

**Deyaar Development PJSC**

**Governance Report**

**2019**



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## Governance Report for 2019

In accordance with the resolution of Securities & Commodities Authority (“Authority”) Chairman No. (7/R.M) of 2016 Concerning the Standards of Institutional Discipline and Governance of the Public Shareholder Companies and pursuant to the provision of Article No. (52) of this Resolution, Deyaar Development PJSC (“the Company”) has submitted this report on the Company Governance for the fiscal year ended on 31 December 2019.

This report was prepared in accordance with 2019 governance report template approved by the Authority which was issued on 24 December 2019. This report will be available to all Company’s shareholders prior to holding the General Assembly with sufficient time via the internet through the website of the Authority, Dubai Financial Market and the Company’s website ([www.deyaar.com](http://www.deyaar.com)).

### 1. Procedures taken to complete the corporate governance system during 2019 and its method of implementation

The Board of Directors (“the Board”) believes in the importance of applying the highest standards of the governance to enhance Company’s performance, protect shareholders’ rights and achieve sustainable growth of the financial markets, The Board of Directors and the Executive Management establish the internal control system which is deemed as a conclusive element of the Company’s governance structure. The Governance framework in the company complies with principles and standards specified and applied by both the Authority, Dubai Financial Market and the provisions set forth within the Federal Law No. (2) of 2015 on the Commercial Companies regarding the determination of governance requirements. In 2019 the Management has effectively applied governance rules and in a transparent manner based on the responsibility of the Board towards the shareholders to protect and promote their rights through the following:

- Development of the governance manual in accordance with the legislations and resolutions of the Authority;
- The Board held four meetings during the year and notified the Dubai Financial Market with dates and results of these meetings according to the procedures applicable in the Dubai Financial Market. Additionally, four meetings of the Audit Committee, one meeting of the Nomination & Remuneration Committee and two meetings of the Executive Committee were held;
- The independent Directors commitment of disclosing any change affecting their independence and continuously ascertaining thereof;
- Confirmation of the current formation of the Committees and its assigned duties and the use of all special powers and authorities required for the Committees’ duties and any additional tasks assigned to these Committees by the Board. The Board has received reports from these Committees in accordance with the provisions and rules of the Authority resolutions;
- Establishment of the Internal Control Department reporting to the Board through the Audit Committee. The Internal Control Department submits reports to the Audit Committee and practice all powers and authorities assigned thereto pursuant to the internal control system and powers approved by the Board;
- Confirmation of the power granted to the Management and its duration, to practice its duties and any additional tasks assigned by the Board;



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- Disclosure of the quarterly and annual financial statements reviewed by the External Auditors & approved by the Board and submitting thereof to the Dubai Financial Market and the Authority;
- The Board through the Audit Committee developed a framework and strategy to manage the risks and recognition of levels of risks acceptable to the Executive Management to be followed and complied with;
- A female Board member has been elected in the Board to ensure gender diversity and women contribution in the Company's board of directors;
- Review of the internal control system and update some of the Company's policies and procedures such as procedures which control Board members and employees' trading activities, whistle-blowing policy, policy on annual remuneration and code of conduct;

### 2. Ownership and transactions of Board of Directors, their spouses and children in the Company's securities during 2019

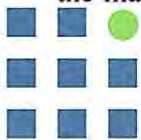
The Directors are abided by the policy defined in the Company's governance manual concerning trading of securities issued by the Company. Further, the Directors adhered to the period of trading prohibition stated in the system of trading, setoff, settlement, transfer and holding of securities issued by the Authority. The Directors disclose their trading and their first-degree relatives on an annual basis in accordance with the form prepared for this purpose.

No.	Name	Position/ Kinship	Owned shares as on 31/12/2019	Total sale	Total purchase
1	Mr. Abdullah Al Hamli	Chairman	NA	NA	NA
2	Mr. Abdullah Lootah	Vice-Chairman	6,532	NA	NA
2.1	Mrs. Sherina Nasser Lootah	Relation Wife ship	6,532	NA	NA
3	H.E. Khalifa Al Zaffin	Board member	NA	NA	NA
4	Mr. Mohamed Al Sharif	Board member	NA	NA	NA
5	Mr. Mohammed Al Nahdi	Board member	NA	NA	NA
6	Dr. Adnan Chilwan	Board member	NA	NA	NA
7	Mr. Obaid Nasser Lootah	Board member	309,552	NA	NA
8	Mr. Yasser Bin Zayed	Board member	NA	NA	NA
9	Ms. Maryam Mohammed Bin Fares	Board member	NA	NA	NA

*According to the statement of the Directors and as per the response from Dubai Financial Market sent to the Company dated 27 January 2020 under Ref. No.2020/00317 and the email dated 11 February 2020 under Ref. No. 2002105731 for the purpose thereof "There are no dealings made by the Directors and their first-degree relatives of the Company securities (selling or purchasing) during 2019 as well as the quantity of shares owned".*

### 3. Board of Directors' Formation

The Board dedicates all efforts and uses its experiences to improve the Company's performance as per the objectives of the stakeholders. Such objectives shall be converted into actions which are closely monitored by the Board along with the Executive Management to ensure the sustainability and add value to all stakeholders. We have set governance framework to ensure the effectiveness of the Board members in carrying out their responsibilities toward the main objectives and facilitate their positive contribution. The Board has delegated some



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tasks and responsibilities to its Committees which submit reports and recommendations to the Board of Directors as part of their responsibility and transparency.






### **A. Statement of the current Board formation:**

According to the Federal Law No. (2) of 2015 on the Commercial Companies and Article No. (15) of the Company's Articles of Association, the Board of Directors was elected by the General Assembly for a subsequent session for a period of three years on 15 April 2019. The Board of Directors consists of nine Non-Executive Directors. The Directors are classified as Non-Executive / Non-Independent or Non-Executive / Independent according to the definition of each class by the Authority. Noting that the Chairman of the Board and majority of the Directors are citizens of United Arab Emirates.

**Experiences, qualifications, memberships and positions of the Directors in other joint stock companies or governmental companies are listed below:**







## Governance Report of 2019

No.	Name	Category (Executive, Non- executive and Independent)	Experience	Qualifications	Period served as a Board member from the date of first election	Their membership and positions at any other joint- stock companies	Their positions in any other important regulatory, government or commercial companies
1	 Mr. Abdullah Al Hamli	Chairman Non-executive / Non-independent	Banking, real estate, finance, investments and information technology	Bachelor of Science with majors in Economics and Mathematics from Al Ain University, United Arab Emirates	Appointed since 2008 (11 years)	Managing Director of Dubai Islamic Bank PJSC	Chairman of Emirates REIT
2	 Mr. Abdullah Lootah	Vice Chairman Non-executive / Independent	Real estate, trading and investments	Bachelor of Business Administration from the Dubai Men's College, United Arab Emirates	Appointed since 2008 (11 years)	-	Vice Chairman of the Lootah Group of Companies; Chairman of Nomination & Remuneration Committee; and Member of the Executive Committee of the Company.
3	 H.E. Khalifa Al Zaffin	Board Member Non-executive / Independent	Real estate, and construction airports	Bachelor of Science in Chemical Engineering from Arizona State University, United States of America	Appointed since 2006 (13 years)	-	Executive Chairman of Dubai Aviation Corporation and Executive Chairman of Dubai aviation Engineering Projects; Chairman of Cleveland Bridge; Member of the Board of Directors of Dubai World Trade Centre; and Member of the Nomination & Remuneration Committee of the Company
4	 Mr. Mohamed Al Sharif	Board Member Non-executive / Non-Independent	Real estate, trading, banking, accounting and finance	Master of Science in Accounting from Catholic University of America; accredited CPA from Virginia State of Council of Accountants	Appointed since 2009 (10 years)	Chief of Investment Banking at Dubai Islamic Bank PJSC	Member of the board in Tamweel and Member of the Audit Committee of the Company
5	 Mr. Mohammed Al Nahdi	Board Member Non-executive / Non-Independent	Real estate, banking, information technology and finance	Bachelor of Science in Accounting Management from University of Baghdad	Appointed since 2009 (10 years)	Deputy Chief Executive Officer of Dubai Islamic Bank PJSC	Vice Chairman in Tamweel and Member of the Board of Directors of Dubai Islamic Bank in Khartoum and Kenya, Member of NRC and the Executive Committee of the Company





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No.	Name	Category (Executive, Non-executive and Independent)	Experience	Qualifications	Period served as a Board member from the date of first election	Their membership and positions at any other joint-stock companies	Their positions in any other important regulatory, government or commercial companies
6	 Dr. Adnan Chilwan	Board Member Non-executive / Non-Independent	Banking, marketing, real estate, financing and investments	Doctorate and master's in marketing and Bachelor in Islamic Banking and Insurance at American University of London; and Certified Islamic Banker (CeIB)	Appointed since 2009 (10 years)	Group Chief Executive Officer of Dubai Islamic Bank PJSC	Member of the board of Tamweel and Associate Fellow Member in Islamic Finance Professionals Board
7	 Mr. Obaid Nasser Lootah	Board Member Non-executive / Non-Independent	Real estate and banking	Bachelor of Business Administration from the University of United Arab Emirates	Appointed since 2010 (9 years)	Vice President / Head of Real Estate Investment Department in Dubai Islamic Bank PJSC	Board Member at Arady Development LLC; and Member of the Executive Committee of the Company
8	 Mr. Yasser Bin Zayed	Board Member Non-executive/ Independent	Real estate, financing and operations	Bachelor of Business Administration from California State University, United States of America	Appointed since 2016 (3 years)	-	Chief Operating Officer at Dubai Office; and Chairman of Audit Committee of the Company
9	 Ms. Maryam Mohammed Bin Fares	Board Member Non-executive/ Independent	Banking and Corporate Treasury Management	Master's Degree in International Business at Wollongong University Dubai, United Arab Emirates	Appointed in 2019	-	Senior Manager Treasury Dealing at Etihad Airways; and Member of the Audit Committee of the Company





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### B. Statement of the percentage of female representation in the Board for 2019:

The female representation is 10% of the total number of Board members.

### C. Statement of the reasons for the absence of any female candidate for the Board membership:

The Company has taken the necessary measures to take into account the diversification between the genders and consider its policy in the elections held in April 2019 as it opened the nomination for Board membership to all those who meet the legal requirements, and the Company committed to have amongst the candidates at least two female candidates in the election of Board members. Therefore, two female candidates have been nominated for Board membership, and only one of them has been elected.

### D. Statement of Board members' remunerations and allowances to attend the meetings of the Committees:

#### 1. Total remunerations paid to the Board members for 2018:

2% of the net profit for the financial year ended in 2018 was given as a remuneration (after deducting depreciations and reserve), which represents the amount of AED 2.52 million, representing AED 280 thousand for each Board member after obtaining approval from the General Assembly which was held on 15 April 2019.

#### 2. Total remunerations of the Board members proposed for 2019 to be presented in the annual General Assembly meeting for approval:

It is proposed to pay AED 2.7 million of the net profit as a remuneration for the financial year 2019 (after deducting depreciations and reserve), representing AED 300 thousand for each Board member, after obtaining the approval of the General Assembly on the same. *(We will make the necessary update if the proposed remuneration is changed in the upcoming General Assembly meeting).*

#### 3. Allowance paid to the Board members for attending meetings of the Board Committees for 2019:

The Board of Directors did not receive allowance for attending the meetings of the Board Committees.

#### 4. Additional allowances, salaries or fees paid to the Board members for 2019 other than the attendance allowance:

No additional allowances, salaries or fees were paid to the Board members for any type of service provided for the Company.

### E. Board of Directors meetings for the fiscal year 2019

The Board of Directors held four (4) meetings during 2019 as follows:

No.	Name	Meeting Dates			
		20 Feb 2019	1 May 2019	16 Oct 2019	29 Dec 2019
1	Mr. Abdullah Al Hamli	√	√	√	√
2	Mr. Abdullah Lootah	√	√	X	X
3	H.E. Khalifa Al Zaffin	√	√	√	X
4	Mr. Mohamed Al Sharif	√	√	√	√
5	Mr. Mohammed Al Nahdi	√	√	√	√



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No.	Name	Meeting Dates			
		20 Feb 2019	1 May 2019	16 Oct 2019	29 Dec 2019
6	Dr. Adnan Chilwan	√	√	√	√
7	Mr. Obaid Nasser Lootah	√	X	√	√
8	Mr. Yasser Bin Zayed Al Falasi	X	√	√	√
9	Ms. Maryam Mohammed Bin Fares	P	√	√	√
10	Mr. Saif Al Yarabi	√	P	P	P
√	Attended the meeting	X	Absent with apology	P	Ms. Maryam Bin Fares was elected in replacement of Mr. Saif Al Yarabi on 15 April 2019

### F. Number of the Board resolutions passed during 2019

One resolution has been passed by circulation on 1 August 2019 and was documented in the next board meeting on 16 October 2019.

### G. Duties and responsibilities assigned by the Board of Directors to the Executive Management:

The Board authorized the CEO, Mr. Saeed Al Qatami to carry out the daily tasks of the Company's business as per the authority delegation matrix approved by the Board on 29 July 2018 and the amendments therein dated 29 December 2019. The Board also granted the CEO a group of authorities determined under a valid and unfixed - term power of attorney issued on 10 September 2015. The Board approved the extension of these authorities delegated to the CEO during the meeting held on 1 May 2019, summarized as follows:

- Executing all tasks and necessary matters to manage and operate the Company to achieve Company's goals and conduct its works on all financial and administrative aspects, representing the Company in its dealings with third parties and signing all contracts.
- Filing and registering lawsuits, claims and demands and defending Company's interests as a plaintiff or defendant, claimant or respondent in legal proceedings, lawsuits or complaints before any court, committee, arbitration/judicial/administrative court and appointing & authorizing legal consultants.
- Signing commercial cheques and documents under the terms and conditions and powers determined by the Board represented by the Chairman of the Board.
- Signing all kinds of contracts and disposing of its ownership before government authorities provided that these acts to be within the limits of the plans and strategies approved by the Board represented by the Chairman of the Board.
- Forming and registering branches, representative offices, subsidiary companies for the Company with other parties in the United Arab Emirates as approved by the Board.

The Board has authorized the General Counsel & Secretary of the Board - Mr. Amer Zoubi on 15 June 2017. The Board approved the extension of these authorities during the meeting held on 1 May 2019 summarized as follows:

- Representing the Company in all matters of disclosure and compliance before all competent official authorities including the Securities Authority and the Dubai





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Financial Market. Also, he may delegate some of these powers to other employees of the Company.

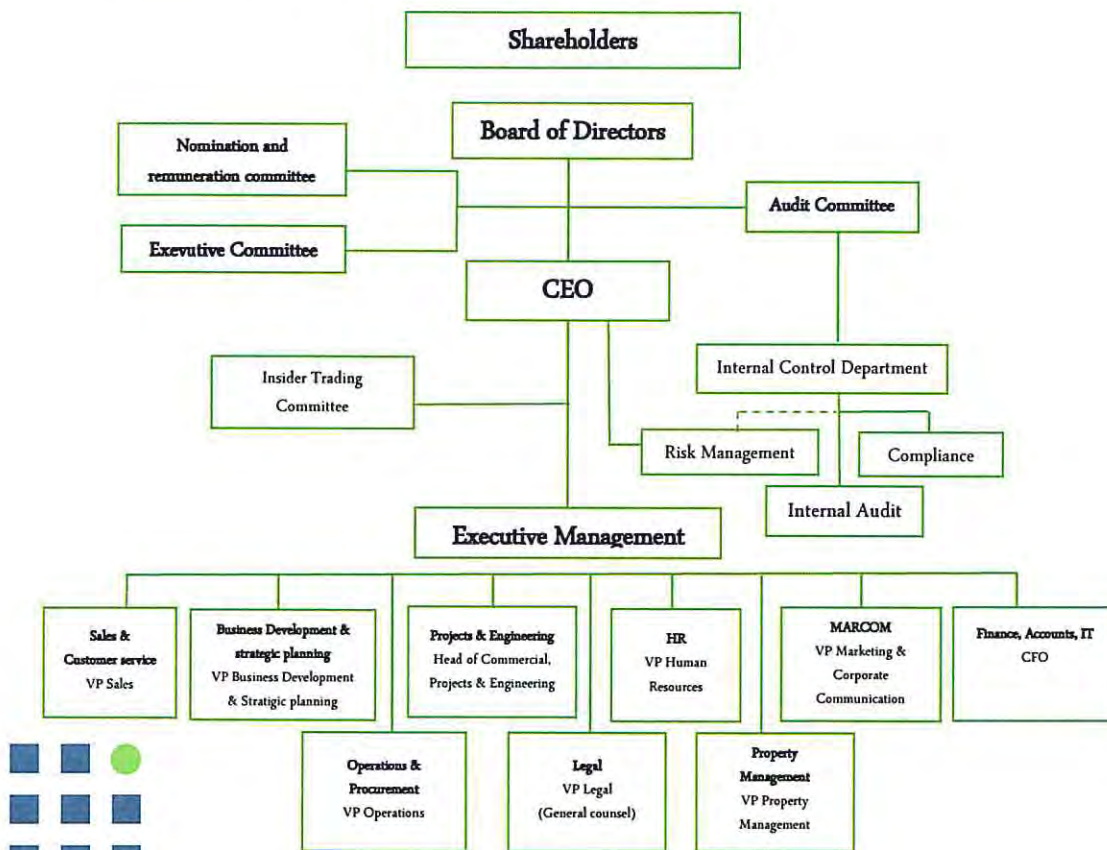
- Representing the Board before the Notary Public in authentication and ratifying all the signed minutes of the Board meetings.
- Representing the Company in all legal matters before all official authorities and courts.
- Amending the Memorandums of Association of Company's subsidiaries according to the new commercial law.
- Representing the Company and subsidiary companies before the Notary Public, Department of Economic Development, Free Zone Authorities and all the competent authorities in making all the necessary amendments to the Companies' Articles of Association.

These authorities have been extended until the current session of the Board which ends in 2022.

## H. Statement of the details of transactions made with related parties (stakeholders) during 2019

Apart from those mentioned in the Clause No. (11) of the notes in the financial statements of the company for the year 2019, there is no material transactions with related parties (stakeholders) or any other parties during 2019 which equals to 5% or more of the Company's capital.

## I. Organisational structure of the Company





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### J. Statement of Senior Executives staff, their positions and date of appointment, total salaries and bonuses paid thereto:

No.	Position	Appointment date	Total salaries and allowances paid for 2019 (AED)	Total Bonuses paid for 2019 (AED)*	Any other cash/in-kind bonuses for 2019 or due in the future
1	Chief Executive Officer (CEO)	1 Jun 2007	2,075,816	-	NA
2	Chief Financial Officer (CFO)	2 Aug 2015	1,441,572	-	NA
3	Vice President-Operations	1 May 2004	1,016,324	-	NA
4	Vice President-Sales	8 Jan 2006	1,205,181	-	NA
5	Vice President-Human Resources	15 Jul 2006	852,875	-	NA
6	Vice President-Business Development and Strategic Planning	16 Sep 2007	1,184,512	-	NA
7	Vice President-Marketing and Corporate Communications	1 Aug 2008	752,594	-	NA
8	Vice President-Property Management	2 Aug 2015	**490,000	-	NA
9	Vice President-Legal (General Counsel)	7 Feb 2017	1,039,979	-	NA
10	Vice President-Projects & Commercial	8 Jul 2018	1,155,191	-	NA

\* There are no bonuses paid for the year 2019 as of report date. If any bonuses have been paid, we will make the necessary update.

\*\* Part of the year (Submitted his resignation on 5 August 2019).

#### 4. External Auditor

Deloitte & Touche M.E. (Deloitte) was appointed as external auditor for 2019 at the General Assembly meeting on 15 April 2019 with the approval of majority shareholders. Deloitte is one of the four world's largest accounting and auditing companies. The company provides auditing, taxation and consulting services in various sectors.

Name of Audit Office	Deloitte & Touche M.E.
Name of Partner Auditor	Mohammad Jallad
Number of years served as the Company's external auditor	One year starting from the general assembly meeting on 15 April 2019 (beginning of Q2 2019).
Total audit fees for 2019 (in AED)	AED 380,000
Fees and costs of special services other than auditing the financial statements for 2019 (in AED), if any, and in case of absence of any other fees, this shall be expressly stated	No other fees
Details and nature of other services (if any). If there are no other services, this shall be expressly stated.	No other services

A statement of other services provided by an external auditor other than the Company's auditor in 2019:

Auditor	Partner Auditor	Type of services	Amount (AED)
Ernst & Young Company	David Stevens	Consultancy services to assess the impact of Value Added Tax (VAT)	108,202
KPMG Lower Gulf Limited	Maryan Zaman	Consultancy services	62,800



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There are no reservations by the External Auditor of the Company in the interim and annual financial statements for 2019.

### 5. Audit Committee:

A. Mr. Yasser Bin Zayed Al Falasi, Audit Committee Chairman, acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness.

### B. Names of members of the Audit Committee

No.	Name	Title	Category
1	Mr. Yasser Bin Zayed Al Falasi	Chairman	Non-executive / Independent
2	Mr. Mohammed Al Sharif	Member	Non-executive / Non-independent
3	Ms. Maryam Mohammed Bin Fares	Member	Non-executive / Independent

### The roles and duties assigned thereto:

1. Reviewing the financial policies and accounting procedures in the Company;
2. Setting and implementing the policy of contracting with the External Auditor and submitting reports to the Board of Directors, specifying the issues the Committee deems necessary to take actions in relation to and submitting the Committee's recommendations concerning the required steps to be taken;
3. Monitoring the independence and objectivity of the External Auditor and discussing the nature and limits of the audit process and its effectiveness according to the approved audit standards. Ensuring the External Auditor's fulfillment of the terms and conditions stipulated in the applicable laws, regulations and resolutions and the Company's Articles of Association;
4. Monitoring the integrity of the Company's financial data and its reports (annual and quarterly) and reviewing it as part of the normal work duties during the year and after closing of the books after each quarter. It shall particularly focus on the following: Any changes in accounting policies and practices; highlighting the aspects subject to management's discretion; Substantial amendments resulting from the audit; assumption of continuity of the Company's business; compliance with the accounting standards established by the Authority; compliance with the rules of listing, disclosure and other legal requirements regarding the preparation of the financial reports;
5. Coordination with the Board of Directors, the Executive Management, Chief Financial Officer (CFO) who carry out the same responsibilities in the Company to perform its duties;
6. Meeting with the External Auditors of the Company at least once a year without the attendance of any of the Executive Management or its representative and discussing the nature and scope of auditing and its effectiveness in accordance with the approved auditing standards;
7. Considering any significant and unusual terms that are stated or must be stated in those reports and accounts and shall give due consideration to any matters issued by the CFO or whoever carries out the same responsibilities, the Compliance Officer or the External Auditors;
8. Recommending to the Board of Directors the selection, resignation or dismissal of the External Auditor;





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9. Reviewing the Company's financial control, internal control and risk management systems;
10. Discussing the internal control system with the Board of Directors and ensuring the latter's establishment of an effective internal control system;
11. Considering the results of primary investigations in internal control issues as assigned to the Committee by the Board of Directors or based on an initiative on the part of the Committee and the Board of Director's approval of such initiative.
12. Reviewing the auditor's assessment of the internal control procedures and ensuring coordination between the Company's internal and external auditors;
13. Ensuring availability of the resources required for the Internal Control Department and monitoring the effectiveness of such department;
14. Discussing all matters related to the works of the External Auditor, work plan and correspondence with the Company, observations & reservation and any essential questions issued by the External Auditor to the Executive Management regarding the accounting records, finance accounts or control systems and following up their response. Also, considering responsiveness of the Management and facilities provided to the External Auditors to carry out their work;
15. Ensuring timely response of the Board of Directors to inquiries and substantial matters mentioned in the letter of the External Auditor;
16. Setting the rules that enable employees of the Company to confidentially report any potential violations in financial reports, internal control or any other issues, and procedures necessary for conducting independent & just investigations concerning such violations and to monitor the extent to which the Company complies with the code of conduct;
17. Reviewing of related parties' transactions of the Company and ensuring that no conflict of interest exists and submitting recommendations concerning such transactions to the Board of Directors before concluding contracts;
18. Ensure applying the work rules of its duties and authorities entrusted by the Board;
19. Providing reports and recommendations to the Board of Directors for abovementioned issues; Considering any other issues determined by the Board of Directors.

### C. Number and dates of the Audit Committee meetings held during 2019

The Committee held four (4) meetings as follows:

No.	Name	Meeting Dates							
		27 Jan 2019		14 Apr 2019		22 Sep 2019		13 Oct 2019	
		Attendance	Purpose	Attendance	Purpose	Attendance	Purpose	Attendance	Purpose
1	Mr. Yasser Bin Zayed Al Falasi	√	Discussion of financial statements and matters of Internal Control	X	Discussion of financial statements and matters of Internal Control	√	Discussion of external auditor matters of Internal Control	√	Discussion of financial statements
2	Mr. Mohamed Al Sharif	√		√		√			
3	Ms. Maryam Mohammed Bin Fares	P		P		√		√	
4	Mr. Saif Al Yarabi	√		√		P		P	
√	Attended the meeting	X	Absent with apology	P	Ms. Maryam Bin Fares was elected in replacement of Mr. Saif Al Yarabi on 15 April 2019				



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### 6. Nomination and Remuneration Committee

A. Mr. Abdullah Lootah, Nomination and Remuneration Committee Chairman, acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness.

#### B. Names of members of the Nomination and Remuneration Committee

No.	Name	Title	Category
1	Mr. Abdullah Lootah	Chairman	Non-executive / Independent
2	H.E. Khalifa Al Zaffin	Member	Non-executive / Independent
3	Mr. Mohammed Al Nahdi	Member	Non-executive / Non-Independent

#### The roles and duties assigned thereto:

1. Constantly verifying independence of the independent Board members;
2. Setting a policy on which basis of bonuses, privileges, incentives and salaries shall be granted to the Company's Board members & staff and ascertain that the remuneration and benefits granted to Executive Management are reasonable and in line with the Company's performance;
3. Determine Company's requirements of competencies at the Executive Management and employees' level and selection criteria of these requirements;
4. Prepare human resources and training policy, monitoring its implementation and review thereof on annual basis;
5. Organize and follow up the Board nomination procedures according to the applicable laws, regulations and its provisions;
6. Annual review of competencies required for Board membership and preparation of capabilities and qualifications for Board membership including the time a member shall need to allocate to fulfill their duties;
7. Review of the Board of Directors' structure and submit recommendations related to the changes that may be made;
8. Establish a board membership policy with the aim of gender diversification within the formation and encouraging women nominees through offering of incentive and training privileges and programs;
9. Any other matters determined by the Board of Directors.

#### C. Number and dates of Nomination and Remuneration Committee meeting held during 2019

The Committee held one (1) meeting as follows:

No.	Name	Meeting Date
		5 Feb 2019
1	Mr. Abdullah Lootah	√
2	H.E. Khalifa Al Zafin	√
3	Mr. Mohammed Al Nahdi	√
√	Attended the meeting	





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## 7. Insiders' Trading Committee

A. Mr. Hani Fansa, Insiders' Trading Committee Chairman, acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness.

### B. Names of the members of Insiders' Trading Committee

No.	Name	Title	Position
1	Mr. Hani Fansa	Chairman	Chief Financial Officer
2	Mr. Ali Sharif Al Marzooqi	Member	Vice President-Human Resources
3	Mr. Alaa Mansoor	Member	Public Relations and Investors Relations Manager

### The roles and duties assigned thereto:

1. Prepare a register of all insiders at the Company in addition to the persons who may have temporary access to internal information;
2. Prepare rules and regulations related to Board of Directors and employees trading in the Company's shares or its affiliates or associated companies' shares and approve these rules and regulations by the Board;
3. Take all measures necessary for maintaining confidentiality of the Company's essential information and ensure dissemination does not occur;
4. Take the necessary procedures to ensure related parties who have access to internal information including information of the Company and the customers maintain confidentiality and prevent these information from abuse or transferring to other parties; and
5. Ensure that all insiders sign declaration that they are aware of their status as insiders and have access to the internal information about the Company & its customers and assume all legal consequences in case of disclosing the information or giving recommendations based on their access by virtue of their positions and informing the Company about any trading of shares of the Company or its affiliates before and after trading.

### C. Summary of the Committee's activities in 2019

1. Update register of insiders of the Company
2. Send updated register of insiders with Dubai Financial Market and the Authority as per the new template provided.

## 8. Executive Committee

A. H.E. Khalifa Al Zaffin, Executive Committee Chairman, acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness.

### B. Names of members of the Executive Committee

No.	Name	Title	Category
1	H.E. Khalifa Al Zaffin	Chairman	Non-executive/ Independent
2	Mr. Abdullah Lootah	Member	Non-executive/ Independent
3	Mr. Mohammed Al Nahdi	Member	Non-executive/ Non-Independent
4	Mr. Obaid Lootah	Member	Non-executive/ Non-Independent



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The Executive Committee shall assist the Board of Directors in implementing its missions. In order to do so, the Executive Committee was authorized directly by the Board of Directors and granted all powers to take the necessary resolutions in order to conduct Company's works in periods between the Board of Directors meetings.

### The roles and tasks assigned thereto:

1. Monitor and evaluate the progress of achieving Company's strategic goals and initiatives along with providing the necessary directions to the CEO in this matter;
2. Review the Company budget and provide recommendation to the Board of Directors;
3. Review and approved feasibility studies for projects up to AED 200 million;
4. Review feasibility studies for projects that exceed AED 200 million and provide recommendations to the Board;
5. Review and approves new project development plans with total costs of up to AED 400 million;
6. Review new projects development plans that exceed AED 400 million and provide recommendations to the Board;
7. Approves new/additional investments up to AED 100 million;
8. Review new/additional investments that exceed AED 100 million and provide recommendations to the Board;
9. Approves new/additional loans up to AED 100 million to existing subsidiaries, joint ventures, associates and others;
10. Ensures appropriate terms and conditions of loan/financing arrangements and approves loan of up to AED 50 million.

### C. Number and dates of Executive Committee meetings held during 2019

The Committee held two (2) meetings as follows:

No.	Name	Meeting Dates	
		4 Feb 2019	30 Sep 2019
1	Mr. Abdullah Lootah	√	√
2	H.E. Khalifa Al Zafin	√	√
3	Mr. Mohamed Al Nahdi	√	√
4	Mr. Obaid Lootah	√	√
√	Attended the meeting		

## 9. Internal Control System

### A. Board of Directors acknowledgment of its responsibility for the Company's internal control system

The internal control system is deemed as an integral system established and monitors the application of the administrative measures, terms and laws of the Company's performance. The Board declares its responsibility for maintaining the internal control system and ensuring its continuous effectiveness. This system shall not be deemed as a deterrent or obstruction on the achievement of Company's objectives however, it shall ensure the effectiveness of the performance and risk management in the Company.





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The Board and the Audit Committee members have signed the Internal Control Department manual. The manual includes roles and functions of the Department which plays an important role in evaluating the internal control system's effectiveness for supporting the profitable objectives and functions of the Company by ensuring the reliability of the financial statements, efficient and economical use of resources, safeguarding of assets and ensuring compliance to policies and procedures.

### **Mechanism of the Company's Internal Control Department:**

The Internal Control Department carries out its responsibilities according to corporate governance requirements and international standards issued by Institute of Internal Auditors and its guidelines by ascertaining the internal control system's effectiveness and that procedures applied to monitor the Company's operations shall be properly designed and implemented in an effective manner including the Company and its employees' compliance with the provisions of the applicable laws and regulations, resolutions, policies and procedures and follow up mechanism of risk management. The Internal Control Department is reporting to the Board through the Audit Committee so that the Department and its staff are independent to carry out the duties and responsibilities entrusted to them. It ensures the internal control system's efficiency and effectiveness in accordance with its risk based annual plan approved by the Audit Committee authorised by the Board of Directors and submits reports including observations and recommendations related to systems' improvement to the Management and the Audit Committee. The Company also adopted a risk management framework based on qualitative and quantitative assessment of the risks faced by the Company that may affect the achievement of the Company's strategic, operational and financial objectives by assessing the risks associated with these objectives and processing them through internal controls as one of the effective means of managing, reducing, controlling or transferring risks through insurance and evaluate the level of protection provided by this framework.

### **B. Name and qualifications of the Head of Internal Control Department**

Bassam El Ghawi is the Head of Internal Control Department since August 2014, he is a specialist in control and has extensive experience for 24 years in internal and external auditing, risk management, corporate governance, compliance and fraud investigation. He has a Bachelor's degree in Accounting and Economics, Diploma in Risk Management from the American Academy of Financial Management and has also the following professional certificates: *Certified Internal Auditor (CIA) – IIA*; *Certified Information Technology Auditor (CISA) - ISACA*; *Certified Fraud Examiner (CFE) - ACFE*; *Certified Risk Management Auditor (CRMA) - IIA*; *Certified Compliance Officer (CCO) Arab Certified Public Accountant ACPA - ASCA*; *Certified Risk Management Information Control Systems Auditor (CRISC) - ISACA*.

### **C. Name and qualifications of the Compliance Officer**

In July 2017, the job description of the Head of Internal Control Department was amended to include the duties and responsibilities of the Compliance Officer of the Company. Hence, the Head of Internal Control Department acts as Compliance Officer by ascertaining the extent to which the Company and its employees comply with the applicable laws, rules, resolutions and regulations issued by relevant authorities including the Authority and Dubai





## Governance Report for 2019

Financial Market, monitoring compliance with the Company's policies and procedures and code of conduct. In addition, to submit clarifications to the Board of Directors (through the Audit Committee) and the Company's employees about issues related to compliance.

### D. The Internal Control Department method in handling any significant issues in the Company:

The Internal Control Department reviews the significant issues in the Company, if any, in detail by identifying its nature and classifying in terms of degree of risk and by determining the size of the issue and evaluating the extent of the negative consequences that may affect the Company. To prevent further aggravating its occurrences, the Department submits its reports on observations resulting from the review and provides recommendations to the Executive Management and the Board of Directors through the Audit Committee. It monitors the implementation of recommendations by ensuring that Board resolutions are implemented. In addition, the Department issues periodic reports to the Audit Committee summarizing the results of its activities as follows:

- **On quarterly basis:** Information on the status and results of the annual audit plan, activities of internal audit staffs, results of external quality assessments and adequacy of Department's resources.
- **Twice a year:** Provides a list of Department's objectives achieved that are approved by the Audit Committee.
- **On annual basis:** Assess the appropriateness and effectiveness of the internal control system. The assessment covers all key controls of the Company, including financial and operational controls and risk management system. The implementation of these recommendations is also monitored periodically through issuance of a written report as required.

In addition, according to the approved annual audit plan, the Internal Control Department did not encounter any significant issues within the Company which required to be disclosed in the 2019 annual financial statements.

### E. Number of reports issued by the Internal Control Department to the Board of Directors

The Internal Control Department reports to the Board through the Audit Committee and issued reports during 2019 to the Committee according to the approved audit plan. The number of reports issued is shown below:

Report type / Quantity	Internal Control	8	Internal Audit	20	Compliance	1	Risk management	7
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## Governance Report for 2019

### 10. Details of violations committed during 2019, its reasons, how they are addressed and how to avoid their recurrence in the future

No fine or penalty is levied to the Company or any restrictions by the Authority or any legal authority of any matter relating to financial markets. In addition, there are no cases of non-compliance with any applicable laws and regulations.

### 11. Cash and in-kind contributions made by the Company during 2019 for local community development and environmental conservation

During 2019, Deyaar signed a memorandum of understanding with Dubai Cares to build a school in the Republic of Malawi to support education in rural areas, as part of the "Adopt a School" initiative at a cost of AED 132,000. The Company also cooperated with Autism Trust Foundation to sponsor one-year treatment expenses for two children at a total cost of AED 56,000.

The Company also organized 4 blood donation drives in cooperation with Dubai Blood Donation Center at the head office in Al Barsha and sales center in Business Bay, in addition to the participation of its employees in the "Walk for Education" organized by Dubai Cares, and "Let's Make Our Summer Green" campaign organized by Dubai Electricity and Water Authority.

### 12. General Information

#### A. Statement of the Company's share price in the market (closing price, highest and lowest price) at the end of each month during 2019:

Month	Highest price	Lowest price	Closing price
January	0.379	0.372	0.379
February	0.364	0.357	0.359
March	0.348	0.341	0.342
April	0.365	0.355	0.358
May	0.314	0.305	0.31
June	0.32	0.311	0.311
July	0.357	0.343	0.343
August	0.322	0.318	0.318
September	0.334	0.327	0.327
October	0.378	0.364	0.364
November	0.355	0.35	0.355
December	0.38	0.373	0.375

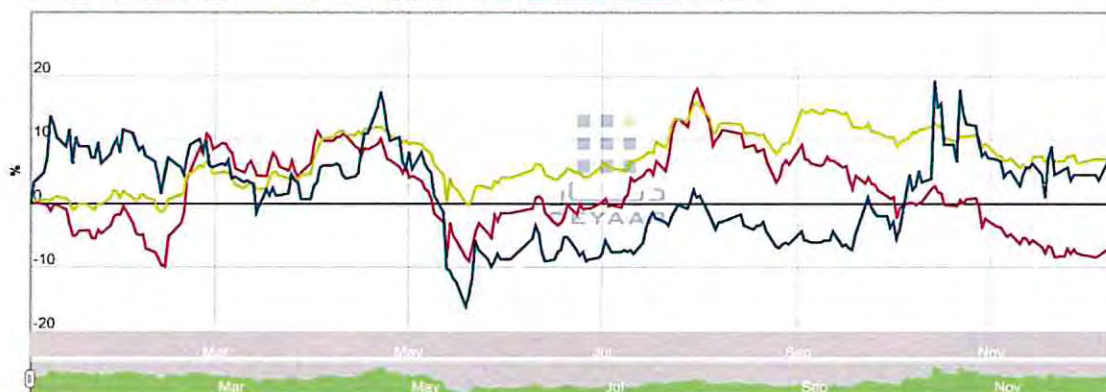


## Governance Report for 2019

### B. Statement of the comparative performance of the Company's shares with general market index and sector index to which the Company belongs during 2019

02/01/2019 - 31/12/2019

• Deyaar Development 0.38 • DFM General Index 2,764.86 • DFM Real Estate & Constructions 3,699.12



### C. Statement of shareholders' ownership distribution as on 31 December 2019 (individual, companies, governments) classified as follows: Local, Gulf, Arab and Foreign

Shareholders classification	Percentage of shares held					Total
	Individual	Companies	Government	Banks	Institution	
Local	36.78%	10.88%	0.53%	41.25%	0.05%	89.49%
Gulf	1.79%	1.20%	-	0.10%	0.01%	3.10%
Arab	3.13%	0.16%	-	0.02%	-	3.31%
Foreign	1.57%	2.34%	-	0.19%	-	4.10%
<b>Total</b>	<b>43.27%</b>	<b>14.58%</b>	<b>0.53%</b>	<b>41.56%</b>	<b>0.06%</b>	<b>100%</b>

### D. Statement of the shareholders owning 5% or more of the Company's capital as on 31 December 2019

Name	Number of owned shares	Percentage of owned shares of the Company's capital
Dubai Islamic Bank (PJSC)	2,367,999,220	40.983%

### E. Statement of the method of shareholders distribution according to the volume of shares as of 31 December 2019

No.	Shares ownership	Number of shareholders	Number of owned shares	Percentage of owned shares
1	Less than 50,000	27,350	349,586,133	6.05%
2	From 50,000 to less than 500,000	3,850	589,335,973	10.20%
3	From 500,000 to less than 5,000,000	766	944,941,545	16.35%
4	More than 5,000,000	90	3,894,136,349	67.40%
	<b>Total</b>	<b>32,056</b>	<b>5,778,000,000</b>	<b>100%</b>





## Governance Report for 2019

### F. Statement of the procedures taken in respect of the Investor Relations

It has been dealt with all shareholders' inquiries and directed the inquiries required therefrom to relevant departments of the Company. The Investor Relations section in the website is updated with all financial statements and annual reports, presentation of the Company's strategy, its financial data and handed over projects. The page of the Company in the Dubai Financial Market has also been updated complying with the disclosures on time.

- Name of Investors Relations Officer and a communication data with the Officer:

<b>Name of Officer</b>	Mr. Ala Addin Mansoor Hasan, Public Relation and Investor Relations Manager
<b>Communication Data</b>	
<b>Phone Number:</b>	04/3840175 or 04/3840909
<b>Email:</b>	IR@deyaar.ae / Alah@deyaar.ae

- Electronic link of the Investors Relations Page on the Company website:

<b>Arabic page:</b>	<a href="http://www.deyaar.ae/ar/investor-relations">http://www.deyaar.ae/ar/investor-relations</a>
<b>English page:</b>	<a href="http://www.deyaar.ae/en/investor-relations">http://www.deyaar.ae/en/investor-relations</a>

### G. Statement of special resolutions presented in the General Assembly held in 2019 and procedures taken with respect thereto:

There are no any special resolutions presented in the General Assembly held during 2019.

### H. Name, date of appointment and statement of duties of Board Secretary

Name of Board Secretary	Amer Ayed Al Zu'bi
Date of appointment	28 February 2017
Qualifications and experience	Holds Bachelor's degree in Law from University of Jordan and Master's in Law (LLM) from Oxford Brooks University in United Kingdom. Member of the Jordanian Bar Association in Jordan with over 23 years of experience and more than 10 years in UAE and Previously worked as General Counsel and Board Se of RAK Properties PJSC Worked as instructor in civil and commercial laws in the Hashemite University. Worked as legal consultant for the electricity sector in the Privatization Authority, Jordan.
Statement of duties	<ul style="list-style-type: none"><li>• Assist the Board in achieving best governance practices.</li><li>• Ensure an effective flow of information to the Board and its committees.</li><li>• Work on effective adherence to Board framework and its procedures.</li><li>• Coordination to hold Board meetings including the agenda and related presentation along with meeting minutes.</li><li>• Facilitate the evaluation of Board performance.</li><li>• Transfer the recommendations related to Board members remunerations.</li><li>• Work on legal and regulation compliance.</li><li>• Provide consultations related to regulations compliance and stock trading.</li><li>• Manage additional tasks and coordinated regarding delegation of authorities.</li><li>• Organizing General Assembly Meetings</li></ul>





## Governance Report for 2019

### I. Statement of significant events and important disclosures occurred during 2019

- Signed Property Management contract with Awqaf and Minors Affairs Foundation properties;
- Signed Property Management agreement with Belhasa properties;
- Reported 2018 revenues of AED 643.7 million and net profit of AED 140.1 million;
- Offered limited time deals on flagship developments “Midtown” and “Mont Rose”;
- Deyaar Development and Millennium Hotels & Resorts MEA opened Millennium Atria Business Bay;
- Millennium Atria Business Bay Opens its doors to enhance Dubai’s position in business tourism;
- Deyaar announced Q1 financial results;
- Deyaar Owners Association Management celebrates its tenth anniversary;
- Adopted a school with Dubai Cares;
- Achieved near completion of two districts (Afnan and Dania) at Midtown Development;
- Completed Deyaar’s Millennium Al Barsha Hotel;
- Reported 1<sup>st</sup> half of 2019 revenue of AED 337.6 million and net profit of AED 36.7 million;
- On 18 September 2019, judgment from the Court of Appeal issued in favour of Deyaar with regards to the court cases with Limitless, which confirms the initial judgment of Dubai Court of First Instance to terminate all sales and purchase agreements of the lands in dispute, and return all amounts paid against the price of the lands and a compensation;
- Launched utilities management company i.e. Nationwide Management LLC;
- Completed the construction of Millennium Mont Rose executive apartments;
- Reported revenues of AED 483.3 million for the nine months of 2019;
- Started handover of Midtown’s Afnan District;
- Along with Dubai Islamic Bank, provided home financing solutions;
- Over 1,800 units were added to Deyaar Owners Association Management’s portfolio;
- Judgment was issued by Court of Cassation rejecting the appeals against the Court of Appeal’s Judgment and upholding that judgment to cancel the sales and purchase agreement and ordered Limitless to pay a total of AED 411,966,050 and the fees imposed by the law in addition to the compensation amount of AED 61,107,301. The court also dismissed the counter claim filed by Limitless.

### J. Statement of Emiratization percentage in the Company at the end of years 2017, 2018 and 2019

The Company always keen to provide suitable job opportunities for UAE nationals to sharpen their skills and develop their work experiences. The Company provides a suitable work environment and attractive incentives to encourage them for creativity and development. Whereas the UAE nationals have priority of employment as appropriate to the applicable legislations and laws in the country. The Company encourages its UAE national employees to complete their study and continue their career development thorough providing suitable training. The percentage of UAE national employees in the Company in 2017, 2018 and 2019 is 10%, 9% and 10% respectively. We aim to increase this percentage





## Governance Report for 2019

in the upcoming years by creating new job opportunities in line with the overall strategy of the Company.

### **K. Innovative projects and initiatives carried out by the Company or are under development during 2019**

Deyaar announced the launch of Nationwide Management LLC (Nationwide) for the supply, management and retrofit of utility management across various buildings and communities.

Nationwide will focus on delivering superior utilities management solutions, complementary to services currently offered by Deyaar's business portfolio. Nationwide offers solutions including Utilities (chilled water) submetering and billing services and car park management. This would enable delivery of superior customer service in the form of chilled water submetering services consisting of customer registration and management, automated meter reading, maintenance of BTU metering systems, automated billing, consumption monitoring, online payments and statements, amongst others.

Nationwide delivers customer convenience through the use of smart technology solutions that enable remote monitoring and trend analysis based on big data. It will also provide monitoring of each of the chilling unit utility meters to identify, rectify, bill in the event of failure of any of the meters. The timeline for such processes would be cut from 2-4 days to just 2-4 hours.

Yours faithfully,



**Yasser Bin Zayed**  
Chairman of Audit  
Committee



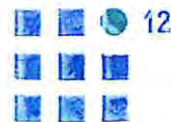
**Abdullah Lootah**  
Chairman of Nomination &  
Remuneration Committee



**Bassam El Ghawi**  
Head of Internal  
Control



**Abdulla Al Hamli**  
Chairman of Deyaar Development PJSC



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