

Deyaar Development PJSC

**Consolidated financial statements
For the year ended 31 December 2023**

Deyaar Development PJSC

Consolidated financial statements for the year ended 31 December 2023

	<u><i>Pages</i></u>
Director's report	1
Independent auditor's report on consolidated financial statements	2 - 10
Consolidated statement of financial position	11
Consolidated statement of profit or loss	12
Consolidated statement of other comprehensive income	13
Consolidated statement of changes in equity	14
Consolidated statement of cash flows	15
Notes to the consolidated financial statements	16 – 62

DIRECTOR'S REPORT

The Directors submit their report together with the audited consolidated financial statements of Deyaar Development PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group") for the year ended 31 December 2023.

Principal activities

The principal activities of the Company and its subsidiaries (together, "the Group") are property investment and development, leasing, facility, property management services and hospitality related activities.

Financial Results

Revenue of the Group for the year ended 31 December 2023 is AED 1,254 million (2022: AED 803 million) and profit for the year amounted to AED 441 million (2022: AED 144 million).

The Group aims to provide comprehensive, long-term solutions that enhances the value of property investments. Total assets of the Group have increased by AED 399 million from AED 6,166 million in the previous year to AED 6,565 million in the current year.

Directors

The Board of Directors comprised of:

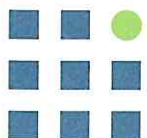
Mr. Abdulla Ali Obaid Al Hamli	Chairman
Mr. Hamad Buamim	Vice Chairman
Mr. Rashid Hasan Al Dabboos	Director
Mr. Mohamed Saeed Ahmed A. Al Sharif	Director
Dr. Adnan Abdus Shakoor Chilwan	Director
Mr. Obaid Nasser Ahmad Lootah	Director
Mr. Mohamed Abdulla Amer Al Nahdi	Director
Mr. Yasser Abdulrahman Bin Zayed	Director
Ms. Maryam Mohammad Abdulla Abdulrahman Bin Faris	Director

Auditors

The consolidated financial statements for the year ended 31 December 2023 have been audited by Ernst & Young (Middle East), who were appointed as auditors of the Company at the Annual General Meeting held on 22 March 2023.

On behalf of the Board

Abdulla Ali Obaid Al Hamli
Chairman



دييار
DEYAAR

Deyaar Development PJSC
PO Box 30833, Dubai, UAE
T: +971 4 395 7700

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DEYAAR DEVELOPMENT PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Deyaar Development PJSC (“the Company”) and its subsidiaries (collectively referred to as “the Group”), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants* (including International Independence Standards) (the “IESBA Code”) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 13 February 2023.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements for the year ended 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DEYAAR DEVELOPMENT PJSC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Key audit matter

How our audit addressed the key audit matter

Valuation of properties held for development and sale

The Group holds properties for development and sale of AED 1,019 million, which comprises completed residential and commercial properties (AED 245 million), land held for mixed-use development and sale (AED 471 million) and properties under development (AED 303 million) (Note 8).

Properties held for development and sale are stated at the lower of their costs and their net realisable values.

The Group applies significant estimates in determining the recoverable amount of properties held for development and sale. Changes in these estimates could have a significant impact on the determination of the recoverable amount of these assets. Key inputs used by management in their valuation exercise include future projected cash flows and comparable property transactions, which are influenced by prevailing market conditions and the specific characteristics of each property in the portfolio.

To address this, we performed the following procedures:

- We assessed the design and implementation of controls in this area over the process involved in the determination of the valuation of properties held for development and sale;
- We considered if there were any properties which had not been considered for an assessment of the recoverable amount by management;
- Obtained the valuation assessment prepared by the valuers;
- Evaluated the external valuers qualifications, experience and expertise and considered their objectivity, independence and scope of work;
- With the assistance of our internal valuation specialist, we considered and assessed the reasonableness of valuation methodologies and assumptions used, such as estimated selling prices, in the valuation for selected properties;
- Assessed the reasonableness of the Group's estimated selling prices, by comparing them to recently transacted prices and prices of comparable properties;
- On sample basis, we tested the inputs, if any, provided to the valuers by management;
- On sample basis, tested the net realisable value by comparing property cost to the estimated selling prices and assessed the appropriateness of the carrying value of such properties and any resultant write-down if any;
- We performed sensitivity analyses on the significant assumptions to evaluate the extent of their impact on the determination of the recoverable amount; and
- We assessed the disclosures made in the consolidated financial statements in accordance with the requirements of IFRSs.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DEYAAR DEVELOPMENT PJSC (continued)

Key audit matter

Valuation of investment properties

The Group's investment properties portfolio is carried at AED 871 million (2022: AED 763 million) in the consolidated statement of financial position. Net fair value gain recorded in the consolidated statement of profit or loss amounted to AED 96 million (2022: nil) (Note 6)

The determination of the fair value of these investment properties is based on internal and external valuations using discounted cash flows over the Group's estimated holding period, income capitalisation method and the sales comparable approach for the respective assets.

The valuation process involves significant judgements in determining and estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving at the significant unobservable inputs and a small change in the assumptions can have a significant impact to the valuation.

How our audit addressed the key audit matter

To address this, we performed the following procedures:

- We assessed the design and implementation of controls in this area over the process involved in the determination of the valuation of investment properties;
- We considered if there were any properties which had not been considered for fair valuation by management;
- Obtained the valuation assessment prepared by the valuers;
- Evaluated the external valuers qualifications, experience and expertise and considered their objectivity, independence and scope of work;
- Assessed whether the valuation methods used are in accordance with the established standards for valuation of the properties and determining the fair value;
- We involved our internal valuation specialists to review the valuation methodologies, key assumptions and critical judgements used by comparing these with market data, or other publicly available information, on selected properties;
- On sample basis, we tested the inputs, if any, provided to the valuers by management;
- We performed sensitivity analyses on the significant assumptions to evaluate the extent of their impact on the determination of fair values; and
- We assessed the disclosures made in the consolidated financial statements in accordance with the requirements of IFRSs.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DEYAAR DEVELOPMENT PJSC (continued)

Key audit matter

Valuation of hotel properties classified under property and equipment

The Group has a portfolio of hotels, partly which are owner occupied and are therefore classified as property and equipment. The carrying value of the portfolio of hotels, amounting to AED 528 million, is included in the total carrying value of the Group's property and equipment amounting to AED 565 million (Note 5).

The Group determines whether each hotel exhibits indicators of impairment and if so, compares the recoverable amount of these hotels to their carrying amount.

The Group applies significant estimates in determining the recoverable amount of its three hotel properties. Changes in these estimates could have a significant impact on the determination of the recoverable amount of these assets.

Key inputs used by management in their valuation exercise include future projected cash flows derived from future average daily room rate, occupancy and revenue per available room and comparable property transactions, which are influenced by prevailing market conditions and the specific characteristics of each hotel in the portfolio.

How our audit addressed the key audit matter

To address this, we performed the following procedures:

- We assessed the design and implementation of controls in this area over the process involved in the determination of the valuation of hotel properties;
- We considered if there were any hotel properties which had not been considered for fair valuation by management;
- Obtained the valuation assessment prepared by the valuers;
- Evaluated the external valuers qualifications, experience and expertise and considered their objectivity, independence and scope of work;
- With the assistance of our internal valuation specialist, we considered and assessed the reasonableness of valuation methodologies and assumptions used, such as estimated selling prices, in the valuation for selected properties;
- Assessed the reasonableness of the Group's estimated selling prices, by comparing them to recently transacted prices and prices of comparable properties;
- On sample basis, we tested the inputs, if any, provided to the valuers by management;
- We performed sensitivity analyses on the significant assumptions to evaluate the extent of their impact on the determination of the recoverable amount; and
- We assessed the disclosures made in the consolidated financial statements in accordance with the requirements of IFRSs.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DEYAAR DEVELOPMENT PJSC (continued)

Key audit matter

Assessment and recoverability of the balance due from a related party

The carrying amount of the balance due from a related party is AED 256 million (2022: AED 212 million).

This amount relates to certain properties under dispute against which the Group obtained a favourable court judgement in 2019 and, as a result of ongoing negotiations, the Group signed a Conditional Settlement Agreement (“the Agreement”) on 22 November 2022.

In accordance with the Agreement, AED 200 million was paid in cash upon signing the Agreement and the remaining amount due will be settled in cash within eighteen months from the date of signing the Agreement.

Management has engaged an external legal counsel to assist them in the execution and administrative process.

Based on management's assessment, an additional receivable of AED 11.8 million has been recognised and previously recorded provision of AED 32.2 million on related party balance has been reversed. Refer to Note 10 and Note 29 in the consolidated financial statements for more details relating to this assessment.

How our audit addressed the key audit matter

To address this, we performed the following procedures:

- We obtained a detailed understanding of the properties under dispute and reviewed all legal documents issued by the jurisdictional authorities related to the balance due from the related party. We also discussed this matter with management and those charged with governance;
- We assessed the design and implementation of controls over the assessment of the amount recognized and the recoverability of the amount due from a related party;
- We reviewed the signed copy of the Conditional Settlement Agreement (“the Agreement”) between the Group and the related party and inspected supporting documents for the receipt of cash of AED 200 million;
- We evaluated the significant judgements applied and estimates made by management in their determination of the carrying value of the remaining receivable due from a related party as at the reporting date; and
- We assessed the disclosures made in the consolidated financial statements in accordance with the requirements of IFRSs.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DEYAAR DEVELOPMENT PJSC (continued)

Key audit matter

Revenue recognition from sale of properties

Revenue recognition from sale of properties require significant judgements to be applied and estimates to be made.

The Group assesses for each of its contracts with customers, whether to recognise revenue over a period of time or at a point in time based on the consideration of whether the Group has created an asset with no alternative use and whether the Group has an enforceable right for payment related to the satisfaction of performance obligations during the term of the contract.

Where revenue is recognised over time, the Group estimates total development and infrastructure costs required to satisfy the performance obligations under the contract and recognises proportionate revenue to the extent of satisfaction of performance obligations as at the end of each reporting period.

Revenue recognition on sale of properties was assessed as a key audit matter due to the significance of the assessment of satisfaction of performance obligations and judgements made in assessing the timing of revenue recognition.

How our audit addressed the key audit matter

To address this, we performed the following procedures:

- We obtained an understanding of the process implemented by the Group for revenue recognition and measurement in respect of sale of properties;
- We have performed test of design and implementation of relevant controls;
- We inspected a sample of contracts with customers for sale of properties and assessed management's identification of performance obligations and their determination of whether revenue should be recognised over a period of time or at a point in time in accordance with the requirements of the IFRS 15 Revenue from Contracts with Customers by making reference to the terms and conditions specified in the contracts.
- For the projects where it was determined by the Group's management to recognise revenue over a period of time, we assessed the contractual arrangements with the customers and the reasonableness of the costs estimated to complete the underlying project development;
- On a sample basis, tested that the revenue is per the contract with customer and the cost incurred is per the progress of the project development based on the approved payment certificate/ invoices. We checked the percentage of completion of the project by comparing the costs incurred to the estimated project development costs; and
- We assessed the disclosures made in the consolidated financial statements in accordance with the requirements of IFRSs.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DEYAAR DEVELOPMENT PJSC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Other Information

The other information comprises the Directors Report and does not include the consolidated financial statements and our auditor's report thereon. The Board of Directors are responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action in accordance with ISAs.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and in compliance with the applicable provisions of the Company's Articles of Association and UAE Federal Law No. 32 of 2021, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DEYAAR DEVELOPMENT PJSC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguard applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
DEYAAR DEVELOPMENT PJSC (continued)**

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Decree Law No. (32) of 2021, we report that:

- i. the Company has maintained proper books of account;
- ii. we have obtained all the information we considered necessary for the purposes of our audit;
- iii. the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Company's Articles and the UAE Federal Decree Law No. (32) of 2021;
- iv. the financial information included in the Board of Director's report is consistent with the books of account of the Company;
- v. investments in shares and stocks during the year ended 31 December 2023, if any, are disclosed in note 33 to the financial statements;
- vi. note 10 reflects material related party transactions and the terms under which they were conducted;
- vii. based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2023, any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or of its Articles which would have a material impact on its activities or its financial position as at 31 December 2023; and
- viii. note 23 reflects the social contributions made during the year.

For Ernst & Young



Signed by:
Wardah Ebrahim
Partner
Registration No.:1258

5 March 2024

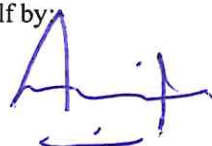
Dubai, United Arab Emirates

Consolidated statement of financial position
As at 31 December 2023

	Notes	2023 AED'000	2022 AED'000
ASSETS			
Non-current assets			
Property and equipment	5	565,232	521,463
Investment properties	6	871,367	762,776
Investments in a joint venture and an associate	7	1,368,476	1,356,671
Trade, contract and other receivables	9	286,173	266,897
Equity instrument at fair value through other comprehensive income	12	4,040	4,894
		<u>3,095,288</u>	<u>2,912,701</u>
Current assets			
Properties held for development and sale	8	1,018,736	1,463,259
Inventories		5,910	3,042
Trade, contract and other receivables	9	853,041	633,890
Due from related parties	10(c)	259,256	212,897
Cash and bank balances	11	1,332,638	939,907
		<u>3,469,581</u>	<u>3,252,995</u>
Total assets		<u>6,564,869</u>	<u>6,165,696</u>
EQUITY			
Share capital	13	4,375,838	4,375,838
Legal reserve	14	58,495	14,424
Equity instruments fair valuation reserve	12	(15,295)	(14,441)
Retained earnings		519,207	126,664
Total equity		<u>4,938,245</u>	<u>4,502,485</u>
LIABILITIES			
Non-current liabilities			
Borrowings	15	551,093	838,261
Trade and other payables	17	4,754	-
Retentions payable	18	17,572	13,409
Provision for employees' end of service benefits	19	15,603	16,070
		<u>589,022</u>	<u>867,740</u>
Current liabilities			
Borrowings	15	93,224	99,247
Advances from customers	16	374,594	198,170
Trade and other payables	17	546,590	447,051
Retentions payable	18	18,434	44,408
Provision for claims	25	4,340	6,214
Due to related parties	10(d)	420	381
		<u>1,037,602</u>	<u>795,471</u>
Total liabilities		<u>1,626,624</u>	<u>1,663,211</u>
TOTAL EQUITY AND LIABILITIES		<u>6,564,869</u>	<u>6,165,696</u>

To the best of our knowledge, and in accordance with IFRS, the consolidated financial statements present fairly in all material respects the consolidated financial position, financial performance and cash flows of the Group.

The consolidated financial statements were approved by the Board of Directors on 05th March 2023 and were signed on its behalf by:



.....
 Abdulla Ali Obaid Al Hamli
 Chairman



.....
 Saeed Al Qatami
 Chief Executive Officer

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

**Consolidated statement of profit or loss
For the year ended 31 December 2023**

	Notes	2023 AED'000	2022 AED'000
Revenue	20	1,254,288	803,409
Direct costs	21	(861,667)	(531,318)
General administrative and selling expenses	23	(225,434)	(178,303)
Other operating income	22	90,925	39,555
Finance cost	26	(59,812)	(36,087)
Provision/expense against claims	25	(411)	(1,169)
Finance income	26	20,167	3,488
Share of results from a joint venture and an associate	7	63,210	44,663
Profit before fair value adjustments & impairment losses		281,266	144,238
Impairment for properties held for development and sale	8	(6,460)	-
Reversal of impairment on property and equipment	5(c)	69,860	-
Gain from fair valuation on investment properties	6	96,048	-
Profit for the year		440,714	144,238
Profit attributable to:			
Owners of the Company		440,714	144,238
		<u>440,714</u>	<u>144,238</u>
Earnings per share attributable to the owners of the Company during the year - basic and diluted	27	<u>Fils 10.07</u>	<u>Fils 3.3</u>

**Consolidated statement of other comprehensive income
For the year ended 31 December 2023**

	Note	2023 AED'000	2022 AED'000
Profit for the year		440,714	144,238
Other comprehensive income			
<i>Item that will not be subsequently reclassified to profit or loss:</i>			
Equity instrument at fair value through other comprehensive loss - net change in fair value	12	<u>(854)</u>	<u>(567)</u>
Other comprehensive income for the year		<u>(854)</u>	<u>(567)</u>
Total comprehensive income for the year		<u>439,860</u>	<u>143,671</u>
<i>Attributable to:</i>			
Owners of the Company		<u>439,860</u>	<u>143,671</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>439,860</u>	<u>143,671</u>

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

Deyaar Development PJSC

14

Consolidated statement of changes in equity For the year ended 31 December 2023

	Share capital AED'000	Legal reserve AED'000	Equity instruments fair valuation reserve AED'000	Retained earnings/ (accumulated losses) AED'000	Total equity AED'000
Balance at 1 January 2022	5,778,000	303,438	(13,874)	(1,705,600)	4,361,964
Approved reduction (Refer Note 13)	(1,402,162)	(303,438)	-	1,705,600	-
<i>Total comprehensive income for the year</i>					
Profit for the year	-	-	-	144,238	144,238
Other comprehensive income for the year	-	-	(567)	-	(567)
Total comprehensive income for the year	-	-	(567)	144,238	143,671
Transfer to legal reserve	-	14,424	-	(14,424)	-
Board of Directors' remuneration [(Note 10(b))]	-	-	-	(3,150)	(3,150)
Balance at 31 December 2022	4,375,838	14,424	(14,441)	126,664	4,502,485
<i>Total comprehensive income for the year</i>					
Profit for the year	-	-	-	440,714	440,714
Other comprehensive income for the year	-	-	(854)	-	(854)
Total comprehensive income for the year	-	-	(854)	440,714	439,860
Transfer to legal reserve	-	44,071	-	(44,071)	-
Board of Directors' remuneration [(Note 10(b))]	-	-	-	(4,100)	(4,100)
Balance at 31 December 2023	4,375,838	58,495	(15,295)	519,207	4,938,245

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended 31 December 2023

	Notes	2023 AED'000	2022 AED'000
Profit for the year		440,714	144,238
Adjustments for:			
Depreciation	5(d)	17,109	16,720
Provision for employees' end of service benefits	19	3,296	3,440
Reversal of impairment of properties held for development and sale, net	21(i)	(9,468)	(6,522)
Impairment against trade receivables, contract and other financial assets and related parties	23	4,182	354
Impairment for properties under construction and held for sale	8	6,460	-
Reversal of impairment against property, plant & equipment	5	(69,860)	-
Provision/expense against claims		411	1,169
Finance income	26	(20,167)	(3,488)
Finance cost	26	59,812	36,087
Other income recognised on related party receivable		(11,758)	-
Reversal of impairment on related party receivable		(32,242)	-
Share of results from an associate and a joint venture	7	(61,805)	(44,101)
Gain on fair valuation of investment property	6	(96,048)	-
Operating cash flows before payment of employees' end of service benefits and changes in working capital		230,636	147,897
Payment of employees' end of service benefits	19	(3,763)	(2,466)
<i>Changes in working capital:</i>			
Properties held for development and sale (net of project cost accruals)		426,486	64,234
Retention payable - non-current	18	4,163	9,140
Retention payable - current	18	(25,974)	2,022
Trade, contract and other receivables - non-current		(19,276)	(132,679)
Trade, contract and other receivables – current		(220,245)	(51,117)
Advances from customers		176,424	31,121
Inventories		(2,868)	(612)
Due from related parties		(2,382)	201,265
Trade and other payables-current		121,252	48,693
Trade and other payables-non current		4,754	-
Due to related parties		39	(375)
Net cash generated from operating activities		689,246	317,123
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment – net	5	(7,530)	(6,058)
Additions to investment properties – net		(719)	(1,356)
Repayment from joint venture	7	50,000	30,905
Dividend from joint venture and associates	7	-	21,095
Net movement in term deposits with an original maturity after three months		(105,000)	(179,450)
Income from deposits		17,845	2,375
Net cash used in investing activities		(45,404)	(132,489)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(397,703)	(273,871)
Drawdown of borrowings		104,512	416,194
Finance cost paid		(62,176)	(29,928)
Net cash (used in)/generated from financing activities		(355,367)	112,395
NET INCREASE IN CASH AND CASH EQUIVALENTS		288,475	297,029
Cash and cash equivalents, beginning of the year		694,991	398,028
Charge of impairment on bank balances		(639)	(66)
CASH AND CASH EQUIVALENTS, END OF THE YEAR	11	982,827	694,991

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements For the year ended 31 December 2023

1. Legal status and activities

Deyaar Development PJSC (“the Company”) was incorporated and registered as a Public Joint Stock Company in the Emirate of Dubai, UAE on 10 July 2007. The registered address of the Company is P. O. Box 30833, Dubai, United Arab Emirates (“UAE”). The Company is listed on Dubai Financial market, Dubai, UAE.

The ultimate majority shareholder of the Group is Dubai Islamic Bank (“the Ultimate Controlling Party”).

Federal Decree Law No 47 of 2022 was issued on 9 December 2022 relating to taxation of Corporations and Businesses in the United Arab Emirates and is effective for tax periods commencing on or after 1 June 2023. Management is in the process of reviewing the Decree Law and will ensure compliance with the requirements of the law from the effective period applicable to the Company. Refer to Note 34.

The principal activities of the Company and its subsidiaries (together, “the Group”) are property investment and development, leasing, facilities, property management services and hospitality related activities.

2. Application of new and revised International Financial Reporting Standards (IFRSs)

(a) *New and revised IFRSs and interpretations that are effective for the current year*

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these consolidated financial statements.

Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 8 Accounting policies, Changes in accounting estimates and errors;
- Amendments to IAS 1 Presentation of Financial Statements relating to classification of Liabilities as Current or Non-Current
- Amendment to IFRS 17 Insurance contracts; and
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
- International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

(b) *New and revised IFRSs in issue but not yet effective and not early adopted*

The Group has not early adopted the following new and revised standards that have been issued but are not yet effective, as at 31 December 2023 are disclosed below:

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback	1 January 2024
Classification of Liabilities as Current or Noncurrent – Amendments to IAS 1	1 January 2024
Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

The Group anticipates that these new standards, interpretations and amendments will be adopted in the Group’s consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the Group’s consolidated financial statements.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)****3. Material accounting policies****Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and applicable requirements of the laws of the UAE.

The principal accounting policies adopted in the preparation of the Group consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

Management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted market prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The consolidated financial statements of the Group are presented in thousands of United Arab Emirates Dirhams ("AED'000") which is the Group's functional and presentation currency.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)****3. Material accounting policies (continued)**

The principal accounting policies are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its powers to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total profit or loss and other comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

3. Material accounting policies (continued)

Basis of consolidation (continued)

The consolidated financial statements include the assets, liabilities and results from the operations of the Group's subsidiaries:

<i>Name of entities subsidiaries</i>	<i>Country of incorporation</i>	<i>Effective ownership</i>	<i>Principle activities</i>
Deyaar Facilities Management LLC	UAE	100%	Facility Management services
Nationwide Realtors LLC *	UAE	100%	Brokerage and other related services
Deyaar Hospitality LLC	UAE	100%	Property Investment and Development
Deyaar International LLC *	UAE	100%	Real Estate Company
Deyaar Ventures LLC *	UAE	100%	Property Investment and Development
Flamingo Creek LLC *	UAE	100%	Property Investment and Development
Beirut Bay Sal **	Lebanon	100%	Property Investment and Development
Deyaar West Asia Cooperatief U.A. *	Netherlands	100%	Investment Holding Company
Deyaar Development Cooperation **	USA	100%	Property Investment and Development
Deyaar AL Tawassol Lil Tatweer Aleqare Co.*	KSA	100%	Property Investment and Development
Deyaar Community Management LLC	UAE	100%	Owners Association Management
Deyaar Property Management LLC	UAE	100%	Property Management
Montrose L.L.C *	UAE	100%	Buying, Selling and Real Estate Development
The Atria L.L.C	UAE	100%	Hotel Management
Deyaar One Person Holding LLC*	UAE	100%	Investment in Commercial/Industrial Enterprise & Management
Bella Rose Real Estate Development L.L.C	UAE	100%	Buying, Selling and Real Estate Development
Nationwide Management Services LLC	UAE	100%	District cooling services
Al Barsha LLC	UAE	100%	Hotel & Hotel Apartments Rental
Mont Rose FZ-LLC (also holds registration as Millenium Montrose Hotel apartments LLC issued by Dubai economic Department)	UAE	100%	Hotels & Leisure services
Deyaar Bay Real Estate Development	UAE	100%	Buying, Selling and Real Estate Development
Joint Venture			
Arady Developments LLC	UAE	50%	Property Investment and Development
Associate			
SI Al Zorah Equity Investments Inc.	Cayman Islands	22.72%	Property Investment and Development

* These entities did not carry out any commercial activities during the period.

** These entities are under liquidation and did not carry out any commercial activities during the period.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

3. Material accounting policies (continued)

Investments in a joint venture and an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of the associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate and joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in consolidated statement of profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

3. Material accounting policies (continued)

IFRS 9 Financial instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

a) Classification and measurement of financial assets and financial liabilities

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (“FVOCI”) – debt investment; FVOCI – equity investment; or fair value through profit or loss (“FVTPL”). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss and deferred income, if any (except for those assets that are designated as at fair value through other comprehensive income on initial recognition):

1. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
2. the contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and profit on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income (“OCI”). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

3. Material accounting policies (continued)

IFRS 9 Financial instruments (continued)

a) Classification and measurement of financial assets and financial liabilities (continued)

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (b) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

b) Impairment

The financial assets at amortised cost consist of trade and other receivables, contract assets, due from related parties, cash at banks, and fixed deposits.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- bank balances, long term fixed deposits and certain related parties for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables, contract assets and due from a related party are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

3. Material accounting policies (continued)

IFRS 9 Financial instruments (continued)

b) Impairment (continued)

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor;
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group). Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in consolidated profit or loss.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

3. Material accounting policies (continued)

IFRS 9 Financial instruments (continued)

b) Impairment (continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event (see definition of default above)
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities carried at FVOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the asset.

c) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. The Group's financial liabilities includes bank borrowings, trade and other payables, retention payable.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in the consolidated statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in the consolidated statement profit or loss incorporates any interest paid on the financial liability.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

3. Material accounting policies (continued)

IFRS 9 Financial instruments (continued)

c) Derecognition (continued)

Financial liabilities (continued)

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch statement of in profit or loss. The remaining amount of change in the fair value of liability is recognised in statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in statement of other comprehensive income are not subsequently reclassified to statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in United Arab Emirates Dirham ("AED"), which is the Company's functional and the Group's presentation currency.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

3. Material accounting policies (continued)

Foreign currency translation (continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of profit or loss within “finance income or cost”. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss within “other operating income or expense”.

Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- (ii) Income and expenses for each statement of profit or loss are translated at average exchange rates; and
- (iii) All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings are taken to equity.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. The cost of property and equipment is its purchase cost together with any incidental costs of acquisition. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All other repairs and maintenance costs are charged to the consolidated statement of profit or loss during the financial year in which they are incurred

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

3. Material accounting policies (continued)

Property and equipment (continued)

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method, at rates calculated to reduce the cost of assets to their estimated residual value over their expected useful lives, as follows:

Type of assets	Years
Buildings	50
Leasehold improvements	6
Furniture, fixtures and equipment	5 - 15
Motor vehicles	6

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the asset's carrying amount. These are recognised within "other income or expense" in the consolidated statement of profit or loss.

Capital work-in-progress is stated at cost and includes property that is being developed for future use. When commissioned, capital work-in-progress is transferred to the respective category and depreciated in accordance with the Group's policy.

Investment properties

Recognition

Land and buildings owned by the Group for the purposes of generating rental income or capital appreciation or both are classified as investment properties. Properties that are being constructed or developed for future use as investment properties are also classified as investment properties.

When the Group begins to redevelop an existing investment property for continued future use as an investment property, the property remains as an investment property, which is measured based on fair value model and is not reclassified as development property during the redevelopment.

Measurement

Investment properties are initially measured at cost, including related transaction costs. Subsequent to initial recognition, investment properties are accounted for using the fair value model under International Accounting Standard No. 40 "Investment Property". Any gain or loss arising from a change in fair value is recognised in consolidated statement of profit or loss.

Where the fair value of an investment property under development is not reliably determinable, such property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable.

Transfer from investment properties to owner-occupied property

If an investment property becomes owner-occupied property, it is reclassified as property and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

3. Material accounting policies (continued)

Investment properties (continued)

Transfer from investment properties to properties held for sale

Properties are transferred from investment properties to properties held for development and sale when there is a change in use of the property. Such transfers are made at the fair value of the properties at the date of transfer and gain arising on transfer is recognised in consolidated statement of profit or loss. Fair value at the date of reclassification becomes the cost of properties transferred for subsequent accounting purposes. Subsequent to the transfer, such properties are valued at cost in accordance with the measurement policy for properties held for development and sale.

Transfer from owner-occupied property to investment properties

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve. Any loss is recognised in consolidated statement of profit or loss.

Sale of investment properties

Certain investment properties are sold in the ordinary course of business. No revenue and direct costs are recognised for sale of investment properties. Any gain or loss on disposal of sale of investment properties (calculated as the difference between the net proceeds from disposal and carrying amount) is recognised in the consolidated statement of profit or loss.

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets, other than investment property, to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

A cash generating unit (CGU) is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognised in consolidated profit or loss.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)****3. Material accounting policies (continued)****Properties held for development and sale**

Land and buildings identified as held for sale, including buildings under construction, are classified as such and are stated at the lower of cost and estimated net realisable value. The cost of work-in-progress comprises construction costs and other related direct costs. Net realisable value is the estimated selling price in the ordinary course of business, less cost of completion and selling expenses.

The amount of any write down of properties under development for sale is recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down arising from an increase in net realisable value is recognised in consolidated statement of profit or loss in the period in which the increase occurs but only to the extent that the carrying value does not exceed the actual cost.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and at bank and deposits held at call with banks with original maturities of three months or less, net of bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

Employee benefits*(a) End of service benefits to non-UAE nationals*

The provision for staff terminal benefits is based on the liability that would arise if the employment of all staff were terminated at the reporting date and is calculated in accordance with the provisions of UAE Federal Labour Law and the relevant local laws applicable to overseas subsidiaries. Management considers these as long-term obligations and accordingly they are classified as long-term liabilities.

(b) Pension and social security policy within the U.A.E

The Group is a member of the pension scheme operated by the Federal Pension General and Social Security Authority. Contributions for eligible UAE National employees are made and charged to the consolidated statement of profit or loss, in accordance with the provisions of Federal Law No. 7 of 1999 relating to Pension and Social Security Law.

Advances from customers

Instalments received from buyers, for properties sold or services performed, prior to meeting the revenue recognition criteria, are recognised as advances from customers. If their settlement, through revenue recognition or refund, is expected in one year or less, they are classified as current liabilities. If not, they are presented as non-current liabilities.

Borrowings costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

3. Material accounting policies (continued)

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and risks specific to the obligation. Increases in provisions due to the passage of time are recognised as interest expense.

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. Revenue is recognised when the Group transfers control over a product or service to a customer.

The Group recognises revenue based on a five step model as set out in IFRS 15:

- Step 1 Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2 Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3 Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or service to a customer, excluding amounts collected on behalf of third parties.
- Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5 Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
2. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which performance obligation is satisfied.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)****3. Material accounting policies (continued)****Revenue recognition (continued)**

The Group allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Group's efforts or inputs to the satisfaction of the performance obligations. The Group estimates the total costs to complete the projects in order to determine the amount of revenue to be recognised.

When the Group satisfies a performance obligation by delivering the promised goods and services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable, taking into account the contractually agreed terms of payment excluding taxes and duties. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is recognised in the consolidated statement of profit or loss to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if and when applicable, can be measured reliably.

Forfeiture income

Forfeiture income is recognised in the consolidated statement of profit or loss when, in the case of properties sold and not yet recognised as revenue, a customer does not fulfil the contractual payment terms. This is deemed to take place when, despite rigorous follow-up with the defaulted customer, as per the procedures set out by the Dubai Real Estate Regulatory Authority, the customer continues to default on the contractual terms.

*Hospitality income**Rooms*

Room revenue is recognised at a point in time (net of discounts and municipality fees where applicable) as and when the rooms are occupied and services are rendered to the guests.

Food and beverage

Food and beverage revenue (net of discounts and municipality fees where applicable) is recognised when orders are sold or served.

Other operating revenue

Revenue from other operating departments which are service revenue such as telephone, transportation, laundry, etc. is recognised upon rendering of service or as contracted.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)****3. Material accounting policies (continued)****Revenue recognition (continued)***Service revenue*

Revenue from services such as property management and facilities management related activities is recognised in the accounting period in which the services are rendered.

Leasing income

Leasing income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides operating lease incentives to its customers, the aggregate cost of incentives are recognised as a reduction of rental income over the lease term on a straight-line basis.

Finance income

Finance income is recognised in the consolidated statement of profit or loss on a time-proportion basis using the effective yield method.

Dividend income

Dividend income is recognised when the right to receive the dividend is established.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Directors' remuneration

Pursuant to Article 171 of the UAE Federal Law No. (32) of 2021 and in accordance with article of association of the Company, the Directors shall be entitled for remuneration, which shall not exceed 10% of the profit after deducting depreciation and the reserves.

Trade payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods, assets or services received, whether billed by the supplier or not. The financial liabilities are subsequently measured at amortised cost using the (Effective Interest Rate) EIR method.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)****3. Material accounting policies (continued)****Events after reporting date**

The consolidated financial statements are adjusted to reflect events that occurred between the reporting date and the date when the consolidated financial statements are authorised for issue, provided they give evidence of conditions that existed at the reporting date. Any post year-end events that are non-adjusting are discussed on the consolidated financial statements when material.

Current and non-current classification

The Group presents assets and liabilities based on current/non-current classification.

An asset is current when:

- It is expected to be realised or intended to sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period (or receivable on demand); or
- It is cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period (or payable on demand); or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Valuation of investment properties

The Group follows the fair value model under IAS 40 where investment property owned for the purpose of generating rental income or capital appreciation, or both, are fair valued based on valuation carried out by an independent registered valuer or the internal valuation performed by the Group's finance department.

The fair values have been determined by taking into consideration market comparable and/or the discounted cash flows where the Group has on-going lease arrangements and operations. In this regard, the Group's current lease arrangements, which are entered into on an arm's length basis and which are comparable to those for similar properties in the same location, have been taken into account.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

4. Critical accounting estimates and judgements (continued)

(a) Valuation of investment properties (continued)

In case where the Group does not have any on-going lease arrangements, fair values have been determined, where relevant, having regard to recent market transactions for similar properties in the same location as the Group's investment properties. These values are adjusted for differences in key attributes such as property size.

The key assumptions on which management has based its cash flow projections when determining the fair value of the assets are as follows:

- Discount rate based on the Group's weighted average cost of capital with a risk premium reflecting the relative risks in the markets in which the businesses operate.
- Growth rate based on long-term rate of growth.

Management of the Group has reviewed the assumption and methodology used by the independent registered valuer and Group's finance department and in their opinion these assumptions and methodology seems reasonable as at the reporting date considering the current economic and real estate outlook in UAE.

(b) Recoverability of investment in a joint venture and an associate ("equity accounted investees")

Recoverability of investment in equity accounted investees is an area involving significant management judgement, and requires an assessment as to whether the carrying value of the investment in equity accounted investees can be supported by the carrying value of the assets held by equity accounted investees.

For property portfolio held by equity accounted investees, management performs an internal valuation to determine the fair value using a valuation technique based on a discounted cash flow model and, when deemed necessary, also engages professionally qualified external valuers to determine the fair value of property portfolio of equity accounted investees.

In calculating the net present value of the future cash flows of properties portfolio of equity accounted investees, certain assumptions are required to be made in respect of the impairment reviews. The key assumptions on which management has based its cash flow projections when determining the recoverable amount of the assets are as follows:

- Discount rate based on the equity accounted investee's weighted average cost of capital with a risk premium reflecting the relative risks in the markets in which the businesses operate.
- Growth rate based on long-term rate of growth.

Management assesses the impairment for property portfolio held by equity accounted investees whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that are considered important, which could trigger an impairment review include evidence that no profits or cash flows will be generated from the related asset.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

4. Critical accounting estimates and judgements (continued)

(c) IFRS 15 Revenue from contracts with customers

The application of revenue recognition policy in accordance with IFRS 15 requires management to make the following judgements:

Satisfaction of performance obligation

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has assessed that based on the sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, where contracts are entered into to provide real estate assets to customer, the Group does not create an asset with an alternative use to the Group and usually has an enforceable right to payment for performance completed to date. In these circumstances the Group recognises revenue over time and in other cases, revenue is recognised at a point in time.

Determination of transaction prices

The Group is required to determine the transaction prices in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

Transfer of control in contracts with customers

In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the asset that is subject of the contract is transferred to the customer. In the case of contracts to sell real estate assets this is generally when the unit has been handed over to the customer.

Allocation of transaction price to performance obligation in contracts with customers

The Group has elected to apply the input method in allocating the transaction price to performance obligations where revenue is recognised over time. The Group considers that the use of input method which requires revenue recognition on the basis of the Group's efforts to the satisfaction of the performance obligation provides the best reference of revenue actually earned. In applying the input method, the Group estimates the cost to complete the projects in order to determine the amount of revenue to be recognised.

(d) Cost to complete the projects

The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include the cost of design and consultancy, construction, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

(e) Valuation of properties held for development and sale

The Group reviews the properties held for development and sale to assess write down, if there is an indication of write down. The Group uses valuations carried out by an internal valuation based on the market sales data to ascertain the recoverable amount.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

4. Critical accounting estimates and judgements (continued)

(f) Useful lives of property and equipment

The costs of items of property and equipment are depreciated on a systematic basis over the estimated useful lives of the assets. During the year, management has revisited the estimated useful lives of each asset and/or category of assets based on the following factors:

- Expected usage of the assets,
- Expected physical wear and tear, which depends on operational and environmental factors; and
- Legal or similar limits on the use of the assets.

The change in useful lives of the asset class (building) has resulted in a reduced depreciation charge during the year which has immaterial impact.

Management has not made estimates of residual values for any items of property and equipment at the end of their useful lives.

(g) Impairment of property and equipment

The Group determines whether there any indicators of impairment for property and equipment at each reporting date. Property and equipment are tested for impairment when there are indicators that the carrying amount may not be recoverable. The recoverable amount is higher of property and equipment fair value less cost of disposal and its value in use. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows.

(h) Classification of properties

In the process of classifying the properties, management has made various judgements. Judgement is required in determining whether a property qualifies as an investment property, property and equipment or development property. The Group develops criteria so that it can exercise the judgement consistently in accordance with the definitions of investment property, property and equipment or development property. In making its judgement, management considered detail criteria and related guidance for the classification of properties as set out in IAS 2, IAS 16 and IAS 40, in particular, the intended use of property as determined by the management.

(i) Impairment of all financial assets

The Group reviews all its financial assets to assess adequacy of the impairment provisions at least on a quarterly basis. In determining whether the impairment provisions should be recognised in the statement of consolidated profit or loss, the Group uses an allowance matrix to measure the ECLs of due from a related party and trade, contract and other receivables from individual customers, which comprise a very large number of small balances. Loss rates are based on historical actual credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast Brent oil price.

Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)

5. Property and equipment

	Land and buildings AED'000	Leasehold improvements AED'000	Furniture, fixtures and equipment AED'000	Motor vehicles AED'000	Capital work in progress AED'000	Total AED'000
Cost						
As at 1 January 2022	580,304	4,796	115,444	623	15	701,182
Additions	44	-	5,950	-	64	6,058
Transfer to properties held for development and sale (Note 8)	(3,563)	-	-	-	-	(3,563)
As at 31 December 2022	576,785	4,796	121,394	623	79	703,677
Additions	34	13	3,035	-	4,448	7,530
Adjustments	(14,235)	-	(2,277)	-	-	(16,512)
As at 31 December 2023	562,584	4,809	122,152	623	4,527	694,695
Accumulated depreciation and impairment loss						
As at 1 January 2022	110,181	4,016	51,048	249	-	165,494
Charge for the year [Note 5 (d)]	6,999	206	9,440	75	-	16,720
As at 31 December 2022	117,180	4,222	60,488	324	-	182,214
Charge for the year [Note 5 (d)]	6,919	210	9,901	79	-	17,109
Reversal of impairment [Note 5 (c)]	(69,860)	-	-	-	-	(69,860)
As at 31 December 2023	54,239	4,432	70,389	403	-	129,463
Carrying amount						
As at 31 December 2022	459,605	574	60,906	299	79	521,463
As at 31 December 2023	508,345	377	51,763	220	4,527	565,232

Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)

5. Property and equipment (continued)

- a) Land and Buildings with a carrying value of AED 498.6 million (2022: AED 256.3 million) are mortgaged under Islamic finance obligations (Note 15).
- b) During the year, the company has not reclassified any unit in a building (2022: AED 3.6 million) based on change in use of these units (Note 8)
- c) The Group has a portfolio of hospitality assets included in property and equipment amounting to AED 527.7 million (2022: AED 483 million) against which reversal of impairment loss amounting to AED 69.9 million has been recognised during the year (2022: AED Nil). The recoverable amount of two hotel assets has been determined using the indicative fair values of the property as at 31 December 2023 as concluded by management for one hotel asset and for the other hotel asset as provided by an independent professionally qualified valuer. The valuer has used sales comparison method to determine the fair values of these two hotels.

Further, for one hotel, management has concluded the recoverable value is equivalent to its value in use. In determining the value in use, management has estimated expected future cash flows and determined a suitable discount rate in order to calculate the present value of those cash flows. The estimate of value in use was determined using a discount rate of 11% (2022: 11%) and a terminal value growth rate of 3% (2022: 3%).

- d) The depreciation charge has been allocated in the consolidated statement of profit or loss and other comprehensive income as follows:

	2023 AED'000	2022 AED'000
Direct costs [Note 21 (ii) & (iii)]	14,555	14,437
General administrative and selling expenses (Note 23)	2,554	2,283
	<u>17,109</u>	<u>16,720</u>

6. Investment properties

	UAE Mix use building AED'000	UAE Parking spaces AED'000	UAE Stores units AED'000	UAE Retail units AED'000	UAE Service Apartments AED'000	2023 Total AED'000	2022 Total AED'000
Fair value hierarchy	3	3	3	3	3		
As at 1 January	156,948	74,201	14,045	226,134	291,448	762,776	758,231
Additions/Adjustments	313	-	-	17	(8,833)	(8,503)	1,356
Transfer to/from properties held for sale - net (Note 8)	-	-	(34)	24,502	(3,422)	21,046	3,189
Net gain from fair value adjustments on investment properties	27,019	(3)	(113)	38,743	30,402	96,048	-
As at 31 December	184,280	74,198	13,898	289,396	309,595	871,367	762,776

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

6. Investment properties (continued)

Investment properties are recognised at fair value and categorised within the level of the fair value hierarchy based on the lowest level input that is significant to fair value measurement in their entirety. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Investment properties with carrying value of AED 487.8 million (2022: AED 426 million) are mortgaged against bank borrowings (Note 15).

During the year, the Company has reclassified certain units amounting to AED 24.5 million from properties held for development and sale based on change in use of these units (2022: AED 3.2 million). These units were reclassified to investment properties at their fair value and management believes that carrying amount of the units transferred is equivalent to the fair value on the date of transfer. The Company has also reclassified certain units amounting to AED 3.4 million to properties held for development and sale based on change in use of these units (2022: AED Nil) (Note 8).

Valuation processes

Retail units, parking spaces, one service apartment building and store units included in the Group's investment properties are valued by independent professionally qualified valuers who hold a recognised relevant professional qualification and have experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use. Valuation of UAE mix use office building and remaining two service apartments buildings are valued by the Groups' finance department. The Group's finance department includes a team that also reviews the valuations performed by the independent valuers for financial reporting purposes. Discussion of valuation processes and results are held between management and the independent valuers on a regular basis.

At each financial year end, the finance department:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuers.

There has been no change to the valuation technique during the year.

Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)

6. Investment properties (continued)

Valuation processes (continued)

Information about fair value measurements using significant unobservable inputs (Level 3) are presented in the table below. A change of 100 basis points in management's estimate at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below:

Country	Segment	Valuation	Estimate	Range of inputs	Sensitivity of management estimates	
					Impact lower AED'000	Impact higher AED'000
UAE	Mix use building	Income capitalisation	Estimated rental value	AED 80 to AED 198 per sqft per annum	(932)	932
			Discount rate	10%	12,578	(9,504)
UAE	Parking spaces	Sales comparable method	Estimated market value	AED 1,247 to AED 1,920 per sqft	(1,059)	1,059
			Estimated market value	AED 23K to AED 54K per parking space	(742)	742
UAE	Store units	Sales comparable method	Estimated market value	AED 150 to AED 300 per sqft	(139)	139
UAE	Retail units	Sales comparable method	Estimated market value	AED 403 to AED 2,421 per sqft	(2,894)	2,894
UAE	One service apartment building	Discounted Cash Flow	Discount rate	10%	6,391	(5,867)
UAE	Two service apartments	Sales comparable method	Estimated market value	AED 1,044 to AED 1,578 per sqft	(2,124)	2,124

Valuation techniques underlying management's estimation of fair value

For office building, the valuation was determined using the income capitalisation method based on following significant unobservable inputs:

Estimated rental value (per sqft p.a.)	Based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties.
Cash flow discount rate	Reflecting current market assessments of the uncertainty in the amount and timing of cash flows.

For retail units, parking spaces, store units and two service apartment buildings, the valuation was determined using the indicative fair values of these investment properties as at 31 December 2023 provided by an independent professionally qualified valuer. The valuer has used the sales comparison method to determine the fair values of these assets.

Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)

6. Investment properties (continued)

Valuation processes (continued)

Valuation techniques underlying management's estimation of fair value (continued)

For one service apartment building, the valuation was determined using the income capitalisation method based on following significant unobservable inputs:

Estimated earnings (per annum)	Based on the actual location, type and quality of the property and supported by the terms of any existing lease, other contracts or external evidence such as current earnings of similar properties in the market.
Cash flow discount rate	Reflecting current market assessments of the uncertainty in the amount and timing of cash flows.

7. Investments in joint venture and an associate

	Joint Venture		Associate		Total	
	2023	2022	2023	2022	2023	2022
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
At 1 January	965,929	978,881	390,742	385,689	1,356,671	1,364,570
Share of profit (refer note (i) below)	57,135	37,048	4,670	7,053	61,805	44,101
Repayment of capital contribution	(50,000)	(30,905)	-	-	(50,000)	(30,905)
Dividend	-	(19,095)	-	(2,000)	-	(21,095)
At 31 December	973,064	965,929	395,412	390,742	1,368,476	1,356,671

(i) Reconciliation for share of profit

	Joint Venture		Associate		Total	
	2023	2022	2023	2022	2023	2022
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Share of profit	58,540	37,610	4,670	7,053	63,210	44,663
Intercompany adjustment	(1,405)	(562)	-	-	(1,405)	(562)
	57,135	37,048	4,670	7,053	61,805	44,101

Investment in an associate

The Group has a 22.72% interest in Solidere International Al Zorah Equity Investments Inc ("Al Zorah"), a company registered in the Cayman Islands. The associate is a holding company investing in companies engaged in property development.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

7. Investments in joint ventures and an associate (continued)

Investment in an associate (continued)

The table below reconciles the summarised financial information relating to the carrying amount of the Group's interest in the associate:

	2023 AED'000	2022 AED'000
Percentage ownership interest	22.72%	22.72%
Non current assets	940,193	940,193
Current assets	4	22
Current liabilities	(1,058)	(900)
Net assets (100%)	939,139	939,315
Group's share of net assets (22.72%)	213,372	213,412
Adjustments (refer note (i) below)	182,040	177,330
Carrying amount of interest in an associate	395,412	390,742
Profit and total comprehensive income (100%)	(184)	(184)
Profit and total comprehensive income (22.72%)	(42)	(42)
Adjustment relating to accounting policy (refer note (i) below)	4,712	7,095
Group share of total profit and comprehensive income	4,670	7,053

- (i) This includes premium paid by the group at the time of its original investment and adjustments relating to alignment of associate's accounting policies to the Group's accounting policies.

Investment in a joint venture

The Group has a 50% interest in Arady Developments LLC, a Company registered in United Arab Emirates. The joint venture is engaged in property development and leasing activities. The following amounts represent assets, liabilities, revenue and results of the joint venture.

The table reconciles the summarised financial information relating to the carrying amount of the Group's interest in the joint venture is as follows:

	2023 AED'000	2022 AED'000
Percentage ownership interest	50%	50%
Non Current Assets	1,188,377	1,207,387
Current Assets	198,027	192,722
Non Current Liabilities	-	(8)
Current Liabilities	(56,036)	(40,197)
Net assets (100%)	1,330,368	1,359,904
Group's share of net assets (50%)	665,184	679,952
Adjustments (refer note (i) below)	307,880	285,977
Carrying amount of interest in a joint venture	973,064	965,929

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

7. Investments in joint ventures and an associate (continued)

Investment in a joint venture (continued)

	2023 AED'000	2022 AED'000
Revenue	234,186	136,314
Interest income	3,625	588
Depreciation and amortisation	26,290	26,164
Profit and total comprehensive income (100%)	95,046	51,269
Profit and total comprehensive income (50%)	47,523	25,635
Adjustments relating to accounting policies (refer note (i) below)	12,809	11,911
Other adjustments	(1,792)	(498)
Group share of total profit and comprehensive income	<u>58,540</u>	<u>37,048</u>

- (i) This includes premium paid by the group at the time of its original investment and adjustments relating to alignment of joint venture's accounting policies to the Group's accounting policies.

8. Properties held for development and sale

	Properties held for sale AED'000	Properties under development AED'000	Land held for future development and sale AED'000	Total AED'000
As at 1 January 2022	332,622	498,563	689,412	1,520,597
Additions	7,867	335,808	4,181	347,856
Transfer from property and equipment (Note 5)	3,563	-	-	3,563
Transfer to investment property (Note 6)	(3,189)	-	-	(3,189)
Sale of properties (Note 21)	(40,329)	(365,239)	-	(405,568)
As at 31 December 2022	<u>300,534</u>	<u>469,132</u>	<u>693,593</u>	<u>1,463,259</u>
As at 1 January 2023	300,534	469,132	693,593	1,463,259
Additions	636	296,217	1,041	297,894
Transfers	242,690	(25,559)	(217,131)	-
Transfer to investment property (Note 6)	(21,046)	-	-	(21,046)
Impairment	-	-	(6,460)	(6,460)
Sale of properties (Note 21)	(278,228)	(436,683)	-	(714,911)
As at 31 December 2023	<u>244,586</u>	<u>303,107</u>	<u>471,043</u>	<u>1,018,736</u>

Net realisable value has been determined on the basis of committed sale price if the remaining receivable amount is lower than the current market value of the units booked by customers. For units not yet booked by customers, net realisable value takes into consideration the expected market prices.

During the year, the Company has not reclassified any unit from properties, plant & equipment (2022: AED 3.6 million) (Note 5).

Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)

8. Properties held for development and sale (continued)

During the year, the Company has reclassified certain units amounting to AED 24.5 million to investment properties (2022: AED 3.2 million). The Company has also reclassified certain units amounting to AED 3.4 million from properties held for development and sale based on change in use of these units (2022: AED Nil) (Note 6).

Plots of land including under development project with total carrying value of AED 641 million (2022: AED 843 million) and completed properties with total carrying value of AED 65.6 million (31 December 2022: AED 65.6 million) are mortgaged under Islamic finance obligations (Note 15).

In the current year, the Group has recognised an amount of AED 714.9 million (2022: AED 406 million) included in the consolidated statement of profit or loss under “direct costs” against revenue recognised of AED 950.1 million (2022: AED 537.8 million) (Note 20 and Note 21).

For plots of land held for future development and use amounting to AED 471 million as at the reporting date (31 December 2022: AED 693.6 million), management is currently evaluating feasibility of the projects and considering alternative viable profitable options as well as various offers from potential buyers.

9. Trade, contract and other receivables

	2023 AED'000	2022 AED'000
Trade and unbilled receivables (refer (i) below)	792,666	697,526
Other receivables (refer (ii) below)	346,548	203,261
	1,139,214	900,787
Current	853,041	633,890
Non-current	286,173	266,897
Total	1,139,214	900,787

i. Trade and unbilled receivables

	2023 AED'000	2022 AED'000
Trade receivables		
Trade receivables within 12 months	247,655	117,816
Contract assets		
Unbilled receivables within 12 months	258,838	312,813
Unbilled receivables after 12 months	286,173	266,897
Total trade and unbilled receivables	792,666	697,526

The above trade receivables are net of provision for impairment amounting to AED 121.5 million (2022: AED 119.9 million) relating to trade receivables which are past due. All other trade receivables are considered recoverable.

As at 31 December 2023, trade receivables of AED 690.2 million (2022: AED 615.1 million) were receivable from sale of properties, and trade receivables of AED 102.5 million (2022: AED 82.4 million) were receivable from other streams of revenue.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

9. Trade, contract and other receivables (continued)

i. Trade and unbilled receivables (continued)

The ageing analysis of these trade and unbilled receivables is as follows:

31-December-2023	Gross receivables AED'000	Provision for impairment AED'000	Net receivables AED'000	Expected credit loss rate
Contract assets	547,510	(2,499)	545,011	0.46%
Upto 3 months	136,966	(3,608)	133,358	2.63%
Over 3 months	120,741	(6,444)	114,297	5.34%
Fully provided	108,939	(108,939)	-	100%
	914,156	(121,490)	792,666	

31-December-2022	Gross receivables AED'000	Provision for impairment AED'000	Net receivables AED'000	Expected credit loss rate
Contract assets	582,770	(3,060)	579,710	0.53%
Upto 3 months	54,139	(3,508)	50,631	6.48%
Over 3 months	73,512	(6,327)	67,185	8.61%
Fully provided	106,969	(106,969)	-	100%
	817,390	(119,864)	697,526	

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable. The Group holds title deeds of the assets sold or post-dated cheques as security.

ii. Other receivables

	2023 AED'000	2022 AED'000
Advances to contractors	83,626	38,909
Advances to suppliers	5,220	4,181
Prepayments	183,432	114,476
Others	82,259	47,398
	354,537	204,964
Less: provision for impairment	(7,989)	(1,703)
	346,548	203,261

10. Related party transactions and balances

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 24 *Related Party Disclosures*. Related parties comprise entities under common ownership and/or common management and control, and key management personnel.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

10. Related party transactions and balances (continued)

(a) Related party transactions

During the year, the Group entered into the following significant transactions with related parties in the normal course of business and at prices and terms agreed by the Group's management.

	2023 AED'000	2022 AED'000
Ultimate majority shareholder		
Other operating income/finance income	18,408	3,691
Finance cost	41,760	25,288
Borrowings drawdown	100	219,793
Borrowings repayments	317,450	216,129
	2023 AED'000	2022 AED'000
Joint venture		
Other operating income	2,811	1,125
Dividend income	50,000	19,095
Repayment of capital contribution	-	30,905
	Associate	
Dividend income	-	2,000

(b) Remuneration of key management personnel

	2023 AED'000	2022 AED'000
Salaries and other short term employee benefits	15,156	13,980
Termination and post-employment benefits	382	508
Board of Directors' sitting fees *	365	330
Board of Directors' remuneration **	4,100	3,150
	20,003	17,968

* During the year, additional sitting fees for the Board of Directors' amounting to AED 0.09 million (2022: AED 0.17 million) was recognised pertaining to the previous year.

** During the year, an additional payment for the Board of Directors' remuneration amounting to AED 0.55 million (2022: AED 0.15 million) was recognised based on the final approval of the shareholders in the Annual General Meeting dated 22 Mar 2023.

(c) Due from related parties comprises:

	2023 AED'000	2022 AED'000
Current		
Due from a joint venture	3,466	1,084
Due from other related parties	257,184	245,426
	260,650	246,510
Less: provision for impairment	(1,394)	(33,613)
	259,256	212,897

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

10. Related party transactions and balances (continued)

(c) Due from related parties comprises: (continued)

Management believes that based on the court judgement and the Conditional Settlement Agreement signed with a related party during 2022 (refer to Note 29 for further details), the receivable balance from a related party amounting to AED 256 million is recoverable. During the year, management has reversed the impairment provision amounting to AED 32.2 million and also has recognized income of AED 11.8 million (Note 22) based on the settlement agreement and further discussions with the related party.

Cash and bank balances include amounts held with the ultimate majority shareholder of the Group, bank account balances of AED 164.9 million (2022: AED 166.6 million) and fixed deposits of AED 437 million (2022: AED 354 million), at market prevailing profit rates.

Impairment provision

To determine the provision for impairment, management applied certain key assumptions and judgments in accordance with IFRS 9 - *Financial Instruments* in order to determine the expected credit loss which includes the use of various forward-looking information that could impact the timing and/or amount of recoveries.

(d) Due to related parties comprises:

	2023	2022
	AED'000	AED'000
Current		
Due to ultimate majority shareholder	320	271
Due to other related parties	100	110
	420	381

At 31 December 2023, the Group had bank borrowings from the ultimate majority shareholder of AED 481.5 million (2022: AED 798.8 million) at market prevailing profit rates (Note 15).

11. Cash and bank balances

	2023	2022
	AED'000	AED'000
Cash and bank balances including call deposits	726,416	470,843
Fixed deposits	607,000	469,021
Cash in hand	479	554
	1,333,895	940,418
Less: provision for impairment	(1,257)	(511)
Cash and bank balances	1,332,638	939,907
Less: deposits with original maturity more than three months	(349,811)	(244,916)
Cash and cash equivalents	982,827	694,991

Bank accounts include balance of AED 540.2 million (31 December 2022: AED 291.5 million) and fixed deposits of AED 168 million (31 December 2022: AED 52 million) at market prevailing profit rates held in escrow accounts.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

11. Cash and bank balances (continued)

These Escrow accounts include project Escrow accounts where amounts are collected against sale of properties and are available for payments relating to construction of development properties. These Escrow accounts also include Community Management Escrow accounts of various properties where service charges are collected from owners and are available for payments for management and maintenance of the properties.

Bank accounts balance include balance of AED 103.9 million (2022: AED 99.7 million) in its own name, held in a fiduciary capacity on behalf and for the beneficial interest of third parties, which are recorded in these consolidated financial statements.

12. Equity instrument at fair value through other comprehensive income

	2023 AED'000	2022 AED'000
<i>Investment in a real estate investment trust (REIT)</i>		
1 January	4,894	5,461
Change in fair value	(854)	(567)
31 December	<u>4,040</u>	<u>4,894</u>

13. Share capital

At 31 December 2023 share capital comprised of 4,375,837,645 (31 December 2022: 4,375,837,645 shares) of AED 1 each. All shares are authorised, issued and fully paid up.

At the Annual General Meeting of Shareholders (AGM) held in April 2022, the shareholders have approved the proposal of the Board of Directors for the reduction of the issued share capital of the Group by partially writing off the accumulated losses amounting to AED 1,706 million and using legal reserves amounting to AED 303 million against the issued share capital amounting to AED 5,778 million as at 31 December 2021. Accordingly, during the previous period management had obtained all the required approvals from the relevant authorities and reflected the share capital reduction as listed below:

	As at 31 December 2021 AED'000	Approved reduction AED'000	As at 31 December 2022 AED'000
Issued share capital	5,778,000	(1,402,162)	4,375,838
Accumulated losses	(1,705,600)	1,705,600	-
Legal reserve	303,438	(303,438)	-

14. Legal reserve

In accordance with the UAE Federal Law No. 32 of 2021 and the Company's Articles of Association, 10% of the profit for the year is transferred to a legal reserve, which is not distributable. Transfers to this reserve are required to be made until such time as it equals at least 50% of the paid up share capital.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

15. Borrowings

	2023	2022
	AED'000	AED'000
Islamic finance obligations		
Current	93,224	99,247
Non-current	551,093	838,261
Total borrowings	644,317	937,508
		AED'000
1 January 2022		795,185
Drawn down		416,194
Repayments		(273,871)
31 December 2022		937,508
Drawn down		104,512
Repayments		(397,703)
31 December 2023		644,317

Islamic finance obligations represent Ijarah and other Islamic facilities obtained from Dubai Islamic Bank PJSC (ultimate majority shareholder), and from other local banks [Note 10(d)]. The facilities were availed to finance the properties under construction and working capital requirements.

During 2022, the Group had obtained a new Islamic facility with one local bank amounting to AED 250 million. The existing outstanding facilities with the ultimate majority shareholder was settled partially by utilising the new facility. The new facility carries market prevailing profit rates and is repayable in quarterly instalments over four years from the reporting date.

During the current period, the Group has obtained new Islamic facilities from various banks amounting to AED 555 million. The new facilities carry market prevailing profit rates and are repayable in quarterly instalments over a period of five years to twelve years from the reporting date. These facilities have AED 504.4 million available for drawdown to the Group.

Islamic finance obligations with the ultimate majority shareholder carry market prevailing profit rates and are repayable in quarterly instalments over a period of five years to twelve years from the reporting date (31 December 2022: five years to nine years).

Islamic finance obligations are secured by mortgages over properties classified under properties held for development and sale (Note 8), property and equipment (Note 5) and investment properties (Note 6).

16. Advances from customers

Advances from customers comprise of payments received from sale of properties. The revenues have not been recognised in the consolidated statements of profit or loss, in line with the revenue recognition policy of the Group consistent with the IFRSs.

Movement during the year is as follows:

	2023	2022
	AED'000	AED'000
1 January	198,170	142,486
Amounts collected/ advance billing during the year	365,921	193,546
Amounts invoiced/ revenue recognised during the year	(189,497)	(137,862)
31 December	374,594	198,170

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

17. Trade and other payables

	2023	2022
	AED'000	AED'000
Trade payables	235,675	171,747
Refundable deposits	58,526	57,208
Accrued Islamic facilities charges	6,617	8,981
Project cost accruals	101,491	83,160
Other payables and accrued expenses	149,035	125,955
	551,344	447,051
Current	546,590	447,051
Non-current	4,754	-
Total	551,344	447,051

18. Retentions payable

	2023	2022
	AED'000	AED'000
Non-current portion	17,572	13,409
Current portion	18,434	44,408
	36,006	57,817

Retention payables represents amounts withheld in accordance with the terms of the contract progress payments are made to the contractors. Non-current retention are due to be paid to contractors within 1 to 2 years from the reporting date.

19. Provision for employees' end of service benefits

	2023	2022
	AED'000	AED'000
At 1 January	16,070	15,096
Charge for the year	3,296	3,440
Payments	(3,763)	(2,466)
At 31 December	15,603	16,070

The provision for employees' end of service benefits, disclosed as non-current liability, is calculated in accordance with the UAE Federal Labour Law.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

20. Revenue

	2023 AED'000	2022 AED'000
<i>Property development activities</i>		
Sale of properties (Note 8)	950,057	537,820
Leasing income	50,152	40,556
	1,000,209	578,376
<i>Properties, facilities and association management</i>		
Property management	26,396	29,785
Facilities and association management	119,461	101,938
	145,857	131,723
<i>Hospitality</i>		
	108,222	93,310
	1,254,288	803,409

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	2024 AED'000	2025 AED'000	Total AED'000
Sale of properties	811,571	327,758	1,139,329

The Group applies the practical expedient as per IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

21. Direct costs

	2023 AED'000	2022 AED'000
Cost of sale of properties (i) (Note 8)	714,911	405,568
Direct cost of facility management (ii)	93,272	79,536
Direct cost of hospitality (iii)	35,604	32,533
Direct cost of leasing properties	16,918	13,262
Others	962	419
	861,667	531,318

- (i) Cost of sale of properties include reversal of impairment amounting to AED 9.5 million (2022: AED 6.5 million) on properties sold during the year against which provision for impairment was recorded in the prior years.
- (ii) Facilities management costs include staff costs amounting to AED 41.3 million (2022: AED 35.3 million) and depreciation charge amounting to AED 1 million (2022: AED 1 million).
- (iii) Hospitality costs include staff costs amounting to AED 8 million (2022: AED 7.1 million) and depreciation charge amounting to AED 13.6 million (2022: AED 13.5 million).

Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)

21. Direct costs (continued)

The Group expects the incremental cost incurred as a result of obtaining contracts to be recoverable and accordingly these costs are capitalised. The capitalised costs are amortised when the related revenues are recognised.

Applying the practical expedient as per IFRS 15, the Group recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised in one year or less.

22. Other operating income

	2023	2022
	AED'000	AED'000
Write back of provisions and liabilities no longer payable	14,995	-
Income on partial settlement with a related party {Note 10 (c)}	11,758	-
Reversal of impairment on partial settlement with a related party {Note 10 (c)}	32,242	-
Others	31,930	39,555
	90,925	39,555

23. General administrative and selling expenses

	2023	2022
	AED'000	AED'000
Staff costs (Note 24)	95,664	90,572
Marketing and selling expenses	67,947	44,691
Legal and professional charges	8,576	4,781
Rent expenses	891	982
Social contributions	24	134
Depreciation [Note 5(d)]	2,554	2,283
Provision/(reversal) of impairment against trade, contract and other financial assets	4,182	354
Others	45,596	34,506
	225,434	178,303

24. Staff costs

	2023	2022
	AED'000	AED'000
Payroll cost	58,270	53,180
End of service benefits	2,168	2,499
Pension and social security contributions	709	683
Other benefits	34,517	34,210
	95,664	90,572

Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)

25. Provision/expense against claims

This includes legal claim made by customers against the Group for refund of partial payments made to purchase certain property units. In accordance with Law No. 13 of 2008 and its subsequent amendment through Law No. 9 of 2009 applicable in the Emirate of Dubai, the Group had earlier forfeited these amounts due to failure of customers to pay the outstanding balances as per the Sale and Purchase Agreement. This also includes provision made for potential claim by third parties towards services being rendered by the Company.

The Group has elected not to present the complete disclosures as required by IAS 37 “*Provision and Contingent Liabilities and Contingent Assets*” as management is of the view that since the legal claims are sub-judice, this information may be prejudicial to their position on these matters.

26. Finance cost -net

	2023	2022
	AED’000	AED’000
Finance cost on bank borrowings	59,812	36,087
Finance income from short-term bank deposits	(20,167)	(3,488)
Finance cost – net	39,645	32,599

27. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares, if any.

	2023	2022
Profit attributable to equity holders of the Company (AED’000)	440,714	144,238
Weighted average number of ordinary shares in issue (thousands)	4,375,838	4,375,838
Earnings per share (AED)	10.07	3.30

Diluted

The Company has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

28. Commitments

At 31 December 2023, the Group had total commitments of AED 583.8 million (2022: AED 349 million) with respect to project related contracts issued net of invoices received and accruals made at that date.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

29. Contingencies

Contingent liabilities

At 31 December 2023, the Group has contingent liabilities in respect of performance bond and guarantees issued by banks, in the ordinary course of business, amounting to AED 331.5 million (2022: AED 246 million), which mainly includes performance guarantees of AED 317.5 million (2022: AED 235.5 million) issued to Real Estate Regulatory Authority (RERA) for the projects under development. Also, the Group has contingent liabilities, on behalf of a subsidiary (under liquidation), in respect to guarantees issued by a bank amounting to AED 3.4 million (2022: AED 3.4 million). The Group anticipates that no material liabilities will arise from these performance and other guarantees.

Legal claims

The Group is also a party to certain legal cases in respect to various potential claims from customers and, where necessary, makes adequate provisions against any potential claims. Such provisions are reassessed regularly to include significant claims and instances of potential litigations. Based on review of opinion provided by the legal advisors/internal legal team, management is of the opinion that no material cash outflow in respect of these claims is expected to be paid by the Company in these legal cases over and above the existing provision in the books of accounts. The Company has elected not to present the complete disclosures as required by IAS 37 “*Provision and Contingent Liabilities and Contingent Assets*” as management is of the view that since the legal claims are sub-judice and are disputed, therefore this information may be prejudicial to their position on these matters.

Certain other contingent liabilities may arise during the normal course of business, which based on the information presently available, either cannot be quantified at this stage or in the opinion of the management is without any merit. However, in the opinion of management, these contingent liabilities are not likely to result in any cash outflows for the Group.

Further, certain properties were under dispute with UAE based developer (“a related party”) against which in 2019, the Group had received a favourable judgment by the Court of Cassation which upheld a ruling made by the Court of Appeal confirming Dubai Court of First Instance’s judgement to terminate all sale and purchase agreements of lands under dispute and had also ordered counterparty to return all amounts paid, to the tune of AED 412 million plus pay a compensation of AED 61 million as well as 9% legal interest accruing from the date of filing the case.

In 2020, the execution of the court judgement has been handed over to a special committee by virtue of resolution number 12 of 2020 passed by the Government of Dubai. However, on 15 February 2021, the special committee has decided that it has no jurisdiction over the case and has transfer the case to the court of execution. Accordingly, management had submitted an application to the court of execution to proceed with the execution process.

In 2022, the Group has signed a Conditional Settlement Agreement (“the Agreement”) with the related party for an amount of AED 500 million based on the shareholders’ approval in the Annual General Meeting held on 21 November 2022. The Group received AED 200 million during the year 2022 upon execution of the Agreement and the remaining amount of AED 300 million is to be received within 18 months from date of the signed Agreement (refer Note 10 for further details). Accordingly, the Group submitted an application to the court for the temporary suspension of the auction process on the remaining properties of the related party identified in the Agreement. During the year, the Group accepted the request of the related party to proceed with the cancellation of the registration pertaining to the plots under dispute, and to re-register the plots under the name of the related party as per the Agreement.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

30. Segmental information

Operating segment

The Board of Directors are the Group's chief operating decision maker. The Board considers the business of the Group as a whole for the purpose of decision making.

Management has determined the operating segments based on the purpose of allocating resources and assessing performance. The Group is organised into three major operating segments: Property development, Properties and facilities management and Hospitality related activities.

Management monitors the operating results of its operating segments for the purpose of making strategic decisions about performance assessment. Segment performance is evaluated based on operating profit or loss.

	Property development activities AED'000	Properties and facilities management AED'000	Hospitality AED'000	Total AED'000
31 December 2023				
Segment revenues – external	1,000,209	145,857	108,222	1,254,288
Segment profit	281,153	22,348	137,213	440,714
Segment assets	5,210,284	460,668	893,917	6,564,869
Segment liabilities	1,337,827	270,764	18,033	1,626,624
31 December 2022				
Segment revenues – external	578,376	131,723	93,310	803,409
Segment profit	96,262	17,670	30,306	144,238
Segment assets	5,068,537	289,975	807,184	6,165,696
Segment liabilities	1,488,507	154,110	20,594	1,663,211

Revenue from property development activities, properties and facilities management are recognised over time and revenue from and hospitality activities are recognised at a point in time.

Geographic information

The carrying amount of the total assets located outside the United Arab Emirates as at 31 December 2023 is AED Nil (2022: AED 0.5 million).

31. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the senior management under policies approved by the Board of Directors. Management evaluates financial risks in close co-ordination with the Group's operating units.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

31. Financial risk management (continued)

Market risk

Currency risk

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group does not have any significant exposure to foreign currency risk since the majority of transactions are denominated in AED, US Dollars or other currencies, whereby the AED or other currencies are pegged to the US Dollar.

Price risk

The Group is exposed to equity securities price risk through investments held by the Group and classified as equity instrument at fair value.

Cash flow and fair value interest rate risk

The Group has an insignificant interest rate risk arising from interest bearing bank deposits. Bank deposits are placed with banks at fixed rates. The Group's exposure to interest rate risk relates primarily to its borrowings with floating interest rates.

At 31 December 2023, if profit rates on borrowings had been 1% higher/lower with all other variables held constant, profit for the year would have been AED 7.1 million lower/higher (2022: profit for the year would have been AED 6.4 million lower/higher), mainly as a result of higher/lower interest expense on floating rate borrowings.

Derivative financial instrument

In the previous year, the Group entered into profit rate swap agreement in order to hedge its exposure against profit rate risk. The table below shows the fair values of derivative financial instrument, which is equivalent to the market value, together with the notional amount. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivative is measured. The notional amount indicates the volume of transactions outstanding at the reporting date and are neither indicative of the market nor credit risk.

	2023	2023	2022	2022
	AED'000	AED'000	AED'000	AED'000
	Fair value	Notional amount	Fair value	Notional amount
Profit rate swap	-	-	-	47,500
	-	-	-	47,500

The fair value as at reporting date is categorised as level 3 in fair value hierarchy.

Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)

31. Financial risk management (continued)

Credit risk

The Group is exposed to credit risk in relation to its monetary assets, mainly trade, contract and other receivables (excluding advances and prepayments), due from related parties, cash at bank and bank deposits. Trade receivables are made to customers with an appropriate credit history. The Group has no other significant concentrations of credit risk. Bank deposits are limited to high-credit-quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure at the reporting date. The maximum exposure to credit risk at the reporting date was:

	2023	2022
	AED'000	AED'000
Trade, contract and other receivables (excluding advances and prepayments)	866,936	743,221
Due from related parties	259,256	212,897
Bank balances	1,332,159	939,353
	<u>2,458,351</u>	<u>1,895,471</u>

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Ongoing credit evaluation is performed on the financial condition of trade receivables.

The carrying amount of financial assets recorded in the consolidated financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

The credit risk on liquid funds is limited as funds are placed with reputable banks registered in the U.A.E.

The table below shows the balances with major banks (based on Moody's or equivalent rating) at the 31 December 2023.

	2023	2022
	AED'000	AED'000
Bank balances		
A1	498,523	271,534
A2	602,084	526,237
Baa1	181,282	121,801
Baa2 – Baa3	50,270	19,756
B2	-	25
	<u>1,332,159</u>	<u>939,353</u>

Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)

31. Financial risk management (continued)

Credit risk management (continued)

The tables below detail the credit quality of the Group's financial assets, contract assets and financial guarantee contracts, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

	Notes	Gross carrying amount AED'000	Credit loss allowance AED'000	Net carrying amount AED'000
31 December 2023				
Trade and unbilled receivables	9 (i)	914,156	(121,490)	792,666
Other receivables (excluding advances and prepayments)	9 (ii)	82,259	(7,989)	74,270
Due from related parties	10 (c)	260,650	(1,394)	259,256
		1,257,065	(130,873)	1,126,192

	Notes	Gross carrying amount AED'000	Credit loss allowance AED'000	Net carrying amount AED'000
31 December 2022				
Trade and unbilled receivables	9 (i)	817,390	(119,864)	697,526
Other receivables (excluding advances and prepayments)	9 (ii)	47,398	(1,703)	45,695
Due from related parties	10 (c)	246,510	(33,613)	212,897
		1,111,298	(155,180)	956,118

- (i) For trade receivables, due from related parties and other receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

Liquidity risk

The Group monitors its risk of a possible shortage of funds using cash flow forecasts. These forecasts consider the maturity of both its financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank facilities. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

31. Financial risk management (continued)

Liquidity risk (continued)

Liquidity risk tables

The following tables detail the Group's remaining contractual maturity for its financial assets and liabilities. The tables below summarises the maturity profile of the Group's financial assets and liabilities based on undiscounted contractual collections and payments.

	Carrying amount AED'000	Contractual cash flows AED'000	----- Contractual cash flows -----		
			Within 1 year AED'000	2 to 5 Years AED'000	More than 5 years AED'000
As at 31 December 2023					
Borrowings	644,317	810,963	133,003	474,981	202,979
Trade and other payables	551,344	551,344	546,590	4,754	-
Retentions payable	36,006	36,006	18,434	17,572	-
	1,231,667	1,398,313	698,027	497,307	202,979
As at 31 December 2022					
Borrowings	937,508	1,172,356	156,092	740,517	275,747
Trade and other payables	447,051	447,051	447,051	-	-
Retentions payable	57,817	57,817	44,408	13,409	-
	1,442,376	1,677,224	647,551	753,926	275,747

For changes in liabilities arising from financing activities refer note 15.

Fair value estimation

The Group has an established control framework with respect to the measurement of fair values, and management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

31. Financial risk management (continued)

Fair value estimation (continued)

The following table presents the Group's financial assets that are measured at fair value:

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
As at 31 December 2023				
Equity instrument at fair value through other comprehensive income	4,040	-	-	4,040
As at 31 December 2022				
Equity instrument at fair value through other comprehensive income	4,894	-	-	4,894

The carrying value less impairment provision of trade, contract and other receivables and due from related parties approximates their fair values keeping in view the period over which these are expected to be realised. Financial liabilities approximate their fair values.

The accounting policies for financial instruments have been applied to the line items below:

	Amortised cost AED'000	Equity instrument at fair value through other comprehensive income AED'000	Total AED'000
31 December 2023			
Assets as per statement of financial position			
Equity instrument at fair value other comprehensive income	-	4,040	4,040
Trade, contract and other receivables (excluding advances and prepayments)	866,936	-	866,936
Due from related parties	259,256	-	259,256
Bank balances	1,332,159	-	1,332,159
	2,458,351	4,040	2,462,391
Liabilities as per statement of financial position			
Trade and other payables	551,344	-	551,344
Retentions payable	36,006	-	36,006
Borrowings	644,317	-	644,317
	1,231,667	-	1,231,667

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)**

31. Financial risk management (continued)

Fair value estimation (continued)

	Amortised cost AED'000	Equity instrument at fair value through other comprehensive income AED'000	Total AED'000
31 December 2022			
Assets as per statement of financial position			
Equity instrument at fair value other comprehensive income	-	4,894	4,894
Trade, contract and other receivables(excluding advances and prepayments)	743,221	-	743,221
Due from related parties	212,897	-	212,897
Bank balances	939,353	-	939,353
	<u>1,895,471</u>	<u>4,894</u>	<u>1,900,365</u>
31 December 2022			
Liabilities as per statement of financial position			
Trade and other payables	447,051	-	447,051
Retentions payable	57,817	-	57,817
Borrowings	937,508	-	937,508
	<u>1,442,376</u>	<u>-</u>	<u>1,442,376</u>

32. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to maximise returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There were no changes in the Group's approach to capital management during the year. Except for complying with certain provisions of the UAE Federal Law No. 32 of 2021, the Group is not subject to any externally imposed capital requirements.

33. Investment in shares

During the year, the Group has not purchased or invested in any shares.

**Notes to the consolidated financial statements
For the year ended 31 December 2023 (continued)****34. Corporate Income Tax**

On 9 December 2022, UAE Ministry of Finance (“MoF”) released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law (“CT Law”) to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 1 June 2023. The Group’s accounting year ends on 31 December, accordingly the effective implementation period for the Group will correspond to the year ending on 31 December 2024 and the first return will be filed on or before 30 September 2025.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 – Income Taxes. A rate of 9% will apply to taxable income exceeding AED 375,000 and a rate of 0% will apply to taxable income not exceeding AED 375,000 and a rate of 0% on qualifying income of free zone entities. The Group will be subject to taxation commencing 1 January 2024.

Based on the above, the Group assessed the deferred tax implication and concluded it is not expected to be significant as of and for the year ended 31 December 2023. As certain other cabinet decisions are pending as on the date of these consolidated financial statements, the Group will continue to assess the impact of these pending cabinet decisions on deferred taxes as and when finalized and published.

35. Reclassifications

Certain comparative figures have been reclassified to conform to the presentation adopted in these consolidated financial statements. The reclassification does not have any material effect on the consolidated financial statements, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows.