes Global 2000 List as the fastest growing company worldwide.
- Launching “Vera Residences” project on Dubai Canal Walk
- Launching “Sky View Level” apartments in Golf Vita Damac Hills

### November

- A contract amounting to more than AED 350 million was concluded for the construction works of roads network and main building works in “AKOYA Oxygen”.
- Exceptional day for sales organized regarding a number of villas in “AKOYA Oxygen”.



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- Launching “Park Villas” in Damac Hills in the heart of nature.

### **December**

- “Damac Maison Canal View Hotel” won Best Hotel Award in “Distinction in hospitality sector 2017 award”
- Launching “Sahari” villas at “Akoya Oxygen”

### **I. Percentage of Emiratisation**

Corporate employees number:	2,023
UAE employees number:	15
Percentage	0.741%

During the first three months of 2018, DAMAC employed 4 employees who are UAE citizens through contributions of the company in the governmental accelerators to support the initiative of “Qualitative Emiratisation Program in real estate development sector. The new employees will be appointed within the next March.

### **J. The Innovative Initiatives**

The business planning team is working continuously to improve the performance standards through review, effective analysis of data and strategic future planning. This job includes preparation of comprehensive vision for the Corporate including lands acquisition reaching to expanding the business in the market. The team work is fully aware of the market conditions along with the comprehensive knowledge of the various duties in the Corporate.

Innovation and Business Planning Department, as a part of tendency towards the smart solutions (Robot), conducted studies, reviews of solutions, various tools and techniques in addition to applications approved by other companies. It realized that the top-down approach did not succeed except in few times. Therefore, DAMAC adopted a different path, instead of focusing on “Smart Solutions for operations”, the corporate “applied them on the team work”, this procedure is in accordance with “Lyn” methodology by which the company endeavours continuously to increase the employees in the production line instead of management support. We have witnessed a great support from the production line and virtual employees are being employed to increase the human capabilities and to assign the persons to do jobs of higher value. The number of the virtual employees is increased from 5 to 15 during the year due to the request increase of higher efficiency along with the cost decrease to the minimum limit and achieving greater safe. The smart solutions are applied on the accounts settlement, auditing and registration of the potential customers via internet reaching to data migration.

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**Chairman's signature**  
**Handwritten signature**  
**Date: 29 March 2018**

**The official Seal of the Corporate**  
**(Each page of this document contains the Seal of Damac**  
**Properties Dubai Co.)**

*\*This Document is an English translation of the Arabic version of DAMAC corporate governance report as approved by SCA. If any contradiction with the English language, the Arabic language shall prevail.*